



Proposition 218 Notification and Protest Hearing Process

Summary

The Lodi City Council will consider proposed water and wastewater rate increases at a **public hearing at 7:00 p.m., Wednesday, January 17, 2024, at Carnegie Forum, 305 West Pine Street, Lodi, CA**. A majority protest would stop the proposed future rate increases. If you wish to protest the proposed water and wastewater rate increases, written protests may be made in person at the public hearing listed above or delivered to the City Clerk's Office prior to the hearing to:

City of Lodi
Attention: City Clerk – Prop 218
221 West Pine Street
Post Office Box 3006
Lodi, California 95241-1910

The City Clerk must receive written protests by the end of the public hearing on January 17, 2024, including those protests mailed to the City. No postmarks will be accepted; therefore, any protest not physically received by the close of the public hearing, whether or not mailed prior to the hearing, shall not be counted.

Explanation of Protest Process

Section 6 of Article XIII D of the California Constitution (commonly known as Proposition 218) requires the City to provide notice of proposed water and wastewater rate increases to all property owners at least forty-five (45) days before holding a public hearing to consider the new rate schedule. If a majority of the property owners, or renters who pay the utility bill, file written protests opposing the rate increases, the proposed rates cannot take effect. To qualify towards the protest count, a protest must be made in writing and describe the property sufficient to identify the specific parcel, including the address or assessor's parcel number as shown on this mailing.

If the name submitting the written protest is not the property owner listed on the last San Joaquin County tax roll as the owner of the property or is not the responsible party listed on the utility account, the signer of the protest must also submit written evidence of ownership or rentership and financial responsibility for the utility account.

At the public hearing, City Council will hear all public comment, collect written protests, and tabulate protests to determine if a majority protest to the proposed rates exists. Only one written protest will be counted per parcel and may be filed by the owner or tenant (paying the utility bill). If multiple written protests are submitted for a single parcel, or if the writings conflict, the City will count a single written protest for that parcel.

If a majority protest does not exist, the City Council may then choose to approve the proposed rates and any judicial challenge to the approved rates would have to be filed within 120 days from either the approval or implementation, whichever is later, under Government Code Section 53759.

Explanation of the Need for Future Rate Increases

The City hired Hildebrand Consulting, LLC to prepare a cost-of-service study examining operational costs, water and wastewater treatment, water delivery, wastewater collection, facility replacement/upgrades, and many other factors (*2023 Water and Wastewater Rate Study*) (“Study”). The Study found that the City needs to raise water and wastewater utility rates to address (a) increased investment needs for aging infrastructure and (b) the impact of inflation on all costs. The Engineering News Record’s 20-Cities Construction Cost Index (“ENR”) has recorded more than twenty percent (20%) in cost inflation over the past 5 years while the water and wastewater utilities have only raised rates by two percent (2%) and six percent (6 %), respectively, over the same period (all percentages compounded).

Proposed Rate Calculations

Based on findings in the Study, the water and wastewater rate adjustments proposed include a three percent (3%) increase in water rates and a four percent (4%) increase in wastewater rates. Following these initial rate adjustments, the City is proposing to factor in future adjustments to water and wastewater rates in accordance with the ENR to account for inflation changes but capping this amount to not exceed five percent (5%), or the actual amount of annual inflation (as measured by actual changes to the ENR index), for the remaining four years of the rate schedule listed in Table 1 below. This will allow the City to pay for anticipated operating and maintenance costs, debt service obligations, and capital program needs, maintain prudent financial reserves for both the water and wastewater utilities, and be prepared for future inflationary impacts that may occur.

The initial change in water rates would be effective on February 1, 2024, followed by adjustments each January 1st from 2025 through 2028. The initial wastewater rate adjustment would occur on July 1st, 2024, followed by adjustments each July 1st through 2028. The proposed rate schedules, assuming five percent (5%) increases after the initial rate increase, are included in this notification as Table A for water and Table B for sewer.

Prior to implementing the proposed rates in Table A and Table B, the City Council may choose to implement the full amount or choose rates that are less, but City Council could not approve water or wastewater rates more than listed above. The City has had a policy similar to the rate structure proposed over the past five (5) years and the City’s water and wastewater rate increases were significantly less than the maximum rate increase authorization.

Basis of Proposed Rate Calculation

In accordance with Prop 218, the City regularly reviews its water and wastewater rates to ensure that each class of customer pays their fair and proportional share of the utility costs. The Study identifies changes in the proportion of costs required to serve each customer class (residential and non-residential). The proposed rate structure modifications are intended to reflect current customer water use, state regulations, service costs, rate structure approach, and to ensure that each customer class continues to pay a fair and proportional share of the water and wastewater utility service costs. The family tiered usage rates continue to reflect the difference in the cost of groundwater supply, treated surface water supply and the City’s conservation program (which is targeted at those customers that use the most water). Tier 1 water allocations will be increased to eleven hundred cubic feet (11 CCF) per month and Tier 2 water allocations will be reduced to 20 CCF per month.

The City’s existing temporary water shortage rate surcharge policy will not be changed by the proposed rate adjustments.

Conclusion

The full *Study* is available electronically at www.lodi.gov or you can view a hard copy at the Public Works counter in City Hall during regular business hours. If you have any questions regarding this notice, please call the Public Works Department at (209) 333-6706 between 7:30 a.m. and 5:30 p.m., Monday through Thursday, and between 8:00 a.m. and 5:00 p.m. on Friday. City Hall is closed every other Friday.

