

ORDINANCE NO. 2022-03

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SAN JUAN
BAUTISTA AMENDING SECTION 3-5-155 OF THE SAN JUAN BAUTISTA MUNICIPAL CODE AND
INCREASING WATER RATES**

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WHEREAS, the City provides its water customers with water service; and

WHEREAS, the City funds this service, including associated operations, maintenance, improvement, and debt service costs, with water rates that are collected from water customers on their monthly municipal utility bills; and

WHEREAS, the existing rates are not sufficient to fully fund anticipated expenses; and

WHEREAS, the City engaged Bartle Wells & Associates (“BWA”) to recommend a schedule of water rates that would fully fund the City’s anticipated water system operational and capital improvement costs and would spread those costs amongst water customers in a manner consistent with the requirements of Article XIII D, Section 6 of the California Constitution (“Proposition 218”); and

WHEREAS, on May 24th, 2022, by its Resolution No. 2022-38 (the “Resolution of Intention”), the City Council, following the recommendation of BWA, proposed to increase the City’s water rates over a five year period; and

WHEREAS, on July 19, 2022, the City Council held a public hearing (the “Public Hearing”) regarding the proposed increase; and

WHEREAS, notice of the Public Hearing was mailed to water customers in the manner required by Proposition 218, Section 53755 of the Government Code, and applicable law; and

WHEREAS, at the public hearing, all interested persons had the opportunity to provide oral and written testimony regarding the proposed rates; and

WHEREAS, through the close of the public input portion of the public hearing, written protests against the proposed schedule of rate increases were accepted by the City pursuant to the Guidelines for the Acceptance and Tabulation of Protests (the “Guidelines”) set forth in Attachment “B” to the Resolution of Intention, which Guidelines are on file in the Office of the City Clerk, available for public inspection, and incorporated herein by reference; and

WHEREAS, on July 19, 2022, at the close of the public input portion of the public hearing, it was determined that the written protests received by the City did not constitute a majority protest against the proposal; and

WHEREAS, the City Council has reviewed BWA's Water Rate Study, dated May 21, 2022, which is on file in the Office of the City Clerk, available for public inspection, and incorporated herein by reference; and

WHEREAS, the City Council desires to adopt the proposed schedule of rate increases; and

WHEREAS, the City Council desires to amend the Municipal Code to permit future water rate increases to be adopted by resolution.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SAN JUAN BAUTISTA
HEREBY ORDAINS AS FOLLOWS:**

Section 1. The City Council finds and declares as follows:

- A. The forgoing recitals are true and correct.
- B. No majority protest, as defined in the Guidelines, exists against the proposed rate increase.
- C. Revenues derived from the proposed rates are not anticipated to exceed the funds required to provide water service.
- D. Revenues derived from the proposed rates will not be used for any purpose other than providing water service.
- E. The amount of the proposed rates imposed upon any parcel or person as an incident of property ownership will not exceed the proportional cost of the service attributable to the parcel.
- F. Water service is actually used by, or immediately available to customers subject to the rates.

Section 2. The rates set forth in Attachment "A" to this Ordinance, which is attached hereto and incorporated herein by reference, are hereby adopted. Each of the Rates set forth in Attachment "A" shall go into effect as set forth therein, without further action of the City Council. The Council may, by ordinance or resolution, reduce any rate set forth in Attachment "A" but may not increase any rate about what is shown in Attachment "A" without complying with the notice, protest and hearing provisions of Proposition 218.

Section 3. Section 3-5-155 of the Municipal Code is amended to read:

3-5-155. Water Rates

Subject to the notice, protest and hearing requirements of Article XIII D, Section 6 of the California Constitution, the City Council may adopt and revise water rates by ordinance or resolution.


Section 4. Environmental Assessment. The City Council declares that the approval of this ordinance is not subject to the California Environmental Quality Act ("CEQA") because pursuant to CEQA Guidelines Sections 15060 (c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment); and, 15060 (c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly. Alternatively, the approval of this ordinance is not a "Project" under CEQA Regulation Section 15061(b)(3) because it has no potential for causing a significant effect on the environment.

Section 5. Severability. This Ordinance and the various parts thereof are hereby declared to be severable. Should any section of the Ordinance be declared by a court to be unconstitutional or invalid, such decisions shall not affect the validity of the Ordinance as a whole, or any parts thereof, so declared unconstitutional or invalid.

Section 6. Effective Date. This Ordinance shall go into effect thirty (30) days after the date of its adoption.

THE FOREGOING ORDINANCE was first read at a regular meeting of the San Juan Bautista City Council on the 16th day of August, 2022, and adopted at a regular meeting of the San Juan Bautista City Council on the 20th day of September, 2022 by the following vote:

AYES: Jordan, Edge, Flores, Freels, Freeman
NOES: None
ABSENT: None
ABSTAIN: None



Leslie Q. Jordan, Mayor

ATTEST:



Don Reynolds, Acting Deputy City Clerk

Attachment A

New Schedule of Water Rates

	Effective 11/1/2022	Effective 7/1/2023	Effective 7/1/2024	Effective 7/1/2025	Effective 7/1/2026
Monthly Base Chg	\$65.91	\$75.15	\$85.68	\$89.97	\$94.47
Volumetric Rates (\$/1,000 Gal)	\$7.05	\$8.04	\$9.17	\$9.63	\$10.12

Each customer pays both a flat monthly base charge and a volumetric charge based on their metered water usage.

Pass Through:

The San Benito County Water District will charge volumetric and fixed charges to the City to supply the City with treated water. The City will automatically “pass through” to its customers increases or decreases in this SBCWD wholesale rates.

The City anticipates water purchases will begin in January of 2025. The rates set forth above project that: (i) SBCWD volumetric charges will be \$768.77 per Acre Foot in FY 2024/25, \$800.19 per Acre Foot in FY 2025/26, and \$832.90 per Acre Foot in FY 2026/27 and (ii) SBCWD fixed charges will be \$88,150 in FY 2024/25, \$183,352 in FY 2025/26, and \$190,686 in FY 2026/27. If SBCWD’s rates are higher or lower than these amounts, a pass-through adjustment will occur, as set forth below, to the rates set forth in the rate table set forth at the top of this page

The portion of the proposed volumetric rates charged by the City that recover the cost of the SBCWD volumetric charges are \$0.86 per 1,000 gallons in FY 2024/25, \$1.79 per 1,000 gallons in FY 2025/26, and \$1.87 per 1,000 gallons in in FY 2026/27. This portion of the maximum rate will, as a pass-through, be adjusted proportionately to the difference between the projected SBCWD volumetric rates and actual SBCWD rates. For example, if the SBCWD volumetric charge in FY 2024/25 is 10% higher than anticipated (\$845.64 per Acre Foot rather than \$768.77 per Acre Foot), the pass through would increase the maximum volumetric rate charged by the City by 9 cents (10% of \$0.86), leading to an overall maximum volumetric rate of \$9.26 per 1,000 gallons rather than the \$9.17 rate shown in the table.

The portion of the proposed volumetric rates charged by the City that recover the cost of the SBCWD fixed charges are \$0.89 per 1,000 gallons in FY 2024/25, \$1.84 per 1,000 gallons in FY 2025/26, and \$1.91 per 1,000 gallons in in FY 2026/27. This portion of the maximum rate will, as a pass-through, be adjusted proportionately to the difference between the projected SBCWD fixed rates and actual SBCWD rates.