RESOLUTION NO. 6887

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF UPLAND, CALIFORNIA ADOPTING WATER, RECYCLED WATER, AND SEWER SERVICE RATE ADJUSTMENTS, INCLUDING WHOLESALE PASS-THROUGH CHARGES, AND MAKING RELATED FINDINGS

WHEREAS, the City of Upland ("City") owns, operates, and maintains municipal potable water distribution, recycled water distribution, and wastewater collection systems providing utility services to residential, commercial, industrial, institutional, governmental, and landscape customers within the City and portions of its sphere of influence; and

WHEREAS, utility enterprise operations are funded primarily through rates and service charges which must be sufficient to recover operational costs, capital replacement and rehabilitation needs, regulatory compliance requirements, debt obligations, and prudent reserve levels; and

WHEREAS, pursuant to Article XIII D of the California Constitution ("Proposition 218"), property-related utility fees and charges shall not exceed the proportional cost of service attributable to each parcel and shall be established following applicable noticing and public hearing requirements; and

WHEREAS, the City retained Raftelis Financial Consultants, Inc. ("Raftelis") to prepare comprehensive Water, Recycled Water, and Wastewater Rate Studies evaluating utility financial plans, cost-of-service allocation methodologies, reserve requirements, capital infrastructure investment needs, and long-term fiscal sustainability; and

WHEREAS, Raftelis prepared rate studies dated February 9, 2026 recommending five-year schedules of water, recycled water, and wastewater rate adjustments designed to ensure revenue sufficiency for utility operations, maintenance, capital reinvestment, debt obligations, and reserve funding while maintaining compliance with Proposition 218 requirements; and

WHEREAS, the City Council reviewed and considered the staff report dated June 8, 2026, the Raftelis Water, Recycled Water, and Wastewater Rate Study, the administrative record, public testimony, and all other relevant materials; and

WHEREAS, the City provided notice and conducted a duly noticed public hearing pursuant to Article XIII D of the California Constitution and applicable law regarding the proposed utility rate adjustments; and

WHEREAS, following conclusion of the public hearing, the City Council considered all written protests and oral testimony and determined that no majority protest existed; and

WHEREAS, Government Code Sections 53759.1 and 53759.2 establish administrative procedures regarding legal objections to utility rate adjustments and the City has complied with applicable procedural requirements; and

WHEREAS, the City receives wholesale imported water, recycled water services, and wastewater treatment services through the Inland Empire Utilities Agency ("IEUA"), and IEUA periodically adopts rates, charges, and fees applicable to member agencies and contracting agencies; and

WHEREAS, certain wholesale costs imposed upon the City by IEUA are outside the City's control and may require pass-through implementation to maintain enterprise fund financial stability; and

WHEREAS, the City Council finds that the adopted utility rates:

A. Do not exceed the proportional cost of providing service;
B. Are fair and equitable among customer classifications;
C. Are necessary to maintain reliable utility operations;
D. Support capital replacement and infrastructure rehabilitation;
E. Maintain prudent reserve funding levels;
F. Promote long-term financial sustainability; and
G. Protect public health, safety, and welfare.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF UPLAND AS FOLLOWS

SECTION 1. Recitals. The foregoing recitals are true and correct and incorporated herein by reference.

SECTION 2. Adoption of Water Rates. The City Council hereby adopts potable water rates and charges as set forth in Exhibit A attached hereto and incorporated herein by reference. Water rate adjustments shall become effective July 1, 2026, with subsequent scheduled adjustments effective January 1, 2027, January 1, 2028, January 1, 2029, and January 1, 2030.

SECTION 3. Adoption of Recycled Water Rates. The City Council hereby adopts recycled water rates and charges as set forth in Exhibit B attached hereto and incorporated herein by reference. Recycled water rate adjustments shall become effective July 1, 2026, with subsequent scheduled adjustments effective January 1, 2027, January 1, 2028, January 1, 2029, and January 1, 2030.

SECTION 4. Adoption of Sewer Service Rates. The City Council hereby adopts sewer service rates and charges as set forth in Exhibit C attached hereto and incorporated herein by reference. The sewer service fee structure shall consist of:

1. City Local Sewer Service Component.

2. IEUA Regional Sewer Treatment Pass-Through Component.

Sewer service adjustments shall become effective July 1, 2026, with scheduled adjustments effective January 1, 2027, January 1, 2028, January 1, 2029, and January 1, 2030.

