

# 334-06-2023

(R-2023-799)  
COR. COPY

RESOLUTION NUMBER R- 315013

DATE OF FINAL PASSAGE JUN 26 2023

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO ACCEPTING THE COSTS OF SERVICE STUDY, AUTHORIZING NOTICE OF PUBLIC HEARING ON PROPOSED ADJUSTMENTS TO WATER RATES IN ACCORDANCE WITH PROPOSITION 218, SETTING A DATE FOR THE PUBLIC HEARING AND RELATED ACTIONS.

WHEREAS, the Public Utilities Department (Department) provides water for City of San Diego (City) customers through the Water Utility Fund; and

WHEREAS, the last costs of service study for water was approved by the San Diego City Council (Council) on November 17, 2015, covering rate increases that went into effect January 1, 2016 through September 1, 2019; and

WHEREAS, in September 2021 and September 2022, the Council authorized a 3 percent pass-through increase implemented by the City's water wholesaler, the San Diego County Water Authority (SDCWA), that went into effect on January 1, 2022, and January 1, 2023, respectively; and

WHEREAS, on November 10, 2022, the Department released the draft 2023 Cost of Service Study report for the Water System, which was presented to the Budget and Government Efficiency Committee on December 7, 2022; and

WHEREAS, the Department received feedback, and incorporated recommendations from the Independent Budget Analyst Report 2023-07, which is included with the staff materials accompanying this resolution; and

WHEREAS, the Final Cost of Service Study (Final COSS), which is also included in the staff materials accompanying this resolution, details the Water Utility's financial plan, cost of service analysis, and rate design process, and also provides recommended adjustments for water rates and charges; and

WHEREAS, in June of each year, the SDCWA board approves wholesale water rate increases effective the following year on January 1, to pass through SDCWA's increased costs to its member agencies that increase the City's water purchase costs; and

WHEREAS, based on the Final COSS, the Department proposes water rate adjustments increasing the water system revenues by 10.2 percent, effective December 1, 2023, and 8.7 percent, effective January 1, 2025; and

WHEREAS, at the noticed hearing on the proposed water rate adjustments, the Department will also request authority to implement the SDCWA rate increases as a pass-through increase up to 11 percent, provided that in no event shall the rates be increased by more than the cost of providing water services, and with a requirement that the City provide at least 30-days written notice prior to implementing any SDCWA pass-through adjustment; and

WHEREAS, the California Constitution, Article XIID, section 6 (Proposition 218) requires the City hold a public hearing on any proposed new or increased rates and fees and mail a written notice at least 45 days prior to the public hearing to the record owners of each identified parcel upon which the fee or charge is proposed for imposition; and

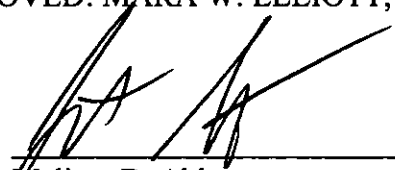
WHEREAS, the Office of the City Attorney has drafted this resolution based on the information provided by City staff, with the understanding that this information is complete, true, and accurate; and NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, as follows:

1. The City of San Diego Water Financial Plan, Cost of Service, and Rate Study Final Report dated March 31, 2023, (Final COSS) is accepted by the City Council and will be on file in the Office of the City Clerk as Document No. RR315013.
2. The Mayor is authorized to notice, pursuant to Proposition 218, the proposed water rate adjustments, increasing the water system revenues by 10.2 percent effective December 1, 2023, and 8.7 percent effective January 1, 2025, and implementing SDCWA pass-through adjustments up to 11 percent each year following at least 30 days written notice and provided that in no event will the rates be increased by more than the cost of providing water service.
3. The public hearing date for the Council to consider the proposed water rate adjustments will be held during the regularly scheduled Council meeting of September 19, 2023, and will be conducted in accordance with Proposition 218 and the procedures previously adopted by the Council in San Diego Resolution R-302245 (Jan. 17, 2007).
4. The Mayor or designee is authorized to notice a public hearing on proposed water rate adjustments, using the "Notice of Public Hearing" included in the staff materials accompanying this resolution, in accordance with the requirements of Proposition 218 and the procedures previously adopted by the Council in Resolution R-302245, except that the notice required by Proposition 218 will be given by separate mailing to the address to which the

Department customarily mails the regular customer billing statement, pursuant to California  
Government Code section 53755.

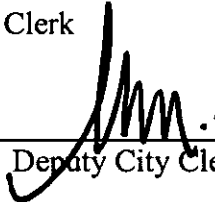
APPROVED: MARA W. ELLIOTT, City Attorney

By   
\_\_\_\_\_  
Melissa D. Ables  
Chief Deputy City Attorney

MDA:hm:jvg:cw  
Date: June 27, 2022  
Date: June 15, 2023 COR. COPY  
Or.Dept: Public Utilities  
CC No.: N/A  
Doc. No.: 3323235\_2

I certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this  
meeting of JUN 20 2023

DIANA J.S. FUENTES  
City Clerk

By   
\_\_\_\_\_  
Deputy City Clerk

Approved: 6/20/23  
\_\_\_\_\_  
(date)

  
\_\_\_\_\_  
TODD GLORIA, Mayor

Vetoed: \_\_\_\_\_  
(date)

\_\_\_\_\_  
TODD GLORIA, Mayor

Passed by the Council of The City of San Diego on JUN 20 2023, by the following vote:

| Councilmembers           | Yeas                                | Nays                     | Not Present                         | Recused                  |
|--------------------------|-------------------------------------|--------------------------|-------------------------------------|--------------------------|
| Joe LaCava               | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| Jennifer Campbell        | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| Stephen Whitburn         | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| Monica Montgomery Steppe | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Marni von Wilpert        | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| Kent Lee                 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| Raul A. Campillo         | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| Vivian Moreno            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| Sean Elo-Rivera          | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |

Date of final passage JUN 26 2023.

(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)

AUTHENTICATED BY:

TODD GLORIA  
Mayor of The City of San Diego, California.

(Seal)

DIANA J.S. FUENTES  
Interim City Clerk of The City of San Diego, California.

By , Deputy

Office of the City Clerk, San Diego, California

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