

CITY OF HEALDSBURG

ORDINANCE NO. 1240

AN UNCODIFIED ORDINANCE OF THE CITY COUNCIL OF
THE CITY OF HEALDSBURG ADOPTING WATER AND
WASTEWATER RATES FOR FISCAL YEARS 2024-25, 2025-
26, AND 2026-27

WHEREAS, Healdsburg Municipal Code Section 13.20.180 and 13.20.130 authorize the City Council to set and impose rates, by resolution, for water and wastewater services rendered by the City of Healdsburg (“City”); and

WHEREAS, the City Council may adopt any fee or charge by ordinance if it is permitted to adopt the fee or charge by resolution; and

WHEREAS, the water and wastewater services rates currently applied to City customers were last updated by Resolution No. 96-2022 adopted by City Council on June 21, 2022; and

WHEREAS, the City hired Raftelis, Inc (“Raftelis”) to review the City’s water and wastewater rates to determine whether they adequately recover ongoing costs to provide these services and support needed capital improvements; and

WHEREAS, Raftelis submitted a Water and Wastewater Cost of Service and Rate Design, dated March 22, 2024 (“Rate Study”), which recommends revised water and wastewater rate schedules for Fiscal Years 2024-25, 2025-26, and 2026-27. The Rate Study is attached hereto as Exhibit A and hereby incorporated by reference; and

WHEREAS, the City Council finds and determines that, based on the entire record before the City Council, including but not limited to the Rate Study and the Staff Report and attachments thereto:

(1) Revenues derived from the proposed rates will not exceed the costs required to provide water and wastewater service, respectively.

(2) Revenues derived from the proposed water and wastewater rates will not be used for any purpose other than that for which they were imposed.

(3) The amount of the rates imposed upon any parcel or person as an incident of property ownership will not exceed the proportionate cost of the service attributable to the parcel.

(4) The rates are imposed for a service or services that are actually used by, or immediately available to, the owner of the property in question.

(5) The rates are not being imposed for, nor will they contribute to, general government services; and

WHEREAS, pursuant to the provisions of Article XIII D, Section 6, of the California Constitution (“Proposition 218”), prior to extending, imposing or increasing water and wastewater rates, property owners shall be provided at least 45 days’ notice of a public hearing to consider such modifications to water and wastewater rates together with an explanation of: (1) the amount of the proposed rates, (2) the basis on which the rates are calculated, (3) the reason for the rate modifications, and (4) the date, time and place of a public hearing to consider the rate modifications, together with an explanation of the rights of property owners to submit written protests to the proposed rate modifications. The proposed rate modifications may not be imposed if, prior to the close of the public hearing, written protests are submitted by a majority of the parcels subject to the modified rates (“majority protest”); and

WHEREAS, notice of the public hearing to consider proposed adjustments to the water and wastewater rates was mailed to property owners of record and customers of record in accordance with Proposition 218; and

WHEREAS, on May 6, 2024, the City Council conducted a public hearing, considered testimony, and at the conclusion of the hearing determined that a majority protest did not exist; and

WHEREAS, the Rate Study recommends transitioning the existing capital reserve policy to a rate stabilization policy, eliminating the earmarking of reserves for specific capital purposes, and instead utilizing the capital reserve to complete preemptive capital replacement and fund maintenance costs in a manner that stabilizes rates; and

WHEREAS, the mailed notice of public hearing included a statement that there is a 120-day statute of limitations for challenging the water and wastewater rates should the proposed water or wastewater rates be adopted; and

WHEREAS, the water and wastewater rates are “exempt charges,” within the meaning of Section 1 of Article XIII C of the California Constitution and the proposed Taxpayer Protection and Government Accountability Act (Initiative No. 21-0042) because they are charges that are imposed in accordance with and subject to Article XIII D of the California Constitution; and

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF HEALDSBURG DOES ORDAIN AS FOLLOWS:

Section 1. The above recitals are true and correct, and incorporated herein by reference and each is relied upon independently by the City Council for its adoption of the Ordinance.

