

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BREA AMENDING CERTAIN WATER RATES, LIFELINE PROGRAM POLICIES, CHARGES AND REGULATIONS

A. RECITALS:

(i) The City Council of the City of Brea, having amended the Code of the City of Brea by adopting Ordinance No. 763 on October 16, 1984, hereby amends the service charges established by Resolution Nos. 86-112, 89-3, 91-75, 93-66, 94-89, 95-95, 06-24, 09-22, 12-031, and 15-049 to bring the water rates into agreement with the City of Brea's policy of recovery of costs to operate the water utility and setting water rates accordingly to:

Pay for operations and maintenance of the water system, including salaries, wages, benefits, and the cost of all materials and supplies necessary for repairs, replacements and upgrades to the system; and

Pay interest charges and principal payments on all outstanding water loans and bonds as they become due; and

Provide reasonable cash reserves, and capital improvements funds to cover needed capital improvements and unforeseen expenses and emergencies; and

(ii) The City Council of the City of Brea finds it desirable to amend the rates, charges and regulations.

B. RESOLUTION:

NOW, THEREFORE, the City Council of the City of Brea does resolve as follows:

1. That the provisions of this resolution shall become effective on February 8, 2016, and supersedes Resolution No. 86-112, Resolution No. 89-3, Resolution No. 91-

75, Resolution No. 93-66, Resolution No. 94-89, Resolution No. 95-95, Resolution No. 06-24, Resolution No. 09-22, Resolution 12-031, Resolution 15-049, and all other previous resolutions, regulations, and executive orders in conflict herewith. This resolution will remain in effect until superseded.

2. That water rates, charges and regulations for water service shall be as hereinafter set out:

I. FOR ALL WATER DELIVERED BY THE CITY OF BREA

A. Fixed Charges

The fixed (“ready-to-serve”) charge recovers fixed costs associated with meter reading, meter maintenance, billing, collections and customer service. The fixed (“ready-to-serve”) charge is to be charged monthly on all meters for which service has been established, and is applied when water is first made available to the owner/occupant or occupant of the property served. The monthly fixed (“ready to serve”) charge includes the following components:

1. A billing and customer-service charge that is the same for all customers.
2. A meter charge that increases with the size of the water meter.

The fixed (“ready-to-serve”) charges are as follows:

<u>Meter Size</u>	<u>Fixed Charge</u>
5/8”, 3/4” & 1”	\$ 10.81
1-1/2”	34.66
2”	52.55
3”	109.20
4”	192.68
6”	392.45
8”	839.67
10”	1,257.09
12”	1,585.05

On July 1, 2016 the City will increase the percentage of revenue from monthly fixed (“ready to serve”) charges from 14% to 17%. Furthermore, on July 1, 2017 the City will further increase its percentage of revenue for fixed charged from 17% to 20%.

On July 1, 2016, the fixed (“ready-to-serve”) charges are as follows (inclusive of the revenue adjustment of 2.5% and the increase in revenue from fixed charges to 17%):

<u>Meter Size</u>	<u>Fixed Charge</u>
5/8”, 3/4” & 1”	\$ 13.48
1-1/2”	47.54
2”	73.08
3”	153.96
4”	273.14
6”	558.35
8”	1,196.86
10”	1,792.82
12”	2,261.06

On July 1, 2017, the fixed (“ready-to-serve”) charges are as follows (inclusive of the revenue adjustment of 2.5% and the increase in revenue from fixed charges to 20%):

<u>Meter Size</u>	<u>Fixed Charge</u>
5/8”, 3/4” & 1”	\$ 15.93
1-1/2”	59.28
2”	91.78
3”	194.72
4”	346.43
6”	709.45
8”	1,522.17
10”	2,280.70
12”	2,876.62

II. FOR WATER DELIVERED IN AND USED WITHIN THE CITY LIMITS OF BREA

A. Single Family Residential (“SFR”) Water Service

This service applies to water delivered to all residences within the City limits of Brea, whether condominiums, single family detached residences or multiple unit residential buildings that are individually metered. The SFR usage rate is billed monthly and is a four-tier inclining rate structure. The rate structure is as follows:

1 - 10 units	\$3.17 per 100 cubic feet (CCF)
11 - 20 units	\$4.21 per 100 cubic feet (CCF)
21 - 30 units	\$5.63 per 100 cubic feet (CCF)
Over 30 units	\$6.63 per 100 cubic feet (CCF)

As the revenue for fixed meter charges increases on July 1, 2016 and July 1, 2017, the revenue for commodity charge will decrease accordingly.

