

ORDINANCE NO. 3005

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF
CORONA, CALIFORNIA, ESTABLISHING RATES FOR
WATER SERVICE FEES**

WHEREAS, The City of Corona (the "City") Department of Water and Power ("DWP") purchases wholesale water from Western Municipal Water District ("WMWD") to supplement City water supplies and provide reliable water service to its customers; and

WHEREAS, in 2008, DWP purchased 46% of its customers' domestic water needs from WMWD; and

WHEREAS, effective January 1, 2009, WMWD approved an increase to the rates for its wholesale water (the "January Pass Through") and, on June 17, 2009, approved additional increases to its wholesale water rates and a Delta Surcharge (the "June Pass Through"); and

WHEREAS, beginning on September 4, 2009, the City has determined to raise the rates for its water service fees and pass through to DWP water customers: (1) the January Pass Through; (2) the June Pass Through; (3) any new charges established by WMWD and imposed on DWP; and (4) any other future rate increases to any of WMWD's charges, including wholesale water charges, that are imposed on DWP (collectively referred to herein as the "WMWD Pass Through"); and

WHEREAS, the City has further determined to authorize future rate increases due to WMWD Pass Throughs through September 3, 2014; and

WHEREAS, DWP has experienced and anticipates additional inflationary increases in the costs to operate and maintain the City's Water system (the "System") and to provide ongoing repairs, replacements, and upgrades to the System; and

WHEREAS, in order to avoid operational deficits, depletion of reserves, an inability to address infrastructure and water quality improvements, and to continue to provide a safe and reliable water supply, the City has determined to impose annual cost of living increases to the rates for its water service fees beginning on January 1, 2010 and each January 1 thereafter through January 1, 2015; and

WHEREAS, the rate structure for the City's monthly water service fees are comprised of two components: (1) a Readiness to Serve Charge, and (2) a Commodity Charge. The rate increases to the water service fees due to the WMWD Pass Throughs would impact the Commodity Charge component of the water service fees and the annual cost of living rate increases would impact both the Readiness to Serve and Commodity Charge components of the water service fees; and

WHEREAS, the City's rates for water service fees are calculated to recover the costs of the City in providing water services and to proportionately allocate those costs among the water customers; and

WHEREAS, the revenues derived from the water service fees will not exceed the funds required to provide water services and shall be used exclusively for the System; and

WHEREAS, the water service fees will not exceed the proportional cost of the services attributable to each parcel upon which they are imposed; and

WHEREAS, the water service fees will not be imposed on a parcel unless the water services are actually used by, or immediately available to, the owner of the parcel; and

WHEREAS, the City, as the lead agency under the California Environmental Quality Act ("CEQA"), in consultation with the City's Legal Counsel, prepared a Preliminary Exemption Assessment for the adoption of this Ordinance in order to evaluate its potential impacts. The City determined that this Ordinance is exempt from CEQA review under Public Resources Code section

21080(b)(8) and State CEQA Guidelines section 15273 because the Water Service Charges are necessary and reasonable to fund the administration, operation, maintenance, and improvements of the System and will not result in the expansion of the System; and

WHEREAS, California Constitution article XIII D, section 6 (“Article XIII D”) requires that prior to imposing any increase to the water service fees, the City shall provide written notice (the “Notice”) by mail of: (1) the proposed increases to such rates and charges to the record owner of each parcel upon which the rates and charges are proposed for imposition and any tenant directly liable for payment of the rates and charges; (2) the amount of the rates and charges proposed to be imposed on each parcel; (3) the basis upon which the rates and charges were calculated; (4) the reason for the rates and charges; and (5) the date, time, and location of a public hearing (the “Hearing”) on the proposed rates and charges; and

WHEREAS, pursuant to Article XIII D such Notice is required to be provided to the affected property owners and any tenant directly liable for the payment of the rates and charges not less than forty-five days prior to the Hearing on the proposed rates and charges; and

WHEREAS, the City did provide such Notice to the affected property owners and tenants of the proposed Water Service Charges in compliance with Article XIII D; and

WHEREAS, the Hearing was held on this day, July 15, 2009; and

WHEREAS, at the Hearing the City Council heard and considered all oral testimony, written materials, and written protests concerning the establishment and imposition of the proposed rate increases for the water service fees, and at the close of the Hearing the City did not receive written protests against the establishment and imposition of the proposed rate increases for the water service fees from a majority of the affected property owners and tenants directly liable for the payment of the water service fees; and

WHEREAS, the City Council of the City now desires to establish and impose the proposed rates for the water service fees.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF CORONA, CALIFORNIA, DOES ORDAIN AS FOLLOWS:

SECTION 1. The City Council finds and determines that the foregoing Recitals are true and correct and incorporates the Recitals herein.

SECTION 2. As the decision-making body for the City, the City Council has reviewed and considered the information contained in the Preliminary Exemption Assessment and administrative record. The City Council finds that the Preliminary Exemption Assessment contains a complete and accurate reporting of the environmental impacts associated with the adoption of this Ordinance and reflects the independent judgment of the Board.

SECTION 3. The City Council hereby finds that the administration, operation, maintenance, and improvements of the System, which are to be funded by the water service fees set forth herein, are necessary to maintain service within the City's existing service area. The City Council further finds that the administration, operation, maintenance, and improvements of the System, to be funded by the water service fees set forth herein, will not expand the System. The City Council further finds that such water service fees are necessary and reasonable to fund the administration, operation, maintenance, and improvements of the System. Based on these findings, the City Council hereby determines that this Ordinance is exempt from the requirements of CEQA pursuant to California Public Resources Code section 21080(b)(8) and State CEQA Guidelines section 15273(a).

