

Notice of Public Hearing on Proposed Water Rate Increases



We have a cost-effective long-term plan to repair, replace, and modernize Vallejo's water system infrastructure.

Mike Malone, Water Director

You are receiving this information because the City of Vallejo Water Department is proposing water rate increases and you are a water customer.

Highlights of Proposed Water Rate Increases

The proposed rate increases are needed to maintain and rebuild infrastructure necessary to continue to deliver high quality, reliable water service to you.

If approved, Vallejo's rate increases will:

- Be phased in over a five-year period
- Only pay for Water Department services and infrastructure (Water rate revenues cannot be used to pay for any other government service except water)
- Ensure needed infrastructure maintenance and capital improvement projects can be completed. Progress toward these results will be updated regularly on the Water Department's website - VallejoWater.org
- Be overseen by City Council to ensure regular updates, accountability of deliverables, and financial transparency

Please see back page for rate protest process.

Challenges Facing Vallejo's Water System

- Insufficient capital spending on aging infrastructure
- Inadequate funding for deferred maintenance
- Mounting regulatory requirements
- Out-of-date information technology
- Increasing service demands from a growing community

To keep Vallejo's water system running reliably, the Water Department needs to update and modernize the system to reduce costly unscheduled maintenance and system vulnerabilities.

The City must continue to invest in high-priority infrastructure projects, comply with regulations, enhance water efficiency, and improve drought sustainability. To address our highest priorities, a 30-year Capital Improvement Plan forecasts and addresses needed short-term and long-term infrastructure improvements.

Vallejo Water Rate-Setting Background

In 2009, the Vallejo City Council approved a five-year water rate adjustment. The next rate plan was due to be considered in 2014 but no proposal was approved by City Council until 2017 when revenue levels dipped dangerously low compared to inflation-driven operating costs. City Council approved an emergency rate increase in 2017 to ensure fiscal solvency of the system and operations. Council directed staff to develop a new financial model and rate plan to address Vallejo's water system requirements. Rates were developed in alignment with drinking water industry standards.

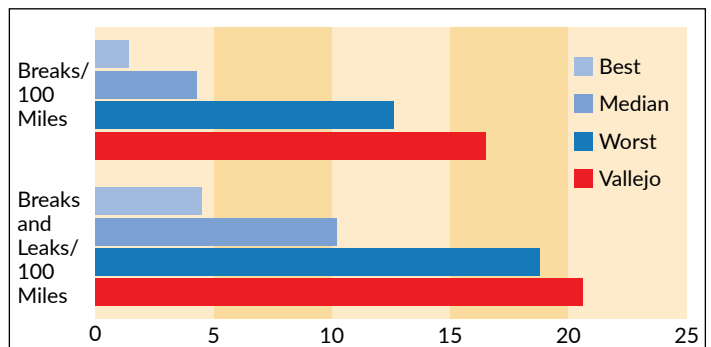
Vallejo Developed Rates with Community Involvement

The proposed rate increases are based on input from Vallejo residents, City Councilmembers, and outside experts including:

- Citizen Water Rate Working Group of 10 community volunteers May 2018-May 2019
- City Council Ad Hoc Water Rate Committee, a Council subcommittee, worked with the Working Group, Water Department, and Finance Staff
- Third-party firm that specializes in financial and rate setting for water agencies throughout California and the U. S.
- Community presentations, focus groups, and surveys

Number of Pipeline Breaks Per 100 Miles of Pipe

2017 American Water Works Association Utilities Benchmark Survey



About Vallejo's Water Charges

Vallejo's water charges are comprised of variable and fixed charges.

Variable Charges

- **Water Usage Charges:** Water use is measured and billed in units of hundred cubic feet (HCF). One Unit is 748 gallons. Customers can impact the usage portion of their water bill based on the amount of water the customer uses.

Fixed Service Charges

- **Monthly and Bi-Monthly Water Service Charges:** Monthly and bi-monthly fixed charges cover the Water Department's cost of operations, maintenance, and infrastructure repair and replacement. The charges do not change based on a customer's water use but is based on the meter size required to provide water flow to your property.
- **Fire Service Charges:** Charges assessed to certain customers who have private fire service connections.
- **Construction Service Charges:** Charges assessed for temporary service connections delivering water for construction purposes.

