



CITY OF LODI COUNCIL COMMUNICATION

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AGENDA TITLE: Public Hearing to Consider Adopting Resolution Setting Future Water, Wastewater and Solid Waste Rate Schedules Pursuant to Proposition 218 for Residential, Commercial and Industrial Customers

MEETING DATE: May 7, 2014

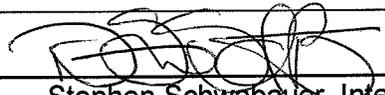
PREPARED BY: Public Works Director

RECOMMENDED ACTION: Public hearing to consider adopting resolution setting future water, wastewater and solid waste rate schedules pursuant to Proposition 218 for residential, commercial, and industrial customers.

BACKGROUND INFORMATION: Rate schedules and rates analysis information were supplied to the City Council at the October 15, 2013 Shirtsleeve meeting prior to mailing Proposition 218 protest hearing notices and preliminary to a public hearing to consider adopting the various rate schedules for the period from May 8, 2014 through December 31, 2018. A second set of Proposition 218 protest notices (English and Spanish translations) were mailed to approximately 50,000 addresses pursuant to City Council direction on February 19, 2014. The various rate schedules set maximum limits on the various rates for the next five years, and each year the City Council will be requested to approve the actual rates to be implemented. At the public hearing, the City Council will be asked to receive public comment and adopt a resolution setting future adjustments to water, wastewater and solid waste rates with limits for the period May 8, 2014 through December 31, 2018; approving property owner meter charge schedule; and approving vacant residential water and wastewater rates.

1. Property Owner Meter Charge Schedule At the March 26, 2012 City Council meeting, various alternative property owner meter charge schedules were presented to the City Council. Prior policy direction from the City Council set the charge for a single-family residential ¾-inch water meter at \$300. As the Water Meter Program moves into the multi-family and non-residential properties, larger meters will be required and a meter charge schedule based upon meter size needs to be established. Presented in Exhibit A is the recommended meter charge schedule, along with previously-presented alternatives. The recommended charge schedule is based upon the actual purchase price for the meter assembly (meter, register, and radio transmitter) plus 55 percent, which is identical to the ¾-inch residential meter charge basis. The 55 percent covers a portion of the cost of the meter box, miscellaneous piping, and installation. The capacity-based charge schedule sets the meter cost according to the hydraulic capacity of the meter. The installed cost is based upon contractor bid prices from construction for phases 1 through 3. The Lodi charge schedule is taken from the City's published Fee and Service Charge Schedule. Comparative charges from the City of Santa Clara are listed, and they are fairly consistent with the recommended schedule, particularly considering most of the meters remaining to be installed are ¾ to 1 inch in size. An additional column showing "no charge" is provided upon the request of the mobile home park owners. All options presented in Exhibit A have been included in the Proposition 218 notice and the City Council will be asked to select and approve a single option at the public hearing.

APPROVED:



Stephen Schwabauer, Interim City Manager

2. Vacant Residential Unit Water and Wastewater Rate Staff recommends the vacant residential unit water and wastewater utility charge for customers without a metered service be equal to the monthly base charge for metered customers having the same size of meter in their future service. There would not be a specific vacant unit charge for the following customer classes as explained.
- Vacant single family detached with meter – customers would pay the monthly base rate and presumably there would be no usage and, therefore, no usage charge.
 - Vacant single family attached (duplex, triplex, fourplex – master meter) – property owners would pay the monthly base rate and usage charges for the occupied units.
 - Vacant single family attached (duplex, triplex, fourplex – individual meter) – customers would pay the monthly base rate and presumably there would be no usage and, therefore, no usage charge.
 - Vacant apartment/condominium (master meter) – property owners would pay the monthly base rate and usage charges for the occupied units.
 - Vacant apartment/condominium (individual meter) – property owners would pay the monthly base rate and presumably there would be no usage and, therefore, no usage charge.
 - Vacant mobile home (master meter) – property owners would pay the monthly base rate and usage charges for the occupied units.
3. Water and Wastewater Rate Update In 2009, the City Council approved a five-year rate program for the wastewater utility and in 2010 for the water utility. Each separate action by the Council complied with the Proposition 218 requirements pertaining to such actions. The last pre-approved rate adjustment under that program was for the water utility, and a 2.5 percent increase effective February 15, 2014, below the 3.3 percent ENR index increase, was approved at a public hearing held on December 18, 2013. A summary of the programmed rate adjustments and the implemented rate adjustments for the past five years is provided in the table in Exhibit B. The purpose of this table is to demonstrate past rate increases have frequently been below the approved adjustments.

In preparation of the new five-year program, staff engaged the services of The Reed Group to analyze the financial models and current rate structure within both utilities. The final report, Water and Wastewater Rate Update Study, is provided in Exhibit C.

Staff is recommending a new five-year rate adjustment program for water, wastewater and solid waste that will be subject to the Proposition 218 process. As in the past, rate adjustment forecasts are based upon the financial models for each utility. The water and wastewater financial models are provided in Exhibits D and E, respectively. For both the water and wastewater utilities, the programmed adjustments are capped at three percent per year. Important elements of the financial models are presented below.

Water Financial Model

1. Financial assumptions presented on the final page were checked and reconfirmed against actual numbers.
2. Annual adjustments are capped at three percent and are indexed by the Engineering News Record 20-Cities Average Index.
3. Capital expenditures continue for the next four years of the Water Meter Program and include installation of meters at multi-family and non-residential customer locations.
4. Debt service payments for the water treatment facilities are approximately \$2.3 million per year.
5. New development revenue toward payment of the water plant debt service is assumed minimal to retain the utility's high bond rating.

6. Maintenance is scheduled for all wells in the system, amounting to approximately \$1.2 million.
7. Residual bond proceeds from the water treatment facilities financing, amounting to approximately \$2.3 million, are now shown in the financial model and will be used to pay debt service in a future year.
8. Net available capital at the end of Fiscal Year 2018/19 could be used to pay off a portion of the water treatment facilities debt at a considerable interest savings to our customers.

Wastewater Financial Model

1. Financial assumptions presented on the final page were checked and reconfirmed against actual numbers.
2. Annual adjustments are capped at three percent and are indexed by the Engineering News Record 20-Cities Average Index.
3. Wastewater main rehabilitation continues at an investment rate of approximately \$2.2 million every other year.
4. The 2003 Certificates of Participation debt service is paid off in the first year, amounting to approximately \$3.2 million.
5. Debt service payments for the improvements at White Slough are approximately \$3.5 million per year.
6. New development revenue toward payment of the wastewater plant debt service is assumed minimal to retain the utility's high bond rating.
7. Capital expenditures are planned, amounting to approximately \$11.4 million, to improve the irrigation conveyance and pumping facilities and to expand the secondary/industrial storage at White Slough in the latter two years of the model.
8. Net available capital at the end of Fiscal Year 2018/19 could be used to pay off a portion of the wastewater treatment facilities debt at a considerable interest savings to our customers.

At the January 6, 2010 City Council meeting to consider setting usage-based rates for water and wastewater, the following information was provided. *"The City has an existing usage-based rate structure for non-residential customers, and it is recommended that rate structure be maintained for those non-residential accounts for the time being. This structure includes a monthly base charge referenced to the meter size and a commodity charge of \$0.537 per CCF as presented in Exhibit C. It needs to be noted that the non-residential commodity charge is approximately one-half of the weighted average residential commodity charge (\$.537 versus \$1.11 per CCF) and that future work will need to be done to amend the non-residential rate structure to make it more comparable to the residential commodity charge rate. Both the base charge and commodity charge are likely to be increased."*

The recommendations within the rate study provided in Exhibit C present a transition plan to implement the abovementioned structural changes to the rates. In addition, the rate study addresses the following issues concerning the City's water and wastewater utilities and user rates.

- A. Estimated annual water and wastewater rate revenue requirements for the next five years
- B. Current flat and usage-based water and wastewater rate structures
- C. Water and wastewater customer account, water usage, and wastewater flow characteristics and influence on rate setting
- D. Cost of service and rate design issues related to development of new usage-based water and wastewater rate structures
- E. Recommendations for new water and wastewater rate schedules over the next five years

- F. Affects of the proposed new water and wastewater rates on various residential and non-residential customers
- G. Transition plans to usage-based water and wastewater rates for each customer classification

A summary of each of the above issues is provided in Section I of the rate study. More detailed information and analysis is provided in Sections II and III. A summary of the programmed rates for water and wastewater with the three percent adjustment and the structural changes are presented in Exhibit F and will be included in the Proposition 218 notice.

4. Solid Waste Rates The existing agreement with Waste Management for Solid Waste Collection, Recycling and Green Waste Collection and Processing Services in the City of Lodi (Agreement) was adopted in 2008 and extends until December 31, 2023. An amendment to the Agreement was approved in 2010 that gives the Contractor the unilateral option to extend the Agreement until December 31, 2030. Section 7 Rates, paragraphs b. and c. of the Agreement establish provisions for annual adjustment to the rates that are repeated below.

b. On April 1, 2009, and on each anniversary thereof during the term of this Agreement, the rates shall be adjusted in a percentage amount equal to eighty percent (80%) of the annual change in the Consumer Price Index for all Urban Consumers for San Francisco-Oakland-San Jose, California area (CPI), All Items (1982 – 84 = 100) published by the Bureau of Labor Statistics (the Index) for the twelve (12) month period ending December 31 of the preceding calendar year.

c. In January of each year, Contractor shall send to City a revised rate schedule reflecting the new rates, as adjusted by the Index as provided in Section 7.b. City Council will act on rate adjustments to be effective on April 1 of that year.

Staff recommends Council approve an annual rate adjustment that, at Waste Management's option, would be either (a) 80 percent of the annual change in the CPI, plus an adjustment for extraordinary increases in landfill fees, fuel and energy costs and changes in law up to 100 percent of the annual change in the CPI, or (b) 100 percent of the annual change in the CPI without those other adjustments but with a certification that Waste Management's costs had increased by more than 100 percent of the change in the CPI. Any increase greater than 100 percent of the CPI would require a separate Proposition 218 procedure and is subject to City Council approval. This change would simplify the rate adjustment process by generally making any changes in fuel, landfill and energy costs inclusive in the rate adjustment.

In addition, a new category of solid waste rates is added titled, "Commercial Compactor Rates" that apply to the smaller commercial waste compactors like those existing at Lodi Cinema 12 and in the City parking lot adjacent to the Woolworth Building. This rate schedule is provided in Exhibit G.

FISCAL IMPACT: Increased revenues are required to keep up with cost of service increases and new mandated costs.

FUNDING AVAILABLE: Not applicable.



for F. Wally Sandelin
Public Works Director

Exhibit A

Meter Charge Alternatives

Meter Size	Purchase Price	Recommended Price Based (Cost x 1.55)	Capacity Factor	Capacity Based	Installed Cost (Contract Prices)	Lodi Fee Schedule	Santa Clara Fee Schedule	No Charge
¾	\$194	\$300	1	\$300	\$940	\$400	\$370	\$0
1	\$226	\$350	1.67	\$500	\$1,420	\$480	\$365	\$0
1 ½	\$506	\$780	3.33	\$1,000	\$3,810	\$745	\$1,565	\$0
2	\$624	\$970	5.33	\$1,600	\$5,720	\$930	\$1,730	\$0
3	\$1,279	\$1,980	10	\$3,000	\$5,950	N/A	\$2,065	\$0
4	\$2,304	\$3,570	16.67	\$5,000	N/A	N/A	\$4,130	\$0
6	\$4,362	\$6,760	33.33	\$10,000	N/A	N/A	\$6,750	\$0
8	\$7,432	\$11,520	53.33	\$16,000	N/A	N/A	\$10,670	\$0

Exhibit B

Programmed and Implemented Rate Adjustments

Water

Year	Programmed	Implemented
2009	3.10 ⁽¹⁾	0
2010	0.73 ⁽¹⁾	0
2011	5.98 ⁽²⁾	2
2012	2.53 ⁽³⁾	2.2
2013	2.50 ⁽³⁾	2.5
2014	3.30 ⁽³⁾	2.5

(1) Consumer Price Index change

(2) Consumer Price Index change (December 2008 through December 2010)

(3) Engineering News Record Index change

CITY OF LODI

Water and Wastewater Rate Update Study

Final Report

October 21, 2013



THE REED GROUP, INC.

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SECTION I. SUMMARY

INTRODUCTION

The City of Lodi continues to install water meters on unmetered service connections of single family, multi-family, and non-residential customers. The City expects to complete the meter retrofit program in 2018. At the beginning of each year, the City transitions batches of customers to usage-based water rates using data collected from water meters, and the City is also beginning to transition customers to usage-based wastewater rates as well.

In 2008, the City retained The Reed Group, Inc. to assist in developing financial plans and utility rates for the City's water and wastewater utilities. Various analyses have been performed since that time to help guide the City in dealing with a variety of water and wastewater rate and financial issues, including the transition to usage-based billing. The purpose of this report is to recommend water and wastewater rates that will meet each utility's financial needs and continue the transition towards usage-based billing for all customers.

This report addresses the following issues concerning the City's water and wastewater utilities and user rates:

- ❖ Estimated annual water and wastewater rate revenue requirements for the next five years
- ❖ Current flat and usage-based water and wastewater rate structures, and the need to continue to develop new usage-based rate structures
- ❖ Water and wastewater customer account, water usage, and wastewater flow characteristics and influence on rate setting
- ❖ Cost of service and rate design issues related to development of new usage-based water and wastewater rate structures
- ❖ Recommendations for new water and wastewater rate schedules, as well as adjustments in the level of the rates during the next five years
- ❖ Affect of the proposed new water and wastewater rates on various residential and non-residential customers
- ❖ Summary of plans to continue the transition to usage-based water and wastewater rates for each customer classification
- ❖ Plans and requirements for adopting new water and wastewater rates.

REVENUE NEEDS OF THE WATER AND WASTEWATER UTILITIES

Several years ago, The Reed Group, Inc. assisted the City by developing multi-year financial plan models for the water and wastewater utilities. These models enabled the City to evaluate the financial implications of the meter retrofit program, the construction and financing of the new surface water treatment plant, and other capital improvements of both utilities, as well as ongoing operation and maintenance costs, debt service obligations,

and other factors affecting the financial condition and needs of the utilities. Since that time, City staff has annually updated the financial plan models. The financial plan models have enabled the City to make near-term financial and rate decisions with a long-term planning horizon in mind, and this has led to the moderation and stabilization of annual rate increases for both utilities.

In recent years, annual water rate increases have been less than 3 percent, and wastewater rate increases have declined from double-digit levels down to 2.5 percent. Current financial plan models estimate annual water and wastewater rate increases can be limited to 3 percent per year through FY 19-20.

Proposed water and wastewater rate schedules presented in this report reflect an overall 2.5 percent increase in the level of water rate revenue in the upcoming year (effective in January 2014) and no more than 3 percent in the level of the wastewater rate revenue (effective in July 2014). Beyond that, it is recommended that the City re-adopt provisions to annually adjust water and wastewater rate increases by changes in the *Engineering News Record's* 20-Cities Construction Cost Index (ENR) for up to five years, subject to a 3 percent cap. These annual rate adjustments would also be subject to annual review by staff to confirm need and concurrence by the City Council.

PROPOSED WATER RATES

Proposed flat (unmetered) water rates are presented in **Exhibit I-1**, and proposed usage-based (metered) water rates are presented in **Exhibit I-2**. Both of these rate schedules reflect a 2.5 percent overall rate increase in January 2014 (based on previously approved indexing using the ENR), and 3.0 percent increases each January from 2015 through 2019 (reflecting the maximum allowed under the proposed indexing criteria). As the City will be phasing out the flat water rates as the meter retrofit program winds down, no changes to the structure of the flat rates are proposed.

Proposed usage-based water rates include a gradual, three-year transition in the structure. At present, the volumetric water rate for multi-family and non-residential accounts is equal to the first tier rate for single family customers. Under the proposed rates the uniform multi-family and non-residential rate will equal the weighted average across the single family tier structure, thereby bringing better balance across the various customer classes. In addition, monthly service charges should be adjusted to better reflect the capacity relationship across meter sizes, and thereby improve equity between large and small customers. Both of these changes are intended to better align the water rates with cost of service principles, as required by Proposition 218.

Exhibit I-2 includes the three years of phased rate structure changes in the rate schedules for 2014, 2015, and 2016. The 2014 schedule reflects the 2.5 percent overall annual rate revenue increase relative to current rates (with some rate components increasing and others decreasing each year), and the 2015 and 2016 schedules reflect the maximum indexing of 3.0 percent in each of those years. These transitional rate structures would be subject to downward adjustments in both 2015 and 2016 if the City Council determines that smaller increases are needed in those years.

Details of water rate recommendations are presented in Section II of this report.

**Exhibit I-1
City of Lodi
Current and Proposed Flat Water Rates**

	Future Rate Ceiling						
	Current (Jan. 2013)	Proposed (Jan. 2014)	Proposed (Jan. 2015)	Proposed (Jan. 2016)	Proposed (Jan. 2017)	Proposed (Jan. 2018)	Proposed (Jan. 2019)
Rate Increase -->		2.5%	3.0%	3.0%	3.0%	3.0%	3.0%
FLAT RATES							
Single Family Residential							
1 Bedroom	\$ 29.90	\$ 30.65	\$ 31.57	\$ 32.52	\$ 33.50	\$ 34.51	\$ 35.55
2 Bedroom	\$ 35.91	\$ 36.81	\$ 37.91	\$ 39.05	\$ 40.22	\$ 41.43	\$ 42.67
3 Bedroom	\$ 43.04	\$ 44.12	\$ 45.44	\$ 46.80	\$ 48.20	\$ 49.65	\$ 51.14
4 Bedroom	\$ 51.72	\$ 53.01	\$ 54.60	\$ 56.24	\$ 57.93	\$ 59.67	\$ 61.46
5 Bedroom	\$ 62.03	\$ 63.58	\$ 65.49	\$ 67.45	\$ 69.47	\$ 71.55	\$ 73.70
6 Bedroom	\$ 74.44	\$ 76.30	\$ 78.59	\$ 80.95	\$ 83.38	\$ 85.88	\$ 88.46
Multi-Family (1)							
1 Bedroom	\$ 25.67	\$ 26.31	\$ 27.10	\$ 27.91	\$ 28.75	\$ 29.61	\$ 30.50
2 Bedroom	\$ 30.79	\$ 31.56	\$ 32.51	\$ 33.49	\$ 34.49	\$ 35.52	\$ 36.59
3 Bedroom	\$ 36.94	\$ 37.86	\$ 39.00	\$ 40.17	\$ 41.38	\$ 42.62	\$ 43.90
4 Bedroom	\$ 44.32	\$ 45.43	\$ 46.79	\$ 48.19	\$ 49.64	\$ 51.13	\$ 52.66
Mobile Homes							
Any Size	\$ 25.67	\$ 26.31	\$ 27.10	\$ 27.91	\$ 28.75	\$ 29.61	\$ 30.50
Non-Residential							
Existing unmetered	Varies	+2.5%	+3.0%	+3.0%	+3.0%	+3.0%	+3.0%

Notes:

(1) Multi-family includes duplexes, triplexes, fourplexes, apartments, and condominiums.

PROPOSED WASTEWATER RATES

Proposed flat (unmetered) wastewater rates are presented in **Exhibit I-3**, and proposed usage-based (metered) wastewater rates are presented in **Exhibit I-4**. Both of these rate schedules reflect 3.0 percent increases each July from 2014 through 2018 (reflecting the maximum allowed under the proposed indexing criteria). Similar to flat water rates, no changes to the structure of flat wastewater rates are proposed, as they will be phased out in upcoming years.

In 2010, the City developed usage-based wastewater rates for single family customers. In July 2012, the City transitioned about 2,940 single family customers to the usage-based wastewater rates, expects to transition an additional 3,700 in July 2014, and will continue each year with more. However, usage-based wastewater rates for other customer classes are not currently available. The usage-based wastewater rates proposed herein include fixed monthly service charges and volumetric rates for all customer classes. While the rate schedule includes usage-based rates for non-residential uses, the City plans to focus on transitioning single family and multi-family residential customer to usage-based rates, and then transition non-residential customers. Rate structure transition issues are discussed in greater in Section III of this report. Additional refinements to the rate structure will be required as the City gains data and experience with the usage-based rates, as well as categorizes non-residential customers into appropriate strength classifications.

Details of wastewater rate recommendations are presented in Section III of this report.

ANNUAL ADJUSTMENTS TO WATER AND WASTEWATER RATES

Government Code Section 53756 authorizes the City to adopt a mechanism for adjusting water and wastewater rates to offset the affects of inflation for up to five years. Consistent with past practices, it is recommended that, in approving the proposed rates, the City also approve annual adjustments to water rates beginning in January 2015 and to wastewater rates beginning in July 2014 by the annual change in the *Engineering News Record's* 20-Cities Construction Cost Index (ENR), subject to a 3 percent annual cap. These annual rate adjustments would also be subject to annual review by staff to confirm need and concurrence by the City Council. In accordance with Section 53756, customers should be informed of the changes in the rate schedules at least 30 days prior to their implementation. This can be achieved through a bill insert, or other means.

Water and wastewater rate schedules presented in Exhibits I-1 through I-4 reflect the maximum 3.0 percent potential adjustment to the rates each year (January 2015 through January 2019 for water rates and July 2014 through July 2018 for wastewater). These schedules, therefore, reflect the "ceiling" for the rates at any time during this five-year period. Actual annual rate adjustments would be based on the actual change in the ENR index (subject to a 3.0 percent cap), financial need, and concurrence by the City Council.

As the City continues to transition customers from flat water and wastewater rates to usage-based rates there is some uncertainty as to the affect it may have on revenues. Therefore, it is important for the City to continue to monitor water usage characteristics and rate revenues for both utilities on an annual basis.

**Exhibit I-3
City of Lodi
Current and Proposed Flat Wastewater Rates**

	Future Rate Ceiling						
	Current (Jul. 2013)	Proposed (Jul. 2014)	Proposed (Jul. 2015)	Proposed (Jul. 2016)	Proposed (Jul. 2017)	Proposed (Jul. 2018)	
Rate Increase -->		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
FLAT RATES							
Single Family Residential							
1 Bedroom	\$ 25.83	\$ 26.60	\$ 27.40	\$ 28.22	\$ 29.07	\$ 29.94	\$ 29.94
2 Bedroom	\$ 34.44	\$ 35.47	\$ 36.53	\$ 37.63	\$ 38.76	\$ 39.92	\$ 39.92
3 Bedroom	\$ 43.05	\$ 44.34	\$ 45.67	\$ 47.04	\$ 48.45	\$ 49.90	\$ 49.90
4 Bedroom	\$ 51.66	\$ 53.21	\$ 54.81	\$ 56.45	\$ 58.14	\$ 59.88	\$ 59.88
5 Bedroom	\$ 60.27	\$ 62.08	\$ 63.94	\$ 65.86	\$ 67.84	\$ 69.88	\$ 69.88
6 Bedroom	\$ 68.88	\$ 70.95	\$ 73.08	\$ 75.27	\$ 77.53	\$ 79.86	\$ 79.86
7 Bedroom	\$ 77.49	\$ 79.81	\$ 82.20	\$ 84.67	\$ 87.21	\$ 89.83	\$ 89.83
Duplexes, Triplexes, Fourplexes, Apartments, and Condominiums							
1 Bedroom	\$ 25.83	\$ 26.60	\$ 27.40	\$ 28.22	\$ 29.07	\$ 29.94	\$ 29.94
2 Bedroom	\$ 34.44	\$ 35.47	\$ 36.53	\$ 37.63	\$ 38.76	\$ 39.92	\$ 39.92
3 Bedroom	\$ 43.05	\$ 44.34	\$ 45.67	\$ 47.04	\$ 48.45	\$ 49.90	\$ 49.90
4 Bedroom	\$ 51.66	\$ 53.21	\$ 54.81	\$ 56.45	\$ 58.14	\$ 59.88	\$ 59.88
Mobile Homes							
Any Size	\$ 25.83	\$ 26.60	\$ 27.40	\$ 28.22	\$ 29.07	\$ 29.94	\$ 29.94
Non-Residential (1)							
Per SSU	\$ 34.44	\$ 35.47	\$ 36.53	\$ 37.63	\$ 38.76	\$ 39.92	\$ 39.92

Notes:

(1) Proposed flat wastewater rates for schools are to be determined on the basis of 18 student per SSU.

**Exhibit I-4
City of Lodi
Current and Proposed Usage-Based Wastewater Rates**

	Current (Jul. 2013)	Future Rate Ceiling				
		Proposed (Jul. 2014)	Proposed (Jul. 2015)	Proposed (Jul. 2016)	Proposed (Jul. 2017)	Proposed (Jul. 2018)
	Rate Increase -->	3.0%	3.0%	3.0%	3.0%	3.0%
USAGE-BASED RATES						
Monthly Service Charge						
Single Family (per DU)	\$ 23.52	\$ 24.23	\$ 24.96	\$ 25.71	\$ 26.48	\$ 27.27
Multi-Family and Non-Residential (1)						
3/4" meter		\$ 24.23	\$ 24.96	\$ 25.71	\$ 26.48	\$ 27.27
1" meter		\$ 38.83	\$ 39.99	\$ 41.19	\$ 42.43	\$ 43.70
1 1/2" meter		\$ 75.03	\$ 77.28	\$ 79.60	\$ 81.99	\$ 84.45
2" meter		\$ 118.63	\$ 122.19	\$ 125.86	\$ 129.64	\$ 133.53
3" meter		\$ 220.45	\$ 227.06	\$ 233.87	\$ 240.89	\$ 248.12
4" meter		\$ 365.88	\$ 376.86	\$ 388.17	\$ 399.82	\$ 411.81
6" meter		\$ 729.12	\$ 750.99	\$ 773.52	\$ 796.73	\$ 820.63
8" meter		\$ 1,165.18	\$ 1,200.14	\$ 1,236.14	\$ 1,273.22	\$ 1,311.42
Usage Rates (\$/CCF)						
Single Family (2)	\$ 2.68	\$ 2.76	\$ 2.84	\$ 2.93	\$ 3.02	\$ 3.11
Multi-Family (2)		\$ 2.76	\$ 2.84	\$ 2.93	\$ 3.02	\$ 3.11
Non-Residential (2) (3)						
Low Strength		\$ 2.76	\$ 2.84	\$ 2.93	\$ 3.02	\$ 3.11
Medium Strength		\$ 3.45	\$ 3.55	\$ 3.66	\$ 3.77	\$ 3.88
High Strength		\$ 4.49	\$ 4.62	\$ 4.76	\$ 4.90	\$ 5.05
Industrial (4)						
Flow (per MG annually)	\$ 3,487.41	\$ 3,592.03	\$ 3,699.79	\$ 3,810.78	\$ 3,925.10	\$ 4,042.85
BOD (per 1,000 lbs annually)	\$ 575.51	\$ 592.78	\$ 610.56	\$ 628.88	\$ 647.75	\$ 667.18
SS (per 1,000 lbs annually)	\$ 359.85	\$ 370.65	\$ 381.77	\$ 393.22	\$ 405.02	\$ 417.17

Notes:

- (1) Multi-family includes duplexes, triplexes, fourplexes, apartments, condominiums, and mobile home parks.
- (2) Usage charge based on winter water use determined as the average from the prior December-February period. Adjusted each July for each account.
- (3) Placeholder. These rates not yet in use.
- (4) Applies to industrial users discharging into the domestic sewer system.

AFFECT OF PROPOSED RATES ON CUSTOMER BILLS

Flat water rates are proposed to increase by 2.5 percent in January 2014 and flat wastewater rates are proposed be adjusted by no more than 3 percent in July 2014 to meet anticipated revenue needs of the utilities. No structural changes are proposed for flat rates. Customers subject to flat rates will therefore see a 2.5 percent change in their monthly water bills, and no more than a 3 percent change in their monthly wastewater bills.

Rate structure changes are proposed for usage-based water rates, which will result in smaller or larger changes in bill amounts for affected customers. In general, single family residential customers will benefit from the change, and non-residential customers will, in most but not all cases, see bill increases in excess of 2.5 percent. The proposed rate structure changes, as described in Section II of this report, are intended to improve the equity between the customer classes in the charges for water service.

Multi-family customers, including mobile homes parks, will soon begin to be transitioned to usage-based rates. While usage-based billing may result in the City shifting billing from tenants to property owners, the total charges for water service within most apartment complexes and mobile home parks, as well as duplexes, triplexes, and fourplexes, are likely to be significantly lower if billed to property owners with usage-based rates compared with cumulative flat rate billing to the tenants.

With the exception of the transitioning single family residential customers from flat wastewater rates to usage-based wastewater rates, other wastewater customers will continue to be billed on flat rates until at least July 2015. Usage-based wastewater rates are based on winter water usage for each account, and non-residential customers will be assigned to low, medium, or high strength categories, depending on the type of business. When the transition does occur, multi-family residential customers will likely benefit from usage-based rates. Additional analysis is required to assess the potential implications of usage-based rates for non-residential customers, and further refinements to wastewater rates will be required in the years ahead as more data and analyses become available.

Exhibit I-5 summarizes the affect of proposed water rates (effective January 2014) and proposed wastewater rates (effective July 2014) on monthly bills for a sampling of residential customers. Both flat rates and usage-based rate examples are presented, as well as changes in combined water and wastewater bills.

Exhibit I-6 summarizes the affect of proposed water rates (effective January 2014) and proposed wastewater rates (effective July 2014) on average monthly bills for a sampling of non-residential customers. In all cases, non-residential customers shown are subject to usage-based water rates and flat wastewater rates during this period.

Bill water amounts under proposed rates in Exhibits I-5 and I-6 reflect both the 2.5 percent overall rate increase, as well as the first step in the rate restructuring for usage based water rates. Additional details on the water and wastewater rates and related analyses are presented in Sections II and III, respectively, of this report.

