

RESOLUTION 2024-23

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FORTUNA ADOPTING A SCHEDULE OF FEES AND CHARGES FOR WATER SERVICE AND FINDING THE ACTION EXEMPT FROM CEQA

WHEREAS, the City Council of the City of Fortuna commissioned Jacobs Engineering Group Inc. (“Jacobs”) to prepare a water rate study for the City of Fortuna; and

WHEREAS, by way of the water rate study, Jacobs outlined the need and basis for an adjustment to existing water rates in order to continue to maintain and operate the City’s water utility system; and

WHEREAS, Jacobs presented its findings to the City Council on April 15, 2024, and the Council accepted the water rate study report; and

WHEREAS, on May 06, 2024, the City Council directed staff to proceed with the rate adjustment process for the proposed rates, including notifying property owners and water customers of the proposed rates and conducting a public hearing prior to final adoption; and

WHEREAS, the Proposition 218 Omnibus Act (as set forth in Government Code section 53756) authorizes the adoption of a five-year schedule of water rates with automatic rate adjustments in order to keep pace with changes in operating and maintenance costs, and help the utility maintain a prudent operating and capital reserve; and

WHEREAS, in compliance with Article XIID of the California Constitution and the Proposition 218 Omnibus Act, on or about May 17, 2024, the City mailed written notice to all affected property owners and water customers of record providing notice of the proposed charges, the amount of the proposed charges, the basis for the calculation, the reason for the charge, and the date, time, and location for a public hearing on the proposed charges not less than 45 days after the notice; and

WHEREAS, the City Council conducted a public hearing on July 1, 2024, at which time it considered all written and oral protests; and

WHEREAS, as set forth in *Resolution 2024-21A*, the City Council found that written protests to the water rates were not presented by a majority of affected property owners and customers of record; and

WHEREAS, by way of this Resolution, the City Council desires to adopt the proposed rates to be effective as of July 1, 2024.

NOW, THEREFORE, the City Council of the City of Fortuna does hereby resolve as follows:

1. Findings. The above-recitals are incorporated herein as if set forth in full and each is relied upon independently by the City Council for its adoption of this Resolution. In accordance with Article XIII D, Section 6(b), of the California Constitution, and in reliance on the Water Rate Study previously approved by the City Council and the materials presented by staff, the City Council finds that:

- a. The revenues derived from the water service charges shall not exceed the funds required to provide water service, because the rates are calculated to allow the City to recover its costs;
- b. The revenues derived from the water service charge will not be used for any purpose other than that for which the charge is imposed, because the revenue will be kept in a separate fund used only for costs related to the provision of water service;
- c. The amount of the charge does not exceed the proportional cost of the water service attributable to each parcel, because it is based upon necessary pipe size and water consumption;
- d. The water service charge will not be imposed upon parcels for which water service is not immediately available; and
- e. The water service charge will be used to enable the City to provide water service rather than general governmental services.

2. Adoption of Rate Schedule. Pursuant to Government Code section 53756, the five-year schedule of water rates set forth in **Exhibit A** is hereby adopted, and such rates and charges shall be effective July 1, 2024.

3. CEQA Finding. This action is not a project within the meaning of Section 15378 of the CEQA (California Environmental Quality Act) Guidelines, because it has no potential for resulting in physical change in the environment, directly or ultimately. In the event that this resolution is found to be a project under CEQA, this action is statutorily exempt from CEQA pursuant to Public Resources Section 21080(b)(8) and CEQA exemptions contained in CEQA Guidelines section 15273 (a), because it constitutes the establishment of charges for the purpose of obtaining funds to meet the water utility's financial and service obligations for ongoing operation and maintenance, debt service, and capital improvements within existing service areas, and also exempt under the common-sense exemption set forth in CEQA Guidelines section 15061 (b) (3), because it can be seen with certainty to have no possibility of a significant effect on the environment.

4. Severability. The City Council hereby declares that every section, paragraph, sentence, clause and phrase is severable. If any section, paragraph, sentence, clause or phrase of this Resolution, including any individual rate or fee or component thereof, is for any reason found to be invalid or unconstitutional, such invalidity, or unconstitutionality shall not affect the validity or constitutionality of the remaining provisions of this Resolution.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Fortuna on July 1, 2024, by the following roll call vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Tami Trent, Mayor

Attest:

Siana L. Emmons, City Clerk

EXHIBIT A

Table 1. Draft and Final Annual Water Rate Increases (%) for Five Year Period.

Year	% Water Increase Presented at April 15 th City Council Meeting	Revised % Water Increase Approved at May 6 th City Council Meeting
FY 24/25	60%	20%
FY 25/26	5%	20%
FY 26/27	5%	20%
FY 27/28	3%	15%
FY 28/29	3%	5%

Table 2. Updated proposed annual water system connection fees.

Meter Size	Current	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
5/8" by 3/4"	\$2,165.00	\$2,469.60	\$2,774.20	\$3,078.80	\$3,383.40	\$3,688.00
1"	\$5,542.00	\$6,277.40	\$7,012.80	\$7,748.20	\$8,483.60	\$9,219.00
1.5"	\$12,470.00	\$13,663.60	\$14,857.20	\$16,050.80	\$17,244.40	\$18,438.00
2"	\$22,170.00	\$23,636.20	\$25,102.40	\$26,568.60	\$28,034.80	\$29,501.00
3"	\$49,882.00	\$51,706.00	\$53,530.00	\$55,354.00	\$57,178.00	\$59,002.00
4"	\$88,678.00	\$89,380.60	\$90,083.20	\$90,785.80	\$91,488.40	\$92,191.00
6"	\$199,526.00	\$184,382.00	\$184,382.00	\$184,382.00	\$184,382.00	\$184,382.00