On July 1, 2016, the commodity rate structure is as follows (inclusive of the revenue adjustment of 2.5% but exclusive of any increases to wholesale water costs):

1 - 10 units	\$3.13 per 100 cubic feet (CCF)
11 - 20 units	\$4.12 per 100 cubic feet (CCF)
21 - 30 units	\$5.46 per 100 cubic feet (CCF)
Over 30 units	\$6.42 per 100 cubic feet (CCF)

On July 1, 2017, the commodity rate structure is as follows (inclusive of the revenue adjustment of 2.5% but exclusive of any increases to wholesale water costs):

1 - 10 units	\$3.10 per 100 cubic feet (CCF)
11 - 20 units	\$4.04 per 100 cubic feet (CCF)
21 - 30 units	\$5.34 per 100 cubic feet (CCF)
Over 30 units	\$6.25 per 100 cubic feet (CCF)

B. LifeLine Rates

Water utility customers that provide information to the satisfaction of the Administrative Services Director showing proof of low income eligibility from Southern California Edison Company or Southern Californian Gas Company, or their successors, will be eligible for a discount of 20% on the fixed (“ready-to-serve”) charges and the first tier of the four-tier inclining rate structure. Qualified customers will also be eligible for a discount of 10% on the second tier and 5% of the third tier of the four-tier inclining rate structure. There is no discount offered at the fourth tier. This is a change to the existing LifeLine Program whereas qualified customers receive a 20% discount to the fixed charges and first two tiers of the four-tier inclining rate structure. The SFR usage rate for Lifeline customers is as follows:

1 - 10 units	\$2.54 per 100 cubic feet (CCF)
11 - 20 units	\$3.79 per 100 cubic feet (CCF)
21 - 30 units	\$5.35 per 100 cubic feet (CCF)
Over 30 units	\$6.63 per 100 cubic feet (CCF)

LifeLine rates will adjust accordingly on July 1, 2016 and July 1, 2017 based on the revenue adjustments of 2.5% per year and the increase of revenue from fixed charges. Future LifeLine rate increases will include increases to wholesale water costs.

The subsidies provided to these qualified customers are not absorbed by the Water Utility Fund (420). The Affordable Housing Trust Fund (270) will annually transfer enough funding to cover the costs of this program.

C. Multi-Family Water Service

This service applies to customers in the classifications of multi-family residential.

The Multi-Family rate is billed monthly and the rate structure is as follows:

\$3.93 per 100 cubic feet (CCF)

Multi-Family rates will adjust accordingly on July 1, 2016 and July 1, 2017 based on the revenue adjustments of 2.5% per year and the increase of revenue from fixed charges. Future Multi-Family rate adjustments will include increases to wholesale water costs.

D. Non-Residential ("NR") Water Service

This service applies to customers in the commercial, industrial, and no other classified customer classes. The Non-Residential "NR" rate is billed monthly and the rate structure is as follows:

\$4.27 per 100 cubic feet (CCF)

Non-Residential rates will adjust accordingly on July 1, 2016 and July 1, 2017 based on the revenue adjustments of 2.5% per year and the increase of revenue from fixed charges. Future Non-Residential rate adjustments will include increases to wholesale water costs.

E. Irrigation/Greenbelt Areas

This service applies to common greenbelt areas serving multiple residential, commercial and industrial units.

The Irrigation/Greenbelt rate is billed monthly and the rate structure is as follows:

\$4.70 per 100 cubic feet (CCF)

Irrigation/Greenbelt rates will adjust accordingly on July 1, 2016 and July 1, 2017 based on the revenue adjustments of 2.5% per year and the increase of revenue from fixed charges. Future Irrigation/Greenbelt adjustments will include increases to wholesale water costs.