**Exhibit I-5
City of Lodi
Water Bills for Sample of Residential Customers**

	Water Use (CCF)	Monthly Water Bill		Change	
		Current Rates	Proposed Rates	\$s	%
		(Jan. 2013)	(Jan. 2014)		
Single Family Residential					
Flat Rate - 2 Bdrm Home	n/a	\$ 35.91	\$ 36.81	\$ 0.90	2.5%
Flat Rate - 3 Bdrm Home	n/a	\$ 43.04	\$ 44.12	\$ 1.08	2.5%
Mtr'd Rate - Low Usage	9	\$ 32.06	\$ 31.72	\$ (0.34)	-1.1%
Mtr'd Rate - Median Usage	16	\$ 41.26	\$ 40.76	\$ (0.50)	-1.2%
Mtr'd Rate - High Usage	32	\$ 63.34	\$ 62.36	\$ (0.98)	-1.5%
Muti-Family Residential (1)					
Flat Rate - 2 Bdrm Apartment	n/a	\$ 30.79	\$ 31.56	\$ 0.77	2.5%
Duplex w/ 3/4" Mtr.	36	\$ 61.58	\$ 59.26	\$ (2.32)	-3.8%
Fourplex w/ 1" Wtr. Mtr.	60	\$ 123.16	\$ 97.38	\$ (25.78)	-20.9%
12 Unit Apartment w/ 1 1/2" Mtr.	150	\$ 369.48	\$ 212.08	\$ (157.40)	-42.6%
80 Unit Apartment w/ 4" Mtr.	720	\$ 2,463.20	\$ 913.14	\$ (1,550.06)	-62.9%
40 Unit MH Park w/ 2" Mtr.	250	\$ 1,026.80	\$ 334.29	\$ (692.51)	-67.4%

Wastewater Bills for Sample of Residential Customers

	Winter Wtr. Use (CCF)	Monthly Wastewater Bill		Change	
		Current Rates	Proposed Rates	\$s	%
		(Jul. 2013)	(Jul. 2014)		
Single Family Residential					
Flat Rate - 2 Bdrm Home	n/a	\$ 34.44	\$ 35.47	\$ 1.03	3.0%
Flat Rate - 3 Bdrm Home	n/a	\$ 43.05	\$ 44.34	\$ 1.29	3.0%
Mtr'd Rate - Low Usage	6	\$ 39.60	\$ 40.79	\$ 1.19	3.0%
Mtr'd Rate - Median Usage	9	\$ 47.64	\$ 49.07	\$ 1.43	3.0%
Mtr'd Rate - High Usage	12	\$ 55.68	\$ 57.35	\$ 1.67	3.0%
Muti-Family Residential (1)					
Flat Rate - 2 Bdrm Apartment	n/a	\$ 34.44	\$ 35.47	\$ 1.03	3.0%
Duplex w/ 3/4" Mtr.	16	\$ 68.88	\$ 68.39	\$ (0.49)	-0.7%
Fourplex w/ 1" Wtr. Mtr.	28	\$ 137.76	\$ 116.11	\$ (21.65)	-15.7%
12 Unit Apartment w/ 1 1/2" Mtr.	72	\$ 413.28	\$ 273.75	\$ (139.53)	-33.8%
80 Unit Apartment w/ 4" Mtr.	480	\$ 2,755.20	\$ 1,690.68	\$ (1,064.52)	-38.6%
40 Unit MH Park w/ 2" Mtr.	180	\$ 1,033.20	\$ 615.43	\$ (417.77)	-40.4%

Combined Water and Wastewater Bills for Sample of Residential Customers

	Monthly Wtr/WW Bill		Change	
	Current Rates	Proposed Rates	\$s	%
Single Family Residential				
Flat Rate - 2 Bdrm Home	\$ 70.35	\$ 72.28	\$ 1.93	2.7%
Flat Rate - 3 Bdrm Home	\$ 86.09	\$ 88.46	\$ 2.37	2.8%
Mtr'd Rate - Low Usage	\$ 71.66	\$ 72.51	\$ 0.85	1.2%
Mtr'd Rate - Median Usage	\$ 88.90	\$ 89.83	\$ 0.93	1.0%
Mtr'd Rate - High Usage	\$ 119.02	\$ 119.71	\$ 0.69	0.6%
Muti-Family Residential (1)				
Flat Rate - 2 Bdrm Apartment	\$ 65.23	\$ 67.03	\$ 1.80	2.8%
Duplex w/ 3/4" Mtr.	\$ 130.46	\$ 127.65	\$ (2.81)	-2.2%
Fourplex w/ 1" Wtr. Mtr.	\$ 260.92	\$ 213.49	\$ (47.43)	-18.2%
12 Unit Apartment w/ 1 1/2" Mtr.	\$ 782.76	\$ 485.83	\$ (296.93)	-37.9%
80 Unit Apartment w/ 4" Mtr.	\$ 5,218.40	\$ 2,603.82	\$ (2,614.58)	-50.1%
40 Unit MH Park w/ 2" Mtr.	\$ 2,060.00	\$ 949.72	\$ (1,110.28)	-53.9%

Notes:

- (1) Current bill amounts for multi-family examples are all based on flat rates, and assume two bedroom dwelling units. Proposed bill amounts are based on metered rates, except where noted.

Exhibit I-6
City of Lodi
Water Bills for Sample of Non-Residential Customers

	Water Use (CCF)	Monthly Water Bill		Change	
		Current Rates (Jan. 2013)	Proposed Rates (Jan. 2014)	\$s	%
Retail Store (w/ 1" mtr.)	48	\$ 82.76	\$ 85.38	\$ 2.62	3.2%
Small Motel (w/ 1" mtr.)	120	\$ 149.00	\$ 157.38	\$ 8.38	5.6%
Restaurant (w/ 1 1/2" mtr.)	160	\$ 207.59	\$ 222.25	\$ 14.65	7.1%
Small Manufacturer (w/ 2" mtr.)	169	\$ 230.75	\$ 253.29	\$ 22.54	9.8%
Grocery Store (w/ 2 mtrs.)	518	\$ 611.76	\$ 664.04	\$ 52.27	8.5%
Big Box Retail (w/ 2 mtrs.)	541	\$ 633.48	\$ 687.64	\$ 54.16	8.5%
Large Retail Store (w/ 2" mtr.)	739	\$ 815.16	\$ 931.89	\$ 116.73	14.3%
Large Office Bldg. (w/ 4" mtr.)	704	\$ 783.11	\$ 897.06	\$ 113.94	14.6%
High School (w/ 3 mtrs.)	2,268	\$ 2,441.57	\$ 2,818.13	\$ 376.56	15.4%
Hospital (w/ 6 mtrs.)	2,963	\$ 3,505.27	\$ 4,067.37	\$ 562.10	16.0%
Indus. Food Processor (w/ 4 mtrs.)	6,025	\$ 5,973.20	\$ 6,659.34	\$ 686.14	11.5%
Indus. Food Processor (w/ 6 mtrs.)	8,565	\$ 8,376.22	\$ 9,156.93	\$ 780.71	9.3%

Wastewater Bills for Sample of Non-Residential Customers

	WW Use (SSUs)	Monthly Wastewater Bill		Change	
		Current Rates (Jul. 2013)	Proposed Rates (Jul. 2014)	\$s	%
Retail Store	3.12	\$ 107.45	\$ 110.67	\$ 3.21	3.0%
Small Motel	4.00	\$ 137.76	\$ 141.88	\$ 4.12	3.0%
Restaurant	14.00	\$ 482.16	\$ 496.58	\$ 14.42	3.0%
Small Manufacturer	22.85	\$ 786.95	\$ 810.49	\$ 23.54	3.0%
Grocery Store	25.00	\$ 861.00	\$ 886.75	\$ 25.75	3.0%
Big Box Retail	36.08	\$ 1,242.60	\$ 1,279.76	\$ 37.16	3.0%
Large Retail Store	13.98	\$ 481.47	\$ 495.87	\$ 14.40	3.0%
Large Office Building	92.63	\$ 3,190.18	\$ 3,285.59	\$ 95.41	3.0%
High School	133.93	\$ 4,612.55	\$ 4,750.50	\$ 137.95	3.0%
Hospital	48.56	\$ 1,672.41	\$ 1,722.42	\$ 50.02	3.0%
Industrial Food Processor	639.67	\$ 22,030.23	\$ 22,689.09	\$ 658.86	3.0%
Industrial Food Processor	1,258.06	\$ 43,327.59	\$ 44,623.39	\$ 1,295.80	3.0%

Combined Water and Wastewater Bills for Sample of Non-Residential Customers

	Monthly Wtr/WW Bill		Change	
	Current Rates	Proposed Rates	\$s	%
Retail Store	\$ 190.21	\$ 196.05	\$ 5.83	3.1%
Small Motel	\$ 286.76	\$ 299.26	\$ 12.50	4.4%
Restaurant	\$ 689.75	\$ 718.83	\$ 29.07	4.2%
Small Manufacturer	\$ 1,017.70	\$ 1,063.78	\$ 46.08	4.5%
Grocery Store	\$ 1,472.76	\$ 1,550.79	\$ 78.02	5.3%
Big Box Retail	\$ 1,876.07	\$ 1,967.39	\$ 91.32	4.9%
Large Retail Store	\$ 1,296.63	\$ 1,427.76	\$ 131.13	10.1%
Large Office Building	\$ 3,973.29	\$ 4,182.64	\$ 209.35	5.3%
High School	\$ 7,054.12	\$ 7,568.63	\$ 514.51	7.3%
Hospital	\$ 5,177.68	\$ 5,789.79	\$ 612.11	11.8%
Industrial Food Processor	\$ 28,003.44	\$ 29,348.44	\$ 1,345.00	4.8%
Industrial Food Processor	\$ 51,703.80	\$ 53,780.32	\$ 2,076.52	4.0%

SECTION II. WATER RATES

This section of the report describes water rate recommendations for the City's water utility. The City's multi-year financial plan was used to determine annual water rate revenue requirements, and to develop the strategy for meeting current and future financial obligations. The annual rate revenue requirement is the amount of revenue needed from water rates to cover estimated operating, maintenance, debt service, and capital program costs with consideration of other revenues and financial reserves.

Water rate recommendations are also intended to assist the City in the transition to a fully metered water system and universal usage-based water rates. Rate structure changes are intended to improve equity across customer classes by better reflecting the cost of providing service.

CURRENT WATER RATES

The City's current water rates are summarized in **Exhibit II-1**. Water rates were last adjusted in January 2013 with a 2.5 percent across-the-board increase based on changes in the *Engineering News Record's* 20-Cities Construction Cost Index (ENR). This index is used by the City to annually adjust the level of water and wastewater rates.

**Exhibit I-1
City of Lodi
Current Monthly Water Rates**

FLAT RATES		USAGE-BASED RATES			
Single Family Residential		Single Family Residential			
1 Bedroom	\$ 29.90	Monthly Service Charges		Usage Rates (\$/CCF)	
2 Bedroom	\$ 35.91	3/4" meter	\$ 23.78	Tier 1 (0-10 CCF)	\$ 0.92
3 Bedroom	\$ 43.04	1" meter	\$ 38.60	Tier 2 (11-50 CCF)	\$ 1.38
4 Bedroom	\$ 51.72	1 1/2" meter	\$ 75.42	Tier 3 (>50 CCF)	\$ 1.82
5 Bedroom	\$ 62.03	2" meter	\$ 119.79		
6 Bedroom	\$ 74.44				
7 Bedroom	\$ 89.31				
Multi-Family (1)		Multi-Family and Non-Residential (1)			
1 Bedroom	\$ 25.67	Monthly Service Charges		Usage Rates (\$/CCF)	
2 Bedroom	\$ 30.79	3/4" meter	\$ 23.78	All water usage	\$ 0.92
3 Bedroom	\$ 36.94	1" meter	\$ 38.60		
4 Bedroom	\$ 44.32	1 1/2" meter	\$ 60.24		
		2" meter	\$ 75.27		
		3" meter	\$ 105.38		
Mobile Homes		4" meter	\$ 135.51		
Any Size	\$ 25.67	6" meter	\$ 195.68		
Non-Residential		8" meter	\$ 255.91		
Exist. unmetered	Varies	10" meter	\$ 316.01		

Notes:

(1) Multi-family includes duplexes, triplexes, fourplexes, apartments, and condominiums.

Residential flat rates are based on the number of bedrooms in each dwelling, and are based on water usage estimates made prior to the availability of water usage data. All flat rates will be phased out as the installation of water meters is completed. Water usage rates include a fixed monthly service charge, based on size of the water meter, and volumetric charges based on a customer's actual water usage. Single family customers are subject to a three-tier rate structure, which includes a lower initial rate intended for non-discretionary uses of water and higher rates for discretionary uses intended to provide an incentive to conserve water. Multi-family and non-residential customers are subject to a uniform water usage rate.

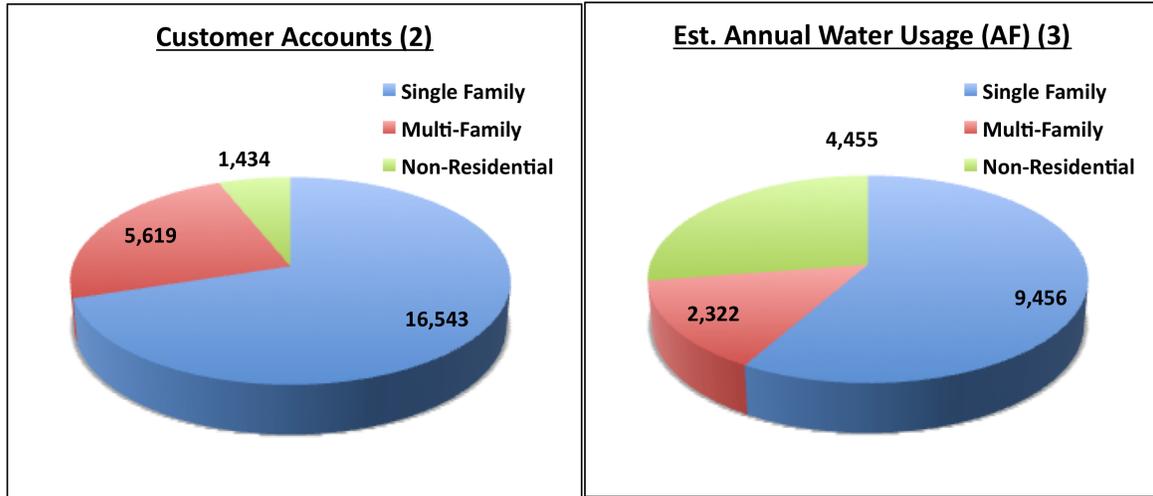
At present, tenants of multi-family apartments and mobile home parks are billed for water and wastewater services. As water meters are installed for apartment complexes and mobile home parks the billing for these services may be transferred from tenants to property owners.

CUSTOMER BASE AND WATER USAGE DATA

The water utility's customer base is predominately comprised of single family and multi-family residential customers, along with commercial, industrial, and municipal customers. Some non-residential customers, including food-processing facilities, use very large quantities of water. Because the City is not entirely metered total water usage must be estimated. **Exhibit II-2** summarizes customer account and water usage estimates derived from the City's utility billing system for 2012. With residential accounts expressed as the number of dwelling units, the water utility customer base is nearly 23,600 accounts and estimated annual water usage is about 16,233 acre-feet (AF). Single family accounts represent 70 percent of the customers and 58 percent of the water usage. Multi-family accounts represent 24 percent of the customers and 14 percent of the water usage. Non-residential accounts comprise about 6 percent of the customer base, and also represent about 27 percent of annual water usage. The City's largest water users include several industrial customers (primarily food-processing), as well as the City of Lodi, and the Lodi Unified School District.

By January 2014, more than one-half of the City's single family residential customers will be on usage-based water rates, with two- to three-thousand single family customers transitioning to usage-based rates each year. All single family customers are expected to be transitioned to usage-based water rates by 2019. The installation of water meters for all customers is expected to be completed by 2018. About 75 percent of non-residential customers are metered and have been on usage-based water rates. The City plans to transition mobile home parks to usage-based rate in 2014, the remaining non-residential accounts by 2017, and multi-family accounts by 2020.

**Exhibit II-2
City of Lodi
Summary of Water Utility Customer Accounts and Annual Water Usage (1)**



Notes:

- (1) Derived from the City's utility billing system from data for 2012.
- (2) Total customer accounts equals 23,596. Residential accounts expressed in dwelling units.
- (3) Total estimated annual water usage equals 16,233 acre-feet (AF).

ANNUAL WATER REVENUE RATE REQUIREMENT

The City has updated its multi-year financial model with actual revenues and expenses (pre-audit) for FY 12-13 and the approved budget for FY 13-14. Based on that model, the City estimates an annual water rate increase of 2.5 percent in January 2014 followed by annual water rate increases of no more than 3 percent per year thereafter. These rate increases are believed to be sufficient to meet the utility's operating and maintenance costs, debt service obligations, and capital program needs through FY 19-20.

The City adjusts its water rates in January of each year based on the annual change in the ENR, subject to a 3.0 percent cap and concurrence by the City Council. Based on the current ENR and staff's analysis of financial need, the rate analyses presented herein are based on a 2.5 percent increase effective in January 2014. This is consistent with the City's updated financial plan model.

The City anticipates approximately 2,350 additional single family residential customers will be converted to usage-based rates in January 2014. With that shift, and an overall 2.5 percent rate increase, water rate revenues from flat and usage based customers is estimated to be \$12,931,000, as summarized below

Flat rate revenue	\$5,781,000
Usage-based rate revenue	<u>\$7,150,000</u>
Total 2014 water rate revenue	\$12,931,000

No changes are proposed to the City's flat water rate structure. Therefore, a 2.5 percent rate increase will mean a 2.5 percent increase to all flat water rates. With a transition of approximately 2,350 additional single family customers to water meters in January 2014

the water utility will be billing nearly 8,400 customer accounts through usage-based water rates. The annual water rate revenue requirement for the City's usage-based water rates will be \$7,150,000 for 2014, with this increased portion of the customer base on usage-based rates. This is the revenue requirement used for the calculation of usage-based water rates.

COST OF SERVICE ANALYSIS AND RATE DESIGN

The annual water rate revenue requirement of \$12,931,000 for 2014 has been split between flat and usage-based rates based on the number of accounts and water use characteristics of the customer base within each group. The cost of service analysis for each group is separately presented below.

Flat Rate Cost of Service Analysis

As the City will be phasing out the system of flat water rates in the next few years, no changes to the rate structure are proposed. The City's flat rates are based on the number of bedrooms in each single family and multi-family dwelling unit. Non-residential flat rate accounts have each been assigned a unique single family equivalency factor, based on estimated usage characteristics, relative to single family homes.

Exhibit II-3 summarizes the distribution of the 2014 revenue requirement for flat rate accounts of various customer types, and shows the calculation of the monthly flat water rates. Monthly flat water rates are proposed to increase by 2.5 percent in January 2014.

Usage-Based Rate Cost of Service Analysis

A more detailed cost of service analysis was prepared for the City's usage-based water rates. The analysis was based on the number and type of customers that will be subject to these rates in 2014.

Once the 2014 usage-based revenue requirement of \$7,150,000 was determined, the next step in the rate setting process is to evaluate the cost of providing service. Water rate calculations contained herein are intended to generate the level of revenue commensurate with the revenue requirement for usage-based customers. The manner in which each customer is responsible for the water utility's costs is the subject of the cost of service analysis.

The water utility incurs certain types of costs associated with making water service available to customers. Other costs are incurred as a direct result of customer water usage. The cost of service analysis is intended to allocate the costs of providing water service to customers in proportion to customers' water demands and service requirements. There are many approaches to cost of service analysis; some are more complex than others. The approach used herein is commensurate with the data available, the distinctions currently made between various types of customers, and the requirement to fairly and to reasonably reflect the differences in service provisions to different customers.

Exhibit II-3
City of Lodi
2014 Flat Water Rate Cost of Service Analysis and Rate Calculation

Customer Group	No. of Accts. or DUs (1)	Equivalency Factor (2)	Single Family Equivalents (3)	% of Total	Alloc. of Revenue Rqmt.	Monthly Flat Water Rate
Single Family Residential						
1 Bedroom	549	0.83	458	3.5%	\$ 201,900	\$ 30.65
2 Bedroom	3,908	1.00	3,908	29.9%	\$ 1,726,500	\$ 36.81
3 Bedroom	2,787	1.20	3,344	25.5%	\$ 1,476,000	\$ 44.12
4 Bedroom	288	1.44	415	3.2%	\$ 183,200	\$ 53.01
5 Bedroom	23	1.73	40	0.3%	\$ 17,500	\$ 63.58
6 Bedroom	1	2.07	2	0.0%	\$ 900	\$ 76.30
Multi-Family Residential						
1 Bedroom	2,177	0.71	1,556	11.9%	\$ 687,300	\$ 26.31
2 Bedroom	3,311	0.86	2,839	21.7%	\$ 1,253,900	\$ 31.56
3 Bedroom	129	1.03	133	1.0%	\$ 58,600	\$ 37.86
4 Bedroom	2	1.23	2	0.0%	\$ 1,100	\$ 45.43
Non-Residential						
Various	271	Varies	394	3.0%	\$ 174,100	Varies (4)
Totals	13,446		13,091		\$ 5,781,000	

Notes:

- (1) Estimate based on transition of about 2,350 additional single family accounts to usage-based billing.
- (2) From existing flat water rate structure.
- (3) Based on one single family equivalent equal to a 2-bedroom home.
- (4) All non-residential flat rates increase by 2.5 percent.

The cost allocation methodology used herein begins by assigning all costs to one of three categories. The cost allocation process considers the level of detail available in the City's financial structure, as well as professional judgment and experience. The three categories include:

- Customer costs, such as meter reading, billing, and customer service, are fixed costs that tend to vary as a function of the number of customer being served. Customer costs are allocated to customers based on the number of accounts. That is, every customer will pay an equal share of customer-related costs.
- Capacity costs are also fixed costs, however, these tend to vary in relation to the capacity of the water system. Customers that place (or can place) a greater or lesser burden on the capacity of the water system should bear greater or lesser shares of these costs. The sizing of the water system is based on the potential demand that each customer could place on the water system. Capacity costs are allocated to customers based on the size (hydraulic capacity) of the water meter. The hydraulic capacity reflects the potential demand that a customer could place on the water system at any given time. A customer with a large meter will be assigned a larger share of fixed capacity-related costs than one with a small meter. Capacity costs include costs associated with the water system's capacity including contributions to the capital program, debt service, maintenance costs, etc.

- Commodity costs are variable costs that vary with the amount of actual water use. Water purchases, energy costs, and chemical costs are primary examples. However, because certain fixed costs are reasonably assigned to customers on the basis of usage (e.g., water treatment staff-related costs), some fixed costs are frequently included in the commodity component. Recovering a portion of fixed costs on the basis of actual water usage has the added benefit for increasing the water conservation incentive reflected in the water rates.

The water conservation best management practice for water rates (BMP 1.4), as promulgated by the California Urban Water Conservation Council (CUWCC) specifies that at least 70 percent of water rate revenue be generated through water usage charges. While the City is not subject to the CUWCC's requirements, such an approach also provides customers with added ability to affect the amount of their water bill by managing water usage. The allocation of costs, as well as the resulting rate calculations, reflects a balanced approach to considering different rate-setting objectives. Based on a review of water system financial information, the cost allocation resulted in a distribution of the costs to customer, capacity, and commodity components of 5 percent, 40 percent, and 55 percent, respectively.

Exhibit II-4 shows how the usage-based revenue requirement is allocated to cost components, as well as the resulting determination of water rates. Usage-based water rates include a fixed monthly service charge, to recover customer and capacity costs, and water usage rates, to recover commodity costs.

The monthly service charges are calculated by allocating customer costs equally across all customer accounts and by allocating capacity related costs in proportion to meter capacity. As a result, monthly service charges increase with increasing meter sizes. While the current monthly service charges also vary with meter size the variation across meter sizes does not fully reflect the capacity relationship across meter sizes. With the correct capacity factors applied monthly service charges for the smaller meter sizes decrease while the charges for larger meters increase. The increase is greatest for the largest meter sizes but is, nevertheless, consistent with cost of service principles and the capacity relationship.

The City's water rate structure includes a uniform water usage rate for multi-family and non-residential customers. The uniform water rate is calculated simply by dividing the commodity costs by the total water sales volume.

In 2009, the City implemented a three-tier water rate structure for single family customers. The tier structure provides a lower cost for initial water usage, estimated to reflect indoor water needs that tend to be non-discretionary, and higher costs for more discretionary uses of water. It also serves as a water conservation incentive. The City obtains its water supply from both groundwater and surface water purchased from the Woodbridge Irrigation District. The first tier rate generally reflects the cost of groundwater production (as well as other commodity costs recovered through the usage rates), and the third tier rate generally reflects the cost of purchasing and treating surface water (as well as other commodity costs recovered through the usage rates).

**Exhibit II-4
City of Lodi
2014 Usage-Based Water Rate Cost of Service Analysis and Rate Calculation**

	Meter Size							10"	Total
	3/4"	1"	1 1/2"	2"	3"	4"	6"		
No. of Accounts									
Single Family	8,392	1	2						8,395
Multi-Family	14								14
Comm./Industrial	450	133	143	274	51	43	14		1,109
Municipal	2	7	7	17	6	10	1		50
Outside City				1		1		2	4
Total	8,858	141	152	292	57	54	15	2	9,572
Hydr. Cap. Factor	1.00	1.67	3.33	5.33	10.00	16.67	33.33	53.33	76.67
No. of 3/4" Equiv. Meters	8,858	235	506	1,556	570	900	500	107	13,310
Monthly Service Charges									
Customer Cost	\$ 3.11	\$ 3.11	\$ 3.11	\$ 3.11	\$ 3.11	\$ 3.11	\$ 3.11	\$ 3.11	\$ 3.11
Capacity Cost	\$ 17.91	\$ 29.90	\$ 59.63	\$ 95.44	\$ 179.07	\$ 298.51	\$ 596.83	\$ 954.97	\$ 1,372.91
Monthly Service Chrg.	\$ 21.02	\$ 33.02	\$ 62.74	\$ 98.56	\$ 182.18	\$ 301.62	\$ 599.94	\$ 958.08	\$ 1,376.02
Ann. Rev. (\$1,000s)	\$ 2,234,301	\$ 55,864	\$ 114,441	\$ 345,338	\$ 124,611	\$ 195,449	\$ 107,990	\$ 22,994	\$ 3,217,500
Water Usage Rates									
2014 Revenue Requirement									
Customer Cost	\$ 357,500	5.0%					45.4%	89,474,939	\$ 828,551
Capacity Cost	\$ 2,860,000	40.0%					50.0%	98,680,437	\$ 1,215,348
Commodity Cost	\$ 3,932,500	55.0%					4.6%	9,062,070	\$ 139,510
Total Rev. Reqmt.	\$ 7,150,000							615,451	\$ 6,814
		2.5%						139,380,294	\$ 1,543,090
								16,268,150	\$ 180,106
								1,723,570	\$ 19,082
								355,204,911	\$ 3,932,500

At present, the uniform rate for multi-family and non-residential accounts is equal to the first tier rate for single family customers. Equity is improved between the single family, multi-family, and non-residential usage rates with the proposed rates because the weighted average rate across the three single family tiers equals the uniform rate applicable to multi-family and non-residential accounts.

PROPOSED WATER RATE SCHEDULES

Current and proposed water rate schedules for both flat rates and usage-based rates are presented in **Exhibits II-5** and **II-6**, respectively. All rates reflect an overall 2.5 percent revenue increase relative to the current water rates. However, due to the changes in the usage-based rate structure the change in customer water bills will vary, and will be a function of customer class, meter size, and monthly water usage, as previously presented in the section *Usage-Based Rate Cost of Service Analysis* (above). Illustrative examples of customer bill impacts are included in Exhibits I-5 and I-6, earlier in the report.

**Exhibit II-5
City of Lodi
Current and Proposed Flat Water Rates**

	Current (Jan. 2013)	Proposed (Jan. 2014)
	Rate Increase -->	2.5%
FLAT RATES		
<i>Single Family Residential</i>		
1 Bedroom	\$ 29.90	\$ 30.65
2 Bedroom	\$ 35.91	\$ 36.81
3 Bedroom	\$ 43.04	\$ 44.12
4 Bedroom	\$ 51.72	\$ 53.01
5 Bedroom	\$ 62.03	\$ 63.58
6 Bedroom	\$ 74.44	\$ 76.30
<i>Multi-Family (1)</i>		
1 Bedroom	\$ 25.67	\$ 26.31
2 Bedroom	\$ 30.79	\$ 31.56
3 Bedroom	\$ 36.94	\$ 37.86
4 Bedroom	\$ 44.32	\$ 45.43
<i>Mobile Homes</i>		
Any size	\$ 25.67	\$ 26.31
<i>Non-Residential</i>		
Existing unmetered	Varies	+2.5%

Notes:

- (1) Multi-family includes duplexes, triplexes, fourplexes, apartments, and condominiums.

Exhibit II-6
City of Lodi
Current and Proposed Usage-Based Water Rates

	Current (Jan. 2013)	New Indexing (Jan. 2014)	Revenue Neutral 3-Year Restructuring		
			Proposed (Jan. 2014)	Proposed (Jan. 2015)	Proposed (Jan. 2016)
	Rate Increase -->	2.5%	(2)	(3)	(3)
USAGE-BASED RATES					
Monthly Service Charge					
Single Family					
3/4" meter	\$ 23.78	\$ 24.37	\$ 23.26	\$ 22.14	\$ 21.02
1" meter	\$ 38.60	\$ 39.57	\$ 37.38	\$ 35.20	\$ 33.02
1 1/2" meter	\$ 75.42	\$ 77.31	\$ 72.45	\$ 67.60	\$ 62.74
2" meter	\$ 119.79	\$ 122.78	\$ 114.71	\$ 106.64	\$ 98.56
Multi-Family and Non-Residential (1)					
3/4" meter	\$ 23.78	\$ 24.37	\$ 23.26	\$ 22.14	\$ 21.02
1" meter	\$ 38.60	\$ 39.57	\$ 37.38	\$ 35.20	\$ 33.02
1 1/2" meter	\$ 60.24	\$ 61.75	\$ 62.08	\$ 62.41	\$ 62.74
2" meter	\$ 75.27	\$ 77.15	\$ 84.29	\$ 91.43	\$ 98.56
3" meter	\$ 105.38	\$ 108.01	\$ 132.74	\$ 157.46	\$ 182.18
4" meter	\$ 135.51	\$ 138.90	\$ 193.14	\$ 247.38	\$ 301.62
6" meter	\$ 195.68	\$ 200.57	\$ 333.69	\$ 466.82	\$ 599.94
8" meter	\$ 255.91	\$ 262.31	\$ 494.23	\$ 726.16	\$ 958.08
10" meter	\$ 316.01	\$ 323.91	\$ 674.61	\$ 1,025.32	\$ 1,376.02
Mobile Homes					
Any Size	\$ 23.78	\$ 24.37	\$ 23.26	\$ 22.14	\$ 21.02
Usage Rates (\$/CCF)					
Single Family					
Tier 1 (0-10 CCF)	\$ 0.92	\$ 0.94	\$ 0.94	\$ 0.94	\$ 0.93
Tier 2 (11-50 CCF)	\$ 1.38	\$ 1.41	\$ 1.35	\$ 1.29	\$ 1.23
Tier 3 (>50 CCF)	\$ 1.82	\$ 1.87	\$ 1.76	\$ 1.65	\$ 1.54
Multi-Family and Non-Residential (1)					
All water usage	\$ 0.92	\$ 0.94	\$ 1.00	\$ 1.06	\$ 1.11

Notes:

- (1) Multi-family includes duplexes, triplexes, fourplexes, apartments, and condominiums.
- (2) This rate schedule is revenue neutral relative to the newly indexed January 2014 water rates.
- (3) These rate schedules are revenue neutral relative to 2014, and would be subject to annual inflationary adjustments based on changes in the ENR.

Three-Year Transition for Usage-Based Rates

The proposed modifications to the usage-based water rate structure include changes that may impact some non-residential customers (those with large meters and/or high water usage) more dramatically than other customers. This is due to both the increased monthly service charges for larger meter sizes, as well as the necessary increase in the uniform water rate to bring it up from the single family first tier rate to the weighted average across all tiers. (At present, nearly all multi-family accounts still pay for water service under flat rates; therefore they will not directly be affected by the changes in the usage-based rate structure.)