SECTION 4. The documents and materials that constitute the record of proceedings on which these findings have been based are located at City of Corona, 400 S. Vicentia Avenue,

Corona, California 92882. The custodian for these records is the City Clerk of the City.

SECTION 5. Effective September 4, 2009, the City Council hereby authorizes the Commodity Charge Component of the City's water services fees be established and imposed at the rate of two dollars and six cents (\$2.06) per hundreds of cubic feet of water.

SECTION 6. The City Council hereby authorizes the imposition of future rate increases to the Commodity Charge component of its water service fees required as a result of WMWD Pass Throughs. Such WMWD Pass Through rate increases may be imposed for a five-year period, beginning on September 4, 2009, through September 3, 2014. Provided, however, any increases to the rates for the Commodity Charge component of the water service fees as a result of WMWD Pass Throughs authorized pursuant to this Ordinance may not exceed 20% per year. Provided, further that in no event shall such rates be increased in any year as a result of the WMWD Pass Throughs by more than the cost of providing water service. Prior to implementing any such future rate increases, the DWP General Manager shall provide written notice of any such rate increases to DWP customers not less than 30 days prior to the effective date of the rate increases. Any such notice may be provided in the regular billing statements of DWP water customers.

SECTION 7. The City Council hereby authorizes the imposition of annual inflationary adjustments to the rates for the Commodity Charge and Readiness to Serve components of its water service fees for a five-year period, beginning on January 1, 2010, and each January 1 thereafter through January 1, 2015, by an amount not to exceed the greater of: (1) the annual percentage increase, if any, in the Consumer Price Index, all Urban Consumers, for the Los Angeles-Orange-Riverside County Area, as determined by the United States Department of Labor Statistics, or its successor ("CPI Increase"); or (2) 15% (the "Max O&M Increase"). The CPI Increase and the Max O&M Increase are referred to in this Ordinance as the "Cost of Living Increase." Provided, however, in no event shall such rates increase as a result of the Cost of Living Increase by more than the cost of providing water service. Prior to implementing any future rate increases as a result of a

Cost of Living Increase, the DWP General Manager shall provide written notice of any such rate increases to DWP customers not less than 30 days prior to the effective date of the rate increases. Any such notice may be provided in the regular billing statements of DWP water customers.

SECTION 8. The City Council hereby authorizes and directs the DWP General Manager to implement and take all actions necessary to effectuate the rates for the water service fees set forth herein and to file a Notice of Exemption with the County Clerk for Riverside County within five (5) working days of the date of the adoption of this Ordinance.

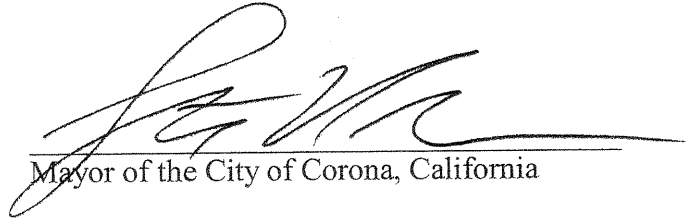
SECTION 9. If any section, subsection, subdivision, sentence, clause, or phrase in this Ordinance or any part thereof is for any reason held to be unconstitutional or invalid, ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Ordinance or any part thereof. The City Council hereby declares that it would have adopted each section irrespective of the fact that any one or more subsections, subdivisions, sentences, clauses, or phrases be declared unconstitutional, invalid, or ineffective.

SECTION 10. This Ordinance shall supersede all other previous City council resolutions and ordinances that may conflict with, or be contrary to, this Ordinance.

SECTION 11. In accordance with California Government Code section 36933(a), within fifteen days after its passage the City Clerk shall cause this Ordinance to be published at least once, with the names of those City Council members voting for or against it, in a newspaper of general circulation published and circulated within the City. If there is no such newspaper, the City Clerk shall cause the ordinance to be posted in at least three public places in the City or published in a newspaper of general circulation printed and published in the county and circulated in the City.

SECTION 12. This ordinance shall become effective thirty (30) days from and after its final passage.

PASSED, APPROVED AND ADOPTED this 5th day of August, 2009.


Mayor of the City of Corona, California

ATTEST:


City Clerk of the City of Corona, California

CERTIFICATION

I, VICTORIA J. WASKO, City Clerk of the City of Corona, California, do hereby certify that the foregoing Ordinance was regularly introduced at an adjourned regular meeting of the City Council of the City of Corona, California, duly held on the 15th day of July, 2009, and thereafter at a regular meeting held on the 5th day of August, 2009, it was duly passed and adopted by the following vote of the Council:

AYES:	MONTANEZ, NOLAN, SCOTT, SPIEGEL
NOES:	SKIPWORTH
ABSENT:	NONE
ABSTAINED:	NONE

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Corona, California, this 5th day of August, 2009.


City Clerk of the City of Corona, California

[SEAL]

SUMMARY

On August 5, 2009, the Corona City Council will consider adopting an ordinance establishing rates for water service fees. A certified copy of the full text of this proposed ordinance is posted in the City Clerk's Office.

The City Council meets at 7:00 p.m. in the Council Chambers in the Corona City Hall, located at 400 South Vicentia Avenue. The City Clerk's office is located in City Hall near the Council Chambers.