



The public may participate and provide public comments in person or via Zoom Meeting.

Please be advised that when all Committee Members are attending the meeting in person, the teleconferencing option is provided as a courtesy to the public. If, for any reason, there are technical difficulties, the Municipal Rates and Utilities Committee meeting will continue in person, provided there is a quorum at the meeting.

One tap mobile: +16699006833,,86993830361# US (San Jose)

Dial by your location: +1 669 900 6833 US (San Jose)

Meeting ID: 869 9383 0361

<https://us06web.zoom.us/j/86993830361>

Written comments that are received by 5:00 PM. on the Monday before the Municipal Rates and Utilities Committee meeting will be disseminated to the Commission and made available to the public for review on the city's website. Please provide the agenda item number in the subject line of your email or letter. Public comments will no longer be read into the record. Comments must be sent to kball@ci.rio-vista.ca.us. If you do not have access to a computer, please contact Krystine Ball at 707-374-6447, to make alternative arrangements to submit public comment.

RIO VISTA MUNICIPAL RATES AND UTILITIES COMMITTEE

**CHAIRMAN EDWIN OKAMURA
VICE CHAIR CHRIS ARMBRUST
RICK DOLK
HECTOR DELAROSA
MICHELLE STAHLMAN**

**REGULAR MEETING
IN PERSON AND BY TELECONFERENCE**

**MINUTES
THURSDAY, JUNE 29, 2023
6:00 pm**

**CITY HALL COUNCIL CHAMBERS
ONE MAIN STREET
RIO VISTA, CALIFORNIA 94571**

1. CALL TO ORDER – ROLL CALL – PLEDGE OF ALLEGIANCE

PRESENT: Chairman Edwin Okamura, Vice Chairman Chris Armbrust, Rick Dolk, Hector Delarosa and Michelle Stahlman

ABSENT: None

Chairman Okamura opened the meeting at 6:00 PM

2. PUBLIC COMMENT

Public Comment was received.

3. DISCLOSURE OF EX PARTE COMMUNICATIONS

Municipal Rates and Utilities Committee Members should disclose any communications they have had on the agenda items at this time.

4. ACTION ITEMS

4.1 Appoint Vice Chairman

Motion to appoint Chris Armbrust as Vice Chair was made by Chairman Okamura and second by committee member Dolk and passed by the following roll call vote:

AYES: Chairman Edwin Okamura, Vice Chairman Chris Armbrust, Rick Dolk, Hector Delarosa, and Michelle Stahlman

NOES: None

4.2 Meeting Schedule

Motion to have the regular scheduled Municipal Rates and Utilities Committee meetings on the 4th Thursday of every month made by Chairman Okamura and second by committee member Dolk and passed by the following roll call vote:

AYES: Chairman Edwin Okamura, Vice Chairman Chris Armbrust, Rick Dolk, Hector Delarosa and Michelle Stahlman

NOES: None

5. DISCUSSION ITEMS

5.1 Overview of Studies

Public Works Director Robin Borre gave a brief overview of the fee studies. Committee members asked questions and provided comments.

Chairman Okamura opened the Public Hearing at 6:10 PM
Chairman Okamura closed the public hearing at 6:10 PM

Public comment was taken through the meeting for community input.

5.2 Prop 218 Overview

NBS gave a power point presentation, slides are attached. Committee members asked questions and provided comments.

Chairman Okamura opened the Public Hearing at 6:55 PM
Chairman Okamura closed the public hearing at 7:02 PM

Public comment was taken through the meeting for community input.

6. ADJOURNMENT

Chairman Okamura adjourned the meeting at 7:10 PM

Krystine Ball

Krystine Ball, Municipal Rates and Utilities Committee Clerk

Overview of Prop 218 and Utility Rate Studies

Presented by:
Sara Mares
Director, NBS



Agenda



Legislative Context



Rate Study Methodology



More Resources



Questions & Answers

Legislative Context

1



- A *Voter approved initiative 1978*
- B *Assessed Value increase limited to 2% a year*
- C *1% rate cap on ad valorem property tax*
- D *CA Constitution Article XIII A*

Legislative Context

2



- A *Voter approved initiative 1996*
- B *Strict rules on benefit assessments, Engineer's Report*
- C *Limits property related fees to cost of service*
- D *Protest Ballot Proceeding (assmnts), Protest Hearing/Election (fees)*
- E *CA Constitution Article XIII C & D*

Legislative Context

3

Proposition
26

- A *Voter approved initiative 2010*
- B *Adds definition of “tax” to CA Constitution*
- C *“Tax” excludes various charges, including fees and assessments*
- D *General Tax requires majority vote, Special Tax requires 2/3 vote*
- E *CA Constitution Article XIII C & D*

Legislative Context

How Prop 218 Governs Rate Setting for Enterprise Funds

- Limits authority and defines procedural requirements to impose taxes, assessments, fees, and charges.
- The amount imposed shall not exceed the proportional cost of the service attributable to the parcel.
- Revenue derived may not be used for any purpose other than the purpose for which it was imposed.
- Rates may not include cost of other governmental services generally available to the public.