SECTION 5. Wholesale Pass-Through Authorization. The City Council authorizes automatic pass-through implementation of wholesale utility charges imposed upon the City by IEUA any time through and including December 31, 2030. Pass-throughs shall include;

A. Imported water charges;
B. Meter equivalency fees;
C. Recycled water wholesale charges;
D. Wastewater treatment charges;
E. Regional wastewater disposal charges.

Pass-through implementation shall:

1. Reflect only actual costs imposed upon the City;
2. Require thirty (30) days prior written notice to impacted customers;
3. Not exceed fifteen percent (15%) annually for impacted charges;

SECTION 6. Rate Study Incorporation. The Raftelis Water, Recycled Water, and Wastewater Rate Study dated February 9, 2026 is incorporated into the administrative record supporting this Resolution.

SECTION 7. Prior Resolutions. This Resolution supersedes, replaces, and controls over all prior City utility rate resolutions, motions, ordinances, and actions, inconsistent with this Resolution, including prior water, recycled water, sewer service fee, and wholesale pass-through rate schedules.

SECTION 8. Compliance with California Environmental Quality Act. The City Council finds adoption of this Resolution exempt from CEQA pursuant to Public Resources Code Section 21080(b)(8), CEQA Guidelines Section 15273(a), and CEQA Guidelines Sections 15060(c)(2), 15060(c)(3), and 15061(b)(3).

SECTION 9. Severability. If any section, subsection, subdivision, sentence, clause or phrase in this Resolution or any part thereof is for any reason held to be unconstitutional, invalid or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Resolution or any part thereof. The City Council hereby declares that it would have adopted each section irrespective of the fact that any one or more subsections, subdivisions, sentences, clauses or phrases are declared unconstitutional, invalid, or ineffective.

SECTION 10. Certification. The City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original resolutions.

SECTION 11. Effective Date. This Resolution shall become effective immediately upon adoption unless otherwise specifically stated herein.

PASSED, APPROVED and ADOPTED this 8th day of June, 2026.

Bill Velto, Mayor

I, Keri Johnson, City Clerk of the City of Upland, do hereby certify that the foregoing Resolution was adopted at a regular meeting of the City Council held on the 8th day of June, 2026, by the following vote

AYES: Mayor Velto, Councilmembers Maust, Breitling
NOES: Councilmembers Garcia, Zuniga
ABSENT: None
ABSTAINED: None

ATTEST:

Keri Johnson, CMC, City Clerk

Exhibit A

CITY WATER COMMODITY RATES (BI-MONTHLY)

Table 1: Schedule Rate Adjustments of Bi-Monthly Water Volumetric Rates

Single Family Residential Rates							
Usage Tiers	**Unit**	**Current Rate**	**Proposed Rate Effective 07/01/26**	**Proposed Rate Effective 01/01/27**	**Proposed Rate Effective 01/01/28**	**Proposed Rate Effective 01/01/29**	**Proposed Rate Effective 01/01/30**
0-20	per hcf*	$2.33	$2.40	$2.52	$2.65	$2.79	$2.93
21-50	per hcf*	$3.08	$3.21	$3.38	$3.55	$3.73	$3.92
51+	per hcf*	$3.68	$3.73	$3.92	$4.12	$4.33	$4.55

Multi-Family Residential Rate							
Customer Class	**Unit**	**Current Rate**	**Proposed Rate Effective 07/01/26**	**Proposed Rate Effective 01/01/27**	**Proposed Rate Effective 01/01/28**	**Proposed Rate Effective 01/01/29**	**Proposed Rate Effective 01/01/30**
Multi-Family	per hcf*	$2.87	$3.17	$3.33	$3.50	$3.68	$3.87

Rates for Other Classes							
Customer Class	**Unit**	**Current Rate**	**Proposed Rate Effective 07/01/26**	**Proposed Rate Effective 01/01/27**	**Proposed Rate Effective 01/01/28**	**Proposed Rate Effective 01/01/29**	**Proposed Rate Effective 01/01/30**
Landscape (1)	per hcf*	$3.17	$3.34	$3.51	$3.69	$3.88	$4.08
Commercial	per hcf*	$2.76	$3.16	$3.32	$3.49	$3.67	$3.86
School	per hcf*	$3.38	$3.29	$3.46	$3.64	$3.83	$4.03
Government	per hcf*	$3.47	$3.47	$3.65	$3.84	$4.04	$4.25