To ease the potential affects of the proposed new water rate structure, it is recommended that the usage-based rate structure be phased in over a three-year period. The rate schedule presented in Exhibit II-6 illustrates the transition. The rate schedules for

all three years are revenue neutral to each other (and reflect an overall 2.5 percent revenue increase over the current rates). Therefore, in both 2015 and 2016 the rate schedules will need to be adjusted to incorporate the inflationary adjustments to the rates, based on changes in the ENR.

The usage-based water rate schedule presented in Exhibit I-2 reflect the proposed rate structure phased implementation, as well as reflecting the maximum potential rate adjustment of 3.0 percent per year, based on ENR indexing criteria.

METER INSTALLATION AND TRANSITION TO USAGE-BASED BILLING

The City continues to install water meters on all unmetered water service connections. Below is a summary of the status of the metering program and plans to transition customers from flat water rates to usage-based water rates. Each January an additional batch of customers is transitioned to usage-based rates.

- ***Single Family*** – More than 50 percent of single family homes now have water meters with two- to three-thousand additional meters installed each year. The transition to usage-based rates is expected to be completed by January 2019.
- ***Mobile Home Parks*** – All mobile home parks have now been provided with master water meters on the connections serving each park. The City plans to convert all mobile home parks to usage-based water rates in the near future.
- ***Multi-Family*** – The City is currently installing water meters for apartment and condominium complexes, and plans to complete these installations by 2018. All multi-family accounts (including duplexes, triplexes, and fourplexes) are expected to transition to usage-based water rates in January 2020. Similar to mobile home parks, at that time, billing may also shift from tenant to property owner.
- ***Non-Residential*** – At present, about 75 percent of non-residential accounts have water meters and are subject to usage-based water rates. Remaining unmetered accounts will be metered in the next few years, and the City expects to implement usage-based rates on these accounts by January 2017. Non-residential accounts include commercial, industrial, institutional, and dedicated irrigation account types.

The transition from flat rates to usage-based rates may affect the total amount of customers' water bills. Monthly bills may be higher in the summer during the irrigation season, and lower in winter months when water demand is lower. For single family customers many will have a decrease in their annual water cost with the transition to usage-based rates, while others will have an overall increase. Multi-family customers will generally benefit from the transition to usage-based water rates. As noted previously non-residential customers may have larger water bills with the proposed rates.

SECTION III: WASTEWATER RATES

This section of the report describes wastewater rate recommendations for the City's wastewater utility. The City's multi-year financial plan was used to determine annual wastewater rate revenue requirements, and to develop the strategy for meeting current and future financial obligations. The annual rate revenue requirement is the amount of revenue needed from wastewater rates to cover estimated operating, maintenance, debt service, and capital program costs with consideration of other revenues and financial reserves.

Wastewater rate recommendations are also intended to assist the City in the transition to a fully metered water system and usage-based wastewater rates. Rate structure changes are intended to improve equity across customer classes by better reflecting the cost of providing service.

CURRENT WASTEWATER RATES

The City's current wastewater rates are summarized in **Exhibit III-1**. Wastewater rates were last adjusted in July 2013 with a 2.5 percent across-the-board increase based on changes in the *Engineering News Record's* 20-Cities Construction Cost Index (ENR). This index is used by the City to annually adjust the level of water and wastewater rates.

Residential flat rates are based on the number of bedrooms in each dwelling, and were based on estimated sewer flows made prior to the availability of water usage data. Non-residential wastewater rates are based on the number of sanitary sewer units (SSUs) for each account, as determined by City staff. One SSU is equivalent to a two-bedroom single family home. All flat wastewater rates will be phased out as the installation of water meters is completed. Wastewater usage-based rates are currently available for single family customers. They include a fixed monthly service charge for each dwelling unit, and a usage charge based on a customer's winter water usage. Winter water usage is used for sewer flow estimation since irrigation usage is minimized during this time period. The City uses the average monthly water usage from December through February for determining the average winter water use, and hence estimated monthly sewer flow.

The City has a small number of large industrial customers (primarily food processing). Each of these customers pays for wastewater service based on actual wastewater flows and loading characteristics. Industrial rates for users discharging into the City's domestic sewer collection system are included in Exhibit III-1. Separate (lower) rates apply to the few industrial users that discharge into the industrial line, which requires less treatment. Those rates are outside of the scope of this study.

At present, tenants of multi-family apartments and mobile home parks are individually billed for water and wastewater services. As water meters are installed for apartment complexes and mobile home parks the billing for these services may be transferred from tenants to property owners.

**Exhibit III-1
City of Lodi
Current Monthly Wastewater Rates**

FLAT RATES			USAGE-BASED RATES		
Single Family Residential			Single Family Residential		
1 Bedroom	\$	25.83	Monthly Service Charge	\$	23.52
2 Bedroom	\$	34.44	Usage Rate (\$/CCF) (3)	\$	2.68
3 Bedroom	\$	43.05	Multi-Family Residential		
4 Bedroom	\$	51.66	Not Available		
5 Bedroom	\$	60.27	Non-Residential		
6 Bedroom	\$	68.88	Not Available		
7 Bedroom	\$	77.49	Industrial (4)		
Multi-Family Residential (1)			Flow (per MG)	\$	3,487.41
1 Bedroom	\$	25.83	BOD (per 1,000 lbs)	\$	575.51
2 Bedroom	\$	34.44	SS (per 1,000 lbs)	\$	359.85
3 Bedroom	\$	43.05			
4 Bedroom	\$	51.66			
Mobile Homes					
Any Size	\$	25.83			
Non-Residential					
Per SSU (2)	\$	34.44			

Notes:

- (1) Includes duplexes, triplexes, fourplexes, apartments, and condominiums.
- (2) The number of sanitary sewer units (SSUs) is determined for each customer based on usage characteristics and factors adopted by the City.
- (3) Usage charge based on winter water use determined as the average from the prior December-February period. Adjusted each July for each account.
- (4) Annual charges apply to industrial users discharging into the domestic sanitary sewer system. Separate charges apply to discharges to the industrial line.

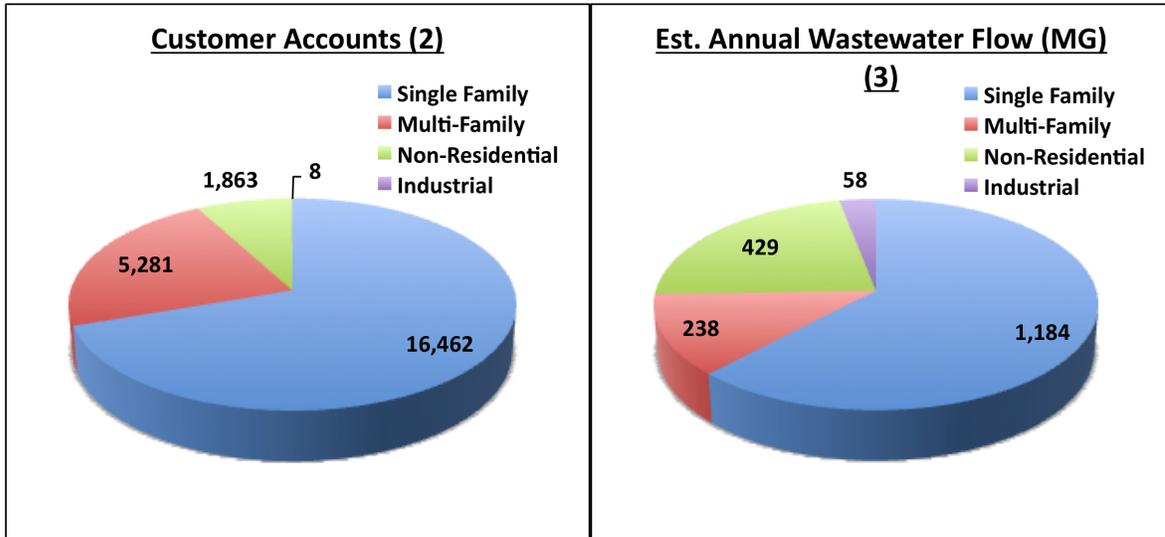
CUSTOMER BASE AND WASTEWATER FLOW ESTIMATES

Like the water utility, the wastewater utility's customer base is predominately comprised of single family and multi-family residential customers, along with commercial, industrial, and municipal customers. Some non-residential customers, including food-processing facilities, generate very large quantities of wastewater. Because the City is not entirely metered water usage and sewer flows must be estimated. It is fairly common to use winter water usage data to estimate wastewater flows. During the winter irrigation water use (which does not enter the wastewater system) is minimized.

Exhibit III-2 summarizes customer account and wastewater flow estimates derived from the City's utility billing system for 2012. With residential accounts expressed as the number of dwelling units, the wastewater utility customer base is about 23,600 accounts and estimated annual wastewater flow is about 1,184 million gallons (MG). Single family accounts represent 70 percent of the customers and 62 percent of the wastewater flow. Multi-family accounts represent 22 percent of the customers and 12 percent of the wastewater flow. Non-residential accounts, including commercial, industrial, and

institutional, comprise about 8 percent of the customer base, and also represent about 23 percent of annual wastewater. There are eight large industrial customers (discharging to the domestic system), and they generate about 3 percent of the annual wastewater flow. The City’s largest wastewater users include several of the industrial customers (primarily food-processing), as well as the City of Lodi, and the Lodi Unified School District.

**Exhibit III-2
City of Lodi
Summary of Wastewater Utility Customer Accounts and Annual Wastewater Flow (1)**



Notes:

- (1) Derived from the City’s utility billing system from data for 2012.
- (2) Total customer accounts equals 23,614. Residential accounts expressed in dwelling units.
- (3) Total estimated annual wastewater flow equals 1,908 million gallons (MG).

In July 2012 the City moved an initial batch of single family residential customers (about 2,940) to usage-based wastewater rates, as a pilot test of those wastewater rates. Additional single family customers will be transitioned beginning in July 2014, with an additional batch each July until all have been transitioned. By July 2020, all of the City’s single family residential customers will be on usage-based wastewater rates. The transition of multi-family and non-residential wastewater customers to usage-based wastewater rates will lag the transition to usage-based water rates. In the near term, the focus will be on mobile home parks and school accounts. Non-residential customers will need to be categorized into strength classifications (as described later in this section) before the transition can be made.

ANNUAL WASTEWATER REVENUE RATE REQUIREMENT

The City updated its multi-year financial model with actual revenues and expenses (pre-audit) for FY 12-13 and the approved budget for FY 13-14. Based on that model, the City estimates annual wastewater rate increases of up to 3 percent per year may be required. These increases are believed to be sufficient to meet the utility’s operating and maintenance costs, debt service obligations, and capital program needs through FY 19-20.

The City adjusts its wastewater rates in July of each year, and the rate analyses presented herein are based on a 3 percent increase effective in July 2014. This is consistent with the City's financial plan model. The actual rate increase will be based on the change in the ENR, but will be no more than 3 percent.

The City anticipates an additional 3,700 single family residential customers will be converted to usage-based rates in July 2014. With that shift, and an overall 3 percent rate increase, water rate revenues from flat and usage based customers is estimated to be \$14,570,000, as summarized below

Flat rate revenue	\$9,751,000
Usage-based rate revenue	\$4,461,000
Industrial line rate revenue	<u>\$358,000</u>
Total 2014 water rate revenue	\$14,570,000

No changes are proposed to the City's flat wastewater rate structure. Therefore, a 3 percent rate increase will mean a 3 percent increase to all flat wastewater rates. With a transition of approximately 3,700 additional single family customers to usage-based rates in July 2014 the wastewater utility will be billing nearly 6,650 customer accounts through usage-based rates. The annual wastewater rate revenue requirement for the City's usage-based wastewater rates will be \$4,461,000 for FY 14-15, with this growing portion of the single family residential customer base on usage-based rates. This \$4,461,000 includes \$937,000 related to industrial users that discharge into the domestic collection system. Industrial users on the industrial line are subject to a separate treatment process, and different rates (outside of the scope of this study), and represent about \$358,000 of the total FY 14-15 wastewater rate revenue requirement.

COST OF SERVICE ANALYSIS AND RATE DESIGN

The annual wastewater rate revenue requirement of \$14,570,000 for FY 14-15 has been split between flat rates, usage-based rates, and industrial charges based on the number of accounts and wastewater use characteristics of the customer base within each group. The cost of service analysis for each group is separately presented below.

Flat Rate Cost of Service Analysis

As the City will be phasing out the system of flat wastewater rates in the next several years, no changes to the rate structure are proposed. The City's flat rates are based on the number of bedrooms in each single family and multi-family dwelling unit. Non-residential flat rate accounts have each been assigned a unique sanitary sewer unit (SSU) factor, based on estimated usage characteristics, relative to a 2-bedroom single family home.

Exhibit III-3 summarizes the distribution of the FY 14-15 revenue requirement for flat rate accounts of various customer types, and shows the calculation of the monthly flat wastewater rates with a 3 percent increase. Monthly flat water rates are proposed to increase by no more than 3 percent in July 2014, with the actual adjustment dependent on the annual change in the ENR, with a 3 percent cap.

Exhibit III-3
City of Lodi
FY 14-15 Flat Wastewater Rate Cost of Service Analysis and Rate Calculation

Customer Group	No. of Accts. or DUs (1)	SSU Equivalency Factor (2)	Sanitary Sewer Units (SSUs) (3)	% of Total	Alloc. of Revenue Rqmt.	Monthly Flat WW Rate
<i>Single Family Residential</i>						
1 Bedroom	378	0.75	284	1.2%	\$ 120,700	\$ 26.60
2 Bedroom	3,073	1.00	3,073	13.4%	\$ 1,308,000	\$ 35.47
3 Bedroom	5,531	1.25	6,914	30.2%	\$ 2,943,000	\$ 44.34
4 Bedroom	738	1.50	1,107	4.8%	\$ 471,200	\$ 53.21
5 Bedroom	89	1.75	156	0.7%	\$ 66,300	\$ 62.08
6 Bedroom	2	2.00	4	0.0%	\$ 1,700	\$ 70.95
7 Bedroom	1	2.25	2	0.0%	\$ 1,000	\$ 79.81
<i>Duplexes, Triplexes, Fourplexes, Apartments, and Condominiums</i>						
1 Bedroom	1,359	0.75	1,019	4.4%	\$ 433,800	\$ 26.60
2 Bedroom	3,517	1.00	3,517	15.4%	\$ 1,496,800	\$ 35.47
3 Bedroom	164	1.25	205	0.9%	\$ 87,300	\$ 44.34
4 Bedroom	3	1.50	5	0.0%	\$ 1,900	\$ 53.21
<i>Mobile Homes</i>						
Any Size	492	0.75	369	1.6%	\$ 157,000	\$ 26.60
<i>Non-Residential</i>						
Per SSU	1,853	Varies	6,255	27.3%	\$ 2,662,300	\$ 35.47
Totals	17,200		22,908		\$ 9,751,000	

Notes:

- (1) Estimate based on transition of about 3,700 additional single family accounts to usage-based billing.
- (2) From existing flat wastewater rate structure.
- (3) Based on one sanitary sewer unit (SSU) equivalent to a 2-bedroom home.

Usage-Based Rate Cost of Service Analysis

A more detailed cost of service analysis is warranted for the City's usage-based wastewater rates. However, the City does not yet have sufficient information for the complete development of wastewater rates that consider wastewater flow as well as different strength categories for various types of non-residential customers. The following steps will need to be taken in order for fully develop these wastewater rates:

- All non-residential customers should be assigned to a low, medium, or high strength category based on type of business. City staff and consultant plan to work on this jointly in 2014 using industry guidelines for assigning different types of businesses. It is estimated that about 80 percent of non-residential users will fall into a low strength category, 15 percent into medium strength, and 5 percent into high strength.
- The size of water meters should be identified (or estimated) for all multi-family and non-residential accounts. At present, about 75 percent of non-residential accounts are metered. The City will begin metering multi-family accounts and the remaining non-residential accounts in a few years. Estimates of future meter sizes would be adequate to move forward with rate analyses.

- Estimate wastewater flow from each customer class based on winter water usage data. Data is now becoming available for single family customers, and is available for most non-residential accounts (those with water meters), but not for multi-family customers or about one-quarter of non-residential customers. Once a significant portion of multi-family customers have been metered it may be possible to develop reasonable estimates for this customer class. It may also be possible to extrapolate water usage data from existing metered non-residential accounts to those that are unmetered, though some uncertainty would remain because of the non-homogenous nature of non-residential water use.
- Assign standard biochemical oxygen demand (BOD) and suspended solids (SS) loading factors to residential and low, medium, and high strength non-residential customer categories. This would be accomplished using available industry guidelines, as well as through calculations that seek to balance calculated wastewater flow and loading data from wastewater customers with the actual inflow data at the City's White Slough wastewater treatment plant.

Under current usage-based wastewater rates, all single family customers are subject to the same fixed monthly service charge, even if meters vary in size. This is due to the fact that variation in meter sizes for single family homes is due to either landscape irrigation requirements or fire flow capacity requirements within the home. It is not related to wastewater capacity needs. The independence from meter size does not extend to other customer classes, however, because demand characteristics (for both water and wastewater) are much more varied for each customer connection.

The proposed usage-based wastewater rates for FY 14-15 extend the current usage-based rates applicable for single family customers to include fixed monthly service charges based on meter size that should be applied to multi-family and non-residential accounts. The wastewater usage rate for multi-family customers would be the same as that for single family customers. Placeholder estimates are also provided for non-residential low, medium, and high strength categories. Proposed industrial rates reflect a 3.0 percent overall increase in each rate component.

The development of fixed monthly wastewater service charges for multi-family and non-residential accounts follows the same basic cost allocation methodology as for water rates. In this case, a review of wastewater costs resulted in a recommended allocation of the wastewater rate revenue requirement to customer, capacity, and commodity components. The allocation of costs, as well as the resulting rate calculations, reflects a balanced approach to considering different rate-setting objectives. Based on a review of wastewater system financial information, the cost allocation resulted in a distribution of the costs to customer, capacity, and commodity components of 5 percent, 45 percent, and 50 percent, respectively. Like the water rates, the monthly service charge will recover customer and capacity costs, and usage rates will recover commodity costs.

Exhibit III-4 summarizes the calculation of fixed monthly wastewater service charges based on size of the water meter. The monthly service charges are calculated by allocating customer costs equally across all customer accounts and by allocating capacity related costs in proportion to meter capacity.

Exhibit III-4
City of Loda
FY 14-15 Monthly Wastewater Service Charge Calculation

Customer Group	Customer Costs (1)	Capacity Costs (2)	Hydraulic Capacity Factor (3)	Monthly Service Charge (4)
Single Family Residential				
All Connections	\$ 2.42	\$ 21.80	1.00	\$ 24.23
Multi-Family and Non-Residential				
3/4" meter	\$ 2.42	\$ 21.80	1.00	\$ 24.23
1" meter	\$ 2.42	\$ 36.41	1.67	\$ 38.83
1 1/2" meter	\$ 2.42	\$ 72.60	3.33	\$ 75.03
2" meter	\$ 2.42	\$ 116.21	5.33	\$ 118.63
3" meter	\$ 2.42	\$ 218.03	10.00	\$ 220.45
4" meter	\$ 2.42	\$ 363.46	16.67	\$ 365.88
6" meter	\$ 2.42	\$ 726.70	33.33	\$ 729.12
8" meter	\$ 2.42	\$ 1,162.76	53.33	\$ 1,165.18

Notes:

- (1) Based on 5 percent of revenue requirement allocated equally to each customer.
- (2) Based on 45 percent of revenue requirement allocated to each customer in proportion to meter capacity.
- (3) Meter capacity in relation to capacity of a 3/4" water meter.
- (4) Sum of customer and capacity costs for each meter size.

The City's wastewater rate structure currently includes a uniform wastewater usage rate for single family customers. For FY 14-15, that rate will be increased by up to 3.0 percent. The same rate would also apply to multi-family customers, as the strength characteristics (BOD and SS) for single family and multi-family customers are the same.

Wastewater flows for single family customers are estimated based on the average monthly water use from December through February of each year. This average winter water use is a reasonable estimate of wastewater flow throughout the year, because it generally reflect water usage in the absence of irrigation demands. Each July, the City determines a wastewater usage charge based on the winter water use and the applicable wastewater usage rate. The monthly service charge is then added to the usage charge to arrive at the total wastewater bill. This bill amount then remains fixed until the following July, when the process is repeated with the then most recent winter water use data and current wastewater rates.

Winter water use can be used to determine wastewater usage charges for multi-family and non-residential customers as well. One potential problem, however, could occur with businesses that have a seasonal component where winter water usage did not necessarily provide a reasonable estimate for wastewater flow throughout the year. It is recommended that the Director of Public Works be extended authority to adjust the wastewater flow volume (usage) for individual customers where this is a concern.

Wastewater utilities generally identify different strength-based usage charges for non-residential customers due to the variation in waste discharges. A fairly simple approach to strength-based rates, and one recommended for the City, is to establish low, medium, and high strength categories. All non-residential customers (with the exception of industrial customers) would be assigned to one of these categories, based on the type of business. A higher usage rate would be established for the higher strength categories, commensurate with the costs of removing BOD and SS for wastewater.

Until non-residential customers can be assigned to a strength category, and additional meter size and water use data obtained, it is recommended that the City use “placeholder” estimates for strength-based wastewater rates for non-residential customers. These would give City staff, as well as customers, a sense for what future rates may be like under this rate approach.

PROPOSED WASTEWATER RATE SCHEDULES

Current and proposed wastewater rate schedules for both flat rates and usage-based rates are presented in Exhibits III-5 and III-6, respectively. All rates reflect an overall 3.0 percent revenue increase relative to the current wastewater rates.

**Exhibit III-5
City of Lodi
Current and Proposed Flat Wastewater Rates**

	Current (Jul. 2013)	Proposed (Jul. 2014)
	Rate Increase (1) -->	3.0%
FLAT RATES		
<i>Single Family Residential</i>		
1 Bedroom	\$ 25.83	\$ 26.60
2 Bedroom	\$ 34.44	\$ 35.47
3 Bedroom	\$ 43.05	\$ 44.34
4 Bedroom	\$ 51.66	\$ 53.21
5 Bedroom	\$ 60.27	\$ 62.08
6 Bedroom	\$ 68.88	\$ 70.95
7 Bedroom	\$ 77.49	\$ 79.81
<i>Duplexes, Triplexes, Fourplexes, Apartments, and Condominiums</i>		
1 Bedroom	\$ 25.83	\$ 26.60
2 Bedroom	\$ 34.44	\$ 35.47
3 Bedroom	\$ 43.05	\$ 44.34
4 Bedroom	\$ 51.66	\$ 53.21
<i>Mobile Homes</i>		
Any Size	\$ 25.83	\$ 26.60
<i>Non-Residential</i>		
Per SSU (2)	\$ 34.44	\$ 35.47

Notes:

- (1) Actual rate adjustment will depend on the annual change in the ENR, and will be no more than 3 percent.
- (2) Proposed flat wastewater rates for schools are to be determined on the basis of 18 student per SSU.

Exhibit III-6
City of Lodi
Current and Proposed Usage-Based Wastewater Rates

	Current (Jul. 2013)	Proposed (Jul. 2014)
	Rate Increase (1)-->	3.0%
USAGE-BASED RATES		
Monthly Service Charge		
Single Family (per DU)	\$ 23.52	\$ 24.23
Multi-Family and Non-Residential		
3/4" meter		\$ 24.23
1" meter		\$ 38.83
1 1/2" meter		\$ 75.03
2" meter		\$ 118.63
3" meter		\$ 220.45
4" meter		\$ 365.88
6" meter		\$ 729.12
8" meter		\$ 1,165.18
Usage Rates (\$/CCF)		
Single Family (2)	\$ 2.68	\$ 2.76
Multi-Family (2)		\$ 2.76
Non-Residential (2) (3)		
Low Strength		\$ 2.76
Medium Strength		\$ 3.45
High Strength		\$ 4.49
Industrial (4)		
Flow (per MG annually)	\$ 3,487.41	\$ 3,592.03
BOD (per 1,000 lbs annually)	\$ 575.51	\$ 592.78
SS (per 1,000 lbs annually)	\$ 359.85	\$ 370.65

Notes:

- (1) Actual rate adjustment will depend on the annual change in the ENR, and will be no more than 3 percent.
- (2) Usage charge based on winter water use determined as the average from the prior December-February period. Adjusted each July for each account.
- (3) Placeholder. These rates not yet in use.
- (4) Applies to industrial users discharging into the domestic sewer system.

Wastewater Rates for Schools

During this study, a separate analysis was performed to examine the water use characteristics and estimate wastewater flows for schools in the Lodi Unified School District (LUSD). At present, schools are charged for wastewater service based on student population. High schools are assessed based on 15 students per SSU, and elementary and middle schools are assessed based on 20 students per SSU. An examination of winter water use data (excluding December due to the winter break), as well as consideration of

the overall level of activity at schools throughout the year (including reduced activity in summer months) resulted in a determination that all schools of the LUSD should be charged for wastewater service based on 18 students per SSU. While this change will affect the wastewater bills of all schools, it will have only a minor affect on the aggregate for all schools.

METER INSTALLATION AND TRANSITION TO USAGE-BASED BILLING

The City continues to install water meters on all unmetered water service connections. Below is a summary of the status of the metering program and plans to transition customers from flat wastewater rates to usage-based wastewater rates. Each July an additional batch of customers is transitioned to usage-based wastewater rates.

- ***Single Family*** – More than 50 percent of single family homes now have water meters with two- to three-thousand additional meters installed each year. The transition to usage-based wastewater rates is lagging the transition to usage-based water rates by about 18 months. In July 2014, a second batch of single family customers will transition to usage-based water rates (about 3,700 accounts). The transition to usage-based wastewater rates for single family customers is expected to be completed by about July 2020.
- ***Mobile Home Parks*** – All mobile home parks have now been provided with master water meters on the connections serving each park. The City plans to convert all mobile home parks to usage-based wastewater rates in the near future.
- ***Multi-Family*** – The City will begin installing water meters for apartment and condominium complexes, and plans to complete these installations by 2018. All multi-family accounts (including duplexes, triplexes, and fourplexes) are expected to transition to usage-based wastewater rates in July 2020. Similar to mobile home parks, at that time billing may shift from tenant to property owner.
- ***Non-Residential*** – At present, about 75 percent of non-residential accounts have water meters and are subject to usage-based water rates. With the exception of industrial users, all non-residential customers currently pay flat wastewater rates. Further analysis will be needed to fully develop a strength and usage-based wastewater rate structure for non-residential accounts. It may be several years before these customers are fully transitioned to usage-based rates.

The transition from flat rates to usage-based rates may affect the total amount of customers' wastewater bills. For single family customers many will have a decrease in their monthly wastewater bill with that transition, while others may have an increase. Multi-family customers will generally benefit from the transition to usage-based wastewater rates. It is too early to tell how individual non-residential customers may be affected by the transition.