Join Us! Informational Workshops About the Proposed Rate Increases

Join Water staff at informational meetings about the proposed rate increases to hear about the rate planning process, the water system challenges, and to get answers to your questions. Check VallejoWater.org for meeting times and locations or call the Water Department at (707) 648-4307.

Current and Proposed Water Rate Increases

The proposed rate increases are necessary to help the Water Department meet current and upcoming challenges and secure adequate funds to help sustain the system. The Water Department is proposing a phased-in approach to minimize the impacts on customers.

The tables illustrate how rates would be phased in over a five-year period and the proposed rate increases for monthly and bi-monthly billing. The service charges are for all customer classes except construction and fire service which are shown separately.

NOTE: Some properties are billed monthly and others bi-monthly. Rate increase information below shows monthly and bi-monthly rates in separate tables except construction and fire service which are shown separately. You can check your water bill to see if your billing cycle is monthly or bi-monthly.

Current and Proposed Water Usage Rates for All Vallejo Customers (\$/HCF)

Dollars per hundred cubic feet or \$/HCF (HCF = hundred cubic feet = 1 unit of water = 748 gallons)

Variable water use charges are based on water use that customers control. The proposed tiers are revised to encourage conservation and provide affordability to low volume customers.

Customer Class/Tier	July 1, 2019	Proposed Oct 24, 2019	Proposed July 1, 2020	Proposed July 1, 2021	Proposed July 1, 2022	Proposed July 1, 2023
Tiered Water Rates						
Single Family Residential Tier 1 Volume	\$3.65	\$3.62	\$3.99	\$4.27	\$4.53	\$4.76
	Tier 1 is usage up to 22 units bi-monthly (or 11 units monthly)	Tier 1 is usage up to 14 units bi-monthly (or 7 units monthly)				
Single Family Residential Tier 2 Volume	\$6.84	\$5.13	\$5.65	\$6.05	\$6.42	\$6.75
	Tier 2 is usage over 22 units bi-monthly (or 11 units monthly)	Tier 2 is usage over 14 units bi-monthly (or 7 units monthly)				
Uniform Water Rates						
Multi-Family Residential	\$4.47	\$4.76	\$5.24	\$5.61	\$5.95	\$6.25
Non-Residential/Commercial/Institutional	\$4.47	\$4.76	\$5.24	\$5.61	\$5.95	\$6.25
Raw Water	\$2.58	\$3.22	\$3.55	\$3.80	\$4.03	\$4.24
Raw Water Contract Rate	\$2.25	\$2.81	\$3.10	\$3.31	\$3.51	\$3.70
Construction	\$4.47	\$4.76	\$5.24	\$5.61	\$5.95	\$6.25

Current and Proposed Monthly Vallejo Water Service Charges for Construction

	July 1, 2019	Proposed Oct 24, 2019	Proposed July 1, 2020	Proposed July 1, 2021	Proposed July 1, 2022	Proposed July 1, 2023
Fire Hydrant Temp Meter (3")	\$132.95	\$204.25	\$224.68	\$240.41	\$254.84	\$267.59

Current and Proposed Water Service Charges for Vallejo Customers Billed Bi-Monthly

