

CITY OF LOYALTON

COUNTY OF SIERRA
605 SCHOOL STREET
P.O. BOX 128
LOYALTON, CALIFORNIA 96118
(530) 993-6750
cityofloyalton@digitalpath.net



OFFICE OF THE MAYOR

AGENDA FOR THE SPECIAL MEETING OF THE LOYALTON CITY COUNCIL 6:00 P.M. – LOYALTON CITY HALL AUDITORIUM 605 SCHOOL STREET OCTOBER 25, 2018 LOYALTON, CA.

AGENDA AND PACKET AVAILABLE ON CITY WEB SITE cityofloyalton.org

**NEXT ORDINANCE #422
NEXT RESOLUTION #7-2018**

CALL TO ORDER:

PLEDGE OF ALLEGIANCE

ROLL CALL:

APPROVAL OF AGENDA:

ANNOUNCEMENTS:

PUBLIC COMMENT:

PUBLIC HEARING:

1. Proposed Water Rate Increase

**A SPECIAL MEETING IS BEING HELD TO CONDUCT THE FOLLOWING
BUSINESS:**

DISCUSSION AND POSSIBLE ACTION:

1. Introduction of Ordinance No.422 Amending Ordinance No. 409 Requiring the Payment of Rates, Fees and Charges and Authorizing the Establishment of and Changes to Rates and Fees by Resolution.

ADJOURNMENT

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Proposition 218 Notification Notice of Public Hearing Water Rate Adjustment

Hearing Date and Time: 6:00 P.M. October 25, 2018

Hearing Location: 605 School Street, City Hall Auditorium

This letter is to advise you that the City of Loyalton is proposing a water rate adjustment for all users connected to the City water system. The proposal will be considered by the City Council at a Public Hearing on October 25, 2018 at 6:00 P.M. at 605 School Street, City Hall Auditorium. You are receiving this notice in compliance with the California Proposition 218 requirement that all impacted property owners be mailed notice of proposed rate changes at least 45 days prior to a public hearing.

If you have any questions in regard to this notice, please call Loyalton City Hall, Monday through Friday, between the hours of 9:00 a.m. and 3:00 p.m. (closed noon – 1:00 p.m.) at (530) 993-6750

BASIS OF PROPOSED RATE ADJUSTMENT

The City is required by State law and City policy to collect revenues sufficient to fund current and future costs of operating, maintaining and administering the existing water facilities as well as to fund the capital improvements and infrastructure replacement program. These revenues allow the City to protect public health and safety and to reliably convey and treat water. By State law, the City may not collect more revenue than is necessary to recover the costs of providing services. The proposed rates were developed through a comprehensive Water Rate Study designed to meet all legal requirements and fairly and equitably recover the required revenue. The Water Rate Study was prepared by Rural Community Assistance Corporation (RCAC) and provides a detailed explanation of the projected inflationary impact on operating costs and is available for review by the public at City Hall or at cityofloyalton.org

WHY THE CITY OF LOYALTON WATER RATE MUST BE ADJUSTED

Customer rates are the primary source of revenue to operate the City of Loyalton's water system. These rates generate the revenue to operate the system and invest in necessary upgrades. To continue the City's long tradition of providing reliable water services to our customers, rate increases are necessary to cover increasing operational costs and save for future system replacements and improvements. The City of Loyalton issued \$1,144,600 in certificates of participation on March 1, 2004, through Rural USDA to provide funds for construction of various necessary water system improvements. At that time, a projected rate schedule was developed which included annual incremental rate increases. In an effort to ease the financial

burden on the community, not only were the projected annual rate increases not implemented, but a rate decrease was implemented in (2014). The annual debt repayment for the funding of the upgrades is \$61,954. In addition to the debt repayment, a Debt Reserve Fund equal to one annual payment is required and a Renewal and Extension Reserve Fund must be funded annually in the amount of \$6,222. The debt payments are current and the required debt reserves have been funded. While the City Council and staff work diligently to contain costs, chemicals, lab testing, utilities and general operating expenses continue to increase annually. Additionally, reserve accounts must be established for long term replacements and improvements to the system infrastructure. The proposed rate adjustment was recommended by RCAC after extensive analysis and alternate adjustment considerations. It is the lowest adjustment that will meet the operating costs of the water system.

WHAT STEPS DID THE CITY TAKE TO REDUCE COST BEFORE CONSIDERING INCREASING CUSTOMER RATES?

The City conducted a comprehensive line by line review of the budgetary expenditures to maximize available resources and reduce operational costs to a minimum. Some of the cost cutting measures included reallocating qualifying repairs and maintenance expenses to be paid from the Renewal and Extension Reserve Fund, folding the recommended Emergency Reserve Fund into the state required Renewal and Extension Fund, reducing recommended annual long term replacement reserves and a comprehensive evaluation of general overhead expenses.

RATE ADJUSTMENT HEARING PROCEDURE

All property owners, water customers of the City and other interested persons are invited to attend the hearing and present written and/or oral comments. As an owner or water customer of record of a parcel subject to the imposition of the proposed rate adjustments, you may submit a written protest against the proposed rate changes. If written protests against the proposed rate adjustment are presented by a majority of the owners of property or water customers subject to the rate change prior to the end of the hearing, the Council cannot approve the change. Only one written protest will be counted per identified parcel.

