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# CITY OF POMONA COUNCIL REPORT

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August 5, 2019

To: Honorable Mayor and Members of the City Council

From: Linda Lowry, City Manager

Submitted By: Darron Poulsen, Water Resources Director

Subject: **SECOND READING AND ADOPTION OF ORDINANCE AMENDING  
SECTIONS OF CHAPTER 62 OF THE CITY CODE PERTAINING TO  
CERTAIN WATER SERVICE FEES**

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## **RECOMMENDATION:**

That the City Council adopt at second reading the following ordinance:

**ORDINANCE 4266: AN ORDINANCE OF THE CITY COUNCIL OF THE  
CITY OF POMONA AMENDING CERTAIN SECTIONS OF CHAPTER 62  
OF THE POMONA CITY CODE THAT ARE OBSOLETE PERTAINING  
TO SETTING WATER USER FEES AND SPECIAL ZONE CHARGES**

## **EXECUTIVE SUMMARY:**

The proposed ordinance will delete or amend provisions of Chapter 62 that are obsolete or not Proposition 218 compliant and address fee differences for inside the City versus outside water users and special zone charges established for the Phillips Ranch Annexation. Deletion or amendment of these sections will coincide with the new water rate schedule, which will be presented to the Council at its September 5, 2019 meeting. The attached resolution will approve additional fund balance reserves for Water and Sewer enterprise funds to ensure that the financial health of the respective utilities remains intact in the event of emergencies, or other circumstances necessitating costly repairs of utility facilities or equipment.

## **FISCAL IMPACT:**

The fiscal impact associated with the proposed code amendment is minimal as there were only 10 private fire services locations at the time of the recent rate study. Water service rates will be presented at a public hearing before the Council on September 16<sup>th</sup>.

## **PUBLIC NOTICING REQUIREMENTS:**

There is no public notice required for adoption of an ordinance at second reading.

## **PREVIOUS RELATED ACTIONS:**

- On July 15, 2019, the City Council introduced Ordinance No. 2019-4266 for first reading and adopted Resolution No. 2019-99 establish fund balance reserves for Water and Wastewater/Sewer Utility Funds.
- On June 20, 2011, the City Council adopted Resolution No. 2011-63A, which approved the current utility fund balance policy, along with other the reserve balance policies for other City funds. The resolution proposed amends only the reserve policies set for Water and Sewer Funds. All other fund balance policies remain in effect, unless amended by the City Council.

### **ENVIRONMENTAL IMPACT:**

Adoption of the proposed ordinance and resolution falls within a statutory exemption from environmental review pursuant to Sections 15273, 15060(c)(2) of the State Guidelines for Implementation of the California Environmental Quality Act (CEQA). Section 15273 pertains to the establishment, modification, structuring, restructuring, or approval of rates and charges by public agencies which the public agency finds are for the purpose of meeting operating expenses. Sections 15060 (c)(2) and 15060(c)(3) pertain to activities that will not result in a direct or reasonably foreseeable indirect change to the environment and are not defined as a project under Section 15378. The actions contemplated by the attached ordinance and resolution have no potential for resulting in physical change to the environment, directly or indirectly, in that it involves only the collection of fees and charges to provide water and sewer service.

### **DISCUSSION:**

#### Pomona Code Changes

There are numerous municipal utilities that charge different rates for inside and outside city customers. The premise for this distinction is often related to a city's ability to assess property taxes for utility infrastructure. As cities do not have the authority to assess property owners outside of their city boundaries, an equalizer of sorts is applied to those customers outside a city's boundaries, which is a higher rate for those customers. Given there is currently no circumstance to justify a different rate between the two, staff is recommending amendments to sections which delineate fee differences for inside and outside city water customers. Amendments are proposed to City Code sections 62-291, 62-293 and 62-424 and deletion of sections 62-292 and 62-424.

There are additional amendments needed to provisions in Chapter 62 as matter a house-keeping. Section 62-271 (a) provides for automatic Consumer Price Index (CPI) adjustments each year for water-related service fees. This section is being amended to conform with Proposition 218 requirements. Section 62-294 states customers in the Phillips Ranch Annexation pay an additional "special zone for water rate charges." As of November 17, 2008, the City Council set the pumping rate at \$0.00, as the Phillips Ranch Annexation bond obligation was satisfied, making the revenue received from the pumping charge no longer necessary. This section is proposed for deletion. Subsections 3 (b) and (c) to section 62-400 provide for automatic annual Consumer Price Index (CPI) adjustments to sewer charges. Price adjustments to the sewer charges must meet Proposition 218 requirements and are not eligible for automatic CPI adjustments. These subsections are also proposed for deletion.

### **CONCLUSION:**

If adopted, the ordinance will become effective September 5, 2019, thirty (30) days after its adoption, with an implementation date of October 1, 2019. The public hearing on the proposed water rate adjustments is set for September 16, 2019.

Prepared by:

*Chris Diggs*  
Chris Diggs  
Water Resources Manager

**ATTACHMENT:** No. 1 - Ordinance 4266