Meter Size	Current Charges as of July 1, 2019				Proposed Oct 24, 2019	Proposed July 1, 2020	Proposed July 1, 2021	Proposed July 1, 2022	Proposed July 1, 2023
	Single Family	Multi-Family Residential	Non-Residential	Raw Water	Proposed Uniform Service Charge to All Customers				
5/8" or 3/4"	\$41.66	\$56.22	\$59.76	\$45.58	\$44.96	\$49.46	\$52.93	\$56.11	\$58.92
1"	\$62.54	\$78.76	\$85.84	\$65.84	\$66.93	\$73.63	\$78.79	\$83.52	\$87.70
1 1/2"	\$104.32	\$124.08	\$142.82	\$111.42	\$121.86	\$134.05	\$143.44	\$152.05	\$159.66
2"	\$154.46	\$178.54	\$223.86	\$162.08	\$187.77	\$206.55	\$221.01	\$234.28	\$246.00
3"	N/A	\$305.40	\$413.04	\$286.16	\$396.49	\$436.14	\$466.67	\$494.68	\$519.42
4"	N/A	\$486.72	\$682.98	\$460.90	\$704.09	\$774.50	\$828.72	\$878.45	\$922.38
6"	N/A	\$939.76	\$1,358.62	\$901.52	\$1,440.11	\$1,584.13	\$1,695.02	\$1,796.73	\$1,886.57
8"	N/A	\$1,483.46	\$2,169.24	\$1,428.26	\$3,087.92	\$3,396.72	\$3,634.50	\$3,852.57	\$4,045.20
10"	N/A	\$2,117.82	\$3,114.82	\$2,043.62	\$4,625.88	\$5,088.47	\$5,444.67	\$5,771.36	\$6,059.93
12"	N/A	\$3,930.50	\$5,816.62	\$3,798.56	\$5,834.28	\$6,417.71	\$6,866.95	\$7,278.97	\$7,642.92

Current and Proposed Water Service Charges for Vallejo Customers Billed Monthly

Meter Size	Current Charges as of July 1, 2019				Proposed Oct 24, 2019	Proposed July 1, 2020	Proposed July 1, 2021	Proposed July 1, 2022	Proposed July 1, 2023
	Single Family	Multi-Family Residential	Non-Residential	Raw Water	Proposed Uniform Service Charges to All Customers				
5/8" or 3/4"	\$20.83	\$28.11	\$29.88	\$22.79	\$28.48	\$31.33	\$33.53	\$35.55	\$37.33
1"	\$31.27	\$39.38	\$42.92	\$32.92	\$39.47	\$43.42	\$46.46	\$49.25	\$51.72
1 1/2"	\$52.16	\$62.04	\$71.41	\$55.71	\$66.93	\$73.63	\$78.79	\$83.52	\$87.70
2"	\$77.23	\$89.27	\$111.93	\$81.04	\$99.89	\$109.88	\$117.58	\$124.64	\$130.88
3"	N/A	\$152.70	\$206.52	\$143.08	\$204.25	\$224.68	\$240.41	\$254.84	\$267.59
4"	N/A	\$243.36	\$341.49	\$230.45	\$358.05	\$393.86	\$421.44	\$446.73	\$469.07
6"	N/A	\$469.88	\$679.31	\$450.76	\$726.06	\$798.67	\$854.58	\$905.86	\$951.16
8"	N/A	\$741.73	\$1,084.62	\$714.13	\$1,549.96	\$1,704.96	\$1,824.31	\$1,933.77	\$2,030.46
10"	N/A	\$1,058.91	\$1,557.41	\$1,021.81	\$2,318.94	\$2,550.84	\$2,729.40	\$2,893.17	\$3,037.83
12"	N/A	\$1,965.25	\$2,908.31	\$1,899.28	\$2,923.14	\$3,215.46	\$3,440.55	\$3,646.99	\$3,829.34