F. Golf Course Irrigation

This water service applies to all golf courses within the city limits of Brea. The rate shall be the “NR” rate. The only exception is the City owned Municipal Golf Course “Brea Creek” which is established under separate water rate contract at this time.

G. Construction Water (Temporary Service)

Construction water service shall be defined as water used for any aspect of construction, including, but not limited to, grading purposes and testing water systems, during the construction period.

1. Metered Construction Water

This service applies to temporary water service delivered by the City. A deposit is required at the time of the service request. Meter service charges are monthly charges and may be prorated on opening and closing bills.

<u>Deposit</u>	<u>Charge Per Month</u>	<u>Rate per 100 Cubic Feet</u>
\$1,500.00	\$70.00	\$6.57

Construction rates will adjust accordingly on July 1, 2016 and July 1, 2017 based on the revenue adjustments of 2.5% per year and the increase of revenue from

fixed charges. Future Construction rate adjustments will include increases to wholesale water costs.

2. Unauthorized Use of Construction Water

Any unauthorized use of City water from fire hydrants or other City facilities will be estimated by the City as to usage and invoiced at three (3) times the rates as specified in paragraph II F-1 above.

3. Use of City Equipment

This service applies to the use of an “Eddy Valve.” An “Eddy Valve” must be attached to the temporary construction meter for the purpose of opening and closing the water at City fire hydrants. The use of this valve prevents “water hammer” to the City’s water mains. The customer may elect to use an “Eddy Valve” provided by the City. The service charges are monthly charges and are prorated on opening and closing bills.

<u>Deposit</u>	<u>Charge Per Month</u>
\$400.00	\$60.00

H. Service to Governmental Agencies

1. Service to the City of Brea

Water used by the City of Brea for City parks and other facilities, whenever possible, shall be metered.

2. Other Governmental Agencies

This service applies to water delivered to governmental agencies, other than the City, for use inside the City of Brea at facilities or areas of special benefit to the citizens of Brea. This rate shall also apply to churches. The rate shall be the “NR” rate.

Non-Residential rates will adjust accordingly on July 1, 2016 and July 1, 2017 based on the revenue adjustments of 2.5% per year and the increase of revenue from fixed charges. Future Non-Residential rate adjustments will include increases to wholesale water costs.

I. Service to Commercial and Industrial Users

This rate applies to all commercial and industrial establishments within the City of Brea. The rate shall be the “NR” rate.

Non-Residential rates will adjust accordingly on July 1, 2016 and July 1, 2017 based on the revenue adjustments of 2.5% per year and the increase of revenue from fixed charges. Future Non-Residential rate adjustments will include increases to wholesale water costs.

J. Fire Service Charges

Fire service charges pay to maintain fire service capability in the water system. These charges will be billed separately to those users that have a private fire service connection.

<u>Connection</u>	<u>Total Monthly Service Charge</u>
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2"	\$ 5.55
3"	7.92
4"	12.00
6"	26.64
8"	51.88
10"	89.84
12"	142.48

Fire Service Charges will adjust accordingly on July 1, 2016 and July 1, 2017 based on the revenue adjustments of 2.5% per year. There is no charge for water used in actual firefighting.

Fire service connections are to be utilized for firefighting purposes and for required testing of the fire protection system. If a fire service connection is found to be using three units (3 CCF's) or more per month, a penalty fee of \$250.00 will apply.

III. WATER USED OUTSIDE CITY LIMITS

This service applies to water used entirely outside Brea City limits, regardless of point of delivery and all water delivered outside Brea, regardless of point of usage. Water delivered within the Brea city limits for use partially outside the Brea city limits, by the same user, shall also be subject to these rates. The rate structure for water used outside city limits rate structure is as follows:

\$5.04 per 100 cubic feet (CCF) and,

Fixed ("ready-to-serve") charges applicable by meter size plus 25%

IV. CONNECTION CHARGES, COSTS AND REIMBURSEMENTS

A. Connection Charges

Connection charges are in addition to all other charges specified herein. These connection charges are buy-in fee's used to recover the cost of the existing water system capacity including reservoir storage and delivery system. Connection charges are not refundable and they are established for residential, commercial and industrial service.

