



# Council Agenda Report

From: Ryan Cornell, Administrative Services Director

Subject: First Reading of Amendment to Section 14.04.020 of the Paso Robles Municipal Code Allowing Rates for Water Service Fees to be Established by Resolution

Date: September 20, 2022

---

## Facts

1. The City provides for the production and distribution of water for nearly every home, business, and institution in Paso Robles. The City's water system includes 19 groundwater wells, four reservoirs providing over twelve million gallons of storage, a micro-filtration water treatment plant and two arsenic removal treatment systems, six booster pumping stations, and roughly 172 miles of water transmission and distribution lines.
2. Financially, the City's water utility is a self-supporting enterprise fund, meaning that water rates are the main source of revenue. As such—and in accordance with Paso Robles Municipal Code (PRMC) Section 14.04.020—the City charges and collects fees related to the consumption of water from every water customer of the City.
3. On March 1, 2022, City Council approved a [professional services agreement for a water rate study](#). A water rate study is needed from time to time to ensure that the water rates cover water-related costs such as annual debt payments for major water infrastructure, future capital improvement projects, personnel costs, and other resources needed to properly operate and maintain the City's water system.
4. California Proposition 218 requires a specific public process for water rates to be adjusted. The process includes a specific mailer to each property owner and customer account detailing the amounts of the proposed rate change, the basis upon which the amount of the proposed fee or charge was calculated, the reason for the fee or charge, together with the date, time, and location of a public hearing on the proposed fee or charge. The mailer will also include details as to how submit a written protest against the proposed rate change, provide oral or written comments, and obtain more information. These notices must be mailed at least 45-days prior to a public hearing.
5. The City has opted to follow Health & Safety Code Section 5471, et. Seq., which provides that water rates may be established by ordinance or resolution. An ordinance is the mechanism used to codify items in the PRMC. Ordinances also require approval from City Council at two regularly scheduled meetings and takes effect 30-days after adoption at second reading. Resolutions also require approval by the City Council, but are not codified in the PRMC, and go into effect on the date of final passage.
6. On April 20, 2021, City Council approved [Ordinance No. 1110](#), amending PRMC Section 14.16.020, establishing wastewater rates by resolution. Previously, they were established by ordinance.
7. In anticipation of the public hearing to adjust water rates in the upcoming months, an amendment to PRMC 14.04.020 is needed to establish water rates by resolution (similar to wastewater rates in 2021). This action does not change the current water rates, nor does it change the Proposition 218 process the City needs to conduct in order to change these fees.

## Options

1. Take no action;
2. Hold first reading of amendments to Section 14.04.020 of the Paso Robles Municipal Code, establishing water fees via City Council resolution;
3. Provide alternative direction to staff.

**Analysis and Conclusions**

California Proposition 218 requires a specific public process for water rates to be adjusted which takes, at a minimum, 45-days. On top of that, and because water rates are currently established via ordinance, any water rate change requires two city council meetings: one for the first reading of the ordinance and the second for the second reading ordinance; plus, an additional 30 days after the second reading before the ordinance goes into effect. In other words, it currently takes over 100 days to establish new water rates. To simplify the process, and because water rates inherently increase over time, staff proposes an amendment the PRMC 14.04.020 to set water rates by resolution going forward. This does not change any of the provisions or requirements of Proposition 218, but rather lessens the administrative burden by codifying water rates.

**Fiscal Impact**

There is no direct fiscal impact by establishing water rates by resolution, but rather it is changing how rates are established.

**Recommendation**

Introduce for first reading, Ordinance XXX, amending Section 14.04.020 of the Paso Robles Municipal Code, allowing rates for water service fees to be established by City Council resolution.