Written protests must include:

- Your signature and date
- Your name typed or printed under the signature
- The assessor's parcel number or street address of the property; and
- An affirmation that you are the owner or water customer of record of the property

Written protests will not be accepted by e-mail or fax. Verbal protests will not be counted. Protests must be received (not postmarked) prior to the close of the public hearing. Written protests may be submitted to:

Delivered in Person
 City of Loyalton
 605 School Street
 Loyalton, CA 96118

Submitted by Mail
 City of Loyalton
 PO Box 128
 Loyalton, CA 96118

The City Council, after the close of the public hearing and provided that written protests from a majority of properties subject to the increased rates has not been received, will adopt the rates. The rates will not exceed the increases set forth herein. The adoption may not take place at the meeting October 25, 2018 if time is needed to verify and count the letters of protest. It may occur at a subsequent Council meeting.

PROPOSED MONTHLY RATE SCHEDULE

The water base rate will be increased as set forth on the following table beginning on November 1, 2018 and will increase by a maximum of 2% annually subsequent to the initial increase. The final adjustment under this schedule will be implemented no later than July 1, 2023. The City has meters for each connection that have never been read and individual usage has not been recorded. To promote equity of rates, RCAC has recommended meter reading begin on July 1, 2018. After one year or more of consistent recording of usage by connection, an alternative rate structure that includes a lower base rate plus usage charges may be recommended. Any subsequent rate adjustments that increase rates will be subject to a Proposition 218 hearing.

PROPOSED MONTHLY RATE SCHEDULES

Classification	Meter Size	Current Rate	July - June 2018 - 2019	July - June 2018 - 2019	July - June 2019 - 2020	July - June 2020 - 2021	July - June 2021 - 2022	July - June 2022 - 2023
Single Family Residential	3/4"	\$ 32.44	\$ 49.63	\$ 50.63	\$ 51.64	\$ 52.67	\$ 53.72	\$ 54.80
Residential Out of City Limits	3/4"	\$ 36.09	\$ 49.63	\$ 50.63	\$ 51.64	\$ 52.67	\$ 53.72	\$ 54.80
Residential Out of City Limits	1"	\$ 40.23	\$ 55.40	\$ 56.51	\$ 57.64	\$ 58.79	\$ 59.97	\$ 61.17
Duplex	3/4"	\$ 64.88	\$ 99.27	\$ 101.25	\$ 103.28	\$ 105.34	\$ 107.45	\$ 109.60
Multi-Family Residential	3/4"	\$ 1,876.68	\$ 2,871.32	\$ 2,928.75	\$ 2,987.32	\$ 3,047.07	\$ 3,108.01	\$ 3,170.17
Trailer Park	3/4"	\$ 259.52	\$ 397.07	\$ 405.01	\$ 413.11	\$ 421.37	\$ 429.80	\$ 438.39
Church	3/4"	\$ 32.44	\$ 49.63	\$ 50.63	\$ 51.64	\$ 52.67	\$ 53.72	\$ 54.80
Commercial	3/4"	\$ 32.44	\$ 49.63	\$ 50.63	\$ 51.64	\$ 52.67	\$ 53.72	\$ 54.80
Commercial	1"	\$ 36.21	\$ 55.40	\$ 56.51	\$ 57.64	\$ 58.79	\$ 59.97	\$ 61.17
Schools	2"	\$ 168.30	\$ 257.50	\$ 262.65	\$ 267.90	\$ 273.26	\$ 278.73	\$ 284.30
Schools	4"	\$ 464.66	\$ 710.93	\$ 725.15	\$ 739.65	\$ 754.44	\$ 769.53	\$ 784.92
ARP	2"	\$ 185.54	\$ 257.50	\$ 262.65	\$ 267.90	\$ 273.26	\$ 278.73	\$ 284.30
Government	3/4"	\$ 32.44	\$ 49.63	\$ 50.63	\$ 51.64	\$ 52.67	\$ 53.72	\$ 54.80
Government - Outside City Limits	3/4"	\$ 36.09	\$ 49.63	\$ 50.63	\$ 51.64	\$ 52.67	\$ 53.72	\$ 54.80
Government	2"	\$ 168.30	\$ 257.50	\$ 262.65	\$ 267.90	\$ 273.26	\$ 278.73	\$ 284.30
Hospital/Medical Clinic	3/4"	\$ 32.44	\$ 49.63	\$ 50.63	\$ 51.64	\$ 52.67	\$ 53.72	\$ 54.80
Hospital/Medical Clinic	1"	\$ 36.21	\$ 55.40	\$ 56.51	\$ 57.64	\$ 58.79	\$ 59.97	\$ 61.17
Hospital/Medical Clinic	6"	\$ 685.12	\$ 1,048.23	\$ 1,069.20	\$ 1,090.58	\$ 1,112.39	\$ 1,134.64	\$ 1,157.33

In an effort to provide transparency, information will be available as noted at Loyalty City Hall and cityofloyalty.org

Questions can be directed to Mary Fleming Leslie at 916-549-6338 mfleming@rcac.org