The connection fee is as follows:

1" or smaller	\$2,856.00
2"	\$9,309.00

Connection fees for high usage (greater than 2") residential, commercial, and industrial developments to be determined on individually projected usage based on equivalent 1" meter calculations.

Connection charges are applicable to all new construction, with the charge payable at the time the building permit is issued by the City. Where a single meter is to serve more than one water user (residential, commercial or industrial) an additional \$1,250.00 per unit shall be added to the connection fee. This shall apply to each dwelling unit, apartment, mobile home or trailer space, or commercial or industrial water user to be served from the same meter whether constructed at the same time or added on to the existing property.

B. Connection Fees for Developers

A reduced connection fee will be given to developers who construct their own water distribution systems. This reduction is based on the distribution lines that are constructed by the developer.

The connection fee for developers is as follows: \$2,086.00

Where a single meter is to serve more than one water user (residential, commercial or industrial) an additional \$1,043.00 per unit shall be added to the connection fee. This shall apply to each dwelling unit, apartment, mobile home or trailer space, or commercial or industrial water user to be served from the same meter whether constructed at the same time or added on to the existing property.

The determination if the developer falls into this rate category will solely be made by the City Engineer.

C. Fire Services Connection Fee

Fire service connection fees are buy-in fees used to recover the cost of existing reservoir storage and water system capacity for private fire systems.

The connection fee for fire service connections is as follows:

4" Connection	\$3,648.00
6" Connection	\$5,108.00
8" Connection	\$6,641.00
10" Connection	\$9,564.00
12" Connection	\$9,564.00

V. CUSTOMER DEPOSITS

Payment of a deposit, as outlined in the following schedule, or some other means of securing credit established by the Administrative Services Director will be required under the following conditions:

- A. At the time of meter installation; or
- B. When a meter is turned on under the name of a new water user, regardless of property ownership.

If a water user has had service discontinued for failure to pay, the water user shall be required to make a deposit at the Renter or Lessee deposit rate in accordance with the following schedule:

<u>Meter Size</u>	<u>Owner Deposit</u>	<u>Renter or Lessee Deposit</u>
5/8", 3/4", & 1"	\$ 75.00	\$ 150.00
1-1/2" & 2"	\$ 90.00	\$ 180.00
3" & larger	\$100.00	\$ 200.00

The deposit will be refunded in all cases by means of a credit to their bill, if the customer makes twelve (12) consecutive payments, with no record of delinquency or when a customer closes the account.

VI. WATER SERVICE CHARGES

A. Delinquent Service Charges ("Late Fees")

All water bills shall become due and payable on the 20th of the month, provided the water bills are mailed the last working day of the prior month. Upon failure of the water user to pay the water bill in full on the 20th day of the month, the bill shall be deemed delinquent and a delinquent service charge ("late fee") shall be added

to the bill. Delinquent service charges (“late fees”) are applied to cover the City’s costs caused by such delinquencies. The charges are as follows:

10% of Outstanding Balance \$10.00 and over

Minimum Delinquent Service Charge	\$ 1.00
Maximum Delinquent Service Charge	\$25.00

B. Returned Item Charge

A service charge will be made whenever a check, automated clearing house (“ACH”) or other electronic debit is returned by the bank, whether it is for insufficient funds or any other reason. Returned item charges are applied to cover the City’s administrative service costs. The returned item charge does not exceed the administrative cost incurred.

Returned Item Charge	up to \$35.00
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C. Meter Re-Reads and Efficiency Checks

A service charge will be made whenever a customer requests that their meter be re-read or checked for efficiency. If the City is in error due to the meter read being incorrect, the water billing will be adjusted, and the service charge will be refunded. Meter re-read and efficiency check service charges are applied to cover the City’s administrative service costs. The cost of meter re-read efficiency checks do not exceed the administrative cost incurred. This charge may be waived at the discretion of the Administrative Services Director or his/her designee.

