



Notice of Public Hearing On Proposed

Water Rate Adjustment

Monday, October 15, 2018

At 6:00 p.m.

City Council Chambers, City Hall

678 West 18th Street, Merced, CA

The City of Merced is proposing a multi-year water rate program adjustment for all residential and commercial customers. The proposal will be considered by the City Council at a Public Hearing on **Monday, October 15, 2018**. If approved, the water rate adjustments will commence January 2019. You are receiving this notification in compliance with California Constitution Article XIII C and D (**Proposition 218**) requirements that all impacted property owner(s) are mailed notice of proposed rate changes at least 45 days prior to a public hearing. Proposition 218 also establishes a protest process for the public to follow if they wish to oppose the proposed rates.

For more information on the proposed water service charges, please call: (209) 385-6800.

Para mas informacion acerca de los cargos propuestos por servicio de agua, favor de llamar al 209-385-6800.

Yog koj muaj lub noog txog nqi dej, thov hu rau (209) 385-6800.

www.cityofmerced.org/WaterRates

HOW TO PROTEST THE PROPOSED WATER RATE ADJUSTMENT

Written protests on the proposed adjustments in the monthly water charges may be mailed or delivered to the City Clerk, at the Civic Center, 678 West 18th Street, Merced, CA 95340, and must identify the property owner(s) of the property or properties. Protests must be received prior to the close of the Public Hearing on October 15, 2018. E-mail protests will not be accepted. If written protests are presented by owners from a majority of properties, the City Council cannot approve the increase.

THE CITY OF MERCED IS PROPOSING TO MODIFY ITS WATER RATES, THOSE CHANGES ARE LISTED HERE AND THE FULL TEXT OF THE WATER RATE STUDY CAN BE FOUND ON OUR WEBPAGE AT www.cityofmerced.org/WaterRates

The City is required by City policy to collect revenues sufficient to cover the cost of operating the water system. These revenues allow the City to protect public health and safety and reliably convey and treat the water. Costs that must be covered through the rate revenue include electricity, equipment and supplies, treatment chemicals, debt service, and salaries and benefits. Additionally, revenues generated from the water rates would be used to finance the ongoing operation, the repair and renovation of the existing aging water infrastructure.

The proposed rate structure was designed to meet all legal requirements and fairly and equitably recover costs through the rates, conform to accepted industry practice(s) , provide fiscal stability and recovery of fixed costs of the system and, promote affordability for customers that try to minimize water usage.

The proposed rate structure was designed based on a standard meter equivalency schedule that is published by the American Water Works Association (AWWA) . This element was a key factor in the changes to the water rates included in the base monthly charges. The current allocation of water included in the Base Monthly Charges ranges from 30 HCF (hundred cubic feet) to 50 HCF. The proposed water allocations will be adjusted based on meter size and will range from 20 HCF for most residential single family homes to 1350 HCF for our largest metered accounts. It should also be noted that the proposed volumetric rate decreased, so during the months when usage might go over the base allotted amount, the volumetric cost per HCF will start out at \$0.73 (as compared to our current rate of \$0.89).

When analyzing customers' water use patterns, it was found that during the winter the average household uses about 13.6 HCF of water and in the summer 26 HCF. The annual average use is 18.75 HCF, which is under the proposed base of 20 HCF.

Proposed Base Monthly Charges

Meter Size	Current Water		Proposed Water Allocation HCF	Effective In January 2019	Effective In July 2019	Effective In July 2020	Effective In July 2021
	Allocation HCF	Current Rate					
3/4"	30	\$ 34.24	20	\$ 30.39	\$ 31.00	\$ 31.62	\$ 32.25
1"	30	\$ 35.64	20	\$ 30.39	\$ 31.00	\$ 31.62	\$ 32.25
1 1/2"	40	\$ 47.52	40	\$ 60.32	\$ 61.53	\$ 62.76	\$ 64.02
2"	50	\$ 65.50	64	\$ 96.24	\$ 98.16	\$ 100.12	\$ 102.12
3"	50	\$ 76.13	128	\$ 192.01	\$ 195.85	\$ 199.77	\$ 203.77
4"	50	\$ 89.80	200	\$ 299.76	\$ 305.76	\$ 311.88	\$ 318.12
6"	50	\$ 104.99	400	\$ 599.06	\$ 611.04	\$ 623.26	\$ 635.73
8"	50	\$ 150.58	640	\$ 958.22	\$ 977.38	\$ 996.93	\$1,016.87
10"	50	\$ 196.12	960	\$1,437.10	\$1,465.84	\$1,495.16	\$1,525.06
12"	50	\$ 241.42	1350	\$2,020.74	\$2,061.15	\$2,102.37	\$2,144.42
Volumetric Charge:		\$0.89 / HCF		\$0.73 / HCF	\$0.74 / HCF	\$0.75 / HCF	\$0.77 / HCF

The proposed rate schedule includes a Drought Rate Schedule, which will be implemented only during times of significant drought. This Drought Rate Schedule will only go into effect in the event of a Level 3 Drought as declared by the City Council.

