



**CITY OF**

---

---

# **NEWPORT BEACH**

## **City Council Staff Report**

February 11, 2020  
Agenda Item No. 10

**TO:** HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

**FROM:** Mark Vukojevic, Utilities Director - 949-644-3011,  
mvukojevic@newportbeachca.gov

**PREPARED BY:** Joshua Rosenbaum, Senior Management Analyst,  
jrosenbaum@newportbeachca.gov

**PHONE:** 949-644-3057

**TITLE:** Resolution No. 2020-17: Correcting Recently Approved Fire Protection Service Water Rates and Charges in Resolution No. 2019-103

---

**ABSTRACT:**

On November 19, 2019, the Utilities Department brought forward Resolution No. 2019-103, which included Exhibit "A" with three tables for water charges and rates. They included tables for: 1) Water Services (potable drinking water), 2) Fire Protection Services water and 3) Recycled Water for the next five years. Unfortunately, there was a scrivener's error in Table 2: Fire Protection Services that needs to be corrected, which affects about 30 accounts. The correct information was in the public hearing notice, the Water Rate Study, and in City Council reports and presentations.

**RECOMMENDATION:**

- a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly; and
- b) *Adopt Resolution No. 2020-17, A Resolution of the City Council of the City of Newport Beach, California, Establishing and Correcting Fire Protection Service Water Rates and Charges for the 1-inch, 1½-inch, and 2-inch Meter, Adopting the Water Rates and Charges for the 2½-inch Meter with Phased in Increases and Removing the Water Rates and Charges for the ¾-inch Meter.*

**FUNDING REQUIREMENTS:**

No fiscal impact. The new Resolution corrects the errors found in Resolution No. 2019-103, Exhibit "A" Table 2: Fire Protection Services.

## **DISCUSSION:**

On November 19, 2019, the City Council held a noticed Proposition 218 public hearing on water rate adjustments. The City Council approved the proposed water rate adjustments, including the Fire Protection Service water rates. During the process of implementing the new water rates into the billing system, an error was discovered within the Fire Protection Service rate table affecting five classes of fire service water meters affecting approximately 30 accounts. The error was a Utilities Department scrivener's error during the transposing of the spreadsheet into Exhibit "A" of the Resolution. The correct table was included in the notice sent to all City property owners and water customers, in the Water Rate Study, and in City Council reports and presentations.

## **Fire Protection Service Water Rates:**

The City's water system has approximately 460 Fire Protection Service customer connections. These are typically the large red above ground pipes and valves seen in front of businesses or in parking lots. This pressurized water is supplied on a standby basis to provide additional fire-fighting water if needed by the property. The Fire Service Water rates recovers the proportional cost to provide fire protection capacity, metering and billing. They have also been adjusted to be compliant with industry standards. Most fire services do not use water regularly. However, if water is used through the fire service, the standard commodity potable water rate is used. The approved five-year rates for Fire Protection Services, with adjustments effective January 1<sup>st</sup> of each year, are shown in below.

Table 2: Fire Protection Service Water Rates as noticed:

Approved Revenue Adjustments	FY 2019 Current	JAN 2020 7.4% Approved	JAN 2021 7.4% Approved	JAN 2022 7.4% Approved	JAN 2023 7.4% Approved	JAN 2024 7.4% Approved
<b>Fire Service Connection (inches)</b>						
5/8	\$3.13	\$10.41	\$11.19	\$12.02	\$12.91	\$13.87
1	\$5.00	\$10.59	\$11.38	\$12.23	\$13.14	\$14.12
1 ½	\$7.50	\$11.07	\$11.89	\$12.77	\$13.72	\$14.74
2	\$10.00	\$11.87	\$12.75	\$13.70	\$14.72	\$15.81
2 ½	\$12.50	\$13.09	\$14.06	\$15.11	\$16.23	\$17.44
3	\$15.00	\$14.76	\$15.86	\$17.04	\$18.31	\$19.67
4	\$20.00	\$19.78	\$21.25	\$22.83	\$24.52	\$26.34
6	\$30.00	\$37.72	\$40.52	\$43.52	\$46.75	\$50.21
8	\$40.00	\$68.70	\$73.79	\$79.26	\$85.13	\$91.43
10	\$50.00	\$115.28	\$123.82	\$132.99	\$142.84	\$153.42
12	\$60.00	\$179.85	\$193.16	\$207.46	\$222.82	\$239.31

Subset of Table 2 errors approved in Resolution 2019-103

Table 2: Fire Protection Services		Effective	Effective	Effective	Effective	Effective
Meter Size (Inch)	Current Rates	JAN 1, 2020	JAN 1, 2021	JAN 1, 2022	JAN 1, 2023	JAN 1, 2024
3/4th	\$5.00	\$10.59	\$11.38	\$12.23	\$13.14	\$14.12
1	\$7.50	\$11.07	\$11.89	\$12.77	\$13.72	\$14.74
1 1/2	\$10.00	\$11.87	\$12.75	\$13.70	\$14.72	\$15.81
2	\$12.50	\$13.09	\$14.06	\$15.11	\$16.23	\$17.44
2 1/2	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Corrected Subset of Table 2

Table 2: Fire Protection Services		Effective	Effective	Effective	Effective	Effective
Meter Size (Inch)	Current Rates	JAN 1, 2020	JAN 1, 2021	JAN 1, 2022	JAN 1, 2023	JAN 1, 2024
1	\$5.00	\$10.59	\$11.38	\$12.23	\$13.14	\$14.12
1 1/2	\$7.50	\$11.07	\$11.89	\$12.77	\$13.72	\$14.74
2	\$10.00	\$11.87	\$12.75	\$13.70	\$14.72	\$15.81
2 1/2	\$12.50	\$13.09	\$14.06	\$15.11	\$16.23	\$17.44

Staff is recommending adoption of Resolution 2020-17. This corrects the Fire Protection Water Rates and also contains all of the adopted water rates and charges for future ease of access of the public record. The new rates are in the process of being implemented into the City's billing system and will also be found in the Schedule of Rents, Fines, and Fees.

#### **ENVIRONMENTAL REVIEW:**

Staff recommends the City Council find this action is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

#### **NOTICING:**

The agenda item has been noticed according to the Brown Act (72 hours in advance of the meeting at which the City Council considers the item).

#### **ATTACHMENT:**

Attachment A – Resolution No. 2020-17