	A	G	H	I	J	K	L
1	Exhibit D						
2							
3	City of Lodi -- Water Utility						
4	Financial Plan Summary						
5		FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
6		2.5%	2.5%	2.5%	3.0%	3.0%	3.0%
7		Jan. 2014	Jan. 2015	Jan. 2016	Jan. 2017	Jan. 2018	Jan. 2019
9	WATER OPERATING FUND (180)						
10	Beginning Balance	7,038,455	7,239,640	8,310,229	7,741,668	4,590,607	4,239,996
11	Revenues						
12	Water Sales	12,716,000	13,059,000	13,412,000	13,807,000	14,286,000	14,744,000
13	Interest Earnings	141,000	154,000	159,000	122,000	87,000	162,000
14	Other Revenues	791,070	2,580,400	269,000	272,000	275,000	278,000
15	Transfer from Fund 182 for Debt Service	-	109,000	109,000	109,000	109,000	109,000
16	Total Revenues	13,648,070	15,902,400	13,949,000	14,310,000	14,757,000	15,293,000
17	Expenditures						
18	Transfer Out to General Fund (Cost of Services)	780,000	780,000	780,000	780,000	780,000	780,000
19	Transfer Out to Capital Fund 181 for projects	4,500,000	6,000,000	5,500,000	8,250,000	5,700,000	1,000,000
20	To Capital Fund 181 (Depreciation)	-	-	-	-	-	-
22	Personnel Services	2,093,000	2,028,000	2,098,000	2,170,000	2,244,000	2,320,000
23	Utilities	755,000	664,000	693,000	723,000	754,000	787,000
24	Supplies, Mat'ls., Services & Other	2,963,000	3,052,000	3,140,000	3,230,000	3,324,000	3,419,000
26	Debt Service						
27	1991 CSDW Loan Payments	-	-	-	-	-	-
28	Net 2010 Rev. Bond Payments	2,355,886	2,307,811	2,306,561	2,308,061	2,305,611	2,307,111
29	Total Expenditures	13,446,886	14,831,811	14,517,561	17,461,061	15,107,611	10,613,111
30							
31	Ending Balance	7,239,640	8,310,229	7,741,668	4,590,607	4,239,996	8,919,885
32	Operating Reserve (25%)	1,648,000	1,631,000	1,678,000	1,726,000	1,776,000	1,827,000
33	Available Balance	5,591,640	6,679,229	6,063,668	2,864,607	2,463,996	7,092,885
34	Debt Service Coverage (min. 1.25)	3.46	4.09	3.15	3.21	3.32	3.46
35							
36	WATER CAPITAL OUTLAY (181)						
37	Beginning Balance	3,809,103	3,268,379	2,124,379	323,379	196,379	177,379
38	Revenues						
39	Operating Transfers In	4,549,755	6,000,000	5,500,000	8,250,000	5,700,000	1,000,000
40	Interest Earnings	70,000	53,000	24,000	5,000	4,000	5,000
41	Retrofit Meter Install. Charge	926,000	-	-	-	-	-
42	Debt Proceeds	-	-	-	-	-	-
43	Total Revenues	5,545,755	6,053,000	5,524,000	8,255,000	5,704,000	1,005,000
44	Expenditures						
47	Water Meter/Main Install. Project	4,780,000	5,487,000	6,177,000	7,264,000	2,848,000	-
48	Water Taps	75,000	75,000	77,000	79,000	82,000	84,000
49	Miscellaneous Water Mains	50,000	-	51,000	53,000	54,000	56,000
50	Commercial Meter Replacements	5,000	5,000	5,000	5,000	5,000	6,000
57	Financial System Replacement	250,000	250,000	-	-	-	-
58	GAC & Meter Repl (DBCP)	324,000	300,000	300,000	300,000	300,000	300,000
59	UWMP Update	-	-	51,000	-	-	-
61	Fire Station 2 Water Main	25,000	-	-	-	-	-
62	Meter Fixed Network	-	-	-	-	-	-

	A	G	H	I	J	K	L
5		FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
63	MSC/Kofu Parking Lot	75,000	-	-	-	-	-
64	Debenedetti Enclosure	30,000	-	-	-	-	-
65	Sacramento Street	127,479	-	-	-	-	-
66	Southwest Gateway Water Tank	-	-	-	200,000	2,000,000	-
67	Surface Water Treatment Plant PS Generator	-	-	300,000	-	-	-
68	Well 1	-	-	166,000	-	-	-
69	Well 2 -Replace Motor	-	-	103,000	-	-	-
70	Well 6R -Pump Rehab/Repl	116,000	-	-	-	-	-
72	Well 5 -Pump Rehab & Electrical Upgrade	-	145,000	-	-	-	-
73	Well 7 -Pump Rehab/Repl	-	-	-	-	-	-
74	Well 8 -Pump Rehab, Electrical Upgrade & Chlorination	-	245,000	-	-	-	-
75	Well 10 - Pump Rehab	-	120,000	-	-	-	-
76	Well 11	-	-	-	175,000	-	-
77	Well 12 -Pump Rehab/Repl	-	-	-	264,000	-	-
78	Well 13 -Pump Rehab & Electrical Upgrade	-	135,000	-	-	-	-
79	Well 14 -Pump Rehab/Repl	-	-	-	-	181,000	-
80	Well 15 -Pump Rehab/Repl	-	-	-	-	190,000	-
81	Well 16 -Pump Rehab/Electrical Upgrade	-	-	-	-	-	224,000
82	Well 17 -Pump Rehab/Electrical Upgrade	-	-	-	-	-	207,000
83	Well 18 -Pump Rehab/Electrical Upgrade	-	40,000	-	-	-	-
84	Well 19 -Pump Replacement	4,000	-	-	-	-	-
85	Well 20 -Pump Rehab/Electrical Upgrade	-	145,000	-	-	-	-
86	Well 21	-	-	-	-	-	-
87	Well 22	-	-	-	-	-	-
88	Well 23	-	-	-	-	-	-
89	Well 24 - Pump Rehab & Electrical Upgrade	135,000	-	-	-	-	-
90	Well 25	-	-	-	-	-	-
93	Well Site Improvements	-	100,000	-	-	-	-
97	Vehicles/Equipment	90,000	150,000	95,000	42,000	63,000	45,000
100	Total Expenditures	6,086,479	7,197,000	7,325,000	8,382,000	5,723,000	922,000
101							
102	Ending Balance	3,268,379	2,124,379	323,379	196,379	177,379	260,379
103							
104	IMF WATER FACILITIES (182)						
105	Beginning Balance	(6,846)	52,399	53,399	54,399	55,399	56,399
106	Revenues						
107	Water Impact Mitigation Fees	109,000	109,000	109,000	109,000	109,000	109,000
108	Transfer in from Capital Fund 181 (plant design)	-	-	-	-	-	-
109	Transfer in from Capital Fund 181 (Well #27)	-	-	-	-	-	-
110	Interest Earnings	-	1,000	1,000	1,000	1,000	1,000
111	Total Revenues	109,000	110,000	110,000	110,000	110,000	110,000
112	Expenditures						
113	Previous projects	-	-	-	-	-	-
114	Surface Water-Design	-	-	-	-	-	-
115	GPS Control Grid	-	-	-	-	-	-
116	Well #27 - Pump, Motor & Site Impr.	-	-	-	-	-	-
117	Well #28	-	-	-	-	-	-
118	IMF Update	-	-	-	-	-	-
119	Transfer out to 1218 for General Plan	-	-	-	-	-	-

	A	G	H	I	J	K	L
1	Exhibit E						
2							
3	City of Lodi -- Wastewater Utility						
4	Financial Plan Summary						
5		FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
6		2.5%	2.5%	2.5%	3.0%	3.0%	3.0%
7	WASTEWATER OPERATING FUND (170)						
8	Beginning Balance	3,240,603	3,811,123	2,639,962	4,538,962	6,020,062	5,798,262
9	Revenues						
10	Wastewater Sales	14,118,000	14,499,000	14,890,000	15,366,000	15,858,000	16,365,000
12	Interest Earnings	37,000	43,000	110,000	176,000	228,000	220,000
13	Other Revenues	234,400	241,200	248,000	255,900	263,800	271,800
14	Transfer In for Debt Service (172)	31,000	31,000	110,000	110,000	110,000	110,000
15	Transfer In for Debt Service (173)	16,000	149,000	150,000	154,000	154,000	154,000
16	Transfer From/(To) Rate Stabilization Fund (174)	-	-	-	-	-	-
17							
18	Total Revenues	14,436,400	14,963,200	15,508,000	16,061,900	16,613,800	17,120,800
19	Expenditures						
20	Operating Transfers Out (to GF)	-	-	-	-	-	-
21	Transfer Out to Gen'l Fund (Cost of Services)	1,068,000	1,068,000	1,068,000	1,068,000	1,068,000	1,451,478
22	Transfer Out to WW Capital Outlay (171)	-	5,500,000	2,750,000	3,500,000	5,500,000	500,000
23	Transfer Out To WW Cap. Rsrv. (172)	-	-	-	-	-	-
24	Administration & Other	1,124,330	1,160,173	1,204,000	1,248,800	1,294,600	1,342,400
25	Plant Maintenance	3,948,650	3,989,577	4,146,000	4,308,000	4,476,000	4,652,000
26	Sanitary System Maintenance	611,260	406,782	422,000	438,000	454,000	471,000
27	Storm Drainage Maintenance	415,710	313,813	327,000	340,000	354,000	368,000
28	Industrial System Maintenance	23,930	25,016	26,000	27,000	28,000	29,000
29	2003 Wastewater COP Debt Service	3,050,000	-	-	-	-	-
30	2004 Wastewater COP Debt Service	98,000	98,000	98,000	98,000	98,000	98,000
31	2007 Wastewater COP Debt Service	1,604,000	1,603,000	1,607,000	1,606,000	1,614,000	1,617,000
32	2012 Wastewater Refinancing	1,922,000	1,970,000	1,961,000	1,947,000	1,949,000	1,949,000
33	Total Expenditures	13,865,880	16,134,361	13,609,000	14,580,800	16,835,600	12,477,878
34							
35	Ending Balance	3,811,123	2,639,962	4,538,962	6,020,062	5,798,262	10,441,184
36	Operating Reserve (25%)	2,986,000	2,166,000	2,225,000	2,283,000	2,347,000	2,507,000
37	Available Balance	825,123	473,962	2,313,962	3,737,062	3,451,262	7,934,184
38	Debt Service Coverage (min. = 1.20)	1.11	2.18	2.27	2.36	2.44	2.40
39	without COST	2.33	2.47	2.56	2.66	2.73	2.80
40	WASTEWATER CAPITAL OUTLAY (171)						
41	Beginning Balance	9,242,732	7,767,857	295,160	1,606,589	245,018	417,446

	A	G	H	I	J	K	L
5		FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
42	Revenues						
43	Transfer In (from 170)	-	5,500,000	2,750,000	3,500,000	5,500,000	500,000
44	Transfer In (from 170-Deprec.)	-	-	-	-	-	-
45	Other Revenue	96,429	96,429	96,429	96,429	96,429	96,429
46	Investment Earnings	-	-	-	-	-	-
47							
48	Total Revenues	96,429	5,596,429	2,846,429	3,596,429	5,596,429	596,429
49	Expenditures						
52	Financial System Replacement	250,000	250,000	-	-	-	-
61	Elm to Pine Alley Sewer/Laurel Storm Project	33,000	-	-	-	-	-
62	Misc. System Relocations	35,000	35,000	36,000	38,000	39,000	41,000
63	Misc. Wastewater Taps	40,000	40,000	42,000	43,000	45,000	47,000
64	Collect. System Capac. Enhanc. Projects	-	-	208,000	22,000	225,000	23,000
65	Wastewater Main Replac./Lining Proj.	100,000	2,000,000	104,000	2,163,000	-	-
66	Storm Drain Trash Handling System	-	700,000	-	-	-	-
67	Sacramento Street	56,304	-	-	-	-	-
68	Lodi Lake Pump Station	-	-	-	100,000	1,000,000	-
69	Lodi Lake Outfall Line	-	-	100,000	-	-	-
70	Realignment of Domestic & Industrial pipe	-	1,082,125	-	-	-	-
74	Domestic Trunk Assessment and Rehab	-	-	-	200,000	2,000,000	-
75	MSC/Kofu Parking Lot	75,000	-	-	-	-	-
81	Vehicles /Equipment	75,000	545,000	104,000	162,000	169,000	175,000
82	White Slough Compliance Studies & Rpts	-	-	-	-	-	-
83	Plant Maint. & Land Applic. Area Improv.	-	270,000	-	-	-	-
85	Influent Screening Replacement	-	2,000,000	-	-	-	-
86	UV Disinfection Upgrade	-	300,000	-	-	-	-
87	Aeration Diffuser Replacement	-	-	-	500,000	-	-
88	Cloth Filter Media Replacement	30,000	-	31,000	-	34,000	-
89	Digested Sludge Line to Presses	30,000	-	-	-	-	-
90	Electrical Upgrades	-	600,000	-	-	-	-
91	Admin/Ops Building Improvements	-	750,000	-	-	-	-
92	Rotary Press Maintenance Crane & air compressor	30,000	-	-	-	-	-
93	Pond Gates	35,000	-	-	-	-	-
94	Shop Rollup Door	8,000	-	-	-	-	-
95	Emergency Generator Maintenance	20,000	-	-	-	-	-
96	Road to Outfall Repair	10,000	-	-	-	-	-
97	Secondary Scum Trough Drives	12,000	-	-	-	-	-
98	Misc Paving	10,000	1,000,000	-	-	-	-
99	SCADA Upgrades/PLC Replacement	-	130,000	-	-	-	-
100	Primary Chain & Flights	80,000	45,000	-	-	-	-
104	Effluent Irrigation Improvements	-	-	780,000	1,622,000	-	-
105	Dewatering screwpress	-	1,200,000	-	-	-	-

	A	G	H	I	J	K	L
5		FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
106	Irrigation Conveyance & Pumping Construction	-	-	-	-	1,800,000	-
108	Micro Turbine	-	1,200,000	-	-	-	-
112	Fence Repairs/Upgrades	-	-	26,000	-	-	29,000
113	Anaerobic Digester Painting	90,000	-	-	-	-	-
116	WSWPCF Building/Restroom Expansion	300,000	-	-	-	-	-
117	Plant Security Enhancements	130,000	-	-	-	-	-
118	Miscellaneous Future Projects	100,000	100,000	104,000	108,000	112,000	117,000
120	Total Expenditures	1,571,304	13,069,125	1,535,000	4,958,000	5,424,000	432,000
122	Ending Balance	7,767,857	295,160	1,606,589	245,018	417,446	581,875
123							
124							
125	WASTEWATER CAPITAL RESERVE (172)						
126	Beginning Balance	3,135,539	3,135,539	3,135,539	3,135,539	3,135,539	3,135,539
127	Revenues						
129	Transfer In from 170	-	-	-	-	-	-
130	Interest Earnings	31,000	31,000	110,000	110,000	110,000	110,000
131	Total Revenues	31,000	31,000	110,000	110,000	110,000	110,000
132	Expenditures						
134	White Slough Solids Handling Facility	-	-	-	-	-	-
135	White Slough Sludge Thickening	-	-	-	-	-	-
136	Transfer Out to 170 (for Debt Service)	31,000	31,000	110,000	110,000	110,000	110,000
138	Total Expenditures	31,000	31,000	110,000	110,000	110,000	110,000
140	Ending Balance	3,135,539	3,135,539	3,135,539	3,135,539	3,135,539	3,135,539
141	Restricted Debt Service Reserve	2,379,536	2,379,536	2,379,536	2,379,536	2,379,536	2,379,536
142	2007 COP Proceeds (w/ fiscal agent)	756,003	756,003	756,003	756,003	756,003	756,003
143	Cash Deficit (amt. owed for past DS)	-	-	-	-	-	-
144							
145							
146	IMF WASTEWATER FACILITIES (173)						
147	Beginning Balance	15,775	148,775	149,775	153,775	153,775	153,775
148	Revenues						
149	Wastewater IMF	149,000	149,000	149,000	149,000	149,000	149,000
151	Interest Earnings	-	1,000	5,000	5,000	5,000	5,000
152	Total Revenues	149,000	150,000	154,000	154,000	154,000	154,000
153	Expenditures						
154	Transfer Out (to 170 for Debt Service)	16,000	149,000	150,000	154,000	154,000	154,000
156	Transfer Out (refund PCE/TCE)	-	-	-	-	-	-

	A	G	H	I	J	K	L
5		FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
159	City-Wide IMF Program Update	-	-	-	-	-	-
161	Total Expenditures	16,000	149,000	150,000	154,000	154,000	154,000
163	Ending Balance	148,775	149,775	153,775	153,775	153,775	153,775
164	Owed to Fund 170 for Debt Service	2,199,000	3,010,000	3,823,000	4,631,000	5,444,000	6,259,000
166	WW Rate Stabilization Fund (174)						
167	Beginning Balance	500,000	500,000	500,000	500,000	500,000	500,000
168	Revenues						
169	Transfer In from 170	-	-	-	-	-	-
171	Total Revenues	-	-	-	-	-	-
172	Expenditures						
173	Transfer Out to 170	-	-	-	-	-	-
175	Total Expenditures	-	-	-	-	-	-
177	Ending Balance	500,000	500,000	500,000	500,000	500,000	500,000
180	Aggregate End-of-Year Balance	15,363,000	6,720,000	9,935,000	10,054,000	10,005,000	14,812,000
181	Operating Reserve (25%)	2,986,000	2,166,000	2,225,000	2,283,000	2,347,000	2,507,000
182	Restricted DS Reserve	2,379,536	2,379,536	2,379,536	2,379,536	2,379,536	2,379,536
183	2007 COP Proceeds	756,003	756,003	756,003	756,003	756,003	756,003
184	Rate Stabilization Fund	500,000	500,000	500,000	500,000	500,000	500,000
185	Net Available for Capital Projects	8,741,461	918,461	4,074,461	4,135,461	4,022,461	8,669,461
186							
187							
188							
199	City of Lodi -- Wastewater Utility						
200	Financial Plan Assumptions						
201	Financial Assumptions						
202	General Inflation	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
203	Labor Inflation	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
204	Material/Energy Inflation	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
205	Construction Inflation	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
206	Interest Earnings	1.0%	1.0%	3.5%	3.5%	3.5%	3.5%
207							
208	Cust. Growth (SSUs)	50	50	50	50	50	50
209	Wastewater Mitigation Impact Fee						
210	Residential 3/4"	\$ 1,720	\$ 1,720	\$ 1,720	\$ 1,720	\$ 1,720	\$ 1,720
211	Non-Residential 3/4"	4,225	4,225	4,225	4,225	4,225	4,225

City of Lodi
Current and Proposed Flat Water Rates

			Future Rate Ceiling				
Current (Jan. 2013)	Proposed (Jan. 2014)	Proposed (Jan. 2015)	Proposed (Jan. 2016)	Proposed (Jan. 2017)	Proposed (Jan. 2018)	Proposed (Jan. 2019)	
Rate Increase -->	2.5%	3.0%	3.0%	3.0%	3.0%	3.0%	
FLAT RATES							
<i>Single Family Residential</i>							
1 Bedroom	\$ 29.90	\$ 30.65	\$ 31.57	\$ 32.52	\$ 33.50	\$ 34.51	\$ 35.55
2 Bedroom	\$ 35.91	\$ 36.81	\$ 37.91	\$ 39.05	\$ 40.22	\$ 41.43	\$ 42.67
3 Bedroom	\$ 43.04	\$ 44.12	\$ 45.44	\$ 46.80	\$ 48.20	\$ 49.65	\$ 51.14
4 Bedroom	\$ 51.72	\$ 53.01	\$ 54.60	\$ 56.24	\$ 57.93	\$ 59.67	\$ 61.46
5 Bedroom	\$ 62.03	\$ 63.58	\$ 65.49	\$ 67.45	\$ 69.47	\$ 71.55	\$ 73.70
6 Bedroom	\$ 74.44	\$ 76.30	\$ 78.59	\$ 80.95	\$ 83.38	\$ 85.88	\$ 88.46
<i>Multi-Family (1)</i>							
1 Bedroom	\$ 25.67	\$ 26.31	\$ 27.10	\$ 27.91	\$ 28.75	\$ 29.61	\$ 30.50
2 Bedroom	\$ 30.79	\$ 31.56	\$ 32.51	\$ 33.49	\$ 34.49	\$ 35.52	\$ 36.59
3 Bedroom	\$ 36.94	\$ 37.86	\$ 39.00	\$ 40.17	\$ 41.38	\$ 42.62	\$ 43.90
4 Bedroom	\$ 44.32	\$ 45.43	\$ 46.79	\$ 48.19	\$ 49.64	\$ 51.13	\$ 52.66
<i>Mobile Homes</i>							
Any Size	\$ 25.67	\$ 26.31	\$ 27.10	\$ 27.91	\$ 28.75	\$ 29.61	\$ 30.50
<i>Non-Residential</i>							
Existing unmetered	Varies	+2.5%	+3.0%	+3.0%	+3.0%	+3.0%	+3.0%

Notes:

(1) Multi-family includes duplexes, triplexes, fourplexes, apartments, and condominiums.

City of Lodi
Current and Proposed Usage-Based Water Rates

				Future Rate Ceiling				
	Current (Jan. 2013)	Proposed (Jan. 2014)	Proposed (Jan. 2014)	Proposed (Jan. 2015)	Proposed (Jan. 2016)	Proposed (Jan. 2017)	Proposed (Jan. 2018)	Proposed (Jan. 2019)
Rate Increase -->		2.5% (2)	(3)	3.0% (4)	3.0% (4)	3.0%	3.0%	3.0%
USAGE-BASED RATES								
Monthly Service Charge								
Single Family								
Up to 3/4" meter	\$ 23.78	\$ 24.37	\$ 23.26	\$ 22.80	\$ 21.65	\$ 22.30	\$ 22.97	\$ 23.66
1" meter	\$ 38.60	\$ 39.57	\$ 37.38	\$ 36.26	\$ 34.01	\$ 35.03	\$ 36.08	\$ 37.16
1 1/2" meter	\$ 75.42	\$ 77.31	\$ 72.45	\$ 69.63	\$ 64.62	\$ 66.56	\$ 68.56	\$ 70.62
2" meter	\$ 119.79	\$ 122.78	\$ 114.71	\$ 109.84	\$ 101.52	\$ 104.57	\$ 107.71	\$ 110.94
Multi-Family and Non-Residential (1)								
Up to 3/4" meter	\$ 23.78	\$ 24.37	\$ 23.26	\$ 22.80	\$ 21.65	\$ 22.30	\$ 22.97	\$ 23.66
1" meter	\$ 38.60	\$ 39.57	\$ 37.38	\$ 36.26	\$ 34.01	\$ 35.03	\$ 36.08	\$ 37.16
1 1/2" meter	\$ 60.24	\$ 61.75	\$ 62.08	\$ 64.28	\$ 64.62	\$ 66.56	\$ 68.56	\$ 70.62
2" meter	\$ 75.27	\$ 77.15	\$ 84.29	\$ 94.17	\$ 101.52	\$ 104.57	\$ 107.71	\$ 110.94
3" meter	\$ 105.38	\$ 108.01	\$ 132.74	\$ 162.18	\$ 187.65	\$ 193.28	\$ 199.08	\$ 205.05
4" meter	\$ 135.51	\$ 138.90	\$ 193.14	\$ 254.80	\$ 310.67	\$ 319.99	\$ 329.59	\$ 339.48
6" meter	\$ 195.68	\$ 200.57	\$ 333.69	\$ 480.82	\$ 617.94	\$ 636.48	\$ 655.57	\$ 675.24
8" meter	\$ 255.91	\$ 262.31	\$ 494.23	\$ 747.94	\$ 986.82	\$ 1,016.42	\$ 1,046.91	\$ 1,078.32
10" meter	\$ 316.01	\$ 323.91	\$ 674.61	\$ 1,056.08	\$ 1,417.30	\$ 1,459.82	\$ 1,503.61	\$ 1,548.72
Usage Rates (\$/CCF)								
Single Family								
Tier 1 (0-10 CCF)	\$ 0.92	\$ 0.94	\$ 0.94	\$ 0.97	\$ 0.96	\$ 0.99	\$ 1.02	\$ 1.05
Tier 2 (11-50 CCF)	\$ 1.38	\$ 1.41	\$ 1.35	\$ 1.33	\$ 1.27	\$ 1.31	\$ 1.35	\$ 1.39
Tier 3 (>50 CCF)	\$ 1.82	\$ 1.87	\$ 1.76	\$ 1.70	\$ 1.59	\$ 1.64	\$ 1.69	\$ 1.74
Multi-Family and Non-Residential (1)								
All water usage	\$ 0.92	\$ 0.94	\$ 1.00	\$ 1.09	\$ 1.14	\$ 1.17	\$ 1.21	\$ 1.25

Notes:

- (1) Multi-family includes duplexes, triplexes, fourplexes, apartments, condominiums, and mobile home parks.
- (2) This schedule includes the proposed indexing of 2.5 percent, with no rate structure changes.
- (3) This rate schedule is revenue neutral relative to the proposed newly indexed January 2014 water rates, but includes the beginning of the proposed 3-year phased changes to the rate structure.
- (4) These rate schedules reflect the second and third year of the 3-year rate structure phasing, as well as the maximum potential rate adjustment due to ENR indexing.

City of Lodi
Current and Proposed Flat Wastewater Rates

	Current (Jul. 2013)	Future Rate Ceiling				
		Proposed (Jul. 2014)	Proposed (Jul. 2015)	Proposed (Jul. 2016)	Proposed (Jul. 2017)	Proposed (Jul. 2018)
Rate Increase -->		3.0%	3.0%	3.0%	3.0%	3.0%
FLAT RATES						
<i>Single Family Residential</i>						
1 Bedroom	\$ 25.83	\$ 26.60	\$ 27.40	\$ 28.22	\$ 29.07	\$ 29.94
2 Bedroom	\$ 34.44	\$ 35.47	\$ 36.53	\$ 37.63	\$ 38.76	\$ 39.92
3 Bedroom	\$ 43.05	\$ 44.34	\$ 45.67	\$ 47.04	\$ 48.45	\$ 49.90
4 Bedroom	\$ 51.66	\$ 53.21	\$ 54.81	\$ 56.45	\$ 58.14	\$ 59.88
5 Bedroom	\$ 60.27	\$ 62.08	\$ 63.94	\$ 65.86	\$ 67.84	\$ 69.88
6 Bedroom	\$ 68.88	\$ 70.95	\$ 73.08	\$ 75.27	\$ 77.53	\$ 79.86
7 Bedroom	\$ 77.49	\$ 79.81	\$ 82.20	\$ 84.67	\$ 87.21	\$ 89.83
<i>Duplexes, Triplexes, Fourplexes, Apartments, and Condominiums</i>						
1 Bedroom	\$ 25.83	\$ 26.60	\$ 27.40	\$ 28.22	\$ 29.07	\$ 29.94
2 Bedroom	\$ 34.44	\$ 35.47	\$ 36.53	\$ 37.63	\$ 38.76	\$ 39.92
3 Bedroom	\$ 43.05	\$ 44.34	\$ 45.67	\$ 47.04	\$ 48.45	\$ 49.90
4 Bedroom	\$ 51.66	\$ 53.21	\$ 54.81	\$ 56.45	\$ 58.14	\$ 59.88
<i>Mobile Homes</i>						
Any Size	\$ 25.83	\$ 26.60	\$ 27.40	\$ 28.22	\$ 29.07	\$ 29.94
<i>Non-Residential (1)</i>						
Per SSU	\$ 34.44	\$ 35.47	\$ 36.53	\$ 37.63	\$ 38.76	\$ 39.92

Notes:

(1) Proposed flat wastewater rates for schools are to be determined on the basis of 18 student per SSU.

City of Lodi
Current and Proposed Usage-Based Wastewater Rates

	Current (Jul. 2013)	Future Rate Ceiling				
		Proposed (Jul. 2014)	Proposed (Jul. 2015)	Proposed (Jul. 2016)	Proposed (Jul. 2017)	Proposed (Jul. 2018)
Rate Increase -->		3.0%	3.0%	3.0%	3.0%	3.0%
USAGE-BASED RATES						
Monthly Service Charge						
Single Family (per DU)	\$ 23.52	\$ 24.23	\$ 24.96	\$ 25.71	\$ 26.48	\$ 27.27
Multi-Family and Non-Residential (1)						
Up to 3/4" meter		\$ 24.23	\$ 24.96	\$ 25.71	\$ 26.48	\$ 27.27
1" meter		\$ 38.83	\$ 39.99	\$ 41.19	\$ 42.43	\$ 43.70
1 1/2" meter		\$ 75.03	\$ 77.28	\$ 79.60	\$ 81.99	\$ 84.45
2" meter		\$ 118.63	\$ 122.19	\$ 125.86	\$ 129.64	\$ 133.53
3" meter		\$ 220.45	\$ 227.06	\$ 233.87	\$ 240.89	\$ 248.12
4" meter		\$ 365.88	\$ 376.86	\$ 388.17	\$ 399.82	\$ 411.81
6" meter		\$ 729.12	\$ 750.99	\$ 773.52	\$ 796.73	\$ 820.63
8" meter		\$ 1,165.18	\$ 1,200.14	\$ 1,236.14	\$ 1,273.22	\$ 1,311.42
Usage Rates (\$/CCF)						
Single Family (2)	\$ 2.68	\$ 2.76	\$ 2.84	\$ 2.93	\$ 3.02	\$ 3.11
Multi-Family (2)		\$ 2.76	\$ 2.84	\$ 2.93	\$ 3.02	\$ 3.11
Non-Residential (2) (3)						
Low Strength		\$ 2.76	\$ 2.84	\$ 2.93	\$ 3.02	\$ 3.11
Medium Strength		\$ 3.45	\$ 3.55	\$ 3.66	\$ 3.77	\$ 3.88
High Strength		\$ 4.49	\$ 4.62	\$ 4.76	\$ 4.90	\$ 5.05
Industrial (4)						
Flow (per MG annually)	\$ 3,487.41	\$ 3,592.03	\$ 3,699.79	\$ 3,810.78	\$ 3,925.10	\$ 4,042.85
BOD (per 1,000 lbs annually)	\$ 575.51	\$ 592.78	\$ 610.56	\$ 628.88	\$ 647.75	\$ 667.18
SS (per 1,000 lbs annually)	\$ 359.85	\$ 370.65	\$ 381.77	\$ 393.22	\$ 405.02	\$ 417.17

Notes:

- (1) Multi-family includes duplexes, triplexes, fourplexes, apartments, condominiums, and mobile home parks.
- (2) Usage charge based on winter water use determined as the average from the prior December-February period.
Adjusted each July for each account.
- (3) Placeholder. These rates not yet in use.
- (4) Applies to industrial users discharging into the domestic sewer system.



2/18/2014

**CITY OF LODI
COMMERCIAL COMPACTOR RATES
EFFECTIVE April 1, 2014 TO March 31, 2015**

Commercial Compactor Rates					
Service	1X Week	2X Week	3X Week	4X Week	5X Week
2 Cubic Yard Compactor	\$290.35	\$580.70	\$871.05	\$1,161.40	\$1,451.75
3 Cubic Yard Compactor	\$358.76	\$717.53	\$1,076.29	\$1,435.05	\$1,793.81
4 Cubic Yard Compactor	\$427.73	\$855.45	\$1,283.18	\$1,710.90	\$2,138.63

RESOLUTION NO. 2014-75

A RESOLUTION OF THE LODI CITY COUNCIL SETTING FUTURE
WATER, WASTEWATER, AND SOLID WASTE RATES FOR
RESIDENTIAL, COMMERCIAL, AND INDUSTRIAL CUSTOMERS

=====

WHEREAS, the Council of the City of Lodi finds as follows:

1. The City of Lodi provides water supply and wastewater disposal service to its citizens and provides solid waste disposal service through a Franchise Agreement with USA Waste of California, Inc. (Waste Management);
2. The City charges customers of the water and wastewater utilities a charge to fund the on-going operation and maintenance of the water supply and wastewater disposal service;
3. Pursuant to Lodi Municipal Code Section 13.16.110 (Ordinance No. 1709), the schedule of rates for solid waste collection shall be established and adopted by the City Council from time to time by Resolution;
4. Waste Management has requested increases to the current solid waste disposal rates for inflation and increased disposal fees as permitted under its Franchise Agreement;
5. On October 15, 2013, November 6, 2013, December 18, 2013, and March 5, 2014, Council received advisory water, wastewater, and solid waste rates for residential, commercial, and industrial customers, as the City transitions to a metered water system to comply with State law;
6. Staff recommends adopting future adjustments with limits to usage-based and flat water and wastewater rates for residential, multi-family, and non-residential customers as presented in Exhibit A to become effective upon City Council approval of rate increase resolutions at a future date;
7. Staff recommends approval of the Property Owner Meter Charge Schedule for water meters, as presented in Exhibit B;
8. Staff recommends approval of the Waste Management Commercial Compactor Rate schedule, as presented in Exhibit C;
9. The Council directed that notice of a hearing thereon be given to the property owners and water service and wastewater disposal utility customers in the City, with such notice to include, among other matters, the information required to be included pursuant to California law;
10. Pursuant to California Constitution, Article XIIC and Government Code 53755, such notice has been mailed to those property owners and account holders, at least 45 days before the hearing, as evidenced by a Certificate of Mailing on file with the City Clerk;
11. The Council also directed that notice of a hearing thereon be given with such notice to include the information required to be included pursuant to Government Code section 54354.5;
12. Such notice has been published once each week for two weeks, in accordance with Government Code section 54354.5, in the Lodi News-Sentinel as evidenced by Proofs of Publication on file with the City Clerk;
13. On May 7, 2014, the City Council conducted said public hearing, at which time the City Council heard all objections and protests to the proposed usage-based and flat water and wastewater rates for residential, commercial, and industrial customers;
14. Written protests against the proposed usage-based and flat water and wastewater rates and solid waste rates for residential, commercial, and industrial customers were not presented by a majority of the property owners and water, wastewater, and solid waste utility customers; and

15. The proposed usage-based and flat water and wastewater rates and solid waste rates for residential, commercial, and industrial customers are not discriminatory or excessive, are sufficient under Government Code section 54515, comply with the provisions or covenants of any outstanding revenue bonds of the City payable from the revenues of the enterprise, comply with the provisions of Title 5, Division 2, Chapter 6 of the Government Code, and are in compliance with all other applicable law.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Lodi as follows:

Section 1. Recitals. The foregoing recitals are true and correct.

Section 2. Levy of Charges. Pursuant to Sections 13.08.010, 13.12.240, and 13.16.110 of the Lodi Municipal Code, the usage-based and flat water and wastewater and solid waste rates for residential, commercial, and industrial customers; the property owner meter charge schedule for water meters; and the Waste Management Commercial Compactor rate schedule, as attached hereto as Exhibits A, B, and C are hereby approved.

