

## RESOLUTION NO. 2023-62

### A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GILROY ESTABLISHING THE CITY'S WATER AND WASTEWATER UTILITY SERVICE RATES EFFECTIVE JANUARY 1, 2024, AND ADJUSTED ANNUAL ON JANUARY 1 FOR EACH SUBSEQUENT FISCAL YEAR THEREAFTER THROUGH FISCAL YEAR 2027-28

**WHEREAS**, the City of Gilroy has identified ongoing operational and capital needs associated with the City's water and wastewater utility system; and

**WHEREAS**, in order to fund the identified water and wastewater system's operational and capital costs, it is necessary to adjust the City's current water and wastewater rates; and

**WHEREAS**, the City of Gilroy engaged NBS Government Finance Group, a firm with expertise in the analysis of costs relating to utilities, to conduct a rate study of the City's water and wastewater utilities; and

**WHEREAS**, the City Council received the report prepared by NBS Government Finance Group at the August 21<sup>st</sup>, 2023, City Council meeting and heard from staff on this matter; and

**WHEREAS**, on November 5, 1996, California voters approved Proposition 218, requiring specific procedures be followed with regard to "property-related" fee increases, including the need to provide written notice at least 45 days in advance of a public hearing; and

**WHEREAS**, pursuant to California Constitution Article XIID, which is commonly known as Proposition 218, the City gave at least 45 days' notice of the time and place of the public hearing set before the City Council by causing to be mailed the said notice with instructions on the proper method for submitting a protest, postage prepaid, to all owners of property subject to the City's water and wastewater utilities system rate schedule, and to all water and wastewater utility customers on August 28, 2023; and

**WHEREAS**, on August 21, 2023, the City Council adopted Resolution 2023-49 setting October 16, 2023, as the date for the public hearing for consideration of the water and wastewater rate adjustments.

**WHEREAS**, pursuant to law, if a majority of the owners of property subject to the proposed water and wastewater utilities system rates file valid protests to the proposed rate, then the City Council may not adopt the new rate; and

**WHEREAS**, the City Council has received and duly considered all written and verbal comments provided to it by staff and the public, which comments are hereby incorporated into the record on this matter; and

**WHEREAS**, the number of protests compared to the number of parcels currently receiving water and wastewater services from the City is less than 50%.

**NOW, THEREFORE THE CITY COUNCIL OF THE CITY OF GILROY DOES RESOLVE AS FOLLOWS:**

1. The purposes of the fees and reserves set forth herein are to finance the water and wastewater utilities system costs.
2. The facts and evidence presented to the City Council establish that the cost determinations set forth in the NBS rate study are reasonable and proportional, and the fees expected to be generated will not exceed those reasonable and proportional costs.
3. The City Council hereby adopts the adjusted water and wastewater rate schedule, the reserve fund targets, and the rate study report. The rates are show in Exhibit "A", which is attached hereto and incorporated by reference to be effective for each monthly cycle beginning on or after January 1, 2024, January 1, 2025, January 1, 2026, January 1, 2027, and January 1, 2028, as described in the Exhibit "A".

**PASSED AND ADOPTED** at a Regular Meeting of the City Council on this 16<sup>th</sup> day of October 2023 by the following vote:

<b>AYES:</b>	<b>COUNCIL MEMBERS:</b>	<b>ARMENDARIZ, BRACCO, MARQUES, TOVAR, BLANKLEY</b>
<b>NOES:</b>	<b>COUNCIL MEMBERS:</b>	<b>NONE</b>
<b>ABSTAIN:</b>	<b>COUNCIL MEMBERS:</b>	<b>NONE</b>
<b>ABSENT:</b>	<b>COUNCIL MEMBERS:</b>	<b>CLINE, HILTON</b>

APPROVED:



[Marie Blankley \(Nov 6, 2023 10:19 PST\)](#)

Marie Blankley, Mayor

ATTEST:



Thai Nam Pham, City Clerk

## EXHIBIT A

### Wastewater Rates

Wastewater revenues pay for the operations and maintenance of the collection system (pipes and pump stations that transport the wastewater from homes and businesses to the wastewater treatment plant) and the administrative and regulatory costs to run the system. The treatment plant is operated by the South County Regional Wastewater Authority (SCRWA), a Joint Powers Authority (JPA) whose members are the cities of Gilroy and Morgan Hill. A portion of the wastewater revenues collected by the City is used for payments to SCRWA. In addition, wastewater rates support infrastructure investments, such as necessary system repairs and renovations to meet new regulations.

The residential wastewater service rates consist of fixed monthly charges. The non-residential wastewater service rates are comprised of two components: 1) a fixed monthly charge for non-residential wastewater monitoring and pretreatment program charges and 2) a volumetric monthly charge with four wastewater strength categories.