Section 2. The City Council finds that the adoption of this Ordinance is not considered a project under Public Resources Code Section 21065 and California Environmental Quality Act (“CEQA”) Guidelines Section 15378 because the Ordinance does not have the potential for

resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, as the Ordinance creates government funding mechanisms which do not involve any commitment to any specific project. The Ordinance is also exempt from CEQA as there is no possibility for causing a significant effect on the environment, per CEQA Guideline Section 15061(b)(3). No specific water or wastewater projects are associated with this Ordinance. The Ordinance is policy-oriented and would create a funding mechanism for the development of future water or wastewater facilities. When and if specific water or wastewater projects are developed and proposed for implementation, the environmental impacts of such facilities would be evaluated in accordance with CEQA and City practice.

Section 3. The procedures followed and the water and wastewater rates referenced herein are in compliance with the California Constitution Article XIII D and Government Code section 53755.

Section 4. The City Council adopts the water and wastewater rate schedules in Exhibit B attached hereto and incorporated herein by this reference. These rates shall supersede previously adopted water and wastewater rates, with the exception of previously adopted Water Shortage Rate Surcharges.

Section 5. The City Council approves and adopts the Rate Study attached hereto as Exhibit A, which sets forth the basis for the water and wastewater rates.

Section 6. The water and wastewater rates, set forth in Exhibit B, may be amended from time to time by ordinance or resolution of the City Council.

Section 7. The City Council approves and adopts a reserve target for both the Water and Wastewater enterprises at the amount of revenue needed to sustain a 90-day operating reserve plus an additional one-million dollars, for each enterprise, to be used as a rate stabilization reserve.

Section 8. If any provision, section, paragraph, sentence or word of this Ordinance, or the application thereof to any person or circumstance, is rendered or declared invalid by any court of competent jurisdiction, the remaining provisions, sections, paragraphs, sentences or words of this Ordinance, and their application to other persons or circumstances, shall not be affected thereby and shall remain in full force and effect and, to that end, the provisions of this Ordinance are severable.

Section 9. This Ordinance shall become effective thirty days after the date of its adoption.

Section 10. The City Clerk is directed to cause this Ordinance to be published in the manner required by law.

Ordinance No. 1240

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INTRODUCED by the City Council of the City of the Healdsburg on the 6th day of May, 2024, and PASSED and APPROVED at a regular meeting of the City Council on the 20 day of May 2024, by the following vote:

AYES: Councilmembers: ()

NOES: Councilmembers: ()

ABSENT: Councilmembers: ()

ABSTAINING: Councilmembers: ()

SO ORDERED:

ATTEST:

David Hagele, Mayor

Raina Allan, City Clerk

Dated: _____

EXHIBIT B – WATER AND WASTEWATER USAGE FEES ORDINANCE

WATER RATES:

- A. For the purposes of this imposition of the water rate schedule for Fiscal Years (FY) 2024-2025, 2025-2026, and 2026-2027, the term:
- 1) “City Customer” shall mean any person, corporation, or other entity that receives City water services, regardless of whether City water services are provided to property within the City, or property outside the boundaries of the City.
 - 2) “Single Family Residential” (SFR) means a single dwelling per parcel with sleeping and cooking facilities and intended for domestic use and in which the occupants live as a single housekeeping unit that is not part of a Multiple Dwelling.
 - 3) “Multi-Family Residential” (MFR) means two or more residential dwelling units per parcel with sleeping and cooking facilities and intended for domestic use.
 - 4) “Commercial” water service means any water service to a non-residential building or purpose, other than irrigation, with annual usage characteristics consistent with typical commercial use within the City of Healdsburg.
 - 5) “Industrial” water service means any water service to a non-residential building or purpose, other than irrigation, that is classified as an irrigation use within the City’s billing system. Industrial customers generally have high annual peaking factors and significant average monthly water usage.
 - 6) “Irrigation” water service means any dedicated water service that provides potable water solely for irrigation purposes, where none of the water consumed returns to the City’s sewer system.
- B. Monthly Service Charges and Per Unit water rates are set as follows.