Meter re-read/efficiency check charge	\$30.00
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D. Discontinued Services and Turn On Charges

Upon failure of a water user to pay the bill in full no later than sixteen (16) days following date of delinquency, the City may, after complying with the State law on discontinuance of utility service for non-payment, discontinue the water service and shall not again furnish water service to such a user until all previous water charges, delinquent service charges, customer deposit, and disconnection/reconnection service charges are paid in full. The disconnection/reconnection service charge shall apply whenever water service is discontinued for non-payment. The disconnection or reconnection service charges are applied to cover the City's administrative service costs. The disconnection/reconnection service charges do not exceed the administrative cost incurred.

Disconnection/Reconnection Charges during normal working hours of the water utility billing administrative offices:

First occurrence during 12 consecutive Months	\$30.00
Second Occurrence during 12 consecutive Months	\$40.00
Third Occurrence during 12 consecutive Months	\$60.00

E. After Hours

Any service outside of normal working hours which requires an employee or a contractor of the City to provide service to the benefit of the water customer:

\$90.00

F. Hang Tag Charges

A service charge will be made whenever a customer's account has been determined to be delinquent (greater than 45 days past due) that a water shut-off notice must be hand delivered to the service address. Hang tag charges are applied to cover the City's administrative service costs. The hang tag service charge does not exceed the administrative cost incurred.

Hang Tag Charge: \$20.00

G. Miscellaneous Charges

From time to time miscellaneous services are provided to water customers. The miscellaneous charges are applied to cover the City's administrative service costs. The miscellaneous service charges do not exceed the administrative cost incurred.

<u>Water Service</u>	<u>Administrative Charge</u>
New Account/Application Fee	\$ 20.00
Cut Lock/Broken Lock/Missing Lock	\$ 30.00
Past Due Notice	\$ 10.00
Security Deposit for Delinquent Account	\$ 150.00
Meter Abandonment	\$ 100.00
Monthly Maintenance Fee for Accounts with Backflow Devices	\$ 7.00
Intentional Damage to Meter	\$ 100.00
Broken Angle Stop	\$ 30.00
Broken or Missing Meter Register	\$ 35.00
Unauthorized turn-on or turn-off Meter Register	\$ 30.00
Unauthorized Use of Hydrant for Filling Water Truck – Per Occurrence	\$ 200.00

VII. ADJUSTMENT OF FUTURE RATES

A. Water Usage Rates

For a period of five (5) years commencing on July 1, 2015 there shall be an automatic adjustment of the Utility's water rate schedule commodity charges per 100 Cubic Feet whenever the cost per acre foot of water is increased or decreased in reference to the average base year cost due to changes in the cost of water obtained from Municipal Water District of Orange County, Metropolitan Water District of Southern California, or California Domestic Water Company. For purposes of this Resolution, the base year is fiscal year 2015-16.

The adjusted rates resulting from any such change in the cost of wholesale water shall be calculated by the Administrative Services Director and shall be implemented as soon as practical provided that at least 30 days' written notice is given to the affected customers.

The water usage rates in effect on July 1, 2016 shall increase 2.5% and in effect on July 1, 2017 shall increase 2.5%.

B. Fixed Charges and Fire Service Charges

The fixed ("ready to serve") charge and fire services charges contained in this water rate resolution effect on July 1, 2016 shall increase 2.5 and in effect on July 1, 2017 shall increase 2.5%.

C. Water Connection Charges

Any subsequent water connection rate increases are to be effective July 1st of each succeeding year shall be automatically adjusted annually and without further action of the City Council to account for inflation. The adjustment shall be based on the Engineering News Record (ENR) 20-City Construction Cost Index (CCI) for

the twelve (12) months ending January of the current year. The amount of the water connection fee will be based on the date of the actual payment of the fee.

For purposes of this Resolution, the base year is July 1, 2015.

APPROVED AND ADOPTED this _____ day of _____, 2016

Mayor

ATTEST: _____
City Clerk

I Lillian Harris-Neal, City Clerk of the City of Brea, do hereby certify that the foregoing Resolution was introduced at a regular meeting of the City Council of the City of Brea, held on February 2, 2016, and was finally passed at the regular meeting of the City Council of the City of Brea on the 2nd day of February 2016, by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAINED: COUNCIL MEMBERS:

DATED: _____

City Clerk