OLIVIA NASHED, City Clerk

City of Lodi

This notice is being sent pursuant to Government Code § 53756(d).

Proposed Rate Schedule (Water)

Table A: Proposed Water Rates Assuming Five Percent Increases Starting in 2025

Calendar Year:	2024	2025	2026	2027	2028
Maximum Rate Increases:		5.0%	5.0%	5.0%	5.0%
Monthly Flat Water Rates (Unmetered)					
Single Family Residential					
1 bedroom	\$34.51	\$36.23	\$38.04	\$39.94	\$41.94
2 bedroom	\$41.44	\$43.51	\$45.69	\$47.97	\$50.37
3 bedroom	\$49.66	\$52.14	\$54.75	\$57.49	\$60.36
4 bedroom	\$59.67	\$62.65	\$65.78	\$69.07	\$72.52
5 bedroom	\$71.55	\$75.13	\$78.89	\$82.83	\$86.97
6 bedroom	\$85.89	\$90.19	\$94.70	\$99.44	\$104.41
7 bedroom	\$102.98	\$108.13	\$113.54	\$119.22	\$125.18
Multi-Family Units					
1 bedroom	\$29.62	\$31.10	\$32.66	\$34.29	\$36.00
2 bedroom	\$35.52	\$37.30	\$39.17	\$41.13	\$43.19
3 bedroom	\$42.64	\$44.77	\$47.01	\$49.36	\$51.83
Mobile Home (per unit)	\$29.62	\$31.10	\$32.66	\$34.29	\$36.00
Non-Residential (per ESFU)	\$41.44	\$43.51	\$45.69	\$47.97	\$50.37
Monthly Service Charges (Metered)					
Up to 3/4" meter	\$22.99	\$24.14	\$25.35	\$26.62	\$27.95
1" meter	\$36.45	\$38.27	\$40.18	\$42.19	\$44.30
1 1/2" meter	\$67.22	\$70.58	\$74.11	\$77.82	\$81.71
2" meter	\$105.68	\$110.96	\$116.51	\$122.34	\$128.46
3" meter	\$209.52	\$220.00	\$231.00	\$242.55	\$254.68
4" meter	\$324.90	\$341.15	\$358.21	\$376.12	\$394.93
6" meter	\$644.12	\$676.33	\$710.15	\$745.66	\$782.94
8" meter	\$1,028.72	\$1,080.16	\$1,134.17	\$1,190.88	\$1,250.42
10" meter	\$1,542.16	\$1,619.27	\$1,700.23	\$1,785.24	\$1,874.50
Water Usage Rates (Metered) -- \$/CCF					
Single Family Residential					
Tier 1 (0-11 CCF)	\$1.00	\$1.05	\$1.10	\$1.16	\$1.22
Tier 2 (11-30 CCF)	\$1.40	\$1.47	\$1.54	\$1.62	\$1.70
Tier 3 (> 30 CCF)	\$1.72	\$1.81	\$1.90	\$2.00	\$2.10
Multifamily & Non-Residential					
All water usage	\$1.23	\$1.29	\$1.35	\$1.42	\$1.49

Proposed Rate Schedule (WW)

Table B: Proposed Wastewater Rates Assuming Five Percent Increases Starting in Fiscal Year 2025/26

Fiscal Year:	2024/25	2025/26	2026/27	2027/28	2028/29
Maximum Rate Increases:		5%	5%	5%	5%
Monthly Flat Water Rates (Unmetered)					
Single Family and Multi-Family Residential Dwelling Units					
1 bedroom	\$31.67	\$33.25	\$34.91	\$36.66	\$38.49
2 bedroom	\$42.22	\$44.34	\$46.56	\$48.89	\$51.33
3 bedroom	\$52.78	\$55.42	\$58.19	\$61.10	\$64.16
4 bedroom	\$63.34	\$66.50	\$69.83	\$73.32	\$76.99
5 bedroom	\$73.89	\$77.59	\$81.47	\$85.54	\$89.82
Mobile Homes (per unit)	\$31.67	\$33.25	\$34.91	\$36.66	\$38.49
Schools (per SSU (18 students))	\$31.67	\$33.25	\$34.91	\$36.66	\$38.49
Non-Residential (per SSU)	\$42.22	\$44.34	\$46.56	\$48.89	\$51.33
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Monthly Service Charges (Metered)					
Up to 3/4" meter	\$29.74	\$31.23	\$32.79	\$34.43	\$36.15
1" meter	\$49.00	\$51.45	\$54.02	\$56.72	\$59.56
1 1/2" meter	\$93.01	\$97.66	\$102.54	\$107.67	\$113.05
2" meter	\$148.03	\$155.43	\$163.20	\$171.36	\$179.93
3" meter	\$296.58	\$311.41	\$326.98	\$343.33	\$360.50
4" meter	\$461.64	\$484.72	\$508.96	\$534.41	\$561.13
6" meter	\$918.29	\$964.20	\$1,012.41	\$1,063.03	\$1,116.18
8" meter	\$1,468.47	\$1,541.89	\$1,618.98	\$1,699.93	\$1,784.93
Wastewater Usage Rates (Metered)					
Usage Rate (\$/CCF of water use) ¹	\$3.15	\$3.31	\$3.48	\$3.65	\$3.83

¹ Residential customers are billed based on their WQA while non-residential customers are billed based on actual monthly water usage.