



## LODI CITY COUNCIL

Carnegie Forum  
305 West Pine Street, Lodi

## "SHIRTSLEEVE" SESSION

Date: January 29, 2013

Time: 7:00 a.m.

For information regarding this Agenda please contact:

**Randi Johl**

**City Clerk**

**Telephone: (209) 333-6702**

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### Informal Informational Meeting

**A. Roll Call by City Clerk**

**B. Topic(s)**

B-1 Receive Information Regarding Future Water Utility Policy Decisions and Rates (PW)

**C. Comments by Public on Non-Agenda Items**

**D. Adjournment**

Pursuant to Section 54954.2(a) of the Government Code of the State of California, this agenda was posted at least 72 hours in advance of the scheduled meeting at a public place freely accessible to the public 24 hours a day.

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Randi Johl  
City Clerk



# CITY OF LODI COUNCIL COMMUNICATION

**AGENDA TITLE:** Receive Information Regarding Future Water Utility Policy Decisions and Rates

**MEETING DATE:** January 29, 2013

**PREPARED BY:** Public Works Director

**RECOMMENDED ACTION:** Receive information regarding future water utility policy decisions and rates.

**BACKGROUND INFORMATION:** Staff is preparing to conduct a series of public workshops with owners and tenants of multi-family, mobile home and other non-residential property owners. The purpose of this Council Communication is to inform City Council regarding various policy issues expected to be discussed at these meetings. Policy direction will be sought from the City Council following the completion of the public meeting process.

## 1. Water Service Lateral Maintenance

The City does not have a formal policy establishing the maintenance responsibility for water service laterals. Past practices had City crews performing all maintenance of water service laterals. These maintenance activities included replacement of the water service lateral from the main to the house, replacing faulty valves, installing meter boxes for future meters, and related activities. The work was performed at no cost to the property owners.

Staff proposes a policy that mirrors the existing Wastewater Service Lateral Maintenance policy. The proposed policy is provided as Attachment A. It requires the property owner to repair and maintain the water service lateral from the service side of the meter box to the building. The City will repair and maintain the service from the main to the meter box including the meter assembly, radio transponder and the meter box at no cost to the property owner.

## 2. Installation of New Water Service Laterals

Current policy requires that an authorized City employee make any water service connection (as well as wastewater and electric) to city supply lines. Costs for the installations are paid by the property owner.

Staff proposes a policy that would permit a qualified contractor to install water and wastewater service laterals under an encroachment or building permit with inspection provided by the City. In part, the past policy was in place to protect the water system that was not disinfected with chlorine. Now that the water system is fully chlorinated, the risk of contamination when opening the system is substantially lessened. Private contractors already construct water and sewer service laterals as part of new development permits in subdivisions, commercial centers and industrial sites.

APPROVED: \_\_\_\_\_  
Konradt Bartlam, City Manager

### 3. Utility Bill Responsibility (Water and Wastewater)

Current policy places the responsibility for payment of water, wastewater, electric and refuse services with the customer. The customer can be a property owner or a tenant.

Staff proposes a policy that will require the property owner to make payment for all past due charges for utility services prior to establishing a new account at the same property. The City of Roseville municipal code implements its policy per the following excerpt: "Where a rental property owner has past due charges for utility services, no new account can be established for service at that same property until payment is rendered for those same charges."

As the City completes the water meter installation program in 2017, this policy would affect the following customer classes.

- A. Industrial/commercial/condominium rentals with individual meters
- B. Single family rentals
- C. Duplex/triplex/fourplex rentals with individual meters

### 4. Discontinuance of Water Service

Current policy with respect to non-payment of utility bills, results in the discontinuation of electric service by locking off the electric meter. This does not prevent continued use of the water and wastewater utility services. Currently, non-payment of a utility bill in full results in all utility services recording non-payment proportionally across all segments of the utility bill (ie water, wastewater, electric, and refuse).

Staff proposes a policy that will discontinue both electric and water service by locking both meters as a result of non-payment of utility bills. Charges would be levied for the restoration of water service. The City of Tracy municipal code sets the following charges related to discontinuation/restoration of water service:

- "(a) A fee [of] Thirty-five and no/100ths (\$35.00) dollars shall be charged for restoring water service to the same user when it is discontinued for failure to pay a delinquent account.
- (b) In the event it is necessary to lock a water meter because of a delinquency and the lock is subsequently found damaged or cut, a fee of Fifty and no/100ths (\$50.00) dollars shall be charged in addition to the fee set forth in subsection (a) of this section.
- (c) If it is necessary to remove a water meter because of a delinquency, a fee of One hundred and no/100ths (\$100.00) dollars shall be charged in addition to the fee set forth in subsection (a) of this section."