City Rates for Recycled Water							
Customer Class	**Unit**	**Current Rate**	**Proposed Rate Effective 07/01/26**	**Proposed Rate Effective 01/01/27**	**Proposed Rate Effective 01/01/28**	**Proposed Rate Effective 01/01/29**	**Proposed Rate Effective 01/01/30**
Recycled	per hcf*	$2.54	$2.64	$2.78	$2.92	$3.07	$3.23

(1) Fire Hydrant Meter Rate
*hcf = hundred cubic feet = 1 billing unit = 748 gallons

Table 2: 5-Year Schedule of Bi-Monthly Fixed Meter Rate

Proposed 5-Year Schedule of Bi-Monthly Fixed Meter Rate						
SERVICE CHARGES (Bi-Monthly)	**CURRENT**	**Proposed 07/01/26**	**Proposed 01/01/27**	**Proposed 01/01/28**	**Proposed 01/01/29**	**Proposed 01/01/30**
5/8"	$65.26	$67.36	$70.73	$74.27	$77.99	$81.89
3/4"	$82.68	$84.92	$89.17	$93.63	$98.32	$103.24
1"	$117.52	$120.03	$126.04	$132.35	$138.97	$145.92
1.5"	$204.72	$207.82	$218.22	$229.14	$240.60	$252.63
2"	$309.35	$313.16	$328.82	$345.27	$362.54	$380.67
3"	$588.33	$646.74	$679.08	$713.04	$748.70	$786.14
4"	$902.15	$1,138.32	$1,195.24	$1,255.01	$1,317.77	$1,383.66
6"	$1,773.93	$2,314.63	$2,430.37	$2,551.89	$2,679.49	$2,813.47
8"	$2,820.12	$4,948.14	$5,195.55	$5,455.33	$5,728.10	$6,014.51

Exhibit A

Table 3: Drought Rates Per Drought Stage

Proposed Drought Rates Per Drought Stage					
Drought Surcharge	**Up to 10% Water Use Reduction**	**Up to 20% Water Use Reduction**	**Up to 30% Water Use Reduction**	**Up to 40% Water Use Reduction**	**Up to 50% Water Use Reduction**
Volumetric Rate Surcharge Increase	3%	10%	22%	36%	54%

In the event of a declared mandatory water use restriction that triggers imposition of drought rates, the actual drought rate shall be imposed in addition to the volumetric rate, and shall be equal to the lesser of the volumetric rate imposed at that time multiplied by the percentages in the table above, or the rates set forth in the table below.

Table 4: Drought Rates Surcharge

Proposed Drought Rates Surcharge					
Customer Class	**Proposed 07/01/26**	**Proposed 01/01/27**	**Proposed 01/01/28**	**Proposed 01/01/29**	**Proposed 01/01/30**
Maximum Drought Surcharge (40-50% Reduction) $/hcf					
Single Family					
Tier 1	$1.31	$1.38	$1.44	$1.52	$1.59
Tier 2	$1.75	$1.84	$1.93	$2.03	$2.13
Tier 3	$2.04	$2.14	$2.25	$2.36	$2.48
Multi Family	$1.73	$1.82	$1.91	$2.00	$2.10
Landscape	$1.82	$1.91	$2.01	$2.11	$2.21
Commercial	$1.73	$1.82	$1.91	$2.00	$2.10
Schools	$1.80	$1.89	$1.98	$2.08	$2.19
Government	$1.89	$1.98	$2.08	$2.19	$2.30
Revenue Adjustments		5%	5%	5%	5%

*These maximum amounts do not include the IEUA pass-through, which may be implemented by the City should IEUA increase its imported water rates in an amount greater than what was proposed within the Rate Study; however, only within the pass-through authorization approved by the City Council.

Table 5: City and IEUA Wastewater Rate Schedules

	FY 2026	FY 2027	FY 2027	FY 2028	FY 2029	FY 2030
Effective Date	**Current**	**July 1, 2026**	**January 1, 2027**	**January 1, 2028**	**January 1, 2029**	**January 1, 2030**
City Local Sewer Services Charges	$11.29	$11.98	$12.46	$12.96	$13.48	$14.02

Table 6: IEUA Pass-Through Wastewater Rate Schedule

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Effective Date	**Current**	**July 1, 2026**	**July 1, 2027**	**July 1, 2028**	**July 1, 2029**	**July 1, 2030**
IEUA Sewer Treatment Component (Pass-Through Rate)	$27.02*	$29.45	TBD	TBD	TBD	TBD

*The City currently charges only $25.78 for IEUA although IEUA's current rate is $27.02 per EDU