Section 3. Future Adjustments. As provided by Government Code Section 53756, the future adjustments shown in Exhibit A may be adopted annually for a period of five years by resolution beginning May 8, 2014 through December 31, 2018 for water, wastewater, and solid waste rates, with Council approval following a public hearing, in an amount not to exceed the smaller of the limits stated in Exhibit A or the percentage change in the Engineering News Record (ENR) Twenty Cities Annual Average Index for water and wastewater or other index as approved by the City Council by resolution. For solid waste rates, the annual adjustment will not exceed either (a) 80 percent of the annual change in the Consumer Price Index for all Urban Consumers for San Francisco-Oakland-San Jose, California area (CPI), All Items (1982 – 84 = 100) published by the Bureau of Labor Statistics, plus an adjustment for extraordinary increases in landfill fees, fuel and energy costs, and changes in law up to 100 percent of the annual change in the CPI, or (b) 100 percent of the annual change in the CPI without those other adjustments but with a certification that Waste Management's costs had increased by more than 100 percent of the change in the CPI. The adjustment shall not be made if it causes rates to exceed the cost of service and Notice of the Adjustment shall be mailed to each account not less than 30 days before the effective date of the adjustment.

Section 4. Effective Date. This resolution shall take effect from and after the date of its passage.

Dated: May 7, 2014

=====

I hereby certify that Resolution No. 2014-75 was passed and adopted by the City Council of the City of Lodi in a regular meeting held May 7, 2014, by the following vote:

- AYES: COUNCIL MEMBERS – Hansen, Johnson, and Mayor Katzakian
- NOES: COUNCIL MEMBERS – Mounce
- ABSENT: COUNCIL MEMBERS – Nakanishi
- ABSTAIN: COUNCIL MEMBERS – None


RANDI JOHL-OLSON
City Clerk

City of Lodi
Current and Proposed Flat Water Rates

	Current		Future Rate Ceiling				
	Current (Jan. 2013)	Proposed (Jan. 2014)	Proposed (Jan. 2015)	Proposed (Jan. 2016)	Proposed (Jan. 2017)	Proposed (Jan. 2018)	Proposed (Jan. 2019)
	Rate Increase -->	2.5%	3.0%	3.0%	3.0%	3.0%	3.0%
FLAT RATES							
Single Family Residential							
1 Bedroom	\$ 29.90	\$ 30.65	\$ 31.57	\$ 32.52	\$ 33.50	\$ 34.51	\$ 35.55
2 Bedroom	\$ 35.91	\$ 36.81	\$ 37.91	\$ 39.05	\$ 40.22	\$ 41.43	\$ 42.67
3 Bedroom	\$ 43.04	\$ 44.12	\$ 45.44	\$ 46.80	\$ 48.20	\$ 49.65	\$ 51.14
4 Bedroom	\$ 51.72	\$ 53.01	\$ 54.60	\$ 56.24	\$ 57.93	\$ 59.67	\$ 61.46
5 Bedroom	\$ 62.03	\$ 63.58	\$ 65.49	\$ 67.45	\$ 69.47	\$ 71.55	\$ 73.70
6 Bedroom	\$ 74.44	\$ 76.30	\$ 78.59	\$ 80.95	\$ 83.38	\$ 85.88	\$ 88.46
Multi-Family (1)							
1 Bedroom	\$ 25.67	\$ 26.31	\$ 27.10	\$ 27.91	\$ 28.75	\$ 29.61	\$ 30.50
2 Bedroom	\$ 30.79	\$ 31.56	\$ 32.51	\$ 33.49	\$ 34.49	\$ 35.52	\$ 36.59
3 Bedroom	\$ 36.94	\$ 37.86	\$ 39.00	\$ 40.17	\$ 41.38	\$ 42.62	\$ 43.90
4 Bedroom	\$ 44.32	\$ 45.43	\$ 46.79	\$ 48.19	\$ 49.64	\$ 51.13	\$ 52.66
Mobile Homes							
Any Size	\$ 25.67	\$ 26.31	\$ 27.10	\$ 27.91	\$ 28.75	\$ 29.61	\$ 30.50
Non-Residential							
Existing unmetered	Varies	+2.5%	+3.0%	+3.0%	+3.0%	+3.0%	+3.0%

Notes:

(1) Multi-family includes duplexes, triplexes, fourplexes, apartments, and condominiums.

**City of Lodi
Current and Proposed Usage-Based Water Rates**

	Current (Jan. 2013)	Proposed (Jan. 2014)	Future Rate Ceiling				
			Proposed (Jan. 2014)	Proposed (Jan. 2016)	Proposed (Jan. 2017)	Proposed (Jan. 2018)	Proposed (Jan. 2019)
Rate Increase -->		(3)	3.0% (4)	3.0% (4)	3.0%	3.0%	3.0%
USAGE-BASED RATES							
Monthly Service Charge							
Single Family							
Up to 3/4" meter	\$ 23.78	\$ 24.37	\$ 23.26	\$ 21.65	\$ 22.30	\$ 22.97	\$ 23.66
1" meter	\$ 38.60	\$ 39.57	\$ 37.38	\$ 34.01	\$ 35.03	\$ 36.08	\$ 37.16
1 1/2" meter	\$ 75.42	\$ 77.31	\$ 72.45	\$ 64.62	\$ 66.56	\$ 68.56	\$ 70.62
2" meter	\$ 119.79	\$ 122.78	\$ 114.71	\$ 101.52	\$ 104.57	\$ 107.71	\$ 110.94
Multi-Family and Non-Residential (1)							
Up to 3/4" meter	\$ 23.78	\$ 24.37	\$ 23.26	\$ 21.65	\$ 22.30	\$ 22.97	\$ 23.66
1" meter	\$ 38.60	\$ 39.57	\$ 37.38	\$ 34.01	\$ 35.03	\$ 36.08	\$ 37.16
1 1/2" meter	\$ 60.24	\$ 61.75	\$ 62.08	\$ 64.62	\$ 66.56	\$ 68.56	\$ 70.62
2" meter	\$ 75.27	\$ 77.15	\$ 84.29	\$ 94.17	\$ 104.57	\$ 107.71	\$ 110.94
3" meter	\$ 105.38	\$ 108.01	\$ 132.74	\$ 162.18	\$ 193.28	\$ 199.08	\$ 205.05
4" meter	\$ 135.51	\$ 138.90	\$ 193.14	\$ 254.80	\$ 319.99	\$ 329.59	\$ 339.48
6" meter	\$ 195.68	\$ 200.57	\$ 333.69	\$ 480.82	\$ 636.48	\$ 655.57	\$ 675.24
8" meter	\$ 255.91	\$ 262.31	\$ 494.23	\$ 747.94	\$ 1,016.42	\$ 1,046.91	\$ 1,078.32
10" meter	\$ 316.01	\$ 323.91	\$ 674.61	\$ 1,056.08	\$ 1,459.82	\$ 1,503.61	\$ 1,548.72
Usage Rates (\$/CCF)							
Single Family							
Tier 1 (0-10 CCF)	\$ 0.92	\$ 0.94	\$ 0.94	\$ 0.96	\$ 0.99	\$ 1.02	\$ 1.05
Tier 2 (11-50 CCF)	\$ 1.38	\$ 1.41	\$ 1.35	\$ 1.27	\$ 1.31	\$ 1.35	\$ 1.39
Tier 3 (>50 CCF)	\$ 1.82	\$ 1.87	\$ 1.76	\$ 1.59	\$ 1.64	\$ 1.69	\$ 1.74
Multi-Family and Non-Residential (1)							
All water usage	\$ 0.92	\$ 0.94	\$ 1.00	\$ 1.09	\$ 1.14	\$ 1.17	\$ 1.25

Notes:

- (1) Multi-family includes duplexes, triplexes, fourplexes, apartments, condominiums, and mobile home parks.
- (2) This schedule includes the proposed indexing of 2.5 percent, with no rate structure changes.
- (3) This rate schedule is revenue neutral relative to the proposed newly indexed January 2014 water rates, but includes the beginning of the proposed 3-year phased changes to the rate structure.
- (4) These rate schedules reflect the second and third year of the 3-year rate structure phasing, as well as the maximum potential rate adjustment due to ENR indexing.

City of Lodi
Current and Proposed Flat Wastewater Rates

	Current (Jul. 2013)	Future Rate Ceiling					
		Proposed (Jul. 2014)	Proposed (Jul. 2015)	Proposed (Jul. 2016)	Proposed (Jul. 2017)	Proposed (Jul. 2018)	
Rate Increase -->		3.0%	3.0%	3.0%	3.0%	3.0%	
FLAT RATES							
<i>Single Family Residential</i>							
1 Bedroom	\$ 25.83	\$ 26.60	\$ 27.40	\$ 28.22	\$ 29.07	\$ 29.94	
2 Bedroom	\$ 34.44	\$ 35.47	\$ 36.53	\$ 37.63	\$ 38.76	\$ 39.92	
3 Bedroom	\$ 43.05	\$ 44.34	\$ 45.67	\$ 47.04	\$ 48.45	\$ 49.90	
4 Bedroom	\$ 51.66	\$ 53.21	\$ 54.81	\$ 56.45	\$ 58.14	\$ 59.88	
5 Bedroom	\$ 60.27	\$ 62.08	\$ 63.94	\$ 65.86	\$ 67.84	\$ 69.88	
6 Bedroom	\$ 68.88	\$ 70.95	\$ 73.08	\$ 75.27	\$ 77.53	\$ 79.86	
7 Bedroom	\$ 77.49	\$ 79.81	\$ 82.20	\$ 84.67	\$ 87.21	\$ 89.83	
<i>Duplexes, Triplexes, Fourplexes, Apartments, and Condominiums</i>							
1 Bedroom	\$ 25.83	\$ 26.60	\$ 27.40	\$ 28.22	\$ 29.07	\$ 29.94	
2 Bedroom	\$ 34.44	\$ 35.47	\$ 36.53	\$ 37.63	\$ 38.76	\$ 39.92	
3 Bedroom	\$ 43.05	\$ 44.34	\$ 45.67	\$ 47.04	\$ 48.45	\$ 49.90	
4 Bedroom	\$ 51.66	\$ 53.21	\$ 54.81	\$ 56.45	\$ 58.14	\$ 59.88	
<i>Mobile Homes</i>							
Any Size	\$ 25.83	\$ 26.60	\$ 27.40	\$ 28.22	\$ 29.07	\$ 29.94	
<i>Non-Residential (1)</i>							
Per SSU	\$ 34.44	\$ 35.47	\$ 36.53	\$ 37.63	\$ 38.76	\$ 39.92	

Notes:

(1) Proposed flat wastewater rates for schools are to be determined on the basis of 18 student per SSU.

City of Lodi
Current and Proposed Usage-Based Wastewater Rates

	Current (Jul. 2013)	Future Rate Ceiling					
		Proposed (Jul. 2014)	Proposed (Jul. 2015)	Proposed (Jul. 2016)	Proposed (Jul. 2017)	Proposed (Jul. 2018)	
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USAGE-BASED RATES							
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Single Family (per DU)	\$ 23.52	\$ 24.23	\$ 24.96	\$ 25.71	\$ 26.48	\$ 27.27	
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1" meter		\$ 24.23	\$ 24.96	\$ 25.71	\$ 26.48	\$ 27.27	
1 1/2" meter		\$ 38.83	\$ 39.99	\$ 41.19	\$ 42.43	\$ 43.70	
2" meter		\$ 75.03	\$ 77.28	\$ 79.60	\$ 81.99	\$ 84.45	
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		\$ 1,165.18	\$ 1,200.14	\$ 1,236.14	\$ 1,273.22	\$ 1,311.42	
Usage Rates (\$/CCF)							
Single Family (2)	\$ 2.68	\$ 2.76	\$ 2.84	\$ 2.93	\$ 3.02	\$ 3.11	
Multi-Family (2)		\$ 2.76	\$ 2.84	\$ 2.93	\$ 3.02	\$ 3.11	
Non-Residential (2) (3)							
Low Strength		\$ 2.76	\$ 2.84	\$ 2.93	\$ 3.02	\$ 3.11	
Medium Strength		\$ 3.45	\$ 3.55	\$ 3.66	\$ 3.77	\$ 3.88	
High Strength		\$ 4.49	\$ 4.62	\$ 4.76	\$ 4.90	\$ 5.05	
Industrial (4)							
Flow (per MG annually)	\$ 3,487.41	\$ 3,592.03	\$ 3,699.79	\$ 3,810.78	\$ 3,925.10	\$ 4,042.85	
BOD (per 1,000 lbs annually)	\$ 575.51	\$ 592.78	\$ 610.56	\$ 628.88	\$ 647.75	\$ 667.18	
SS (per 1,000 lbs annually)	\$ 359.85	\$ 370.65	\$ 381.77	\$ 393.22	\$ 405.02	\$ 417.17	

Notes:

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- (2) Usage charge based on winter water use determined as the average from the prior December-February period. Adjusted each July for each account.
- (3) Placeholder. These rates not yet in use.
- (4) Applies to industrial users discharging into the domestic sewer system.

Exhibit B

Meter Charge Schedule

Meter Size	Price Based (Cost x 1.55)
¾	\$300
1	\$350
1 ½	\$780
2	\$970
3	\$1,980
4	\$3,570
6	\$6,760
8	\$11,520



2/18/2014

**CITY OF LODI
COMMERCIAL COMPACTOR RATES
EFFECTIVE April 1, 2014 TO March 31, 2015**

Commercial Compactor Rates					
Service	1X Week	2X Week	3X Week	4X Week	5X Week
2 Cubic Yard Compactor	\$290.35	\$580.70	\$871.05	\$1,161.40	\$1,451.75
3 Cubic Yard Compactor	\$358.76	\$717.53	\$1,076.29	\$1,435.05	\$1,793.81
4 Cubic Yard Compactor	\$427.73	\$855.45	\$1,283.18	\$1,710.90	\$2,138.63

The City of Lodi
**Public Works
Engineering**



**Proposition 218 Protest Hearing
Water, Wastewater, Solid Waste**

Agenda Item G-1
May 7, 2014

Topics



1. Property owner meter charge schedule
2. Vacant residential water and wastewater rate
3. Water rate structural changes
4. Five year financial plan
5. Water and wastewater capital programs
6. Solid waste compactor rate and annual CPI adjustment



1. Proposition 218 protest hearing -
not a rate increase
2. Water and wastewater future rate increases **capped at 3% ENR**
3. Solid waste future rate increases **capped at 100% CPI**
4. All future rate increases subject to Council approval



Meter Charge – Non-Res & MF

Meter Size	<u>Recommended</u>
$\frac{3}{4}$	\$300
1	\$350
1 $\frac{1}{2}$	\$780
2	\$970
3	\$1,980
4	\$3,570
6	\$6,760
8	\$11,520



Vacant Residential Rate

Water and wastewater customers
without a metered service

Monthly base charge for meter size

Over time the monthly base charge
will reduce to approximately 30% of
total revenue (currently 45%)



Water Rate Structural Changes

- Revenue neutral and 3-year transition
- **Residential** - monthly service charge and 3-tier usage rates reduce
- **Non-residential and multi-family** - monthly service charge and single-tier usage rate increase



Water Examples – Monthly Change

	Current 2014	Proposed 2014	Proposed 2015	Proposed 2016
		Re-structure water rate over three years		
Rate/Revenue Change		2.5 %	3.0 %	3.0 %
Single Family				
3 bedroom flat rate	\$43.04	No Change	+ \$1.32	+ \$1.36
Average use (18 CCF)	\$45.05	- \$1.59	- \$0.32	- \$1.73
Non-Residential				
Scientific Specialties (2 inch meter)	\$481.83	+ \$44.34	+ \$49.66	+ \$29.50



Sewer Examples – Monthly Change

	Current 2013	Proposed 2014	Proposed 2015	Proposed 2016
Rate/Revenue Change		3.0 %	3.0 %	3.0 %
Single Family				
3 bedroom flat rate	\$43.05	+ \$1.29	+ \$1.33	+ \$1.37
Average use (10 CCF)	\$50.32	+ \$1.51	+ \$1.53	+ \$1.65
Non-Residential				
Scientific Specialties (2 inch meter)	\$430.50	+ \$12.92	+ \$13.25	+ \$13.75

Comparisons Sent to Non-Residential Customers

1. Blue Shield	11. Holiday Retirement
2. City of Lodi	12. Walmart
3. Cottage Bakery	13. Safeway
4. General Mills	14. Miller Packing
5. Lodi Unified	15. Lodi Card Room
6. Lodi Memorial	16. Archer Daniels Midland
7. Lustre Cal	17. Armorstruxx
8. Pacific Coast Producers	18. Costco
9. Scientific Specialties	19. Cepheid
10. Target	



Five Year Financial Plan

1. Assumptions checked and reconfirmed
2. Annual adjustments capped at 3%
3. First year rate adjustment 2.5% compared to 2.6% ENR increase
4. Cash reserves as a percent of revenues are lowest in FY 17/18 (15% in Water and 24% in Wastewater)
5. Financial plan strategies presentation
July 16, 2014



Water Capital Program

Water Meters and Replacements	\$ 23.5 million/4.5 years
Well Capital Maintenance	\$2.0 million/4.5 years
Financial System Replacement	\$0.53 million/2 years



Wastewater Capital Program

Wastewater System Rehabilitation	\$4.5 million/4.5 years
White Slough Capital Maintenance	\$8.6 million/4.5 years
White Slough Irrigation Improvements	\$ 4.2 million (2015-18)
Storm NPDES Permit Improvements	\$2.5 million/2.5 years
Financial System Replacement	\$0.53 million/2 years



Solid Waste Compactor Rates

Service	1X Week	2X Week	3X Week	4X Week	5X Week
2 Cubic Yard Compactor	\$290.35	\$580.70	\$871.05	\$1,161.40	\$1,451.75
3 Cubic Yard Compactor	\$358.76	\$717.53	\$1,076.29	\$1,435.05	\$1,793.81
4 Cubic Yard Compactor	\$427.73	\$855.45	\$1,283.18	\$1,710.90	\$2,138.63

Option A – 80 % of CPI plus extraordinary increases in landfill fees, fuel and energy

Option B – 100 % of CPI with certification that operations costs increased by more than 100 % of CPI



Questions

**CITY CLERK'S CERTIFICATE
RE: WRITTEN PROTESTS**

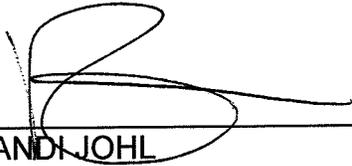
**PROPOSED FUTURE WATER, WASTEWATER, AND SOLID WASTE RATES
FOR RESIDENTIAL, COMMERCIAL, AND INDUSTRIAL CUSTOMERS**

I, RANDI JOHL, City Clerk of the City of Lodi hereby certify that City Clerk staff have personally received and assembled all written protests returned by mail or delivered in person.

At the conclusion of the public hearing on May 7, 2014, I tabulated the written protests and certify the result of that tabulation to be as follows:

TOTAL NUMBER OF PROPERTIES:	47,216
on which the rates are imposed as shown on the last equalized assessment roll of San Joaquin County and City utility billing records pursuant to Proposition 218 requirements	
TOTAL NUMBER OF WRITTEN PROTESTS RECEIVED:	1,345
to the proposed increase	(2.85%)

I make this certification on May 14, 2014



RANDI JOHL
CITY CLERK



Please immediately confirm receipt of this fax by calling 333-6702

CITY OF LODI
P. O. BOX 3006
LODI, CALIFORNIA 95241-1910

ADVERTISING INSTRUCTIONS

SUBJECT: PUBLIC HEARING TO CONSIDER ADOPTING RESOLUTION SETTING FUTURE WATER, WASTEWATER, AND SOLID WASTE RATE SCHEDULES PURSUANT TO PROPOSITION 218 FOR RESIDENTIAL, COMMERCIAL, AND INDUSTRIAL CUSTOMERS

**PUBLISH DATE: SATURDAY, MARCH 15, 2014
SATURDAY, MARCH 22, 2014**

LEGAL AD

TEAR SHEETS WANTED: One (1) please

SEND AFFIDAVIT AND BILL TO: RANDI JOHL-OLSON, CITY CLERK
LNS ACCT. #0510052
City of Lodi
P.O. Box 3006
Lodi, CA 95241-1910

DATED: THURSDAY, MARCH 6, 2014

**ORDERED BY: RANDI JOHL-OLSON
CITY CLERK**

Jennifer M. Robison
JENNIFER M. ROBISON, CMC
ASSISTANT CITY CLERK

MARIA DITMORE
ADMINISTRATIVE CLERK

Verify Appearance of this Legal in the Newspaper – Copy to File

LNS Faxed to the Sentinel at 369-1084 at _____ (time) on _____ (date) _____ (pages)
Phoned to confirm receipt of all pages at _____ (time) _____ MD _____ JMR (initials)



DECLARATION OF POSTING

PUBLIC HEARING TO CONSIDER ADOPTING RESOLUTION SETTING FUTURE WATER, WASTEWATER, AND SOLID WASTE RATE SCHEDULES PURSUANT TO PROPOSITION 218 FOR RESIDENTIAL, COMMERCIAL, AND INDUSTRIAL CUSTOMERS

On Thursday, March 6, 2014, in the City of Lodi, San Joaquin County, California, a Notice of Public Hearing to consider adopting resolution setting future water, wastewater, and solid waste rate schedules pursuant to Proposition 218 for residential, commercial, and industrial customers (attached and marked as Exhibit A) was posted at the following locations:

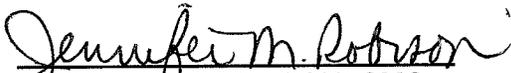
Lodi City Clerk's Office
Lodi City Hall Lobby
Lodi Carnegie Forum

I declare under penalty of perjury that the foregoing is true and correct.

Executed on March 6, 2014, at Lodi, California.

ORDERED BY:

**RANDI JOHL-OLSON
CITY CLERK**


JENNIFER M. ROBISON, CMC
ASSISTANT CITY CLERK

MARIA DITMORE
ADMINISTRATIVE CLERK



Proposition 218 Notification and Protest Hearing Process

Summary:

The Lodi City Council will consider proposed future water, wastewater and contracted solid waste rate increases at a public hearing at 7:00 p.m., Wednesday, May 7, 2014, at the Carnegie Forum, 305 West Pine Street, Lodi. A majority protest would stop the proposed future increases. If you wish to protest the proposed increases written protests may be made in person at the hearing or delivered to:

City of Lodi
Attention: City Clerk
221 West Pine Street
Post Office Box 3006
Lodi, California 95241-1910

If you already filed a protest prior to the continuance of the December 18, 2013 hearing on this Notice, your prior protest will be counted.

Explanation of Protest Process

Proposition 218 requires that the City provide a notice of the proposed future rate schedule to all property owners forty-five (45) days prior to holding a public hearing. If a majority of the property owners or renters who pay the utility bill file oppositions to the increase, the increase will not take effect. A protest must contain a description of the property owned sufficient to identify the property. The address or assessor's parcel number is shown on this mailing.

If the name on the written protest is not shown on the last equalized assessment roll of San Joaquin County as the owner of the property or on the utility account, the signer of the protest must also submit written evidence of ownership or rentership and utility bill responsibility.

At the public hearing, Council shall hear all protests and tabulate the ballots. One written protest per parcel, filed by the owner or tenant (paying the utility bill) of the parcel shall be counted in calculating a majority protest to a proposed new fee or charge subject to the requirements of Section 6 of Article XIII D of the California Constitution. If the votes conflict, the City will count the no vote.

Explanation of Proposed Future Increases:

City Staff is requesting that the City Council pre-authorize inflationary based adjustments in an amount up to the lesser of three percent (3%) or the actual amount of inflation for the next five years to pay for anticipated inflationary based cost increases. Water rates will be increased by up to their applicable index each January 1, from 2015 through 2019 and wastewater rates each July 1, from 2014 through 2019.

In addition staff is requesting that Council make a small adjustment to rates to more equitably distribute costs among its various classes of rate payers. Currently, metered single family residential customers pay for water on a tiered system. The more a customer uses, the more they pay per gallon. However, multi-family (condominiums/duplexes), commercial and industrial customers pay for all their water at the first tier rate. This rate restructuring would effectively

lower costs for single family metered customers and increase rates for multi-family, commercial and industrial customers to achieve better equity between these customer classes. Net rate revenues will remain unchanged.

The City of Lodi proposes to increase all water and wastewater rates by an amount up to the percentage increase in the annual average of the Engineering News Record (20 cities average) Index ("ENR"), as of September 30 (water) and March 31 (wastewater) of each year from 2014 through 2018. The City of Lodi also proposes to increase contracted solid waste charges by the annual change in the Consumer Price Index for All Urban Consumers for San Francisco-San Jose California Area All Items (1982-84=100) published by the Bureau of Labor Statistics ("CPI") as of December 31 of each year from December 31, 2014 through December 31, 2018. The water and wastewater increases shall not exceed three percent (3%) per year. The ENR and CPI based increases will be implemented as needed to pay for inflation-based increased costs of providing water, wastewater and contracted solid waste services.

The City also proposes to institute new rates for installation of meters over $\frac{3}{4}$ of an inch as set forth in the attached rate table entitled Exhibit A Meter Charge Schedule; establish a new vacant unit rate as set forth in the attached rate table entitled Exhibit B Vacant Unit Rate; approve new flat rate water and wastewater rates as set forth in the attached rate tables entitled Exhibit C Current and Proposed Flat Water Rates and Flat Wastewater Rates; and restructure rates for single-family residential, multi-family and non residential as further described in the attached rate table entitled Exhibit D Current and Proposed Usage Based Water Rates and Usage Based Wastewater Rates. The current commercial compactor rates for solid waste are shown in Exhibit E and will be adjusted for CPI changes as provided in the next paragraph. The rate restructuring, vacant unit rate and meter installation rate for meters exceeding $\frac{3}{4}$ inch will take place on May 8, 2014.

Basis of Proposed Rate Calculation

The new ENR and CPI based rates will be calculated by increasing the then existing rate in each of five years starting in 2014 by the prior year's increase in the ENR or CPI but not to exceed 3 percent for water and wastewater. Staff's recommended rate for the meter installation over $\frac{3}{4}$ of an inch is calculated as the City's actual contracted cost to purchase the meter plus 55 percent to cover a portion of the installation cost and is presented in column 2 of the Exhibit A Meter Charge Schedule. The vacant rate is calculated as the monthly base charge for water or wastewater. The rate restructuring is calculated by increasing the single tier for multi-family and non-residential by the weighted average of the multiple tier rate and decreasing all of the single-family rates by the exact amount of the revenue that the increase to multi-family and non-residential is projected to generate.

Conclusion:

If you have any questions about this notice, please call the Public Works Department at (209) 333-6706 between 7:30 a.m. and 5:30 p.m., Monday through Thursday, and between 8:00 a.m. and 5:00 p.m. on Friday. City Hall is closed every other Friday.

RANDI JOHL-OLSON, City Clerk
City of Lodi

Notificación de Proposición 218 y proceso de audiencia de protesta

Resumen:

El Consejo de la ciudad de Lodi considerará los incrementos propuestos en las tarifas de agua, aguas residuales y desechos sólidos contratados en una audiencia pública a las 7 PM, el miércoles 7 de mayo de 2014, en el Carnegie Forum, en el 305 West Pine Street, Lodi. Una protesta mayoritaria detendrán los incrementos futuros propuestos. Si desea protestar por los incrementos se pueden hacer protestas por escrito en persona en la audiencia o las puede entregar en:

Ciudad de Lodi
Atención: City Clerk
221 West Pine Street
Post Office Box 3006
Lodi, California 95241-1910

Si ya presentó una protesta antes del aplazamiento de la audiencia del 18 de diciembre de 2013 por esta Notificación, su protesta anterior será contada.

Explicación del proceso de protesta

La Proposición 218 requiere que la Ciudad proporcione una notificación del programa de tarifas futuras propuestas a todos los dueños de propiedad cuarenta y cinco (45) días antes de llevar a cabo la audiencia pública. Si la mayoría de los dueños de propiedad o renteros que pagan el recibo de servicios presentan oposiciones por el incremento, éste no entrará en vigor. Una protesta debe contener una descripción de la propiedad suficiente para identificar la misma. La dirección o número de parcela del valuador se muestra en este correo.

Si no se muestra el nombre en la protesta por escrito en la última lista de tasación ajustada del Condado de San Joaquín como dueño de la propiedad o en la cuenta de servicios, el firmante de la propuesta también debe presentar evidencia por escrito de dicha propiedad o arrendamiento y su responsabilidad por el recibo de servicios.

En la audiencia pública, el Consejo deberá escuchar todas las propuestas y tabular los votos. Se deberá contar una protesta por escrito por parcela, presentada por el propietario o inquilino (pagando el recibo de servicios) de la parcela para el cálculo de una protesta mayoritaria por un cargo o tarifa nueva propuesta sujeto a los requerimientos de la Sección 6 del Artículo XIII D de la Constitución de California. Si hay conflicto en los votos, la Ciudad lo contará sin voto.

Explicación de los incrementos futuros propuestos:

El personal de la Ciudad está solicitando que el Consejo de la ciudad pre-autorice los ajustes basados en la inflación por una cantidad que sea la menor de tres por ciento (3%) o la cantidad real de la inflación por los siguientes cinco años para pagar los incrementos de costos anticipados basados en la inflación. Las tarifas de agua se incrementarán hasta su índice aplicable cada 1 de enero, de 2015 a 2019 y las tarifas por aguas residuales cada 1 de julio, de 2014 al 2019.

Además, el personal solicita que el Consejo haga pequeños ajustes a las tarifas para distribuir los costos más equitativamente entre sus diversas clases de pagadores de tarifa. Actualmente, los clientes residenciales unifamiliares con medidor pagan por agua con un sistema de niveles. Entre más usa un cliente, más paga por galón. Sin embargo, los clientes de multifamiliares (condominios/dúplex), comerciales e industriales pagan por toda su agua con tarifa de primer nivel. Esta reestructuración de tarifas disminuirá efectivamente los costos para los clientes unifamiliares con medidor e incrementará las tarifas para clientes multifamiliares, comerciales e

industriales para lograr una mayor equidad entre las clases de clientes. Los ingresos netos por tarifas permanecerán sin cambio.

La Ciudad de Lodi propone incrementar todas las tarifas de agua y aguas residuales por una cantidad de hasta el porcentaje de incremento en el promedio anual del Índice del Engineering News Record ("ENR") (promedio de 20 ciudades), al 30 de septiembre (agua) y 31 de marzo (aguas residuales) para cada año del 2014 al 2018. La Ciudad de Lodi también propone incrementar los cargos por desechos sólidos contratados por el cambio anual en el Índice de precios al consumidor para todos los consumidores urbanos del área de San Francisco-San José California, todos los conceptos (1982-84=100) publicados por la Oficina de Estadísticas Laborales ("IPC") al 31 de diciembre de cada año del 31 de diciembre de 2014 al 31 de diciembre de 2018. Los incrementos en agua y aguas residuales no excederá del tres por ciento (3%) por año. Los incrementos basados en ENR e IPC serán implementados según sea necesario para pagar los costos incrementados basados en la inflación para proporcionar servicios de agua, aguas residuales y desechos sólidos contraídos.