### 5. Future Meter Rates

To begin this topic, a summary of current information is provided for the approximately 6,650 residential customers and 1,200 non-residential customers receiving usage-based water bills. In January 2012, 2,950 customers started receiving bills and, in January 2013, 3,700 customers started receiving bills. The revenue collected from the metered customers is very close to projections, thereby, confirming the revenue neutrality of the rate structure. As reported to the City Council, for the first batch of 2,950 residential customers, 1,900 saw a decrease in the 2011 annual bill and 1,000 saw an increase in the 2011 annual bill. Revenues from the 6,650 residential customers were split 51%/49% for service charges/usage. For all metered customers, revenues were split 55%/45% for service charges/usage that is equal to the forecast of 55%/45% for service charges/usage.

Average monthly water use for the first batch of customers sent usage-based bills (constructed after 1992 and billed starting January 2011) is 18.6 hundred cubic feet per month (13,910 gallons per month). Average monthly water use for the second batch of customers sent usage-based bills (Water Meter Program Phase 1 but not yet billed) is 20.3 hundred cubic feet per month (15,180 gallons per month). The data suggests that 8% conservation has occurred within those homes receiving usage-based water bill.

Service charges consist of fixed cost items like meter reading, billing services, debt service, capital maintenance and fixed maintenance costs. For residential customers, service charges for 5/8, 3/4, 1, and 2 inch meters have been adopted. Refer to Attachment B. For multi-family and non-residential customers, monthly service charges for meters larger than 1 inch may need to be increased in the future in order to be comparable to the residential monthly service charge schedule. The residential monthly service charge is proportional to the square of the diameter (hydraulic capacity) of the meter, whereas, the multi-family and non-residential monthly service charges are approximately proportional to the diameter of the meter. A summary of the present multi-family and non-residential monthly service charges and proposed future capacity-based monthly service charges is provided in Attachment B.

Residential capacity charges have a three-tier structure. They are Tier 1, 0–10 CCF (7,480 gallons); Tier 2, 10.001–50 CCF (37,400 gallons); and Tier 3, above 50 CCF. Corresponding revenues received from the three tiers is 45.4% from Tier 1, 50.0% from Tier 2, and 4.6% from Tier 3. Relatively few customers use in excess of 37,400 gallons per month. The assumed average water usage in the 2009 rate model was 15,000 gallons per month per customer.

A series of future rate structure adjustments will be presented at the meeting and the topics are listed below.

- A. Balance water usage rates across customer classes
- B. Adjust service charges to reflect capacity relationship across meter sizes
- C. Gradually increase emphasis on water usage charge revenue to meet requirements of conservation pricing

## 6. Vacant Utility Rate

City Council requested that staff research the concept of setting a vacant utility rate for water and wastewater service. Currently, refuse service can be set to a vacation rate of no charge for a minimum period of 30 continuous days with a maximum of 90 days per calendar year. Otherwise, normal charges are billed to the tenant or property owner. If the unit is a rental and the tenant vacates the unit, the charges are levied against the property owner. Currently, electric service can be terminated upon vacating a unit by a tenant or property owner. Currently, water and wastewater service cannot be reduced when a unit is vacant. Those units on a fixed monthly rate continue to pay the fixed rate. Those units on a metered monthly rate continue to pay the monthly service charge and the usage charge. The monthly usage charge for a vacant unit should be relatively small.

Staff researched the rate structures of regional and Bay Area utilities and found that the City of Sacramento was the only agency with a vacant rate for water and wastewater.

A policy is proposed that would set a vacant utility rate for flat rate customers at the current monthly service charge corresponding to the meter size as presented in Appendix B. For metered customers, there would be no vacant utility rate. Over time, the monthly service charge will reduce as conservation pricing is implemented.

**FISCAL IMPACT:** Not applicable.

**FUNDING AVAILABLE:** Not applicable.

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F. Wally Sandelin  
Public Works Director