The current and proposed wastewater rates charges for the next five years are presented in the Table 1 below:

**Table 1 – Current and Proposed Wastewater Rates**

Sewer Rate Schedule	Current Rates	Proposed Sewer Rates				
		FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28
<b>Monthly Fixed Charge</b>						
<b>Residential (100% Fixed)</b>						
Single-Family Residence	\$46.64	\$51.07	\$53.11	\$55.24	\$57.45	\$59.74
Multi-Family Residence	\$33.13	\$34.39	\$35.77	\$37.20	\$38.69	\$40.23
<b>Non-Residential Volumetric Rates</b>						
Low Strength	\$7.41	\$8.36	\$8.69	\$9.04	\$9.40	\$9.78
Domestic Strength	\$9.21	\$9.51	\$9.89	\$10.29	\$10.70	\$11.12
Medium Strength	\$12.08	\$13.15	\$13.67	\$14.22	\$14.79	\$15.38
High Strength	\$18.63	\$21.56	\$22.42	\$23.32	\$24.25	\$25.22
<b>Non-Residential - Monitoring &amp; Pretreatment Program Base Rate Monthly Charges</b>						
Significant/Categorical	\$240.95	\$287.19	\$298.68	\$310.63	\$323.05	\$335.98
Non-Significant/Categorical	\$95.22	\$114.64	\$119.22	\$123.99	\$128.95	\$134.11
Other Non-Residential	\$11.47	\$15.47	\$16.09	\$16.73	\$17.40	\$18.09

*Note: Revenue from rate increases assumes an implementation date of January 1, 2024 for new rates. For each fiscal year thereafter, the assumption is that new rates will also be implemented on January 1st of each year.*

### Water Rates

Water revenues pay for the operations and maintenance of infrastructure required to deliver water to the residential and non-residential customers of the City of Gilroy. A portion of these rates fund charges from the Santa Clara Valley Water District (SCVWD), known as Valley Water, for ground water production and management, as 100% of the City's water is pumped from the ground.

The City currently charges residential and non-residential customers a monthly fixed water charge, also known as base charge, based on meter size. In addition to a fixed monthly charge, all customers pay a variable charge, also known as volumetric rate, per 1,000 gallons consumed consisting of two rate tiers of consumption (under and above 30,000 gallons) and three different pump pressure zones. The proposed water rate design eliminates the two tiers and proposes a uniform tier for all customers.

The current and proposed water rate charges for the next five years are presented in detail on Table 2 below:

**Table 2 – Current and Proposed Water Rates**

Water Rate Schedule	Current Rates	Proposed Rates				
		FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28
<b>Monthly Fixed Service Charges</b>						
<b>Meter Size</b>						
3/4 inch	\$11.53	\$20.29	\$21.50	\$22.80	\$24.16	\$25.59
1 inch	\$19.24	\$28.52	\$30.23	\$32.04	\$33.96	\$35.98
1 1/2 inch	\$38.47	\$49.09	\$52.04	\$55.16	\$58.47	\$61.93
2 inch	\$61.55	\$73.78	\$78.20	\$82.90	\$87.87	\$93.08
3 inch	\$115.39	\$139.61	\$147.99	\$156.87	\$166.28	\$176.13
4 inch	\$192.30	\$213.67	\$226.49	\$240.08	\$254.49	\$269.57
6 inch	\$384.62	\$419.40	\$444.57	\$471.24	\$499.52	\$529.11
8 inch	\$615.37	\$666.28	\$706.26	\$748.63	\$793.55	\$840.56
10 inch	\$884.50	\$1,736.07	\$1,840.24	\$1,950.65	\$2,067.69	\$2,190.19
<b>Variable Charges for All Water Consumed (\$/1,000 gallons (or TG))</b>						
<b>Residential Customers - Tiered Volumetric Rates</b>		<b>Uniform Vol. Rates</b>				
Tier 1 - Zone 1	\$4.39	\$3.93	\$4.16	\$4.41	\$4.68	\$4.96
Tier 1 - Zone 2	\$4.93	\$4.29	\$4.55	\$4.82	\$5.11	\$5.41
Tier 1 - Zone 3	\$5.52	\$4.65	\$4.93	\$5.23	\$5.54	\$5.85
Tier 2 ( more than 30 TG)						
Tier 2 - Zone 1	\$4.93	N.A.	N.A.	N.A.	N.A.	N.A.
Tier 2 - Zone 2	\$5.47	N.A.	N.A.	N.A.	N.A.	N.A.
Tier 2 - Zone 3	\$6.06	N.A.	N.A.	N.A.	N.A.	N.A.

*Note: Revenue from rate increases assumes an implementation date of January 1, 2024 for new rates. For each fiscal year thereafter, the assumption is that new rates will also be implemented on January 1st of each year.*

**Valley Water Passthrough Rate Increase for Groundwater**

Valley Water charges the City a ground production charge for 100% of the City’s water that is pumped from the ground. In the event that Valley Water imposes additional charges associated with the pumping of groundwater, the City will implement a passthrough adjustment to customer’s bills no earlier than thirty (30) days after the adjustment has been enacted by Valley Water and noticed to all City customers.



## ☞ CERTIFICATE OF THE CLERK ☞

I, **THAI NAM PHAM**, City Clerk of the City of Gilroy, do hereby certify that the attached **Resolution No. 2023-62** is an original resolution, or true and correct copy of a city Resolution, duly adopted by the Council of the City of Gilroy at a Regular Meeting of said held on Council held **Monday, October 16, 2023**, with a quorum present.

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the Official Seal of the City of Gilroy.

**Dated:** Nov 6, 2023

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Thai Nam Pham, MMC, CPMC  
City Clerk of the City of Gilroy

(Seal)












# Resolution No. 2023-62 Ready for Signature

Final Audit Report

2023-11-06

Created:	2023-11-05
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-  Signer marie.blankley@cityofgilroy.org entered name at signing as Marie Blankley  
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