La Ciudad también propone instituir nuevas tarifas para la instalación de medidores de más de $\frac{3}{4}$ de pulgada como se establece en la tabla de tarifas adjunta titulada como Anexo A Programa de cargos por medidor; establecer una nueva tarifa de unidad vacante como se establece en la tabla de tarifas adjunta titulada como Anexo B Tarifa de unidad vacante; aprobar una nueva tarifa fija para agua y aguas residuales como se establece en las tablas de tarifas adjuntas tituladas Anexo C Tarifas de agua fijas y tarifas de aguas residuales fijas actuales y propuestas; y tarifas de reestructuración para unifamiliares residenciales, multifamiliares y no residenciales como se describe en la tabla de tarifas adjunta titulada Anexo D Tarifas de agua y tarifas de aguas residuales basadas en uso actuales y propuestas. Las tarifas de compactador comercial actuales se muestran en el Anexo E y se ajustarán según los campos en el IPC como se indica en el siguiente párrafo. La tarifa de reestructuración, la tarifa de unidad vacante y la tarifa de instalación de medidor para medidores que exceden $\frac{3}{4}$ de pulgada se aplicarán el 8 de mayo de 2014.

Bases para el cálculo de la tarifa propuesta

Las nuevas tarifas basadas en el ENR y el IPC serán calculadas al incrementar la tarifa entonces existente en cada uno de los cinco años a partir de 2014 por el incremento del año anterior en el ENR o el IPC sin exceder el 3 por ciento para agua y aguas residuales. La tarifa recomendada por el personal para la instalación de medidor de más de $\frac{3}{4}$ de pulgada se calcula según el costo contratado actual de la Ciudad para comprar el medidor más 55 por ciento para cubrir una porción de la instalación y se presenta en la columna 2 del Anexo A Programa de cargos por medidor. La tarifa de vacantes se calcula en un cargo mensual por agua y aguas residuales. La tarifa de reestructuración se calcula al incrementar el nivel único para multifamiliar y no residencial según el promedio ponderado de tarifas de múltiple nivel y disminuyendo todas las tarifas de unifamiliares por la cantidad exacta de ingresos que el incremento en multifamiliares y no residenciales se proyecta que genere.

Conclusión:

Si tiene alguna pregunta sobre esta notificación, llamar al Departamento de Obras Públicas al (209) 333-6706 entre 7:30 AM y 5:30 PM, de lunes a jueves y entre las 8:00 AM y las 5:00 PM los viernes. El Ayuntamiento cierra cada dos viernes.

RANDI JOHL-OLSON, Secretario del ayuntamiento
Ciudad de Lodi

CITY COUNCIL

PHIL KATZAKIAN, Mayor
LARRY D. HANSEN,
Mayor Pro Tempore
BOB JOHNSON
JOANNE L. MOUNCE
ALAN NAKANISHI

CITY OF LODI

PUBLIC WORKS DEPARTMENT

CITY HALL, 221 WEST PINE STREET / P.O. BOX 3006
LODI, CALIFORNIA 95241-1910
TELEPHONE (209) 333-6706 / FAX (209) 333-6710
EMAIL pwdept@lodi.gov
<http://www.lodi.gov>

KONRADT BARTLAM,
City Manager

RANDI JOHL-OLSON,
City Clerk

D. STEPHEN SCHWABAUER,
City Attorney

F. WALLY SANDELIN,
Public Works Director

February 1, 2014

SUBJECT: Proposed Schedule of Utility Rate Increases

This letter to our utility customers addresses some commonly questioned aspects of the Proposition 218 process relative to forecasted utility rate increases. One, the City's Proposition 218 notices will not result in any increase in utility rates. The Proposition 218 notice is a notice of proposed rate schedules and does not constitute a utility rate increase. In the case of water and wastewater rates, it sets a maximum limit of 3% for future rate increases, even if the inflationary index exceeds 3%. In the case of refuse rates, it sets a maximum limit equal to the change in the Consumer Price Index (CPI).

Two, the City has acted transparently by regularly presenting at numerous public meetings the financial models for the water and wastewater utilities that contain specific information on the forecasted increases in costs for personnel, utilities, materials, supplies, and debt service and lists specific system improvement projects. As recently as October 15, 2013, this information was presented at the Shirtsleeve meeting and is available online at the City Council Agendas and Minutes site.

Three, the financial models present the best information available that support the notion of continued modest increases in rates. Again, the Council will not be voting on April 16 to increase rates by 3% for each of the next five years. Each year, actual numbers from the prior year and budget numbers for the next year provide the facts to Council so a decision can be made as to whether there should be no rate increase or a modest increase.

Four, the objective of the proposed rate schedules is to make it possible to offset inflationary increases in water and wastewater operating costs should that become necessary. The rate changes are not intended to fund capital projects. In the past, maximum permitted rate increases have not been implemented and, in fact, the average annual water rate increase has been 1.2% over the past six years.

Five, the proposed rate schedules will not be used to pay for infrastructure required to serve the demands presented by new development. The development impact fee program requires new development to reimburse the City for past and future investments in water, wastewater, streets, police, fire and other infrastructure. In fact, if new development exceeds that forecasted in the financial models, this could partially offset recommended inflationary increases.

Lastly, significant system improvements are planned that will, in the long term, significantly reduce expensive maintenance costs and evenly spread utility costs (rates) amongst our customers. These system improvements include the water and wastewater replacement program, water meter installation program, old water meter retrofit program, and system-wide well maintenance. And there are administration costs to run the utilities with much of those costs related to meeting State requirements for the operation of the wastewater treatment plant and the recently-completed water treatment plant.

Sincerely,

F. Wally Sandelin
Public Works Director

FWS/pmf

CITY COUNCIL

PHIL KATZAKIAN, Mayor
LARRY D. HANSEN,
Mayor Pro Tempore
BOB JOHNSON
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CITY OF LODI

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KONRADT BARTLAM,
City Manager

RANDI JOHL-OLSON,
City Clerk

D. STEPHEN SCHWABAUER,
City Attorney

F. WALLY SANDELIN,
Public Works Director

1 de febrero de 2014

TEMA: Programa propuesto para incrementos en tarifas de servicios

Esta carta para nuestros clientes de servicios trata algunos de los aspectos comúnmente cuestionados sobre el proceso de la Proposición 218 relativo a la predicción de incrementos en las tarifas de servicios. Uno, las notificaciones de la Proposición 218 de la ciudad no resultarán en ningún incremento de las tarifas de servicios. La notificación de la Proposición 218 es una notificación sobre el programa de tarifas propuesta y no constituye un incremento en las tarifas de servicios. En el caso de las tarifas por agua y aguas residuales, se tiene establecido un límite máximo de 3% para futuros incrementos en tarifas, incluso si el índice inflacionario excede el 3%. En el caso de tarifas de rechazo, se establece un límite máximo igual al cambio en el Índice de precios al consumidor (IPC).

Dos, la Ciudad ha actuado de manera transparente al presentar regularmente en numerosas reuniones públicas los modelos financieros de los servicios de agua y aguas residuales los cuales contienen información específica sobre los incrementos pronosticados en cuanto a los costos de personal, servicios, materiales, suministros y servicios de deuda y enumera proyectos específicos de mejora en el sistema. Tan reciente como el 15 de octubre de 2013, esta información fue presentada en la reunión de Shirtsleeve y también está disponible en línea en el sitio de Agenda y minutas del consejo municipal.

Tres, los modelos financieros presentan la mejor información disponible que apoya la noción de incrementos modestos continuos en las tarifas. De nuevo, el Consejo no votará el 16 de abril para el incremento de las tarifas en un 3% para cada uno de los siguientes cinco años. Cada año, los números reales del año anterior y los números del presupuesto para el siguiente año proporcionan los hechos para el Consejo de manera que se pueda tomar una decisión respecto a si no debe haber incremento en las tarifas o si debe haber un incremento modesto.

El objetivo del programa de tarifas propuesto es el de poder compensar los incrementos inflacionarios en los costos de operación del agua y aguas residuales de ser estos necesarios. Los cambios en las tarifas no tienen el propósito de generar fondos para proyectos de inversión. En el pasado, los incrementos máximos permitidos a las tarifas no fueron implementado y, de hecho, la tarifa promedio anual por agua ha incrementado 1.2\$ durante los últimos seis años.

Cinco, el programa de tarifas propuesto no será usado para pagar por la infraestructura requerida para dar servicio a la demanda requerida por el nuevo desarrollo. El programa de cuota de impacto del desarrollo requiere que el nuevo desarrollo reembolse a la Ciudad las inversión es pasadas y futuras en agua, aguas residuales, calles, policía, incendio y demás infraestructuras. De hecho, si el nuevo desarrollo excede dicho pronóstico en los modelos financieros, esto podría compensar parcialmente los incrementos inflacionarios recomendados.

Por último, se planean significativas mejoras en el sistema que, a largo plazo, reducirán significativamente los caros costos de mantenimiento y distribuirán de manera equitativa los costos (tarifas) por servicios entre nuestros clientes. Estas mejoras en el sistema incluyen programa de reemplazo de agua y aguas residuales, programa de instalación de medidores de agua, programa de reacondicionamiento de medidores antiguos de agua y mantenimiento de todo el sistema. Y hay costos administrativos para hacer funcionar los servicios con muchos de esos costos relacionados a cumplir con los requerimientos estatales por operación de la planta de tratamiento de aguas residuales y la planta de tratamiento de agua recientemente terminada.

Cordialmente,

F. Wally Sandelin
Director de obras públicas

FWS/pmf

Exhibit A

Meter Charge Schedule

Meter Size	Recommended Price Based (Cost x 1.55)	Capacity Based	Installed Cost (Contractor Prices)	Lodi Fee Schedule	Santa Clara Fee Schedule	No Charge
¾	\$300	\$300	\$940	\$400	\$370	\$0
1	\$350	\$500	\$1,420	\$480	\$365	\$0
1 ½	\$780	\$1,000	\$3,810	\$745	\$1,565	\$0
2	\$970	\$1,600	\$5,720	\$930	\$1,730	\$0
3	\$1,980	\$3,000	\$5,950	N/A	\$2,065	\$0
4	\$3,570	\$5,000	N/A	N/A	\$4,130	\$0
6	\$6,760	\$10,000	N/A	N/A	\$6,750	\$0
8	\$11,520	\$16,000	N/A	N/A	\$10,670	\$0

Exhibit B

Vacant Unit Rate

- Flat rate residential customers – monthly service charge for a ¾ inch meter
- Metered residential customers – no vacant utility rate
- Master metered multi-family – no vacant utility rate
- Metered multi-family unit – no vacant utility rate
- Monthly service charge will reduce with conservation pricing

Anexo A

Programa de cobro de medidor

Tamaño de medidor	Precio base recomendado (Costo x 1.55)	Capacidad basada	Costo instalado (Precios de contratista)	Programa de tarifas de Lodi	Programa de tarifas de Santa Clara	Sin cargo
¾	\$300	\$300	\$940	\$400	\$370	\$0
1	\$350	\$500	\$1,420	\$480	\$365	\$0
1 ½	\$780	\$1,000	\$3,810	\$745	\$1,565	\$0
2	\$970	\$1,600	\$5,720	\$930	\$1,730	\$0
3	\$1,980	\$3,000	\$5,950	N/A	\$2,065	\$0
4	\$3,570	\$5,000	N/A	N/A	\$4,130	\$0
6	\$6,760	\$10,000	N/A	N/A	\$6,750	\$0
8	\$11,520	\$16,000	N/A	N/A	\$10,670	\$0

Anexo B

Tarifa de unidad vacante

- Tarifa fija clientes residenciales – cargo mensual por servicio por un medidor de ¾ de pulgada
- Clientes residenciales con medidor – sin tarifa de servicio vacante
- Multifamiliar con medidor principal – sin tarifa de servicio vacante
- Unidad multifamiliar con medidor – sin tarifa de servicio vacante
- El cargo mensual de servicio se reducirá con precios de conservación

Exhibit C
City of Lodi
Current and Proposed Flat Water Rates

	Current (Jan. 2013)	Proposed (Jan. 2014)	Future Rate Ceiling				
			Proposed (Jan. 2015)	Proposed (Jan. 2016)	Proposed (Jan. 2017)	Proposed (Jan. 2018)	Proposed (Jan. 2019)
Rate Increase -->		2.5%	3.0%	3.0%	3.0%	3.0%	3.0%
FLAT RATES							
<i>Single Family Residential</i>							
1 Bedroom	\$ 29.90	\$ 30.65	\$ 31.57	\$ 32.52	\$ 33.50	\$ 34.51	\$ 35.55
2 Bedroom	\$ 35.91	\$ 36.81	\$ 37.91	\$ 39.05	\$ 40.22	\$ 41.43	\$ 42.67
3 Bedroom	\$ 43.04	\$ 44.12	\$ 45.44	\$ 46.80	\$ 48.20	\$ 49.65	\$ 51.14
4 Bedroom	\$ 51.72	\$ 53.01	\$ 54.60	\$ 56.24	\$ 57.93	\$ 59.67	\$ 61.46
5 Bedroom	\$ 62.03	\$ 63.58	\$ 65.49	\$ 67.45	\$ 69.47	\$ 71.55	\$ 73.70
6 Bedroom	\$ 74.44	\$ 76.30	\$ 78.59	\$ 80.95	\$ 83.38	\$ 85.88	\$ 88.46
<i>Multi-Family (1)</i>							
1 Bedroom	\$ 25.67	\$ 26.31	\$ 27.10	\$ 27.91	\$ 28.75	\$ 29.61	\$ 30.50
2 Bedroom	\$ 30.79	\$ 31.56	\$ 32.51	\$ 33.49	\$ 34.49	\$ 35.52	\$ 36.59
3 Bedroom	\$ 36.94	\$ 37.86	\$ 39.00	\$ 40.17	\$ 41.38	\$ 42.62	\$ 43.90
4 Bedroom	\$ 44.32	\$ 45.43	\$ 46.79	\$ 48.19	\$ 49.64	\$ 51.13	\$ 52.66
<i>Mobile Homes</i>							
Any Size	\$ 25.67	\$ 26.31	\$ 27.10	\$ 27.91	\$ 28.75	\$ 29.61	\$ 30.50
<i>Non-Residential</i>							
Existing unmetered	Varies	+2.5%	+3.0%	+3.0%	+3.0%	+3.0%	+3.0%

Notes:

(1) Multi-family includes duplexes, triplexes, fourplexes, apartments, and condominiums.

Anexo C
Ciudad de Lodi
Tarifas de agua fijas actuales y propuestas

	Actual (Ene. 2013)	Propuesta (Ene. 2014)	Tarifa futura máxima				
			Propuesta (Ene. 2015)	Propuesta (Ene. 2016)	Propuesta (Ene. 2017)	Propuesta (Ene. 2018)	Propuesta (Ene. 2019)
Incremento de tarifa -->		2.5%	3.0%	3.0%	3.0%	3.0%	3.0%
TARIFAS FIJAS							
<i>Residencial unifamiliar</i>							
1 recámara	\$ 29.90	\$ 30.65	\$ 31.57	\$ 32.52	\$ 33.50	\$ 34.51	\$ 35.55
2 recámaras	\$ 35.91	\$ 36.81	\$ 37.91	\$ 39.05	\$ 40.22	\$ 41.43	\$ 42.67
3 recámaras	\$ 43.04	\$ 44.12	\$ 45.44	\$ 46.80	\$ 48.20	\$ 49.65	\$ 51.14
4 recámaras	\$ 51.72	\$ 53.01	\$ 54.60	\$ 56.24	\$ 57.93	\$ 59.67	\$ 61.46
5 recámaras	\$ 62.03	\$ 63.58	\$ 65.49	\$ 67.45	\$ 69.47	\$ 71.55	\$ 73.70
6 recámaras	\$ 74.44	\$ 76.30	\$ 78.59	\$ 80.95	\$ 83.38	\$ 85.88	\$ 88.46
<i>Multifamiliar (1)</i>							
1 recámara	\$ 25.67	\$ 26.31	\$ 27.10	\$ 27.91	\$ 28.75	\$ 29.61	\$ 30.50
2 recámaras	\$ 30.79	\$ 31.56	\$ 32.51	\$ 33.49	\$ 34.49	\$ 35.52	\$ 36.59
3 recámaras	\$ 36.94	\$ 37.86	\$ 39.00	\$ 40.17	\$ 41.38	\$ 42.62	\$ 43.90
4 recámaras	\$ 44.32	\$ 45.43	\$ 46.79	\$ 48.19	\$ 49.64	\$ 51.13	\$ 52.66
<i>Casas móviles</i>							
Cualquier tamaño	\$ 25.67	\$ 26.31	\$ 27.10	\$ 27.91	\$ 28.75	\$ 29.61	\$ 30.50
<i>No residencial</i>							
Existentes sin medido	Varía	+2.5%	+3.0%	+3.0%	+3.0%	+3.0%	+3.0%

Notas:

(1) Multifamiliar incluye duplex, tres y cuatro juntas, departamentos y condominios.

Exhibit C
City of Lodi
Current and Proposed Flat Wastewater Rates

	Current (Jul. 2013)	Future Rate Ceiling				
		Proposed (Jul. 2014)	Proposed (Jul. 2015)	Proposed (Jul. 2016)	Proposed (Jul. 2017)	Proposed (Jul. 2018)
Rate Increase -->		3.0%	3.0%	3.0%	3.0%	3.0%
FLAT RATES						
<i>Single Family Residential</i>						
1 Bedroom	\$ 25.83	\$ 26.60	\$ 27.40	\$ 28.22	\$ 29.07	\$ 29.94
2 Bedroom	\$ 34.44	\$ 35.47	\$ 36.53	\$ 37.63	\$ 38.76	\$ 39.92
3 Bedroom	\$ 43.05	\$ 44.34	\$ 45.67	\$ 47.04	\$ 48.45	\$ 49.90
4 Bedroom	\$ 51.66	\$ 53.21	\$ 54.81	\$ 56.45	\$ 58.14	\$ 59.88
5 Bedroom	\$ 60.27	\$ 62.08	\$ 63.94	\$ 65.86	\$ 67.84	\$ 69.88
6 Bedroom	\$ 68.88	\$ 70.95	\$ 73.08	\$ 75.27	\$ 77.53	\$ 79.86
7 Bedroom	\$ 77.49	\$ 79.81	\$ 82.20	\$ 84.67	\$ 87.21	\$ 89.83
<i>Duplexes, Triplexes, Fourplexes, Apartments, and Condominiums</i>						
1 Bedroom	\$ 25.83	\$ 26.60	\$ 27.40	\$ 28.22	\$ 29.07	\$ 29.94
2 Bedroom	\$ 34.44	\$ 35.47	\$ 36.53	\$ 37.63	\$ 38.76	\$ 39.92
3 Bedroom	\$ 43.05	\$ 44.34	\$ 45.67	\$ 47.04	\$ 48.45	\$ 49.90
4 Bedroom	\$ 51.66	\$ 53.21	\$ 54.81	\$ 56.45	\$ 58.14	\$ 59.88
<i>Mobile Homes</i>						
Any Size	\$ 25.83	\$ 26.60	\$ 27.40	\$ 28.22	\$ 29.07	\$ 29.94
<i>Non-Residential (1)</i>						
Per SSU	\$ 34.44	\$ 35.47	\$ 36.53	\$ 37.63	\$ 38.76	\$ 39.92

Notes:

(1) Proposed flat wastewater rates for schools are to be determined on the basis of 18 student per SSU.

Anexo C
Ciudad de Lodi
Tarifas de agua residuales fijas actuales y propuestas

	Actual (Ene. 2013)	Tarifa futura máxima				
		Propuesta (Ene. 2014)	Propuesta (Ene. 2015)	Propuesta (Ene. 2016)	Propuesta (Ene. 2017)	Propuesta (Ene. 2018)
Incremento de tarifa -->		3.0%	3.0%	3.0%	3.0%	3.0%
TARIFAS FIJAS						
<i>Residencial unifamiliar</i>						
1 recámara	\$ 25.83	\$ 26.60	\$ 27.40	\$ 28.22	\$ 29.07	\$ 29.94
2 recámaras	\$ 34.44	\$ 35.47	\$ 36.53	\$ 37.63	\$ 38.76	\$ 39.92
3 recámaras	\$ 43.05	\$ 44.34	\$ 45.67	\$ 47.04	\$ 48.45	\$ 49.90
4 recámaras	\$ 51.66	\$ 53.21	\$ 54.81	\$ 56.45	\$ 58.14	\$ 59.88
5 recámaras	\$ 60.27	\$ 62.08	\$ 63.94	\$ 65.86	\$ 67.84	\$ 69.88
6 recámaras	\$ 68.88	\$ 70.95	\$ 73.08	\$ 75.27	\$ 77.53	\$ 79.86
7 recámaras	\$ 77.49	\$ 79.81	\$ 82.20	\$ 84.67	\$ 87.21	\$ 89.83
<i>duplex, tres y cuatro juntas, departamentos y condominios</i>						
1 recámara	\$ 25.83	\$ 26.60	\$ 27.40	\$ 28.22	\$ 29.07	\$ 29.94
2 recámaras	\$ 34.44	\$ 35.47	\$ 36.53	\$ 37.63	\$ 38.76	\$ 39.92
3 recámaras	\$ 43.05	\$ 44.34	\$ 45.67	\$ 47.04	\$ 48.45	\$ 49.90
4 recámaras	\$ 51.66	\$ 53.21	\$ 54.81	\$ 56.45	\$ 58.14	\$ 59.88
<i>Casas móviles</i>						
Cualquier tamaño	\$ 25.83	\$ 26.60	\$ 27.40	\$ 28.22	\$ 29.07	\$ 29.94
<i>No residencial (1)</i>						
Por SSU	\$ 34.44	\$ 35.47	\$ 36.53	\$ 37.63	\$ 38.76	\$ 39.92

Notas:

(1) Las tarifas fijas por aguas residuales propuestas para escuelas serán determinadas basandose en 18 estudiantes por SSU.

Exhibit D
City of Lodi
Current and Proposed Usage-Based Water Rates

	Current (Jan. 2013)	Proposed (Jan. 2014)	Proposed (Jan. 2014)	Future Rate Ceiling				
				Proposed (Jan. 2015)	Proposed (Jan. 2016)	Proposed (Jan. 2017)	Proposed (Jan. 2018)	Proposed (Jan. 2019)
Rate Increase ->		2.5% (2)	(3)	3.0% (4)	3.0% (4)	3.0%	3.0%	3.0%
USAGE-BASED RATES								
Monthly Service Charge								
Single Family								
Up to 3/4" meter	\$ 23.78	\$ 24.37	\$ 23.26	\$ 22.80	\$ 21.65	\$ 22.30	\$ 22.97	\$ 23.66
1" meter	\$ 38.60	\$ 39.57	\$ 37.38	\$ 36.26	\$ 34.01	\$ 35.03	\$ 36.08	\$ 37.16
1 1/2" meter	\$ 75.42	\$ 77.31	\$ 72.45	\$ 69.63	\$ 64.62	\$ 66.56	\$ 68.56	\$ 70.62
2" meter	\$ 119.79	\$ 122.78	\$ 114.71	\$ 109.84	\$ 101.52	\$ 104.57	\$ 107.71	\$ 110.94
Multi-Family and Non-Residential (1)								
Up to 3/4" meter	\$ 23.78	\$ 24.37	\$ 23.26	\$ 22.80	\$ 21.65	\$ 22.30	\$ 22.97	\$ 23.66
1" meter	\$ 38.60	\$ 39.57	\$ 37.38	\$ 36.26	\$ 34.01	\$ 35.03	\$ 36.08	\$ 37.16
1 1/2" meter	\$ 60.24	\$ 61.75	\$ 62.08	\$ 64.28	\$ 64.62	\$ 66.56	\$ 68.56	\$ 70.62
2" meter	\$ 75.27	\$ 77.15	\$ 84.29	\$ 94.17	\$ 101.52	\$ 104.57	\$ 107.71	\$ 110.94
3" meter	\$ 105.38	\$ 108.01	\$ 132.74	\$ 162.18	\$ 187.65	\$ 193.28	\$ 199.08	\$ 205.05
4" meter	\$ 135.51	\$ 138.90	\$ 193.14	\$ 254.80	\$ 310.67	\$ 319.99	\$ 329.59	\$ 339.48
6" meter	\$ 195.68	\$ 200.57	\$ 333.69	\$ 480.82	\$ 617.94	\$ 636.48	\$ 655.57	\$ 675.24
8" meter	\$ 255.91	\$ 262.31	\$ 494.23	\$ 747.94	\$ 986.82	\$ 1,016.42	\$ 1,046.91	\$ 1,078.32
10" meter	\$ 316.01	\$ 323.91	\$ 674.61	\$ 1,056.08	\$ 1,417.30	\$ 1,459.82	\$ 1,503.61	\$ 1,548.72
Usage Rates (\$/CCF)								
Single Family								
Tier 1 (0-10 CCF)	\$ 0.92	\$ 0.94	\$ 0.94	\$ 0.97	\$ 0.96	\$ 0.99	\$ 1.02	\$ 1.05
Tier 2 (11-50 CCF)	\$ 1.38	\$ 1.41	\$ 1.35	\$ 1.33	\$ 1.27	\$ 1.31	\$ 1.35	\$ 1.39
Tier 3 (>50 CCF)	\$ 1.82	\$ 1.87	\$ 1.76	\$ 1.70	\$ 1.59	\$ 1.64	\$ 1.69	\$ 1.74
Multi-Family and Non-Residential (1)								
All water usage	\$ 0.92	\$ 0.94	\$ 1.00	\$ 1.09	\$ 1.14	\$ 1.17	\$ 1.21	\$ 1.25

Notas:

- (1) Multi-family includes duplexes, triplexes, fourplexes, apartments, condominiums, and mobile home parks.
- (2) This schedule includes the proposed indexing of 2.5 percent, with no rate structure changes.
- (3) This rate schedule is revenue neutral relative to the proposed newly indexed January 2014 water rates, but includes the beginning of the proposed 3-year phased changes to the rate structure.
- (4) These rate schedules reflect the second and third year of the 3-year rate structure phasing, as well as the maximum potential rate adjustment due to ENR indexing.

Anexo D
Ciudad de Lodi
Tarifas de agua basadas en utilización actuales y propuestas

	Actual (Ene. 2013)	Propuesta (Ene. 2014)	Propuesta (Ene. 2014)	Tarifa futura máxima				
				Propuesta (Ene. 2015)	Propuesta (Ene. 2016)	Propuesta (Ene. 2017)	Propuesta (Ene. 2018)	Propuesta (Ene. 2019)
Incremento de tarifa ->		2.5% (2)	(3)	3.0% (4)	3.0% (4)	3.0%	3.0%	3.0%
TARIFAS BASADAS EN UTILIZACIÓN								
Cargo mensual por servicio								
Unifamiliar								
Medidor hasta 3/4"	\$ 23.78	\$ 24.37	\$ 23.26	\$ 22.80	\$ 21.65	\$ 22.30	\$ 22.97	\$ 23.66
Medidor de 1"	\$ 38.60	\$ 39.57	\$ 37.38	\$ 36.26	\$ 34.01	\$ 35.03	\$ 36.08	\$ 37.16
Medidor de 1 1/2"	\$ 75.42	\$ 77.31	\$ 72.45	\$ 69.63	\$ 64.62	\$ 66.56	\$ 68.56	\$ 70.62
Medidor de 2"	\$ 119.79	\$ 122.78	\$ 114.71	\$ 109.84	\$ 101.52	\$ 104.57	\$ 107.71	\$ 110.94
Multifamiliar y no residencial (1)								
Medidor hasta 3/4"	\$ 23.78	\$ 24.37	\$ 23.26	\$ 22.80	\$ 21.65	\$ 22.30	\$ 22.97	\$ 23.66
Medidor de 1"	\$ 38.60	\$ 39.57	\$ 37.38	\$ 36.26	\$ 34.01	\$ 35.03	\$ 36.08	\$ 37.16
Medidor de 1 1/2"	\$ 60.24	\$ 61.75	\$ 62.08	\$ 64.28	\$ 64.62	\$ 66.56	\$ 68.56	\$ 70.62
Medidor de 2"	\$ 75.27	\$ 77.15	\$ 84.29	\$ 94.17	\$ 101.52	\$ 104.57	\$ 107.71	\$ 110.94
Medidor de 3"	\$ 105.38	\$ 108.01	\$ 132.74	\$ 162.18	\$ 187.65	\$ 193.28	\$ 199.08	\$ 205.05
Medidor de 4"	\$ 135.51	\$ 138.90	\$ 193.14	\$ 254.80	\$ 310.67	\$ 319.99	\$ 329.59	\$ 339.48
Medidor de 6"	\$ 195.68	\$ 200.57	\$ 333.69	\$ 480.82	\$ 617.94	\$ 636.48	\$ 655.57	\$ 675.24
Medidor de 8"	\$ 255.91	\$ 262.31	\$ 494.23	\$ 747.94	\$ 986.82	\$ 1,016.42	\$ 1,046.91	\$ 1,078.32
Medidor de 10"	\$ 316.01	\$ 323.91	\$ 674.61	\$ 1,056.08	\$ 1,417.30	\$ 1,459.82	\$ 1,503.61	\$ 1,548.72
Tarifas de utilización (\$/CCF)								
Unifamiliar								
Nivel 1 (0-10 CCF)	\$ 0.92	\$ 0.94	\$ 0.94	\$ 0.97	\$ 0.96	\$ 0.99	\$ 1.02	\$ 1.05
Nivel 2 (11-50 CCF)	\$ 1.38	\$ 1.41	\$ 1.35	\$ 1.33	\$ 1.27	\$ 1.31	\$ 1.35	\$ 1.39
Nivel 3 (>50 CCF)	\$ 1.82	\$ 1.87	\$ 1.76	\$ 1.70	\$ 1.59	\$ 1.64	\$ 1.69	\$ 1.74
Multifamiliar y no residencial (1)								
Todo uso de agua	\$ 0.92	\$ 0.94	\$ 1.00	\$ 1.09	\$ 1.14	\$ 1.17	\$ 1.21	\$ 1.25

Notas:

- (1) Multifamiliar incluye duplex, tres y cuatro juntas, departamentos, condominios y parques para casas móviles.
- (2) Este programa incluye la indexación propuesta del 2.5 por ciento, sin cambios en la estructura de tarifas.
- (3) Este programa de tarifas es neutral en cuanto a ingresos relativo a las tarifas por agua de enero de 2014 recién indexadas propuestas, pero incluyen el inicio de los cambios a 3 años propuestos para la estructura de tarifas.
- (4) Estos programas de tarifas reflejan el segundo y tercer año de una adopción de estructura de tarifas a 3 años, así como el ajuste máximo a la tarifa potencial debido al indexado ENR.