Legislative Context

How Prop 218 Governs Rate Setting for Enterprise Funds

- Water, sewer, and solid waste rates are subject to a ***protest hearing*** process (protests must be 50% + 1 of parcels).
- Stormwater rates are subject to a ***protest hearing*** process (protests must be 50% + 1 of parcels) **AND** a ***majority vote of property owners*** subject to the fee (Optional 2/3 vote of registered voters).

Legislative Context

Steps in the Prop 218 Process:

- ❑ City Council directs the mailing of Prop 218 Notices:
 - To all “record owners”, can be included in utility billing for current customers
 - Notice includes the reasons for the rate increases, current and proposed rates, and instruction how to protest the rate increase
- ❑ Allow for a protest period of at least 45-days for protests to be returned, including up to the end of the Prop 218 hearing.
- ❑ After 45 days, open a public hearing to consider the Prop 218 rate increases.
- ❑ After closing the hearing, announce the number of valid protests, if less than 50% + 1, the rates may be adopted. (Move to election if stormwater).

Rate Study Methodology

1 FINANCIAL PLAN

Compares current sources and uses of funds and determines the revenue needed from rates and projects rate adjustments.

2 COST-OF-SERVICE ANALYSIS

Proportionately allocates the revenue requirements to the customer classes in compliance with industry standards and State Law.

3 RATE DESIGN ANALYSIS

Considers what rate structure will best meet the City's need to collect rate revenue from each customer class.

Rate Study Methodology – Industry Standards

Water Rates

American Water Works Association (AWWA) M1 Manual

Wastewater Rates

Water Environment Federation (WEF) Financing and Charges for Wastewater Systems, Manual of Practice 27

Stormwater Rates

State of California, Office of Environmental Health Hazard Assessment, California Environmental Protection Agency User's Guide for the California Impervious Surface Coefficients

Rate Study Methodology – Financial Plan

The Financial Plan estimates the costs to be recovered from customer rates:

O&M Costs
+ Debt Service
+ Capital Costs
- Non-Rate Revenues*
Net Revenue Requirements

* *licenses, fines, application fees, etc.*

These costs should also include funding for adequate levels of reserves.

Rate Study Methodology – Cost of Service

COS Analysis allocates costs to various customer classes based on the cost to serve each type of customer.

Water Costs are typically allocated to:

1. System Capacity Costs (Including Peaking Requirements)
2. Commodity Costs
3. Customer Costs

Rate Study Methodology – Cost of Service

Sewer Costs are typically allocated to:

1. Flow-Related Costs (the amount of effluent generated)
2. Effluent Strength-Related Costs
 - Biochemical Oxygen Demand (BOD)*
 - Total Suspended Solids (TSS)
3. Customer Costs

Water and Sewer costs are then allocated to each customer based on their measurement of the above criteria.

* *Sometimes Chemical Oxygen Demand (COD) is used instead*

Rate Study Methodology – Cost of Service

Stormwater Costs are typically allocated to:

1. Flow-Related Costs (estimated amount of stormwater generated)
 - Estimated Flow = Gross Parcel Area x Impervious Surface Coefficient specific to land use
2. Customer Costs

Rate Study Methodology – Design Goals

- Rates are proportional to cost of service
- Equitable & non-discriminating
- Ease of administration and understanding
- Provide revenue stability
- San Juan Capistrano court decision (2015) mandated that rates “demonstrate the cost basis”
 - Primarily related to tiered water rates
 - Basic principles apply to all rates

Rate Study Methodology – Design Goals

Water Rates

- Primary rate-design decision is the % of costs allocated to “fixed” vs. “variable” charges
- Water rates have a secondary purpose of water conservation

Sewer Rates

- A Combination of Fixed and Volumetric rates are now most common (vs. 100% fixed)
- Residential Rates typically include volumetric rates based on average winter water use
- Non-residential sewer volumetric rates are based on either monthly or average winter water use

Stormwater Rates

- Calculation of estimated flow for each parcel
- Allocated to each parcel based upon each parcel’s proportionate share of total flows generated by all parcels served

More Resources

[NBS Rates Fees and Charges Compendium](#)

[NBS Stormwater Pamphlet](#)

[California Municipal Revenue Sources Handbook \(Fifth Edition\)](#)

[Proposition 26 and 218 Implementation Guide](#)



Questions and Answers



Sara Mares

Director



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