Current and Proposed Monthly and Bi-Monthly Vallejo Fire Service Charges

Size	July 1, 2019	Proposed Oct 24, 2019	Proposed July 1, 2020	Proposed July 1, 2021	Proposed July 1, 2022	Proposed July 1, 2023
Bi-Monthly Fire Service Charges						
5/8" or 3/4"	\$41.54	\$13.57	\$14.93	\$15.98	\$16.94	\$17.79
1"	\$49.38	\$15.33	\$16.87	\$18.06	\$19.15	\$20.11
1 1/2"	\$65.34	\$21.67	\$23.84	\$25.51	\$27.05	\$28.41
2"	\$84.58	\$32.61	\$35.88	\$38.40	\$40.71	\$42.75
3"	\$129.40	\$71.85	\$79.04	\$84.58	\$89.66	\$94.15
4"	\$193.22	\$139.53	\$153.49	\$164.24	\$174.10	\$182.81
6"	\$353.02	\$382.43	\$420.68	\$450.13	\$477.14	\$501.00
8"	\$544.72	\$801.40	\$881.54	\$943.25	\$999.85	\$1,049.85
10"	\$768.58	\$1,431.60	\$1,574.76	\$1,685.00	\$1,786.10	\$1,875.41
Monthly Fire Service Charges						
5/8" or 3/4"	\$20.77	\$12.79	\$14.07	\$15.06	\$15.97	\$16.77
1"	\$24.69	\$13.67	\$15.04	\$16.10	\$17.07	\$17.93
1 1/2"	\$32.67	\$16.84	\$18.53	\$19.83	\$21.02	\$22.08
2"	\$42.29	\$22.30	\$24.53	\$26.25	\$27.83	\$29.23
3"	\$64.70	\$41.92	\$46.12	\$49.35	\$52.32	\$54.94
4"	\$96.61	\$75.77	\$83.35	\$89.19	\$94.55	\$99.28
6"	\$176.51	\$197.22	\$216.95	\$232.14	\$246.07	\$258.38
8"	\$272.36	\$406.70	\$447.37	\$478.69	\$507.42	\$532.80
10"	\$384.29	\$721.80	\$793.98	\$849.56	\$900.54	\$945.57




Vallejo City Hall
 Attn: City Clerk - Water Rates
 555 Santa Clara Street
 Vallejo, CA 94590

Notice of Public Hearing on Proposed Water Rate Increases

September 10, 2019, 7 p.m.
 City Council Chambers
 555 Santa Clara Street
 Vallejo, CA 94590

Stay Connected to Vallejo's Water Department

 VallejoWater.org

 (707) 648-4307

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Proposition 218 and the Rate Protest Process

Proposition 218 was passed in California by a vote of the people in 1996. It specifies the required process for public participation in water rate setting that water agencies like Vallejo must follow. Vallejo conducts more outreach and education than required in Prop 218 to provide additional opportunities for public input.

Prop 218 requires a public hearing when the City proposes to increase water service rates or establish new rates. Accordingly, prior to the close of the Vallejo rate Public Hearing set for September 10, 2019, all written protests against the proposed rates, customer classifications, or any other issue involving compliance with Proposition 218 should be submitted for consideration by the City.

Water customers (who pay a water bill to the City of Vallejo) and property owners may submit formal protests to the proposed rate increases. Only one protest per property will be counted (even if multiple meters are located on the property). If you own multiple properties affected by the proposed rates, and you want to protest the proposed rates, you would need to submit a separate protest for each affected parcel.

Protest Instructions

Protests to the proposed water rate increases must be provided in writing. **Your written protest must include your name, service address and/or property parcel number, and your signature.**

Water Rate Public Hearing

September 10, 2019 at 7 p.m., Council Chambers,
 555 Santa Clara Street, Vallejo, CA 94590

Protest Delivery

There are three ways to deliver your written protest: by mail, in-person to the City Clerk's Office or in-person at the public hearing. Protests to the proposed rates must be received by the City by the Public Hearing at the City Council meeting on September 10, 2019. The City Council meeting begins at 7 p.m.

Mailed Written Protest

Mailed protests must be addressed to: Attention City Clerk, City Hall, 555 Santa Clara Street, Vallejo, CA 94590.

Hand-Delivered Written Protest

Hand-delivered written protests can be delivered in person to the City Clerk's Office (555 Santa Clara Street, Vallejo) during normal City Hall business hours (8:30 a.m. - 5:15 p.m.).

In-Person Written Protest Delivery at Public Hearing on Sept. 10, 2019

Written Protests may also be presented in-person to the City Clerk at the City Council's Public Hearing on the proposed water rates. The Public Hearing takes place at the September 10, 2019 City Council Meeting which begins at 7 PM in City Council Chambers at 555 Santa Clara Street, Vallejo.

Counting Protest Letters

At the Public Hearing, the Vallejo City Council will consider all protests before deciding whether or not to approve the proposed rate increases. If a majority of affected property owners do not file written protests before the end of the Public Hearing, City Council will consider a vote to approve the proposed rate increases. If approved, the rate increases will go into effect on October 24, 2019. Once opened, all protests are public record.