**Exhibit D
City of Lodi
Current and Proposed Usage-Based Wastewater Rates**

Current (Jul. 2013)	Future Rate Ceiling				
	Proposed (Jul. 2014)	Proposed (Jul. 2015)	Proposed (Jul. 2016)	Proposed (Jul. 2017)	Proposed (Jul. 2018)
Rate Increase -->	3.0%	3.0%	3.0%	3.0%	3.0%
USAGE-BASED RATES					
Monthly Service Charge					
Single Family (per DU) \$ 23.52	\$ 24.23	\$ 24.96	\$ 25.71	\$ 26.48	\$ 27.27
Multi-Family and Non-Residential (1)					
Up to 3/4" meter	\$ 24.23	\$ 24.96	\$ 25.71	\$ 26.48	\$ 27.27
1" meter	\$ 38.83	\$ 39.99	\$ 41.19	\$ 42.43	\$ 43.70
1 1/2" meter	\$ 75.03	\$ 77.28	\$ 79.60	\$ 81.99	\$ 84.45
2" meter	\$ 118.63	\$ 122.19	\$ 125.86	\$ 129.64	\$ 133.53
3" meter	\$ 220.45	\$ 227.06	\$ 233.87	\$ 240.89	\$ 248.12
4" meter	\$ 365.88	\$ 376.86	\$ 388.17	\$ 399.82	\$ 411.81
6" meter	\$ 729.12	\$ 750.99	\$ 773.52	\$ 796.73	\$ 820.63
8" meter	\$ 1,165.18	\$ 1,200.14	\$ 1,236.14	\$ 1,273.22	\$ 1,311.42
Usage Rates (\$/CCF)					
Single Family (2) \$ 2.68	\$ 2.76	\$ 2.84	\$ 2.93	\$ 3.02	\$ 3.11
Multi-Family (2)	\$ 2.76	\$ 2.84	\$ 2.93	\$ 3.02	\$ 3.11
Non-Residential (2) (3)					
Low Strength	\$ 2.76	\$ 2.84	\$ 2.93	\$ 3.02	\$ 3.11
Medium Strength	\$ 3.45	\$ 3.55	\$ 3.66	\$ 3.77	\$ 3.88
High Strength	\$ 4.49	\$ 4.62	\$ 4.76	\$ 4.90	\$ 5.05
Industrial (4)					
Flow (per MG annually) \$ 3,487.41	\$ 3,592.03	\$ 3,699.79	\$ 3,810.78	\$ 3,925.10	\$ 4,042.85
BOD (per 1,000 lbs annual) \$ 575.51	\$ 592.78	\$ 610.56	\$ 628.88	\$ 647.75	\$ 667.18
SS (per 1,000 lbs annual) \$ 359.85	\$ 370.65	\$ 381.77	\$ 393.22	\$ 405.02	\$ 417.17

Notes:

- (1) Multi-family includes duplexes, triplexes, fourplexes, apartments, condominiums, and mobile home parks.
- (2) Usage charge based on winter water use determined as the average from the prior December-February period. Adjusted each July for each account.
- (3) Placeholder. These rates not yet in use.
- (4) Applies to industrial users discharging into the domestic sewer system.

**Anexo D
Ciudad de Lodi
Tarifas de aguas residuales basadas en la utilización actuales y propuestas**

Actual (Ene. 2013)	Tarifa futura máxima				
	Propuesta (Ene. 2014)	Propuesta (Ene. 2015)	Propuesta (Ene. 2016)	Propuesta (Ene. 2017)	Propuesta (Ene. 2018)
Incremento de tarifa -->	3.0%	3.0%	3.0%	3.0%	3.0%
TARIFAS BASADAS EN UTILIZACIÓN					
Cargo mensual por servicio					
Unifamiliar (por DU) \$ 23.52	\$ 24.23	\$ 24.96	\$ 25.71	\$ 26.48	\$ 27.27
Multifamiliar y no residencial (1)					
Medidor hasta 3/4"	\$ 24.23	\$ 24.96	\$ 25.71	\$ 26.48	\$ 27.27
Medidor de 1"	\$ 38.83	\$ 39.99	\$ 41.19	\$ 42.43	\$ 43.70
Medidor de 1 1/2"	\$ 75.03	\$ 77.28	\$ 79.60	\$ 81.99	\$ 84.45
Medidor de 2"	\$ 118.63	\$ 122.19	\$ 125.86	\$ 129.64	\$ 133.53
Medidor de 3"	\$ 220.45	\$ 227.06	\$ 233.87	\$ 240.89	\$ 248.12
Medidor de 4"	\$ 365.88	\$ 376.86	\$ 388.17	\$ 399.82	\$ 411.81
Medidor de 6"	\$ 729.12	\$ 750.99	\$ 773.52	\$ 796.73	\$ 820.63
Medidor de 8"	\$ 1,165.18	\$ 1,200.14	\$ 1,236.14	\$ 1,273.22	\$ 1,311.42
Tarifas de utilización (\$/CCF)					
Unifamiliar (2) \$ 2.68	\$ 2.76	\$ 2.84	\$ 2.93	\$ 3.02	\$ 3.11
Multifamiliar (2)	\$ 2.76	\$ 2.84	\$ 2.93	\$ 3.02	\$ 3.11
No residencial (2) (3)					
Alto	\$ 2.76	\$ 2.84	\$ 2.93	\$ 3.02	\$ 3.11
Medio	\$ 3.45	\$ 3.55	\$ 3.66	\$ 3.77	\$ 3.88
Bajo	\$ 4.49	\$ 4.62	\$ 4.76	\$ 4.90	\$ 5.05
Industrial (4)					
Flujo (por MG anual) \$ 3,487.41	\$ 3,592.03	\$ 3,699.79	\$ 3,810.78	\$ 3,925.10	\$ 4,042.85
BOD (por 1,000 lbs anual) \$ 575.51	\$ 592.78	\$ 610.56	\$ 628.88	\$ 647.75	\$ 667.18
SS (por 1,000 lbs anual) \$ 359.85	\$ 370.65	\$ 381.77	\$ 393.22	\$ 405.02	\$ 417.17

Notes:

- (1) Multifamiliar incluye duplex, tres y cuatro juntas, departamentos, condominios y parques para casas móviles.
- (2) El cargo de utilización se basa en el uso de agua en invierno determinado como un promedio del periodo de diciembre a febrero anterior. Ajustado cada julio para cada cuenta.
- (3) Separador. Estas tarifas aún no están en uso.
- (4) Aplica a usuarios industriales descargando en sistemas de drenaje doméstico.



2/18/2014

**CITY OF LODI
COMMERCIAL COMPACTOR RATES
EFFECTIVE April 1, 2014 TO March 31, 2015**

Commercial Compactor Rates					
Service	1X Week	2X Week	3X Week	4X Week	5X Week
2 Cubic Yard Compactor	\$290.35	\$580.70	\$871.05	\$1,161.40	\$1,451.75
3 Cubic Yard Compactor	\$358.76	\$717.53	\$1,076.29	\$1,435.05	\$1,793.81
4 Cubic Yard Compactor	\$427.73	\$855.45	\$1,283.18	\$1,710.90	\$2,138.63

ANEXO E

**CIUDAD DE LODI
TARIFAS DE COMPACTADOR COMERCIAL
EN VIGOR DEL 1 DE ABRIL DE 2014 AL 31 DE MARZO DE 2015**

Servicio	1X por semana	2X por semana	3X por semana	4X por semana	5X por semana
Compactador de 2 yardas cúbicas	\$290.35	\$580.70	\$871.05	\$1,161.40	\$1,451.75
Compactador de 3 yardas cúbicas	\$358.76	\$717.53	\$1,076.29	\$1,435.05	\$1,793.81
Compactador de 4 yardas cúbicas	\$427.73	\$855.45	\$1,283.18	\$1,710.90	\$2,138.63

CERTIFICATE OF MAILING

NOTICE OF RATE SETTING, PROPOSED RATE INCREASE & PUBLIC HEARING DATE

I, Pamela Farris, Administrative Secretary of the Public Works Department of the City of Lodi, under penalty of perjury, certify as follows:

That for and on behalf of the City Clerk of the City of Lodi, and on March 7, 2014, I caused to be mailed a *Notice of Rate Setting, Proposed Rate Increase & Public Hearing Date* to all water, wastewater and solid waste customers of the City of Lodi and all persons owning real property on which these rates and charges are imposed and as are shown on the last equalized assessment roll of San Joaquin County (mailing list on file in the office of the Public Works Department), a copy of which Notice is hereto attached and marked "Exhibit A".

Executed on March 10, 2014.



PAMELA FARRIS

Postage Statement -- Standard Mail

Transaction Number: 201406621132436 M1	CAPS Transaction Number: 2014030721132500M1	Postage Statement Number: 182267983
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Mailing Group	Mailing Group ID 131768900	Mailing Job Number	Open Date 03-07-2014
	Preparer PRESORT CENTER	Origin PSW - USPS Entered	Close Date 03-07-2014
	Job Description		

Mailer	Permit Holder's Name and Address and Email Address, if Any PRESORT CENTER 3806 CORONADO AVE # A STOCKTON, CA 95204-2314 Contact Name: ANGELA (209)941-2467 customer-care@pre-sort.com CRID: 5172578	Name and Address of Mailing Agent (If other than permit holder) PRESORT CENTER 3806 CORONADO AVE A STOCKTON, CA 95204-2314 CRID: 5172578	Name and Address of Individual or Organization for Which Mailing is Prepared (If other than permit holder) CITY OF LODI 125 S HUTCHINS ST LODI, CA 95240-3469 CRID: 3780040
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Mailing	Post Office of Mailing STOCKTON CA 95213-9998	Processing Category Flats	Mailer's Mailing Date 03/07/14	Federal Agency Cost Code	Statement Seq. No. 15084A	No. & Type of Containers Sacks: 35 1 ft. Letter Trays: 0 2 ft. Letter Trays: 0 EMM Letter Trays: 0 Flat Trays: 221 Pallets: 0 Other: 0
	Type of Postage Permit Imprint		SSF Transaction # 0		Total # of Pieces in Mailing 47,108	
			Weight of a Single Piece 0.0959 lbs.	Combined Mailing	Total Weight 47.1080 lbs.	
	Permit # 269	For Mail Enclosed Within Another Class <input type="checkbox"/> Mailpiece is a product sample. % Samples	For Mail Enclosed Within Another Class <input type="checkbox"/> Mailpiece is a product sample. % Samples			
	For Automation Rate Pieces, Enter Date of Address Matching and Coding 03/03/14	For Carrier Route Pieces, Enter Date of Address Matching and Coding 03/03/14	For Carrier Route Pieces, Enter Date of Carrier Route Sequencing 03/03/14		For Pieces Bearing a Simplified Address Enter Date of Delivery Statistics File or Alternative Method / /	
	Move Update Method: NCOALink					
This is a Political Mailing No		This is Official Election Mail No		<input type="checkbox"/> Letter-size or flat mailpiece contains DVD/CD or other disc.		

Postage	Parts Completed D, E, F		
	Subtotal Postage (Add parts totals)		\$9,136.44
	Complete if the mailing includes pieces bearing metered/PC Postage or precanceled stamps. Rate at Which Postage Affixed (Check one) <input type="checkbox"/> Correct <input type="checkbox"/> Lowest <input type="checkbox"/> Neither	_____ pcs. x \$ _____ = Postage Affixed	\$0.00
		Incentive/Discount _____	\$0.00
		Fee _____	\$0.00
	Net Postage Due		\$9,136.44
For USPS Use Only: Additional Postage Payment (State reason)			
Total USPS Adjusted Postage		\$9,136.44	

Certification	Incentive/Discount Claimed: N/A	Type of Fee: N/A
	<p>The mailer certifies acceptance of liability for and agreement to pay any revenue deficiencies assessed on this mailing, subject to appeal. If an agent certifies that he or she is authorized on behalf of the mailer then that mailer is bound by the certification and agrees to pay any deficiencies. In addition, agents may be liable for any deficiencies resulting from matters within their responsibility, knowledge, or control. The mailer hereby certifies that all information furnished on this form is accurate, truthful, and complete; that the mail and the supporting documentation comply with all postal standards and that the mailing qualifies for the prices and fees claimed; and that the mailing does not contain any matter prohibited by law or postal regulation. I understand that anyone who furnishes false or misleading information on this form or this postage statement is requesting and accepting the form and subject to program and postal regulations, including fines and imprisonment.</p>	

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Part D

Automation Flats

Flats 3.3 oz (0.2063 lbs) or less

Entry	Price	Price	No. of Pieces	Subtotal Postage	Discount Total*	Fee Total	Total Postage
Category							
D1	None	5-Digit	409	\$157.8740	\$0.0000	\$0.0000	\$157.8740
D2	None	3-Digit	1,109	\$523.4480	\$0.0000	\$0.0000	\$523.4480
D3	None	ADC	234	\$122.6160	\$0.0000	\$0.0000	\$122.6160
D4	None	Mixed ADC	207	\$114.4710	\$0.0000	\$0.0000	\$114.4710
D13	DSCF	5-Digit	782	\$267.4440	\$0.0000	\$0.0000	\$267.4440
D14	DSCF	3-Digit	536	\$229.4080	\$0.0000	\$0.0000	\$229.4080

D31	Part D Total(Add lines D1-D30)						\$1,415.26
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* May contain both Full Service Intelligent Mail and other discounts.

Part E

Nonautomation Flats

Flats 3.3 oz (0.2063 lbs) or less

Entry	Price	Price	No. of Pieces	Subtotal Postage	Discount Total	Fee Total	Total Postage
Category							
E1	None	5-Digit	8	\$3.4320	\$0.0000	\$0.0000	\$3.4320
E2	None	3-Digit	11	\$5.4670	\$0.0000	\$0.0000	\$5.4670
E4	None	Mixed ADC	43	\$25.8860	\$0.0000	\$0.0000	\$25.8860
E13	DSCF	5-Digit	401	\$153.9840	\$0.0000	\$0.0000	\$153.9840
E14	DSCF	3-Digit	39	\$17.6280	\$0.0000	\$0.0000	\$17.6280
E15	DSCF	ADC	2	\$1.0120	\$0.0000	\$0.0000	\$1.0120

Part E Total (Add lines E1 - E22)						\$207.41
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Part F

Carrier Route Flats

Flats 3.3 oz (0.2063 lbs) or less

Entry	Price	Price	No. of Pieces	Subtotal Postage	Discount Total**	Fee Total	Total Postage
Category							
F1	None	Saturation	172	\$36.2920	\$0.0000	\$0.0000	\$36.2920
F3	None	High Density	131	\$31.8330	\$0.0000	\$0.0000	\$31.8330
F4	None	Basic	463	\$136.5850	\$0.0000	\$0.0000	\$136.5850
F15	DSCF	Saturation	38,842	\$6,447.7720	\$0.0000	\$0.0000	\$6,447.7720
F16	DSCF	High Density Plus	594	\$115.2360	\$0.0000	\$0.0000	\$115.2360
F17	DSCF	High Density	737	\$146.6630	\$0.0000	\$0.0000	\$146.6630
F18	DSCF	Basic	2,388	\$599.3880	\$0.0000	\$0.0000	\$599.3880

F81	Part F Total(Add lines F1-F80)						\$7,513.77
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** May contain both Full Service Intelligent Mail and other discounts.

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Proposition 218 Notification and Protest Hearing Process

Summary:

The Lodi City Council will consider proposed future water, wastewater and contracted solid waste rate increases at a public hearing at 7:00 p.m., Wednesday, May 7, 2014, at the Carnegie Forum, 305 West Pine Street, Lodi. A majority protest would stop the proposed future increases. If you wish to protest the proposed increases written protests may be made in person at the hearing or delivered to:

City of Lodi
Attention: City Clerk
221 West Pine Street
Post Office Box 3006
Lodi, California 95241-1910

If you already filed a protest prior to the continuance of the December 18, 2013 hearing on this Notice, your prior protest will be counted.

Explanation of Protest Process

Proposition 218 requires that the City provide a notice of the proposed future rate schedule to all property owners forty-five (45) days prior to holding a public hearing. If a majority of the property owners or renters who pay the utility bill file oppositions to the increase, the increase will not take effect. A protest must contain a description of the property owned sufficient to identify the property. The address or assessor's parcel number is shown on this mailing.

If the name on the written protest is not shown on the last equalized assessment roll of San Joaquin County as the owner of the property or on the utility account, the signer of the protest must also submit written evidence of ownership or rentership and utility bill responsibility.

At the public hearing, Council shall hear all protests and tabulate the ballots. One written protest per parcel, filed by the owner or tenant (paying the utility bill) of the parcel shall be counted in calculating a majority protest to a proposed new fee or charge subject to the requirements of Section 6 of Article XIII D of the California Constitution. If the votes conflict, the City will count the no vote.

Explanation of Proposed Future Increases:

City Staff is requesting that the City Council pre-authorize inflationary based adjustments in an amount up to the lesser of three percent (3%) or the actual amount of inflation for the next five years to pay for anticipated inflationary based cost increases. Water rates will be increased by up to their applicable index each January 1, from 2015 through 2019 and wastewater rates each July 1, from 2014 through 2019.

In addition staff is requesting that Council make a small adjustment to rates to more equitably distribute costs among its various classes of rate payers. Currently, metered single family residential customers pay for water on a tiered system. The more a customer uses, the more they pay per gallon. However, multi-family (condominiums/duplexes), commercial and industrial customers pay for all their water at the first tier rate. This rate restructuring would effectively

lower costs for single family metered customers and increase rates for multi-family, commercial and industrial customers to achieve better equity between these customer classes. Net rate revenues will remain unchanged.

The City of Lodi proposes to increase all water and wastewater rates by an amount up to the percentage increase in the annual average of the Engineering News Record (20 cities average) Index ("ENR"), as of September 30 (water) and March 31 (wastewater) of each year from 2014 through 2018. The City of Lodi also proposes to increase contracted solid waste charges by the annual change in the Consumer Price Index for All Urban Consumers for San Francisco-San Jose California Area All Items (1982-84=100) published by the Bureau of Labor Statistics ("CPI") as of December 31 of each year from December 31, 2014 through December 31, 2018. The water and wastewater increases shall not exceed three percent (3%) per year. The ENR and CPI based increases will be implemented as needed to pay for inflation-based increased costs of providing water, wastewater and contracted solid waste services.

The City also proposes to institute new rates for installation of meters over $\frac{3}{4}$ of an inch as set forth in the attached rate table entitled Exhibit A Meter Charge Schedule; establish a new vacant unit rate as set forth in the attached rate table entitled Exhibit B Vacant Unit Rate; approve new flat rate water and wastewater rates as set forth in the attached rate tables entitled Exhibit C Current and Proposed Flat Water Rates and Flat Wastewater Rates; and restructure rates for single-family residential, multi-family and non residential as further described in the attached rate table entitled Exhibit D Current and Proposed Usage Based Water Rates and Usage Based Wastewater Rates. The current commercial compactor rates for solid waste are shown in Exhibit E and will be adjusted for CPI changes as provided in the next paragraph. The rate restructuring, vacant unit rate and meter installation rate for meters exceeding $\frac{3}{4}$ inch will take place on May 8, 2014.

Basis of Proposed Rate Calculation

The new ENR and CPI based rates will be calculated by increasing the then existing rate in each of five years starting in 2014 by the prior year's increase in the ENR or CPI but not to exceed 3 percent for water and wastewater. Staff's recommended rate for the meter installation over $\frac{3}{4}$ of an inch is calculated as the City's actual contracted cost to purchase the meter plus 55 percent to cover a portion of the installation cost and is presented in column 2 of the Exhibit A Meter Charge Schedule. The vacant rate is calculated as the monthly base charge for water or wastewater. The rate restructuring is calculated by increasing the single tier for multi-family and non-residential by the weighted average of the multiple tier rate and decreasing all of the single-family rates by the exact amount of the revenue that the increase to multi-family and non-residential is projected to generate.

Conclusion:

If you have any questions about this notice, please call the Public Works Department at (209) 333-6706 between 7:30 a.m. and 5:30 p.m., Monday through Thursday, and between 8:00 a.m. and 5:00 p.m. on Friday. City Hall is closed every other Friday.

RANDI JOHL-OLSON, City Clerk
City of Lodi

Notificación de Proposición 218 y proceso de audiencia de protesta

Resumen:

El Consejo de la ciudad de Lodi considerará los incrementos propuestos en las tarifas de agua, aguas residuales y desechos sólidos contratados en una audiencia pública a las 7 PM, el miércoles 7 de mayo de 2014, en el Carnegie Forum, en el 305 West Pine Street, Lodi. Una protesta mayoritaria detendrán los incrementos futuros propuestos. Si desea protestar por los incrementos se pueden hacer protestas por escrito en persona en la audiencia o las puede entregar en:

Ciudad de Lodi
Atención: City Clerk
221 West Pine Street
Post Office Box 3006
Lodi, California 95241-1910

Si ya presentó una protesta antes del aplazamiento de la audiencia del 18 de diciembre de 2013 por esta Notificación, su protesta anterior será contada.

Explicación del proceso de protesta

La Proposición 218 requiere que la Ciudad proporcione una notificación del programa de tarifas futuras propuestas a todos los dueños de propiedad cuarenta y cinco (45) días antes de llevar a cabo la audiencia pública. Si la mayoría de los dueños de propiedad o renteros que pagan el recibo de servicios presentan oposiciones por el incremento, éste no entrará en vigor. Una protesta debe contener una descripción de la propiedad suficiente para identificar la misma. La dirección o número de parcela del valuador se muestra en este correo.

Si no se muestra el nombre en la protesta por escrito en la última lista de tasación ajustada del Condado de San Joaquín como dueño de la propiedad o en la cuenta de servicios, el firmante de la propuesta también debe presentar evidencia por escrito de dicha propiedad o arrendamiento y su responsabilidad por el recibo de servicios.

En la audiencia pública, el Consejo deberá escuchar todas las propuestas y tabular los votos. Se deberá contar una protesta por escrito por parcela, presentada por el propietario o inquilino (pagando el recibo de servicios) de la parcela para el cálculo de una protesta mayoritaria por un cargo o tarifa nueva propuesta sujeto a los requerimientos de la Sección 6 del Artículo XIII D de la Constitución de California. Si hay conflicto en los votos, la Ciudad lo contará sin voto.

Explicación de los incrementos futuros propuestos:

El personal de la Ciudad está solicitando que el Consejo de la ciudad pre-autorice los ajustes basados en la inflación por una cantidad que sea la menor de tres por ciento (3%) o la cantidad real de la inflación por los siguientes cinco años para pagar los incrementos de costos anticipados basados en la inflación. Las tarifas de agua se incrementarán hasta su índice aplicable cada 1 de enero, de 2015 a 2019 y las tarifas por aguas residuales cada 1 de julio, de 2014 al 2019.

Además, el personal solicita que el Consejo haga pequeños ajustes a las tarifas para distribuir los costos más equitativamente entre sus diversas clases de pagadores de tarifa. Actualmente, los clientes residenciales unifamiliares con medidor pagan por agua con un sistema de niveles. Entre más usa un cliente, más paga por galón. Sin embargo, los clientes de multifamiliares (condominios/dúplex), comerciales e industriales pagan por toda su agua con tarifa de primer nivel. Esta reestructuración de tarifas disminuirá efectivamente los costos para los clientes unifamiliares con medidor e incrementará las tarifas para clientes multifamiliares, comerciales e

industriales para lograr una mayor equidad entre las clases de clientes. Los ingresos netos por tarifas permanecerán sin cambio.

La Ciudad de Lodi propone incrementar todas las tarifas de agua y aguas residuales por una cantidad de hasta el porcentaje de incremento en el promedio anual del Índice del Engineering News Record (“ENR”) (promedio de 20 ciudades), al 30 de septiembre (agua) y 31 de marzo (aguas residuales) para cada año del 2014 al 2018. La Ciudad de Lodi también propone incrementar los cargos por desechos sólidos contratados por el cambio anual en el Índice de precios al consumidor para todos los consumidores urbanos del área de San Francisco-San José California, todos los conceptos (1982-84=100) publicados por la Oficina de Estadísticas Laborales (“IPC”) al 31 de diciembre de cada año del 31 de diciembre de 2014 al 31 de diciembre de 2018. Los incrementos en agua y aguas residuales no excederá del tres por ciento (3%) por año. Los incrementos basados en ENR e IPC serán implementados según sea necesario para pagar los costos incrementados basados en la inflación para proporcionar servicios de agua, aguas residuales y desechos sólidos contraídos.

La Ciudad también propone instituir nuevas tarifas para la instalación de medidores de más de $\frac{3}{4}$ de pulgada como se establece en la tabla de tarifas adjunta titulada como Anexo A Programa de cargos por medidor; establecer una nueva tarifa de unidad vacante como se establece en la tabla de tarifas adjunta titulada como Anexo B Tarifa de unidad vacante; aprobar una nueva tarifa fija para agua y aguas residuales como se establece en las tablas de tarifas adjuntas tituladas Anexo C Tarifas de agua fijas y tarifas de aguas residuales fijas actuales y propuestas; y tarifas de reestructuración para unifamiliares residenciales, multifamiliares y no residenciales como se describe en la tabla de tarifas adjunta titulada Anexo D Tarifas de agua y tarifas de aguas residuales basadas en uso actuales y propuestas. Las tarifas de compactador comercial actuales se muestran en el Anexo E y se ajustarán según los campos en el IPC como se indica en el siguiente párrafo. La tarifa de reestructuración, la tarifa de unidad vacante y la tarifa de instalación de medidor para medidores que exceden $\frac{3}{4}$ de pulgada se aplicarán el 8 de mayo de 2014.

Bases para el cálculo de la tarifa propuesta

Las nuevas tarifas basadas en el ENR y el IPC serán calculadas al incrementar la tarifa entonces existente en cada uno de los cinco años a partir de 2014 por el incremento del año anterior en el ENR o el IPC sin exceder el 3 por ciento para agua y aguas residuales. La tarifa recomendada por el personal para la instalación de medidor de más de $\frac{3}{4}$ de pulgada se calcula según el costo contratado actual de la Ciudad para comprar el medidor más 55 por ciento para cubrir una porción de la instalación y se presenta en la columna 2 del Anexo A Programa de cargos por medidor. La tarifa de vacantes se calcula en un cargo mensual por agua y aguas residuales. La tarifa de reestructuración se calcula al incrementar el nivel único para multifamiliar y no residencial según el promedio ponderado de tarifas de múltiple nivel y disminuyendo todas las tarifas de unifamiliares por la cantidad exacta de ingresos que el incremento en multifamiliares y no residenciales se proyecta que genere.

Conclusión:

Si tiene alguna pregunta sobre esta notificación, llamar al Departamento de Obras Públicas al (209) 333-6706 entre 7:30 AM y 5:30 PM, de lunes a jueves y entre las 8:00 AM y las 5:00 PM los viernes. El Ayuntamiento cierra cada dos viernes.

RANDI JOHL-OLSON, Secretario del ayuntamiento
Ciudad de Lodi

CITY COUNCIL

PHIL KATZAKIAN, Mayor
LARRY D. HANSEN,
Mayor Pro Tempore
BOB JOHNSON
JOANNE L. MOUNCE
ALAN NAKANISHI

CITY OF LODI

PUBLIC WORKS DEPARTMENT

CITY HALL, 221 WEST PINE STREET / P.O. BOX 3006
LODI, CALIFORNIA 95241-1910
TELEPHONE (209) 333-6706 / FAX (209) 333-6710
EMAIL pwdept@lodi.gov
<http://www.lodi.gov>

KONRADT BARTLAM,
City Manager

RANDI JOHL-OLSON,
City Clerk

D. STEPHEN SCHWABAUER,
City Attorney

F. WALLY SANDELIN,
Public Works Director

February 1, 2014

SUBJECT: Proposed Schedule of Utility Rate Increases

This letter to our utility customers addresses some commonly questioned aspects of the Proposition 218 process relative to forecasted utility rate increases. One, the City's Proposition 218 notices will not result in any increase in utility rates. The Proposition 218 notice is a notice of proposed rate schedules and does not constitute a utility rate increase. In the case of water and wastewater rates, it sets a maximum limit of 3% for future rate increases, even if the inflationary index exceeds 3%. In the case of refuse rates, it sets a maximum limit equal to the change in the Consumer Price Index (CPI).

Two, the City has acted transparently by regularly presenting at numerous public meetings the financial models for the water and wastewater utilities that contain specific information on the forecasted increases in costs for personnel, utilities, materials, supplies, and debt service and lists specific system improvement projects. As recently as October 15, 2013, this information was presented at the Shirtsleeve meeting and is available online at the City Council Agendas and Minutes site.

Three, the financial models present the best information available that support the notion of continued modest increases in rates. Again, the Council will not be voting on April 16 to increase rates by 3% for each of the next five years. Each year, actual numbers from the prior year and budget numbers for the next year provide the facts to Council so a decision can be made as to whether there should be no rate increase or a modest increase.

Four, the objective of the proposed rate schedules is to make it possible to offset inflationary increases in water and wastewater operating costs should that become necessary. The rate changes are not intended to fund capital projects. In the past, maximum permitted rate increases have not been implemented and, in fact, the average annual water rate increase has been 1.2% over the past six years.

Five, the proposed rate schedules will not be used to pay for infrastructure required to serve the demands presented by new development. The development impact fee program requires new development to reimburse the City for past and future investments in water, wastewater, streets, police, fire and other infrastructure. In fact, if new development exceeds that forecasted in the financial models, this could partially offset recommended inflationary increases.

Lastly, significant system improvements are planned that will, in the long term, significantly reduce expensive maintenance costs and evenly spread utility costs (rates) amongst our customers. These system improvements include the water and wastewater replacement program, water meter installation program, old water meter retrofit program, and system-wide well maintenance. And there are administration costs to run the utilities with much of those costs related to meeting State requirements for the operation of the wastewater treatment plant and the recently-completed water treatment plant.

Sincerely,

F. Wally Sandelin
Public Works Director

FWS/pmf

CITY COUNCIL

PHIL KATZAKIAN, Mayor
LARRY D. HANSEN,
Mayor Pro Tempore
BOB JOHNSON
JOANNE L. MOUNCE
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CITY OF LODI

PUBLIC WORKS DEPARTMENT

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KONRADT BARTLAM,
City Manager

RANDI JOHL-OLSON,
City Clerk

D. STEPHEN SCHWABAUER,
City Attorney

F. WALLY SANDELIN,
Public Works Director

1 de febrero de 2014

TEMA: Programa propuesto para incrementos en tarifas de servicios

Esta carta para nuestros clientes de servicios trata algunos de los aspectos comúnmente cuestionados sobre el proceso de la Proposición 218 relativo a la predicción de incrementos en las tarifas de servicios. Uno, las notificaciones de la Proposición 218 de la ciudad no resultarán en ningún incremento de las tarifas de servicios. La notificación de la Proposición 218 es una notificación sobre el programa de tarifas propuesta y no constituye un incremento en las tarifas de servicios. En el caso de las tarifas por agua y aguas residuales, se tiene establecido un límite máximo de 3% para futuros incrementos en tarifas, incluso si el índice inflacionario excede el 3%. En el caso de tarifas de rechazo, se establece un límite máximo igual al cambio en el Índice de precios al consumidor (IPC).

Dos, la Ciudad ha actuado de manera transparente al presentar regularmente en numerosas reuniones públicas los modelos financieros de los servicios de agua y aguas residuales los cuales contienen información específica sobre los incrementos pronosticados en cuanto a los costos de personal, servicios, materiales, suministros y servicios de deuda y enumera proyectos específicos de mejora en el sistema. Tan reciente como el 15 de octubre de 2013, esta información fue presentada en la reunión de Shirtsleeve y también está disponible en línea en el sitio de Agenda y minutas del consejo municipal.

Tres, los modelos financieros presentan la mejor información disponible que apoya la noción de incrementos modestos continuos en las tarifas. De nuevo, el Consejo no votará el 16 de abril para el incremento de las tarifas en un 3% para cada uno de los siguientes cinco años. Cada año, los números reales del año anterior y los números del presupuesto para el siguiente año proporcionan los hechos para el Consejo de manera que se pueda tomar una decisión respecto a si no debe haber incremento en las tarifas o si debe haber un incremento modesto.