Fixed Monthly Service Charges	July 1, 2024	July 1, 2025	July 1, 2026
Up to 1-inch	\$41.34	\$49.61	\$56.06
1 ½-inch	\$77.94	\$93.53	\$105.69
2-inch	\$121.86	\$146.24	\$165.26
3-inch	\$238.98	\$286.78	\$324.07
4-inch	\$370.75	\$444.90	\$502.74
6-inch	\$736.76	\$884.12	\$999.06

Residential Usage Charge \$/HCF (SFR & MFR)	July 1, 2024	July 1, 2025	July 1, 2026
Tier-1 (0 to 5 HCF)	\$6.48	\$7.78	\$8.80
Tier-2 (over 5 up to 10 HCF)	\$8.41	\$10.10	\$11.42
Tier-3 (usage over 10 HCF)	\$10.80	\$12.96	\$14.65

Non-Residential Usage Charge by Classes (\$/HCF)	July 1, 2024	July 1, 2025	July 1, 2026
Commercial	\$7.61	\$9.14	\$10.33
Industrial	\$9.49	\$11.39	\$12.88
Landscape	\$11.06	\$13.28	\$15.01
Riverview HOA	\$1.93	\$2.32	\$2.63

- 1) All volumetric rates are shown in terms of dollars per hundred cubic feet (\$/HCF).
- 2) Tier-1 residential usage is up to the first 5 hundred cubic feet (HCF) of water per monthly billing period.
- 3) Tier-2 residential usage encompasses usage greater than 5 and up to and including 10 HCF per monthly billing period.
- 4) Tier-3 residential usage comprises all units of water usage exceeding 10 HCF per monthly billing period.
- 5) Tier usage allocations will be assigned based on the number of residential dwelling units served per metered water service connection. For example, a single water meter serving 4 dwelling units will be allocated four times the Tier-1 usage, then four times the Tier-2 usage, with all usage exceeding the Tier-1 and Tier-2 allocations billed at the Tier-3 rate.
- 6) The volumetric use charge applicable to Riverview HOA’s irrigation services is per terms of the 1997 order of condemnation.
- 7) At the conclusion of each calendar year, the City will re-evaluate usage patterns for non-residential customers and re-assign annually, as necessary, customer classifications between commercial and industrial water services. The City’s Finance Director may adjust customer classifications to maintain accuracy in customer class assignments. The Finance Director’s determination in response to a reclassification request is final.

WASTEWATER RATES:

- A. For the purposes of this imposition of the wastewater rate schedule for Fiscal Years (FY) 2024-2025, 2025-2026, and 2026-2027, the term:
- 1) “City Customer” shall mean any person, corporation, or other entity that receives City wastewater services, regardless of whether City wastewater services are provided to property within the City, or property outside the boundaries of the City.
 - 2) “Single Family Residential” means a single dwelling per parcel with sleeping and cooking facilities and intended for domestic use and in which the occupants live as a single housekeeping unit that is not part of a Multiple Dwelling.
 - 3) “Multi-Family Residential” means two or more residential dwelling units per parcel with sleeping and cooking facilities and intended for domestic use.
 - 4) “Average Winter Consumption” (AWC) or “Residential Seasonal Sewer Average” (SSA) is the 3-month average of residential metered water usage during the January, February, March, and April billing periods, with the highest of the four-month usage being omitted. This average will be calculated in May of each year and establish the yearlong wastewater usage for residential services.
- B. Monthly Service Charges and per hundred cubic feet (HCF) of usage are set as follows.

