



Agenda Report

File #: 20-0481

**AGENDA REPORT
REQUEST FOR CITY COUNCIL AND
CORONA UTILITY AUTHORITY ACTION**

DATE: 09/02/2020

TO: City Council Members
Board Members

FROM: Meter Downsizing Ad Hoc Committee (Mayor Steiner & Council Member Speake)

SUBJECT:
City Council and Corona Utility Authority consideration of City Administrative Policy No. 03620.004 to establish a temporary no-cost water meter downsizing program.

RECOMMENDED ACTION:
That the:

- a. City Council approve Administrative Policy No. 03620.004 dated September 2, 2020 to establish a temporary no-cost water meter downsizing program.
- b. City Council approve creation of a new Capital Improvement Project entitled Meter Downsize (Admin Policy 03620.004) and appropriate \$195,315 from General Fund Balance to the newly created CIP.
- c. Corona Utility Authority (CUA) review, ratify and to the extent necessary direct that the City Council take the above actions.

ANALYSIS:
Background

On January 15, 2020, the City Council approved Ordinance No. 3309, modifying the Budget Based Water Structure and establishing rates for potable and reclaimed water service fees and charges. During the hearing on the rate increase, residents and Council members expressed concerns regarding the difference in Ready-to-Serve charges for 1" meters versus ¾" meters. During a subsequent Council meeting on February 5, 2020, Council Member Speake requested the formation

of an ad hoc committee to develop a policy regarding downsizing residential 1" water meters and associated costs.

The ad hoc committee consists of Mayor Steiner and Council Member Speake. Additionally, two community residents, an engineer, and City staff from the Community Development Department, Public Works Department, and Department of Water and Power (DWP) were invited to attend meetings and provide input for the ad hoc committee. The ad hoc committee met twice prior to COVID-19 related closures of City Hall and DWP buildings and developed guidelines and next steps, which are formalized in this report and the attached recommended policy.

Eligibility

First the ad hoc committee discussed the type of properties that should be eligible to participate in a no-cost meter downsizing program. The committee recommended the following eligibility criteria:

- Single-Family Residential homes - multi-family residential and commercial buildings were not eligible based on size and water demand/anticipated fixture count.
- Built Prior to 2000 - in reviewing the GIS data it appeared that homes built prior to 2000 typically did not have fire sprinklers (homes with fire sprinklers cannot downsize their water meters based on fire flow requirements)
- No existing code violations - if the property has any existing code violations through the Code Environment division then they are ineligible to participate until the code violations are corrected.

Staff reviewed GIS data and conducted a field verification to confirm data for a sample size of eligible homes (this included service line size, lateral line size, and service line material). As a result of this review, 1,347 homes were identified that would be eligible to apply for meter downsizing.

The committee also agreed that tenants would not be eligible to apply to have their meter downsized and the record owner of the property should be required to complete the application.

Process

The committee agreed the process needs to be transparent and provide sufficient time for homeowners to complete the required steps. The committee also agreed the meter downsizing program should be temporary and should include an end date. The committee discussed and recommended the following process:

1. Send letters to eligible property owners
 - a. Letters to be sent in six batches (of approximately 225 letters per batch) to ensure staff has the resources to address all inquiries.
 - b. Letter to include all methods for application
2. Customers have several methods to apply:
 - a. Online (www.CoronaCA.gov/Meters)

- b. Via email (Meters@CoronaCA.gov)
 - c. By mail or in person
3. Applications must include the following information and may be subject to field verification.
- a. Line size from meter to house
 - b. Number of fixtures in the home
4. Public Works Department receives and reviews the application and determines if the meter can or cannot be downsized based on California Plumbing Code requirements.
- a. If the meter can be downsized, then Public Works issues a Notice to Proceed to DWP.
 - b. If the meter cannot be downsized, the Public Works Department notifies the property owner of the findings.
5. Upon receiving the Notice to Proceed, DWP will proceed with account updates as follows:
- a. If the existing meter is over 10 years old, the 1" meter will be replaced with a $\frac{3}{4}$ " meter and the customer's Ready-to-Serve charge will be updated to reflect the $\frac{3}{4}$ " rate; or
 - b. If the existing meter is less than 10 years old, the customer's Ready-to-Serve charge will be changed to reflect the rate that corresponds to a $\frac{3}{4}$ " meter (even though a 1" meter is installed) and DWP will replace the 1" meter with a $\frac{3}{4}$ " meter when the existing meter is scheduled for replacement as part of the City's rotating meter replacement program.
6. The City will send a 2nd reminder letter to eligible property owners within 60 days of the first letter and a 3rd reminder letter within 120 days of the first letter.
7. Eligible customers must apply by April 1, 2021 to participate in the no-cost program.
8. All adjustments to the Ready-to-Serve charge will be made retroactively to the effective date of the rate increase (starting with bills issued on or after March 28, 2020 based on water used on or after February 14, 2020) as a credit to the account. This will allow for the City to send letters in a phased approach and gives homeowners time to respond.