El objetivo del programa de tarifas propuesto es el de poder compensar los incrementos inflacionarios en los costos de operación del agua y aguas residuales de ser estos necesarios. Los cambios en las tarifas no tienen el propósito de generar fondos para proyectos de inversión. En el pasado, los incrementos máximos permitidos a las tarifas no fueron implementado y, de hecho, la tarifa promedio anual por agua ha incrementado 1.2\$ durante los últimos seis años.

Cinco, el programa de tarifas propuesto no será usado para pagar por la infraestructura requerida para dar servicio a la demanda requerida por el nuevo desarrollo. El programa de cuota de impacto del desarrollo requiere que el nuevo desarrollo reembolse a la Ciudad las inversiones pasadas y futuras en agua, aguas residuales, calles, policía, incendio y demás infraestructuras. De hecho, si el nuevo desarrollo excede dicho pronóstico en los modelos financieros, esto podría compensar parcialmente los incrementos inflacionarios recomendados.

Por último, se planean significativas mejoras en el sistema que, a largo plazo, reducirán significativamente los caros costos de mantenimiento y distribuirán de manera equitativa los costos (tarifas) por servicios entre nuestros clientes. Estas mejoras en el sistema incluyen programa de reemplazo de agua y aguas residuales, programa de instalación de medidores de agua, programa de reacondicionamiento de medidores antiguos de agua y mantenimiento de todo el sistema. Y hay costos administrativos para hacer funcionar los servicios con muchos de esos costos relacionados a cumplir con los requerimientos estatales por operación de la planta de tratamiento de aguas residuales y la planta de tratamiento de agua recientemente terminada.

Cordialmente,

F. Wally Sandelin
Director de obras públicas

FWS/pmf

Exhibit A

Meter Charge Schedule

Meter Size	<u>Recommended Price Based</u> (Cost x 1.55)	Capacity Based	Installed Cost (Contractor Prices)	Lodi Fee Schedule	Santa Clara Fee Schedule	No Charge
¾	\$300	\$300	\$940	\$400	\$370	\$0
1	\$350	\$500	\$1,420	\$480	\$365	\$0
1 ½	\$780	\$1,000	\$3,810	\$745	\$1,565	\$0
2	\$970	\$1,600	\$5,720	\$930	\$1,730	\$0
3	\$1,980	\$3,000	\$5,950	N/A	\$2,065	\$0
4	\$3,570	\$5,000	N/A	N/A	\$4,130	\$0
6	\$6,760	\$10,000	N/A	N/A	\$6,750	\$0
8	\$11,520	\$16,000	N/A	N/A	\$10,670	\$0

Exhibit B

Vacant Unit Rate

- Flat rate residential customers – monthly service charge for a ¾ inch meter
- Metered residential customers – no vacant utility rate
- Master metered multi-family – no vacant utility rate
- Metered multi-family unit – no vacant utility rate
- Monthly service charge will reduce with conservation pricing

Anexo A

Programa de cobro de medidor

Tamaño de medidor	Precio base recomendado (Costo x 1.55)	Capacidad basada	Costo instalado (Precios de contratista)	Programa de tarifas de Lodi	Programa de tarifas de Santa Clara	Sin cargo
¾	\$300	\$300	\$940	\$400	\$370	\$0
1	\$350	\$500	\$1,420	\$480	\$365	\$0
1 ½	\$780	\$1,000	\$3,810	\$745	\$1,565	\$0
2	\$970	\$1,600	\$5,720	\$930	\$1,730	\$0
3	\$1,980	\$3,000	\$5,950	N/A	\$2,065	\$0
4	\$3,570	\$5,000	N/A	N/A	\$4,130	\$0
6	\$6,760	\$10,000	N/A	N/A	\$6,750	\$0
8	\$11,520	\$16,000	N/A	N/A	\$10,670	\$0

Anexo B

Tarifa de unidad vacante

- Tarifa fija clientes residenciales – cargo mensual por servicio por un medidor de ¾ de pulgada
- Clientes residenciales con medidor – sin tarifa de servicio vacante
- Multifamiliar con medidor principal – sin tarifa de servicio vacante
- Unidad multifamiliar con medidor – sin tarifa de servicio vacante
- El cargo mensual de servicio se reducirá con precios de conservación

Exhibit C
City of Lodi
Current and Proposed Flat Water Rates

	Current (Jan. 2013)	Proposed (Jan. 2014)	Future Rate Ceiling				
			Proposed (Jan. 2015)	Proposed (Jan. 2016)	Proposed (Jan. 2017)	Proposed (Jan. 2018)	Proposed (Jan. 2019)
Rate Increase →		2.5%	3.0%	3.0%	3.0%	3.0%	3.0%
FLAT RATES							
<i>Single Family Residential</i>							
1 Bedroom	\$ 29.90	\$ 30.65	\$ 31.57	\$ 32.52	\$ 33.50	\$ 34.51	\$ 35.55
2 Bedroom	\$ 35.91	\$ 36.81	\$ 37.91	\$ 39.05	\$ 40.22	\$ 41.43	\$ 42.67
3 Bedroom	\$ 43.04	\$ 44.12	\$ 45.44	\$ 46.80	\$ 48.20	\$ 49.65	\$ 51.14
4 Bedroom	\$ 51.72	\$ 53.01	\$ 54.60	\$ 56.24	\$ 57.93	\$ 59.67	\$ 61.46
5 Bedroom	\$ 62.03	\$ 63.58	\$ 65.49	\$ 67.45	\$ 69.47	\$ 71.55	\$ 73.70
6 Bedroom	\$ 74.44	\$ 76.30	\$ 78.59	\$ 80.95	\$ 83.38	\$ 85.88	\$ 88.46
<i>Multi-Family (1)</i>							
1 Bedroom	\$ 25.67	\$ 26.31	\$ 27.10	\$ 27.91	\$ 28.75	\$ 29.61	\$ 30.50
2 Bedroom	\$ 30.79	\$ 31.56	\$ 32.51	\$ 33.49	\$ 34.49	\$ 35.52	\$ 36.59
3 Bedroom	\$ 36.94	\$ 37.86	\$ 39.00	\$ 40.17	\$ 41.38	\$ 42.62	\$ 43.90
4 Bedroom	\$ 44.32	\$ 45.43	\$ 46.79	\$ 48.19	\$ 49.64	\$ 51.13	\$ 52.66
<i>Mobile Homes</i>							
Any Size	\$ 25.67	\$ 26.31	\$ 27.10	\$ 27.91	\$ 28.75	\$ 29.61	\$ 30.50
<i>Non-Residential</i>							
Existing unmetered	Varies	+2.5%	+3.0%	+3.0%	+3.0%	+3.0%	+3.0%

Notes:

(1) Multi-family includes duplexes, triplexes, fourplexes, apartments, and condominiums.

Anexo C
Cludad de Lodi
Tarifas de agua fijas actuales y propuestas

	Actual (Ene. 2013)	Propuesta (Ene. 2014)	Tarifa futura máxima				
			Propuesta (Ene. 2015)	Propuesta (Ene. 2016)	Propuesta (Ene. 2017)	Propuesta (Ene. 2018)	Propuesta (Ene. 2019)
Incremento de tarifa →		2.5%	3.0%	3.0%	3.0%	3.0%	3.0%
TARIFAS FIJAS							
<i>Residencial unifamiliar</i>							
1 recámara	\$ 29.90	\$ 30.65	\$ 31.57	\$ 32.52	\$ 33.50	\$ 34.51	\$ 35.55
2 recámaras	\$ 35.91	\$ 36.81	\$ 37.91	\$ 39.05	\$ 40.22	\$ 41.43	\$ 42.67
3 recámaras	\$ 43.04	\$ 44.12	\$ 45.44	\$ 46.80	\$ 48.20	\$ 49.65	\$ 51.14
4 recámaras	\$ 51.72	\$ 53.01	\$ 54.60	\$ 56.24	\$ 57.93	\$ 59.67	\$ 61.46
5 recámaras	\$ 62.03	\$ 63.58	\$ 65.49	\$ 67.45	\$ 69.47	\$ 71.55	\$ 73.70
6 recámaras	\$ 74.44	\$ 76.30	\$ 78.59	\$ 80.95	\$ 83.38	\$ 85.88	\$ 88.46
<i>Multifamiliar (1)</i>							
1 recámara	\$ 25.67	\$ 26.31	\$ 27.10	\$ 27.91	\$ 28.75	\$ 29.61	\$ 30.50
2 recámaras	\$ 30.79	\$ 31.56	\$ 32.51	\$ 33.49	\$ 34.49	\$ 35.52	\$ 36.59
3 recámaras	\$ 36.94	\$ 37.86	\$ 39.00	\$ 40.17	\$ 41.38	\$ 42.62	\$ 43.90
4 recámaras	\$ 44.32	\$ 45.43	\$ 46.79	\$ 48.19	\$ 49.64	\$ 51.13	\$ 52.66
<i>Casas móviles</i>							
Cualquier tamaño	\$ 25.67	\$ 26.31	\$ 27.10	\$ 27.91	\$ 28.75	\$ 29.61	\$ 30.50
<i>No residencial</i>							
Existentes sin medido	Varía	+2.5%	+3.0%	+3.0%	+3.0%	+3.0%	+3.0%

Notas:

(1) Multifamiliar incluye duplex, tres y cuatro juntas, departamentos y condominios.

**Exhibit C
City of Lodi
Current and Proposed Flat Wastewater Rates**

	Current (Jul. 2013)	Future Rate Ceiling				
		Proposed (Jul. 2014)	Proposed (Jul. 2015)	Proposed (Jul. 2016)	Proposed (Jul. 2017)	Proposed (Jul. 2018)
Rate Increase →		3.0%	3.0%	3.0%	3.0%	3.0%
FLAT RATES						
<i>Single Family Residential</i>						
1 Bedroom	\$ 25.83	\$ 26.60	\$ 27.40	\$ 28.22	\$ 29.07	\$ 29.94
2 Bedroom	\$ 34.44	\$ 35.47	\$ 36.53	\$ 37.63	\$ 38.76	\$ 39.92
3 Bedroom	\$ 43.05	\$ 44.34	\$ 45.67	\$ 47.04	\$ 48.45	\$ 49.90
4 Bedroom	\$ 51.66	\$ 53.21	\$ 54.81	\$ 56.45	\$ 58.14	\$ 59.88
5 Bedroom	\$ 60.27	\$ 62.08	\$ 63.94	\$ 65.86	\$ 67.84	\$ 69.88
6 Bedroom	\$ 68.88	\$ 70.95	\$ 73.08	\$ 75.27	\$ 77.53	\$ 79.86
7 Bedroom	\$ 77.49	\$ 79.81	\$ 82.20	\$ 84.67	\$ 87.21	\$ 89.83
<i>Duplexes, Triplexes, Fourplexes, Apartments, and Condominiums</i>						
1 Bedroom	\$ 25.83	\$ 26.60	\$ 27.40	\$ 28.22	\$ 29.07	\$ 29.94
2 Bedroom	\$ 34.44	\$ 35.47	\$ 36.53	\$ 37.63	\$ 38.76	\$ 39.92
3 Bedroom	\$ 43.05	\$ 44.34	\$ 45.67	\$ 47.04	\$ 48.45	\$ 49.90
4 Bedroom	\$ 51.66	\$ 53.21	\$ 54.81	\$ 56.45	\$ 58.14	\$ 59.88
<i>Mobile Homes</i>						
Any Size	\$ 25.83	\$ 26.60	\$ 27.40	\$ 28.22	\$ 29.07	\$ 29.94
<i>Non-Residential (1)</i>						
Per SSU	\$ 34.44	\$ 35.47	\$ 36.53	\$ 37.63	\$ 38.76	\$ 39.92

Notes:

(1) Proposed flat wastewater rates for schools are to be determined on the basis of 18 student per SSU.

**Anexo C
Ciudad de Lodi
Tarifas de agua residuales fijas actuales y propuestas**

	Actual (Ene. 2013)	Tarifa futura máxima				
		Propuesta (Ene. 2014)	Propuesta (Ene. 2015)	Propuesta (Ene. 2016)	Propuesta (Ene. 2017)	Propuesta (Ene. 2018)
Incremento de tarifa →		3.0%	3.0%	3.0%	3.0%	3.0%
TARIFAS FIJAS						
<i>Residencial unifamiliar</i>						
1 recámara	\$ 25.83	\$ 26.60	\$ 27.40	\$ 28.22	\$ 29.07	\$ 29.94
2 recámaras	\$ 34.44	\$ 35.47	\$ 36.53	\$ 37.63	\$ 38.76	\$ 39.92
3 recámaras	\$ 43.05	\$ 44.34	\$ 45.67	\$ 47.04	\$ 48.45	\$ 49.90
4 recámaras	\$ 51.66	\$ 53.21	\$ 54.81	\$ 56.45	\$ 58.14	\$ 59.88
5 recámaras	\$ 60.27	\$ 62.08	\$ 63.94	\$ 65.86	\$ 67.84	\$ 69.88
6 recámaras	\$ 68.88	\$ 70.95	\$ 73.08	\$ 75.27	\$ 77.53	\$ 79.86
7 recámaras	\$ 77.49	\$ 79.81	\$ 82.20	\$ 84.67	\$ 87.21	\$ 89.83
<i>duplex, tres y cuatro juntas, departamentos y condominios</i>						
1 recámara	\$ 25.83	\$ 26.60	\$ 27.40	\$ 28.22	\$ 29.07	\$ 29.94
2 recámaras	\$ 34.44	\$ 35.47	\$ 36.53	\$ 37.63	\$ 38.76	\$ 39.92
3 recámaras	\$ 43.05	\$ 44.34	\$ 45.67	\$ 47.04	\$ 48.45	\$ 49.90
4 recámaras	\$ 51.66	\$ 53.21	\$ 54.81	\$ 56.45	\$ 58.14	\$ 59.88
<i>Casas móviles</i>						
Cualquier tamaño	\$ 25.83	\$ 26.60	\$ 27.40	\$ 28.22	\$ 29.07	\$ 29.94
<i>No residencial (1)</i>						
Por SSU	\$ 34.44	\$ 35.47	\$ 36.53	\$ 37.63	\$ 38.76	\$ 39.92

Notas:

(1) Las tarifas fijas por aguas residuales propuestas para escuelas serán determinadas basandose en 18 estudiantes por SSU.

Exhibit D
City of Lodi
Current and Proposed Usage-Based Water Rates

	Current (Jan. 2013)	Proposed (Jan. 2014)	Proposed (Jan. 2014)	Future Rate Ceiling				
				Proposed (Jan. 2015)	Proposed (Jan. 2016)	Proposed (Jan. 2017)	Proposed (Jan. 2018)	Proposed (Jan. 2019)
Rate Increase →	2.5% (2)	(3)	(3)	3.0% (4)	3.0% (4)	3.0%	3.0%	3.0%
USAGE-BASED RATES								
Monthly Service Charge								
Single Family								
Up to 3/4" meter	\$ 23.78	\$ 24.37	\$ 23.26	\$ 22.80	\$ 21.65	\$ 22.30	\$ 22.97	\$ 23.66
1" meter	\$ 38.60	\$ 39.57	\$ 37.38	\$ 36.26	\$ 34.01	\$ 35.03	\$ 36.08	\$ 37.16
1 1/2" meter	\$ 75.42	\$ 77.31	\$ 72.45	\$ 69.63	\$ 64.62	\$ 66.56	\$ 68.56	\$ 70.62
2" meter	\$ 119.79	\$ 122.78	\$ 114.71	\$ 109.84	\$ 101.52	\$ 104.57	\$ 107.71	\$ 110.94
Multi-Family and Non-Residential (1)								
Up to 3/4" meter	\$ 23.78	\$ 24.37	\$ 23.26	\$ 22.80	\$ 21.65	\$ 22.30	\$ 22.97	\$ 23.66
1" meter	\$ 38.60	\$ 39.57	\$ 37.38	\$ 36.26	\$ 34.01	\$ 35.03	\$ 36.08	\$ 37.16
1 1/2" meter	\$ 60.24	\$ 61.75	\$ 62.08	\$ 64.28	\$ 64.62	\$ 66.56	\$ 68.56	\$ 70.62
2" meter	\$ 75.27	\$ 77.15	\$ 84.29	\$ 94.17	\$ 101.52	\$ 104.57	\$ 107.71	\$ 110.94
3" meter	\$ 105.38	\$ 108.01	\$ 132.74	\$ 162.18	\$ 187.65	\$ 193.28	\$ 199.08	\$ 205.05
4" meter	\$ 135.51	\$ 138.90	\$ 193.14	\$ 254.80	\$ 310.67	\$ 319.99	\$ 329.59	\$ 339.48
6" meter	\$ 195.68	\$ 200.57	\$ 333.69	\$ 480.82	\$ 617.94	\$ 636.48	\$ 655.57	\$ 675.24
8" meter	\$ 255.91	\$ 262.31	\$ 494.23	\$ 747.94	\$ 986.82	\$ 1,016.42	\$ 1,046.91	\$ 1,078.32
10" meter	\$ 316.01	\$ 323.91	\$ 674.61	\$ 1,056.08	\$ 1,417.30	\$ 1,459.82	\$ 1,503.61	\$ 1,548.72
Usage Rates (\$/CCF)								
Single Family								
Tier 1 (0-10 CCF)	\$ 0.92	\$ 0.94	\$ 0.94	\$ 0.97	\$ 0.96	\$ 0.99	\$ 1.02	\$ 1.05
Tier 2 (11-50 CCF)	\$ 1.38	\$ 1.41	\$ 1.35	\$ 1.33	\$ 1.27	\$ 1.31	\$ 1.35	\$ 1.39
Tier 3 (>50 CCF)	\$ 1.82	\$ 1.87	\$ 1.76	\$ 1.70	\$ 1.59	\$ 1.64	\$ 1.69	\$ 1.74
Multi-Family and Non-Residential (1)								
All water usage	\$ 0.92	\$ 0.94	\$ 1.00	\$ 1.09	\$ 1.14	\$ 1.17	\$ 1.21	\$ 1.25

Notes:

- (1) Multi-family includes duplexes, triplexes, fourplexes, apartments, condominiums, and mobile home parks.
- (2) This schedule includes the proposed indexing of 2.5 percent, with no rate structure changes.
- (3) This rate schedule is revenue neutral relative to the proposed newly indexed January 2014 water rates, but includes the beginning of the proposed 3-year phased changes to the rate structure.
- (4) These rate schedules reflect the second and third year of the 3-year rate structure phasing, as well as the maximum potential rate adjustment due to ENR indexing.

Anexo D
Ciudad de Lodi
Tarifas de agua basadas en utilización actuales y propuestas

	Actual (Ene. 2013)	Propuesta (Ene. 2014)	Propuesta (Ene. 2014)	Tarifa futura máxima				
				Propuesta (Ene. 2015)	Propuesta (Ene. 2016)	Propuesta (Ene. 2017)	Propuesta (Ene. 2018)	Propuesta (Ene. 2019)
Incremento de tarifa →	2.5% (2)	(3)	(3)	3.0% (4)	3.0% (4)	3.0%	3.0%	3.0%
TARIFAS BASADAS EN UTILIZACIÓN								
Cargo mensual por servicio								
Unifamiliar								
Medidor hasta 3/4"	\$ 23.78	\$ 24.37	\$ 23.26	\$ 22.80	\$ 21.65	\$ 22.30	\$ 22.97	\$ 23.66
Medidor de 1"	\$ 38.60	\$ 39.57	\$ 37.38	\$ 36.26	\$ 34.01	\$ 35.03	\$ 36.08	\$ 37.16
Medidor de 1 1/2"	\$ 75.42	\$ 77.31	\$ 72.45	\$ 69.63	\$ 64.62	\$ 66.56	\$ 68.56	\$ 70.62
Medidor de 2"	\$ 119.79	\$ 122.78	\$ 114.71	\$ 109.84	\$ 101.52	\$ 104.57	\$ 107.71	\$ 110.94
Multifamiliar y no residencial (1)								
Medidor hasta 3/4"	\$ 23.78	\$ 24.37	\$ 23.26	\$ 22.80	\$ 21.65	\$ 22.30	\$ 22.97	\$ 23.66
Medidor de 1"	\$ 38.60	\$ 39.57	\$ 37.38	\$ 36.26	\$ 34.01	\$ 35.03	\$ 36.08	\$ 37.16
Medidor de 1 1/2"	\$ 60.24	\$ 61.75	\$ 62.08	\$ 64.28	\$ 64.62	\$ 66.56	\$ 68.56	\$ 70.62
Medidor de 2"	\$ 75.27	\$ 77.15	\$ 84.29	\$ 94.17	\$ 101.52	\$ 104.57	\$ 107.71	\$ 110.94
Medidor de 3"	\$ 105.38	\$ 108.01	\$ 132.74	\$ 162.18	\$ 187.65	\$ 193.28	\$ 199.08	\$ 205.05
Medidor de 4"	\$ 135.51	\$ 138.90	\$ 193.14	\$ 254.80	\$ 310.67	\$ 319.99	\$ 329.59	\$ 339.48
Medidor de 6"	\$ 195.68	\$ 200.57	\$ 333.69	\$ 480.82	\$ 617.94	\$ 636.48	\$ 655.57	\$ 675.24
Medidor de 8"	\$ 255.91	\$ 262.31	\$ 494.23	\$ 747.94	\$ 986.82	\$ 1,016.42	\$ 1,046.91	\$ 1,078.32
Medidor de 10"	\$ 316.01	\$ 323.91	\$ 674.61	\$ 1,056.08	\$ 1,417.30	\$ 1,459.82	\$ 1,503.61	\$ 1,548.72
Tarifas de utilización (\$/CCF)								
Unifamiliar								
Nivel 1 (0-10 CCF)	\$ 0.92	\$ 0.94	\$ 0.94	\$ 0.97	\$ 0.96	\$ 0.99	\$ 1.02	\$ 1.05
Nivel 2 (11-50 CCF)	\$ 1.38	\$ 1.41	\$ 1.35	\$ 1.33	\$ 1.27	\$ 1.31	\$ 1.35	\$ 1.39
Nivel 3 (>50 CCF)	\$ 1.82	\$ 1.87	\$ 1.76	\$ 1.70	\$ 1.59	\$ 1.64	\$ 1.69	\$ 1.74
Multifamiliar y no residencial (1)								
Todo uso de agua	\$ 0.92	\$ 0.94	\$ 1.00	\$ 1.09	\$ 1.14	\$ 1.17	\$ 1.21	\$ 1.25

Notas:

- (1) Multifamiliar incluye duplex, tres y cuatro juntas, departamentos, condominios y parques para casas móviles.
- (2) Este programa incluye la indexación propuesta del 2.5 por ciento, sin cambios en la estructura de tarifas.
- (3) Este programa de tarifas es neutral en cuanto a ingresos relativo a las tarifas por agua de enero de 2014 recién indexadas propuestas, pero incluyen el inicio de los cambios a 3 años propuestos para la estructura de tarifas.
- (4) Estos programas de tarifas reflejan el segundo y tercer año de una adopción de estructura de tarifas a 3 años, así como el ajuste máximo a la tarifa potencial debido al indexado ENR.

**Exhibit D
City of Lodi
Current and Proposed Usage-Based Wastewater Rates**

Current (Jul. 2013)	Future Rate Ceiling				
	Proposed (Jul. 2014)	Proposed (Jul. 2015)	Proposed (Jul. 2016)	Proposed (Jul. 2017)	Proposed (Jul. 2018)
Rate Increase →	3.0%	3.0%	3.0%	3.0%	3.0%
USAGE-BASED RATES					
Monthly Service Charge					
Single Family (per DU) \$ 23.52	\$ 24.23	\$ 24.96	\$ 25.71	\$ 26.48	\$ 27.27
Multi-Family and Non-Residential (1)					
Up to 3/4" meter	\$ 24.23	\$ 24.96	\$ 25.71	\$ 26.48	\$ 27.27
1" meter	\$ 38.83	\$ 39.99	\$ 41.19	\$ 42.43	\$ 43.70
1 1/2" meter	\$ 75.03	\$ 77.28	\$ 79.60	\$ 81.99	\$ 84.45
2" meter	\$ 118.63	\$ 122.19	\$ 125.86	\$ 129.64	\$ 133.53
3" meter	\$ 220.45	\$ 227.06	\$ 233.87	\$ 240.89	\$ 248.12
4" meter	\$ 365.88	\$ 376.86	\$ 388.17	\$ 399.82	\$ 411.81
6" meter	\$ 729.12	\$ 750.99	\$ 773.52	\$ 796.73	\$ 820.63
8" meter	\$ 1,165.18	\$ 1,200.14	\$ 1,236.14	\$ 1,273.22	\$ 1,311.42
Usage Rates (\$/CCF)					
Single Family (2) \$ 2.68	\$ 2.76	\$ 2.84	\$ 2.93	\$ 3.02	\$ 3.11
Multi-Family (2)	\$ 2.76	\$ 2.84	\$ 2.93	\$ 3.02	\$ 3.11
Non-Residential (2) (3)					
Low Strength	\$ 2.76	\$ 2.84	\$ 2.93	\$ 3.02	\$ 3.11
Medium Strength	\$ 3.45	\$ 3.55	\$ 3.66	\$ 3.77	\$ 3.88
High Strength	\$ 4.49	\$ 4.62	\$ 4.76	\$ 4.90	\$ 5.05
Industrial (4)					
Flow (per MG annually) \$ 3,487.41	\$ 3,592.03	\$ 3,699.79	\$ 3,810.78	\$ 3,925.10	\$ 4,042.85
BOD (per 1,000 lbs annual) \$ 575.51	\$ 592.78	\$ 610.56	\$ 628.88	\$ 647.75	\$ 667.18
SS (per 1,000 lbs annually) \$ 359.85	\$ 370.65	\$ 381.77	\$ 393.22	\$ 405.02	\$ 417.17

Notes:

- (1) Multi-family includes duplexes, triplexes, fourplexes, apartments, condominiums, and mobile home parks.
- (2) Usage charge based on winter water use determined as the average from the prior December-February period. Adjusted each July for each account.
- (3) Placeholder. These rates not yet in use.
- (4) Applies to industrial users discharging into the domestic sewer system.

**Anexo D
Ciudad de Lodi
Tarifas de aguas residuales basadas en la utilización actuales y propuestas**

Actual (Ene. 2013)	Tarifa futura máxima				
	Propuesta (Ene. 2014)	Propuesta (Ene. 2015)	Propuesta (Ene. 2016)	Propuesta (Ene. 2017)	Propuesta (Ene. 2018)
Incremento de tarifa →	3.0%	3.0%	3.0%	3.0%	3.0%
TARIFAS BASADAS EN UTILIZACIÓN					
Cargo mensual por servicio					
Unifamiliar (por DU) \$ 23.52	\$ 24.23	\$ 24.96	\$ 25.71	\$ 26.48	\$ 27.27
Multifamiliar y no residencial (1)					
Medidor hasta 3/4"	\$ 24.23	\$ 24.96	\$ 25.71	\$ 26.48	\$ 27.27
Medidor de 1"	\$ 38.83	\$ 39.99	\$ 41.19	\$ 42.43	\$ 43.70
Medidor de 1 1/2"	\$ 75.03	\$ 77.28	\$ 79.60	\$ 81.99	\$ 84.45
Medidor de 2"	\$ 118.63	\$ 122.19	\$ 125.86	\$ 129.64	\$ 133.53
Medidor de 3"	\$ 220.45	\$ 227.06	\$ 233.87	\$ 240.89	\$ 248.12
Medidor de 4"	\$ 365.88	\$ 376.86	\$ 388.17	\$ 399.82	\$ 411.81
Medidor de 6"	\$ 729.12	\$ 750.99	\$ 773.52	\$ 796.73	\$ 820.63
Medidor de 8"	\$ 1,165.18	\$ 1,200.14	\$ 1,236.14	\$ 1,273.22	\$ 1,311.42
Tarifas de utilización (\$/CCF)					
Unifamiliar (2) \$ 2.68	\$ 2.76	\$ 2.84	\$ 2.93	\$ 3.02	\$ 3.11
Multifamiliar (2)	\$ 2.76	\$ 2.84	\$ 2.93	\$ 3.02	\$ 3.11
No residencial (2) (3)					
Alto	\$ 2.76	\$ 2.84	\$ 2.93	\$ 3.02	\$ 3.11
Medio	\$ 3.45	\$ 3.55	\$ 3.66	\$ 3.77	\$ 3.88
Bajo	\$ 4.49	\$ 4.62	\$ 4.76	\$ 4.90	\$ 5.05
Industrial (4)					
Flujo (por MG anual) \$ 3,487.41	\$ 3,592.03	\$ 3,699.79	\$ 3,810.78	\$ 3,925.10	\$ 4,042.85
BOD (por 1,000 lbs anual) \$ 575.51	\$ 592.78	\$ 610.56	\$ 628.88	\$ 647.75	\$ 667.18
SS (por 1,000 lbs anual) \$ 359.85	\$ 370.65	\$ 381.77	\$ 393.22	\$ 405.02	\$ 417.17

Notes:

- (1) Multifamiliar incluye duplex, tres y cuatro juntas, departamentos, condominios y parques para casas móviles.
- (2) El cargo de utilización se basa en el uso de agua en invierno determinado como un promedio del periodo de diciembre a febrero anterior. Ajustado cada julio para cada cuenta.
- (3) Separador. Estas tarifas aún no están en uso.
- (4) Aplica a usuarios industriales descargando en sistemas de drenaje doméstico.



2/18/2014

**CITY OF LODI
COMMERCIAL COMPACTOR RATES
EFFECTIVE April 1, 2014 TO March 31, 2015**

Commercial Compactor Rates					
Service	1X Week	2X Week	3X Week	4X Week	5X Week
2 Cubic Yard Compactor	\$290.35	\$580.70	\$871.05	\$1,161.40	\$1,451.75
3 Cubic Yard Compactor	\$358.76	\$717.53	\$1,076.29	\$1,435.05	\$1,793.81
4 Cubic Yard Compactor	\$427.73	\$855.45	\$1,283.18	\$1,710.90	\$2,138.63

ANEXO E

**CIUDAD DE LODI
TARIFAS DE COMPACTADOR COMERCIAL
EN VIGOR DEL 1 DE ABRIL DE 2014 AL 31 DE MARZO DE 2015**

Servicio	1X por semana	2X por semana	3X por semana	4X por semana	5X por semana
Compactador de 2 yardas cúbicas	\$290.35	\$580.70	\$871.05	\$1,161.40	\$1,451.75
Compactador de 3 yardas cúbicas	\$358.76	\$717.53	\$1,076.29	\$1,435.05	\$1,793.81
Compactador de 4 yardas cúbicas	\$427.73	\$855.45	\$1,283.18	\$1,710.90	\$2,138.63



CITY OF LODI
Public Works Department
P.O. BOX 3006
LODI, CALIFORNIA 95241-1910

PRSRT STD
U.S. POSTAGE
PAID
STOCKTON CA
PERMIT NO. 269

PROPOSED UTILITY RATE INCREASE