



Water Proposed Rate Adjustments

Frequently Asked Questions

1) What rates is the City proposing to increase?

The City of Stockton is proposing adjustments to the monthly rates for water service fees, including fixed meter charges, consumption charges and Drought Recovery Charges, previously known as Drought Surcharges. If approved, the proposed water rate adjustments will allow the City to:

- Operate the Delta Water Treatment Plant, which treats and distributes up to 30 million gallons per day of treated surface water, enough to fill 45 Olympic size swimming pools every day.
- Properly maintain the water transmission and distribution system that includes eight reservoirs, 590 miles of pipeline, 49,000 residential and commercial water meters and 7,000 fire hydrants.
- Continue to meet or exceed all legal, Federal, and State Clean Water regulatory requirements and maintain the long-term financial stability of the water operations.

2) Why are water rate adjustments necessary?

The City of Stockton is committed to providing the highest water quality at the lowest possible rates for our customers.

To meet this commitment, the City hired HDR Engineering, Inc., an independent rate consultant, to evaluate the Water Utility revenue requirements, prepare a cost-of-service analysis and Water Rate Study Report (2021 Water Rate Study) to support a new five-year rate schedule that:

- Provides sufficient revenue to operate and maintain the City's water infrastructure and capital improvement projects.
- Reflects prudent financial planning criteria.
- Determines that rates are cost-based and equitable.
- Reflects the findings of the revenue requirement and cost of service analyses; and
- Meets the rate design goals and objectives of the City.

The 2021 Water Rate Study determines how customers equitably and fairly pay for the water services over a new five-year period.

3) When was the last water service charge increase?

The most recent Water Rate Study was completed in 2016 and established rates through June 30, 2021. It is considered a good financial practice to develop rate studies periodically to ensure the water utility is sustainable in the long-term.

4) If approved, how will the proposed water rates affect my bill?

The City's proposed water rate structure includes a fixed charge and a consumption charge.

- The **fixed charge** applies to all customer groups and is determined by the size of the meter serving the property. The fixed charge recovers a portion of the City's fixed costs.
- The **consumption charge** is based on the amount of water consumed for each property, measured in hundred cubic feet ("CCF"). One CCF is equivalent to 748 gallons:
 - For **single family residential** customers, consumption charges are calculated based on the amount of water consumed. A higher rate applies to water use higher than 15 CCF, to account for the increased costs associated with greater demand on the water system.
 - The consumption charge for **multi-family, non-residential (including commercial, institutional, and industrial), and irrigation** customers is based upon a seasonal rate structure with the summer billing period between May – September; and the winter billing period between October – April.

5) When will the new rates take effect?

If approved, a maximum proposed annual rate increases will go into effect on July 1, 2021, and be adjusted each July 1 thereafter, through and including July 1, 2025. However, there are no proposed water rate increases for the fiscal year starting July 1, 2021 and ending June 30, 2022. The first proposed rate adjustment would be effective in fiscal year 2023, which begins July 1, 2022.

There is a very public process for implementing new rates. The City invites and encourages members of the public to participate in the process.

The City Council will hold a public hearing at **5:30 p.m. on Tuesday, May 25, 2021**, in the City Council Chamber, at **425 N. El Dorado Street**. At the public hearing, they will consider all testimony and written protests to the adoption of the proposed rate adjustments of water service fees.

At the public hearing, all interested community members will be provided an opportunity to express comments or concerns to the proposed rate adjustments. At the conclusion of the hearing, the City Council will consider the adoption of a maximum proposed annual rate increases.

6) What are Drought Recovery Charges?

A substantial portion of the costs to operate and maintain the water system is fixed. In other words, the costs remain the same regardless of water usage. Under the existing water rates, when consumption decreases, revenues also decrease. Reductions in revenue can place significant financial strain on the water utility funds.

Drought Recovery Charges are developed to reflect changes in the cost of service driven by reduced water use, while simultaneously providing sufficient revenue to maintain the water utility as customers comply with the requested reductions in use.

7) If the proposed water adjustments are approved, will Drought Recovery Charges be included in the next water bill?

The Drought Recovery Charges are an additional charge per hundred cubic feet (CCF) that may be activated by a declared water shortage emergency level in accordance with the City of Stockton Urban Water Management Plan, available at www.stocktonca.gov/water. A declared water shortage can

include a drought, a statewide order mandating the reduction of water use, or other natural disaster or event that results in a water shortage and an unforeseen drop in water demand.