No Waivers Allowed by California Building Code

The ad hoc committee desired to provide a waiver option for those customers that do not meet the requirements of the California Plumbing Code for a $\frac{3}{4}$ " meter. However, according to California Building Code Section 104.1, set forth below, compliance with the California Plumbing Code requirements cannot be waived.

*The building official is hereby authorized and directed to enforce the provisions of this code. The building official shall have the authority to render interpretations of this code and to adopt policies and procedures in order to clarify the application of its provisions. Such interpretations, policies and procedures shall be in compliance with the intent and purpose of this code. **Such policies and procedures shall not have the effect of waiving requirements specifically provided for in this code.***

Therefore, if a customer's home does not meet the requirements to be served by a ¾" meter under the California Plumbing Code, then the meter will not be changed and there will be no changes to the customer's water meter billing account.

Policy

Administrative Policy No. 03620.004 details the eligibility requirements, process and timeline for applicability, as recommended by the ad hoc committee and summarized above. Only homes meeting the eligibility criteria will be eligible to apply for the no-cost meter downsize program. Further, if a property owner is not satisfied with the ¾" meter and wants to increase the meter size in the future then this would be at the property owner's cost.

Upon approval of the attached policy, staff will begin implementation starting with letter distribution on or around September 15, 2020.

COMMITTEE ACTION:

As noted, the attached policy is being recommended for consideration by the Meter Downsizing Ad Hoc Committee.

STRATEGIC PLAN:

Not applicable.

FISCAL IMPACT:

Any fees assessed by the City for the replacement of a water meter pursuant to the attached policy will be waived if an eligible customer applies during the eligibility period and the water meter replacement is approved.

Under State of California law, the fee waiver may not come from rate revenue. As such costs for this program will be covered by the General Fund. The fee is \$145 per property. This process has identified 1,347 properties eligible to apply. If all eligible properties apply for the program the total cost of the program would be \$195,315. The ad hoc committee recommends the formation of a new Capital Improvement Project to track these expenses. At the end of the program, any unspent funds will be returned to General Fund.

GENERAL FUND	
Adopted Budget - FY 2021 Estimated Revenue Over Expenditures	\$ (9,795,360)
Use of Pension Obligation Reserve	2,530,492
Previously Approved/Revised Budget Adjustments (Net)*	(363,531)
Current Estimated Revenue Over Expenditures	(7,628,399)
Meter Downsize Appropriation (Admin Policy 03620.004)	(195,315)
Revised Estimated Revenue Over Expenditures	\$ (7,823,714)
Budget Balancing Measures Reserve - Estimated 06/30/20	31,788,549
Estimated FY 2021 Change in Budget Balancing Measures Reserve	(7,823,714)
Estimated Budget Balancing Measures Reserve - 06/30/21	\$ 23,964,835

* Approved through Council Action or other operational process.

ENVIRONMENTAL ANALYSIS:

No environmental review is required because the proposed action is not a project governed by the California Environmental Quality Act.

PREPARED BY: KATIE HOCKETT, ASSISTANT GENERAL MANAGER

REVIEWED BY: TOM MOODY, GENERAL MANAGER

REVIEWED BY: TOM KOPER, ACTING PUBLIC WORKS DIRECTOR

REVIEWED BY: KIM SITTON, ACTING ADMINISTRATIVE SERVICES DIRECTOR

REVIEWED BY: DEAN DERLETH, CITY ATTORNEY AND LEGAL AND RISK MANAGEMENT DIRECTOR

REVIEWED BY: ROGER BRADLEY, ASSISTANT CITY MANAGER

SUBMITTED BY: JACOB ELLIS, CITY MANAGER & EXECUTIVE DIRECTOR

Attachments:

1. Administrative Policy No. 03620.004 - Temporary No-Cost Water Meter Downsizing Program (09-02-2020)
2. Application