**Proposed: Drought Water Rate Schedule
Monthly Charges**

Meter Size	Proposed Included HCF	Effective In January 2019	Effective In July 2019	Effective In July 2020	Effective In July 2021
3/4"	20	\$ 31.10	\$ 31.72	\$ 32.35	\$ 33.00
1"	20	\$ 31.10	\$ 31.72	\$ 32.35	\$ 33.00
1 1/2"	40	\$ 61.74	\$ 62.97	\$ 64.23	\$ 65.51
2"	64	\$ 98.51	\$ 100.48	\$ 102.49	\$ 104.54
3"	128	\$ 196.56	\$ 200.49	\$ 204.50	\$ 208.59
4"	200	\$ 306.86	\$ 313.00	\$ 319.26	\$ 325.65
6"	400	\$ 613.26	\$ 625.53	\$ 638.04	\$ 650.80
8"	640	\$ 980.94	\$ 1,000.56	\$ 1,020.57	\$ 1,040.98
10"	960	\$ 1,471.18	\$ 1,500.60	\$ 1,530.61	\$ 1,561.22
12"	1350	\$ 2,068.66	\$ 2,110.03	\$ 2,152.23	\$ 2,195.27
Volumetric Charge		\$0.98 / HCF	\$1.00 / HCF	\$1.02 / HCF	\$1.04/ HCF

The following rates are for accounts that have a dedicated service line for fire protection. Private properties with a public fire hydrant are also subject to the charge.

Private Fire Monthly Charges

Connection Size	Current Monthly Charge	Effective In January 2019	Effective In July 2019	Effective In July 2020	Effective In July 2021
2"	n/a	\$ 1.36	\$ 1.39	\$ 1.42	\$ 1.45
3"	n/a	\$ 3.96	\$ 4.04	\$ 4.12	\$ 4.20
4"	\$ 17.54	\$ 8.44	\$ 8.61	\$ 8.78	\$ 8.96
6"	\$ 20.47	\$ 24.53	\$ 25.02	\$ 25.52	\$ 26.03
8"	\$ 29.24	\$ 52.28	\$ 53.33	\$ 54.40	\$ 55.49
10"	\$ 38.01	\$ 94.01	\$ 95.89	\$ 97.81	\$ 99.77
12"	\$ 60.66	\$ 151.85	\$ 154.89	\$ 157.99	\$ 161.15
Fire Hydrant	\$ 19.83	\$ 15.19	\$ 15.49	\$ 15.80	\$ 16.12

Another new aspect to the rates include an outside the City boundaries surcharge. The City of Merced provides water service to retail customers located outside of the City’s jurisdictional boundaries and is authorized to receive a reasonable return on investment and risk for its delivery of services to non-owner customers. The proposed water service rates includes the following new outside the City surcharge:

Outside City Monthly Charge

Meter Size	Effective In January 2019	Effective In July 2019	Effective In July 2020	Effective In July 2021
3/4"	\$ 5.51	\$ 5.62	\$ 5.73	\$ 5.84
1"	\$ 5.51	\$ 5.62	\$ 5.73	\$ 5.84
1 1/2"	\$ 11.03	\$ 11.25	\$ 11.48	\$ 11.71
2"	\$ 17.64	\$ 17.99	\$ 18.35	\$ 18.72
3"	\$ 35.28	\$ 35.99	\$ 36.71	\$ 37.44
4"	\$ 55.13	\$ 56.23	\$ 57.35	\$ 58.50
6"	\$ 110.25	\$ 112.46	\$ 114.71	\$ 117.00
8"	\$ 176.40	\$ 179.93	\$ 183.53	\$ 187.20

The City requires the installation of backflow prevention assemblies whenever a potential hazard is present within a consumer’s premises. Backflow is the undesirable reversal of flow of non-potable water or other substances through a cross-connection and into the public water system or a consumer’s potable water system. Accounts that pose any potential risk of backflow are required to install backflow assemblies to protect the public water supply. The following proposed rates reflect the cost of service provided:

Backflow Monthly Charge

Current Rate	Effective In January 2019	Effective In July 2019	Effective In July 2020	Effective In July 2021
\$ 5.00	\$ 8.75	\$ 8.93	\$ 9.11	\$ 9.29

Starting July 1, 2022, the above base water service charges shall be adjusted annually based on a formula set forth in Merced Municipal Code Section 15.36.045.