

Future Agenda Item

- 1. Can non-city water customers be charged a higher rate for water?** Per California Constitution Article 13D, water rates imposed must meet several requirements, one of which provides that the amount of a fee or charge imposed upon on any customer shall not exceed the proportional cost of the service attributable to the parcel. What this means is that the City cannot charge a higher rate for a customer based on location unless it can be justified that it costs more to deliver water to a particular geographical region. The City is currently undergoing a rate study in which this is being evaluated.
- 2. Why can't we cancel the water agreements (50) that provide water to customers outside the City's boundaries?** The City has water agreements with certain customers located outside the City limits that have been City customers for many years, dating to a time before the City's current policy of not providing new water service to customers outside the City limits. The water agreements are not the basis for City's water service to these customers, they instead impose a limitation on water usage to no more than the customers historic levels of use. The City has had a long standing policy of requiring historic customers outside of the City limits to enter into water agreements as a condition of any new development, to ensure that the new development would not increase water usage beyond historic levels. If the water agreements were cancelled, these customers would still receive City water, and would not be subject to the limitations set forth in the water agreements. This would not be a desirable outcome for the City or its water system.
- 3. If we cannot cancel the water agreements, can we charge them a higher rate than residential customers?** The vast majority of the City's water agreements are agreements with historic water customers outside of the City, which agreements were entered into in order to limit water usage to historic levels. For these customers, a higher rate cannot be charged for water use simply because a water agreement is in place. Per California Constitution Article 13D, water rates imposed must meet several requirements one of which maintains the amount of a fee or charged imposed upon on any customer shall not exceed the proportional cost of the service attributable to the parcel. All water agreement customers pay the same per unit price of water as every other potable water customer in the St. Helena Water Enterprise system. The City does have a small number of agreements for raw (untreated) water, which is sold based on a negotiated rate. The City does have more flexibility to negotiate a different rate for these types of agreement because this water is not provided as part of the City's water system. The City could take a similar approach when providing recycled water as that program develops. However, most of the parties with water agreements are historic customers of the City's water system and are subject to the same rates as all other customers.