

RESOLUTION NUMBER R- 316902

DATE OF FINAL PASSAGE JUL 20 2026

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO ACCEPTING THE 2026 MEMORANDUM MODIFYING THE 2025 WATER COST OF SERVICE STUDY, SETTING A DATE FOR THE PUBLIC HEARING, AND AUTHORIZING NOTICE OF A PUBLIC HEARING ON PROPOSED ADJUSTMENTS TO WATER RATES IN ACCORDANCE WITH PROPOSITION 218 AND RELATED ACTIONS.

RECITALS

The Council of the City of San Diego (Council) adopts this Resolution based on the following:

A. The Public Utilities Department (PUD) provides water for City of San Diego customers through the City's water system, which extends over 404 square miles with over 3,000 miles of pipeline, and includes multiple reservoirs, treatment plants, and pump stations (Water System).

B. The Water System is supported by enterprise funds with revenue derived from rates and charges to customers for water and wastewater service. These rates and charges are determined through a process prescribed by State law, which includes Council approval of any rate adjustments at a public hearing.

C. On October 28, 2025, the Council adopted San Diego Resolution R-316495, that among other things, approved water rate adjustments based on the 2025 Water Cost of Service Study (2025 Water COSS) on file with the City Clerk's office as Document No. RR-316354. The approved rate structure included rates based on customer classes along with tiered rates for single-family dwellings.

D. The City's use of tiered rates was subsequently found by a court to be noncompliant with California Constitution, Article XIII D, section 6 (Proposition 218). As a result, the City is required to modify its rate structure to encompass a unitary rate.

E. The City retained Stantec Consulting Services, Inc., to review the previously approved 2025 Water COSS and provide a supplemental memorandum outlining a unitary rate for implementation starting January 1, 2027 (Stantec Memo).

F. The Stantec Memo proposes a unitary water rate structure that conforms to the 2025 Water COSS and is included with the backup materials to this item.

G. Proposition 218 requires the City to hold a public hearing on any proposed new or adjusted rates and fees and mail a written notice at least 45 days prior to the public hearing.

H. The Office of the City Attorney prepared this Resolution based on the information provided by City staff (including information provided by affected third parties and verified by City staff), with the understanding that this information is complete and accurate.

ACTION ITEMS

Be it resolved by the Council of the City of San Diego:

1. The 2026 Stantec Memo modifying the 2025 Water COSS is accepted.
2. The public hearing date for the Council to consider the proposed water rate adjustments will be held during the regularly scheduled Council meeting of October 6, 2026, and will be conducted in accordance with Proposition 218; the procedures previously adopted by the Council in Resolution R-302245 (Jan. 17, 2007), 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 statements, pursuant to California Government

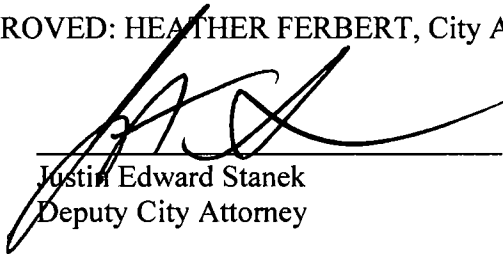
Code section 53755; and the procedures adopted in Resolution R-316353 related to implementing Assembly Bill 2257 (2023-2024 Regular Session).

3. The Mayor is authorized to notice the public hearing on the proposed unitary water rate adjustment, which will not exceed the 14.5 percent previously approved by Council on October 28, 2025 in R-316495, to be effective January 1, 2027, consistent with the 2025 Water COSS, Stantec Memo, and expected pass-through SDCWA wholesale rate increases for Calendar Years 2027 through 2028 to purchase water.

4. The notice shall comply with the requirements of Proposition 218, 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, and Resolution R-316353.

APPROVED: HEATHER FERBERT, City Attorney

By


Justin Edward Stanek
Deputy City Attorney

JES:cc
June 29, 2026
Or.Dept: PUD
CC No. N/A
Doc. No. 4477877

I certify that the Council of the City of San Diego adopted this Resolution at a meeting held on

JUL 14 2026

DIANA J.S. FUENTES
City Clerk

By Kristell Medina
Deputy City Clerk

Approved: 7/17/26
(date)

Todd Gloria
TODD GLORIA, Mayor

Vetoed: _____
(date)

TODD GLORIA, Mayor

Passed by the Council of The City of San Diego on July 14, 2026, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Joe LaCava	☒	☐	☐	☐
Jennifer Campbell	☒	☐	☐	☐
Stephen Whitburn	☒	☐	☐	☐
Henry L. Foster III	☐	☒	☐	☐
Marni von Wilpert	☒	☐	☐	☐
Kent Lee	☒	☐	☐	☐
Raul A. Campillo	☐	☐	☒	☐
Vivian Moreno	☒	☐	☐	☐
Sean Elo-Rivera	☒	☐	☐	☐

Date of final passage JUL 20 2026.

(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

City Clerk of The City of San Diego, California.

By , Deputy

Office of the City Clerk, San Diego, California

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