Fixed Monthly Service Charges	July 1, 2024	July 1, 2025	July 1, 2026
Single Family Residential (SFR)	\$51.33	\$60.57	\$69.66
Multi-Family Residential (MFR)	\$36.94	\$43.60	\$50.14
Flat Rate (sewer only SFR)	\$110.18	\$130.02	\$149.53

Non-Residential Service Charge (\$/Month/Service)	July 1, 2024	July 1, 2025	July 1, 2026
Up to 1-inch	\$83.88	\$98.99	\$113.84
1½-inch	\$243.37	\$287.18	\$330.26
2-inch	\$396.68	\$468.09	\$538.31
3-inch	\$1,279.52	\$1,509.84	\$1,736.32
4-inch	\$1,405.05	\$1,657.97	\$1,906.67
6-inch	\$1,405.05	\$1,657.97	\$1,906.67

Wastewater Use Charges \$/HCF	July 1, 2024	July 1, 2025	July 1, 2026
Residential Usage Charge (SFR & MFR)	\$14.71	\$17.37	\$19.98

Non-Residential \$/HCF			
Low Strength	\$11.43	\$13.49	\$15.52
Medium Strength	\$15.21	\$17.95	\$20.65
High Strength	\$21.08	\$24.88	\$28.62

- 1) All volumetric rates are shown in terms of dollars per hundred cubic feet (\$/HCF).
- 2) All residential use charges are based upon their average winter consumption as calculated each May.
- 3) All non-residential use charges, where there is no dedicated wastewater flow meter, are based upon billed unit of water within the same monthly billing period.
- 4) Residential Flat Rate fees apply, per dwelling unit, to dwellings connected to the City's sewer system without a City metered water service.
- 5) Non-Residential customers taking City wastewater services but not metered City water service will be assigned monthly fixed charges and usage fees based upon similar businesses.

C. Classification of Low, Medium, and High Strength Non-Residential Customers is per the table below.

Use Type	Low	Medium	High
Auto repair / Service	X		
Bakery (production)			X
Bar / Tavern / Cocktail Lounge (with prepackaged foods and snacks only)		X	
Bar / Tavern / Cocktail Lounge (with food preparation or commercial kitchen)			X
Barber / Beauty salon	X		
Brewery, Distillery, and Beverage Production			X
Coffee Shop (with prepackaged foods and snacks only)		X	
Cannabis Retail Dispensary (no production or processing)	X		
Cannabis and CBD Processing	X		
Car wash	X		
Ceramics manufacturing		X	
Church / Lodge (no food preparation or commercial kitchen)	X		
Church / Lodge (with food preparation or commercial kitchen)			X
Commercial kitchen (Including schools, catering, grange, meeting hall)			X
Community facility (without food preparation or commercial kitchen)	X		
Community facility (with food preparation or commercial kitchen)			X
Creamery (production)			X
Daycare Facility		X	
Food Manufacturing			X
Gas station (no food preparation, snack bar, or commercial kitchen)	X		
Gas station (with food preparation/snack bar)		X	

Gas Station (with commercial kitchen or restaurant)			X
Grocery (without food preparation or commercial kitchen)	X		
Grocery (with food preparation or commercial kitchen)			X
Health club / Spa (no food preparation or commercial kitchen)	X		
Health club / Spa (with food preparation/snack bar)		X	
Hospital / Residential care facility (no food preparation or commercial kitchen)	X		
Hospital / Residential care facility (with food preparation or commercial kitchen)			X
Hotel / Motel (with food preparation, commercial kitchen, or restaurant)			X
Hotel / Motel / Residential visitor lodging (no restaurant or commercial kitchen)	X		
Ice cream / Frozen yogurt		X	
Laundromat / Dry cleaners	X		
Medical / Dental office	X		
Mortuary			X
Movie theater (without food preparation or commercial kitchen)	X		
Movie theater (with food preparation or commercial kitchen)			X
Office	X		
Park	X		
Print Shop	X		
Restaurant/Café			X
Retail	X		
School (no commercial kitchen)	X		
School (with food preparation or commercial kitchen)			X
Warehouse (dry storage)	X		
Wine tasting (with prepackaged foods and snacks only)		X	
Wine tasting (with food preparation or commercial kitchen)			X
Winery (production)			X

- 1) For business with wastewater discharges that do not fit within the generalized categories above, have significant pre-treatment of wastewater, or have routine and validated measurements of total suspended solids (TSS) and biochemical oxygen demand (BOD) the City Engineer will assign a wastewater strength classification with the issuance of an industrial discharge permit.