Who can protest the proposed water rate adjustments?

The following persons may submit a written protest on the proposed water rate adjustments before the close of the public hearing referenced above:

- A record owner(s) of property(s) receiving water service in the City of Stockton service area. If the person signing the protest is not shown on the last equalized assessment roll as the owner of the property(s), the protest must include written evidence that such person signing the protest is the owner of the property(s) receiving water service; or
- A customer of record, such as a tenant, whose name appears on the City of Stockton's records as the customer of record directly responsible for payment of water utility charges for the corresponding property receiving water service.

Although billed customers and record property owners will both be notified, only one protest per property will be counted.

8) How do I protest the proposed water rate adjustments?

Each protest must:

- Be submitted in writing and received by the City Clerk at or before the close of the public hearing on May 25, 2021. Written protests may be mailed or hand-delivered to the Office of the City Clerk at 425 N. El Dorado Street, Stockton, CA 95202 or delivered at the public hearing.
- Contain a statement protesting the rate adjustments.
- Identify the property, either by street address or Assessor's Parcel Number (APN); and
- Include the name and signature of the person submitting the written protest.

Protests submitted by email or other electronic means will not qualify as valid written protests. At the public hearing, all interested persons will be provided an opportunity to express comments or concerns to the proposed rate adjustments. At the conclusion of the hearing, the City Council will consider the adoption of a maximum proposed annual rate increases. If approved, the maximum proposed annual rates will go into effect on July 1, 2021, and be adjusted each July 1 thereafter, through and including July 1, 2025. To reiterate, there are no proposed water rate increases for the fiscal year starting July 1, 2021 and ending June 30, 2022. The first proposed rate adjustment would be effective in fiscal year 2023, which begins July 1, 2022.

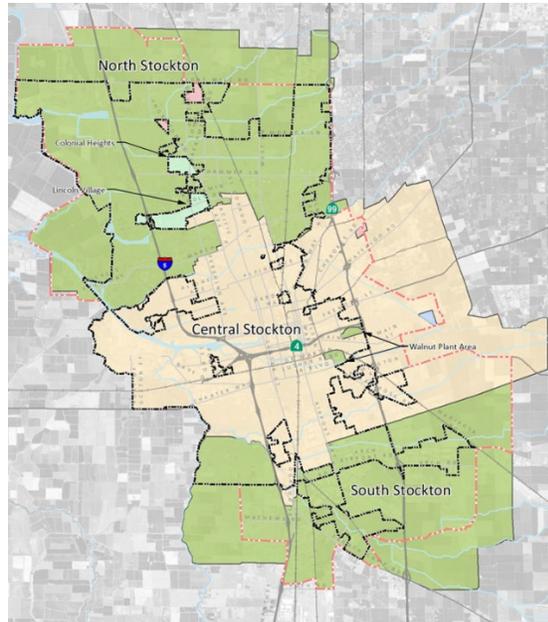
Comments made at the public hearing will not qualify as written protests, unless accompanied by a written protest. If qualified written protests are submitted by a majority of the record property owner(s) or customer(s) of record, the Council may not approve the proposed rate adjustments.

9) How do I find out if my property is in the City of Stockton water service area?

The City of Stockton "[About Your Address](#)" online tool provides useful information about a property, including its water service provider, by entering an official City address.

10) I do not have water services with the City of Stockton. Will the water rate adjustments affect my water bills?

The City of Stockton provides water service to single family, multi-family, non-residential, and irrigation customers in North and South Stockton, shown in green on the below map. Non-residential customers include commercial, industrial, and institutional. If approved, the proposed water rate adjustments will impact City of Stockton water customers. Customers in Central Stockton, shown in yellow, receive water service from the California Water Company and would not be impacted by the proposed water adjustments.



11) Do the proposed water adjustments affect service charges for private fire hydrant and private fire protection?

The City of Stockton applies a monthly Private Fire Hydrant Service Charge for hydrants that are specific to certain private businesses. A monthly Private Fire Protection Service Charge is also applied on certain properties that have a private fire service meter. The payment of the Private Fire Protection Service Charges is a condition to extend or initiate water service by the installation of a private fire suppression system, and upon the request of the customer or property owner for delivery of water to the property for the purpose of fire protection service. These charges are not proposed to change at this time.