FWS/pmf



# CITY OF LODI

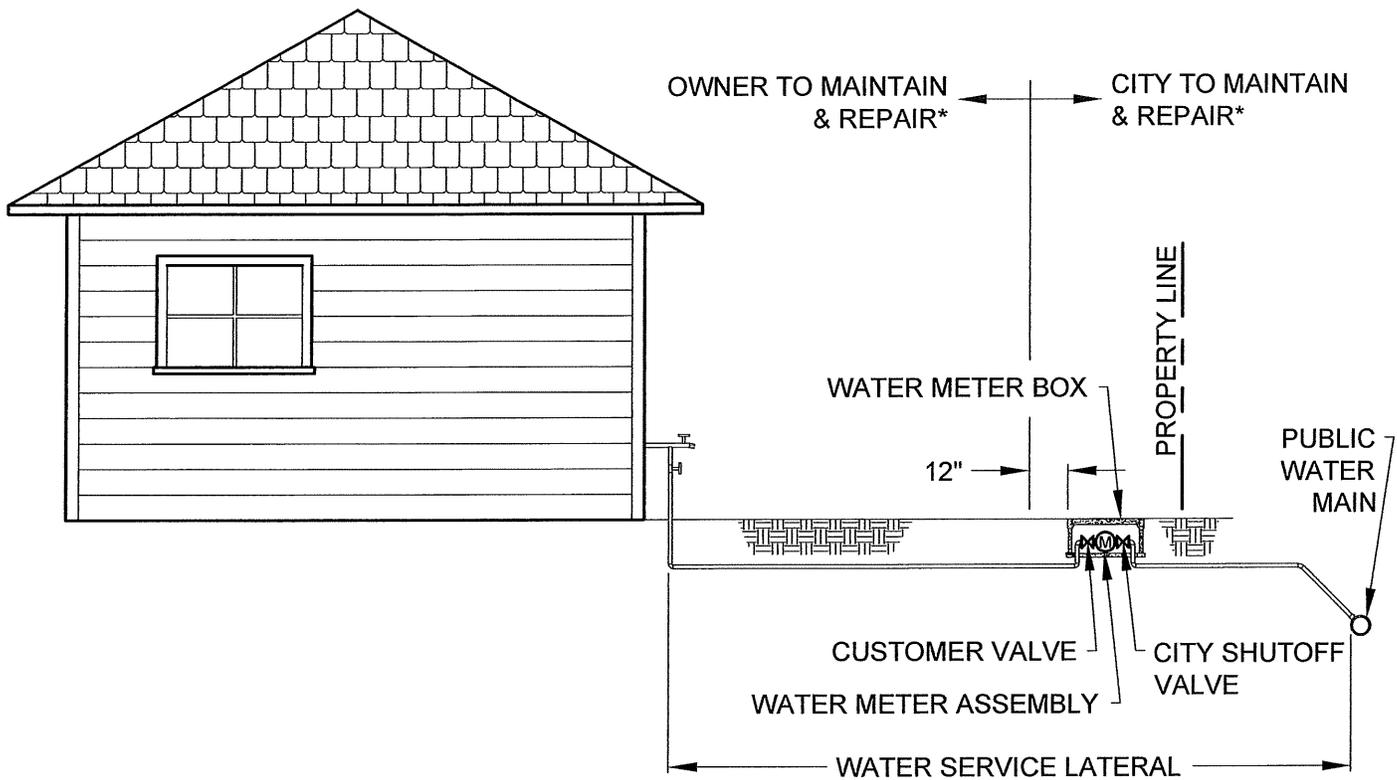
PUBLIC WORKS DEPARTMENT

## POLICIES AND PROCEDURES

WATER - 9

WATER SERVICE LATERAL MAINTENANCE

10/12



Water Service Lateral Maintenance Policy Adopted by City Council \_\_\_\_\_, 2012

1. The property owner is responsible to repair and maintain the water service lateral from the service side of the water meter box to the building as shown above. Maintenance includes repairing broken or leaking water pipes.
2. The City will repair and maintain the lateral from the public water main up to the service side of the water meter box as shown above, including the water meter assembly, radio transponder, and the meter box, at no cost to the property owner.
3. The property owner shall not tamper with the water meter assembly or the city shut off valve inside the water meter box. Any damages caused by the tampering will be repaired at the property owner's expense.
4. The property owner shall not alter the elevation or location of the water meter box and the water meter assembly. No stationary object shall be placed directly on top of the water meter box.
5. For water service problems that do not appear to be property owner's responsibility, call the City Utilities Operation at (209) 368-5735. The City will confirm if it's their problem.

\* In cases where the water main is in a rear/side yard easement, the demarcation will be at the water shut off at the easement line.

F. WALLY SANDELIN, PUBLIC WORKS DIRECTOR

## Attachment B Monthly Water Service Charges

Meter Size (inches)	Residential Service Charge	Multi-Family Service Charge	and Non-Residential Capacity Based Service Charge
5/8	\$23.78	\$23.78	
3/4	\$23.78	\$23.78	
1	\$38.60	\$38.60	\$39.71
1 1/2	\$75.42	\$60.24	\$79.18
2	\$119.79	\$75.27	\$126.75
3	N/A	\$105.38	\$237.80
4	N/A	\$135.51	\$396.41
6	N/A	\$195.68	\$792.59
8	N/A	\$255.91	\$1,268.19
10	N/A	\$316.10	\$1,823.21