**Attachments**

1. Ordinance XXX, amending section 14.04.020 of the PRMC allowing rates for water service fees to be established by resolution.
2. PRMC section 14.04.020 – redlined

# Attachment 1

## ORDINANCE XXX N.S.

### AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES, AMENDING SECTION 14.04.020 OF THE MUNICIPAL CODE REGARDING ADOPTION OF RATES FOR WATER SERVICE FEES BY RESOLUTION

WHEREAS, the City of El Paso de Robles, California (“City”) is a municipal corporation, duly organized under the California Constitution and laws of the State of California; and

WHEREAS, the City owns and operates a public water system that supplies water to residential, commercial, and industrial customers throughout the City’s jurisdiction; and

WHEREAS, Pursuant to Health and Safety Code Section 5471, water rates may be established by ordinance or resolution; and

WHEREAS, PRMC Section 14.16.020 provides that water rates are currently established by ordinance; and

WHEREAS, the City desires to amend PRMC Section 14.16.020 to allow the City Council to establish water rates by resolution in addition to by ordinance.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES DOES HEREBY ORDAIN AS FOLLOWS:

Section 1. Recitals. The City Council hereby finds that the foregoing recitals are true and correct and are incorporated herein as substantive findings of this Ordinance.

Section 2. Order. The City hereby authorizes any future new or increased fees or charges for water service to be adopted by resolution. Any new or increased fee or charge adopted by resolution pursuant to the authority granted by this Ordinance shall have the same force and effect as if such new or increased fee or charge had been adopted by ordinance, and to the extent authorized in such resolution, shall repeal or replace any conflicting fee or charge previously adopted by the City Council, whether such conflicting fee or charge had been adopted by resolution or ordinance.

Section 3. Compliance with the California Environmental Quality Act. Based on the facts and analysis presented to it, including all written and oral testimony and staff presentations, the City Council finds as follows: First, that the proposed ordinance is not “project” within the meaning of State CEQA Guidelines, section 15378, because it has no potential for resulting in direct or indirect physical change in the environment. Second, that the proposed ordinance is exempt under section 15061(b)(3), the general rule exemption, because the action is administrative and it can be seen with certainty that there is no possibility that this code amendment will have a significant effect on the environment.

Section 4. Amendment. The City Council hereby amends Section 14.04.020 of Chapter 14.04 of Title 14 of the Municipal Code to read as follows, in full:

14.04.020 – Fees.

- A. Fees—Connection. No new, enlarged, or reduced connection for any premises shall be made to city water mains, or to its system, without written application therefor, signed by the owner or his designee on his behalf upon application forms furnished by the city, being submitted to the water department.

# Attachment 1

The application shall be accompanied by a fee to be set by resolution of the city council from time to time with reference to this section.

- B. Fees—Meter Service. No new, enlarged or reduced meter shall be installed for any premises until an application on a form provided by the city shall be submitted and signed by the owner or his designee on his behalf.

The application shall be accompanied by a fee to be set by resolution of the city council from time to time with reference to this section. Such resolution may set a different rate for services outside the city limits.

- C. Fees—Water Service Charges. The monthly rates to be charged and collected for all water consumption, including private fire lines, bulk water delivery or fire hydrant usage, from every water customer, including, but not limited to, any person, school, business entity or corporation, shall be charged at rates established by resolution or ordinance of the city council.

The water service charges shall be reviewed no less than every five years to ensure that water user fees then in existence do not exceed the costs of providing water service within the city.

- D. Rates. The existing water service charges previously approved by the City Council shall remain in effect until superseded or rescinded by a subsequent resolution or ordinance.

All Customers	Effective January 1, 2021
All Water Usage (\$/HCF)	\$6.56
Fixed Charge (\$/Account/Month)	\$10.00

HCF = hundred cubic feet, or 748 gallons

All other provisions of Chapter 14.04 of Title 14 shall remain unchanged and in full effect.

Section 5. Severability. If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the Ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are severable. The City Council hereby declares that it would have adopted this Ordinance irrespective of the invalidity of any particular portion thereof.

Section 6. Effective Date. This Ordinance shall become effective thirty (30) days following its adoption.

Section 7. Publication. A summary of this Ordinance was published at least five (5) days before its adoption and a summary shall be published within fifteen (15) days of its adoption in a newspaper of general circulation published and circulated within the City, showing the names of those members of the City Council voting for and against the Ordinance.

INTRODUCED at a regular meeting of the City Council held on September 20, 2022, for first reading by the City Council of the City of El Paso de Robles, and adopted on the \_\_\_ day of \_\_\_\_\_, 2022, by the following vote:

AYES:  
NOES:  
ABSENT:

# Attachment 1

---

Steven W. Martin, Mayor

ATTEST:

---

Melissa Boyer, City Clerk

**PASO ROBLES MUNICIPAL CODE**

**SECTION 14.04.020 Fees.<sup>1</sup>**

A. Fees—Connection. No new, enlarged, or reduced connection for any premises shall be made to city water mains, or to its system, without written application therefor, signed by the owner or his designee on his behalf upon application forms furnished by the city, being submitted to the water department.

The application shall be accompanied by a fee to be set by resolution of the city council from time to time with reference to this section.

B. Fees—Meter Service. No new, enlarged or reduced meter shall be installed for any premises until an application on a form provided by the city shall be submitted and signed by the owner or his designee on his behalf.

The application shall be accompanied by a fee to be set by resolution of the city council from time to time with reference to this section. Such resolution may set a different rate for services outside the city limits.

C. Fees—Water ~~Usage Rates~~Service Charges. The monthly rates to be charged and collected for all water consumption, including private fire lines, bulk water delivery or fire hydrant usage, from every water customer, including, but not limited to, any person, school, business entity or corporation, shall be charged at rates established by resolution or ordinance of the city council.

The water ~~usage rates~~service charges shall be reviewed no less than ~~annually~~every five years in conjunction with the update of the city's budget to ensure that water user fees then in existence do not exceed the costs of providing water service within the city.

Beginning on January 1, 2017 the monthly water usage fee shall be as follows:

<u>All Customers</u>	<u>January 1, 2017</u>	<u>January 1, 2018</u>	<u>January 1, 2019</u>	<u>January 1, 2020</u>	<u>January 1, 2021</u>
<u>All Water Usage (\$/HCF)</u>	<u>\$4.83</u>	<u>\$5.26</u>	<u>\$5.73</u>	<u>\$6.14</u>	<u>\$6.56</u>
<u>Fixed Charge (\$/Account/Month)</u>	<u>\$5.00</u>	<u>\$6.25</u>	<u>\$7.50</u>	<u>\$8.75</u>	<u>\$10.00</u>

Note: Rate increases to be effective January 1<sup>st</sup> of each year.

HCF = hundred cubic feet, or 748 gallons.

D. Rates. The existing water service charges previously approved by the City Council shall remain in effect until superseded or rescinded by a subsequent resolution or ordinance.

<u>All Customers</u>	<u>Effective January 1, 2021</u>
<u>All Water Usage (\$/HCF)</u>	<u>\$6.56</u>
<u>Fixed Charge (\$/Account/Month)</u>	<u>\$10.00</u>

HCF = hundred cubic feet, or 748 gallons

<sup>1</sup>Editor's note(s)—Resolutions amending this section are Resolutions 78-2217, 78-2248, 79-2263, 81-2659, 82-2704, 82-2746, 83-2866, 84-2933, 85-3003, 85-3064 and 87-95, and are on file in the office of the city clerk.

# Attachment 2

---

(Ord. 412 N.S. § 2 (part), 1978; Ord. 820 N.S. § 1, 2002; Ord. 875 N.S. § 1, 2004; Ord. 882 N.S. § 1, 2004; Ord. 904 N.S. § 1, 2005; Ord. No. 953 N.S., § 2, 2-3-2009; Ord. No. 967 N.S. § 2, 4-20-2010; Ord. No. 973 N.S., § 2, 4-19-2011; Ord. No. 982 N.S., § 1, 7-3-2012; Ord. No. 1025 N.S., § 2, 4-5-2016)

Editor's note(s)—This section previously contained provisions that pertained to sewer rates which were improperly placed herein due to an administrative error. These provisions derived from Ord. No. 975 N.S., adopted December 6, 2011 and Ord. No. 989 N.S., adopted February 5, 2013 and have been moved to Section 14.16.020.

---

Created: 2021-12-02 17:41:18 [EST]

(Supp. No. 58)