



Notice of Public Hearing on Proposed Water and Wastewater Rate Increase

March 28, 2018

Public Hearing at the CCWD Boardroom 1:00 p.m. Wednesday, May 23, 2018 120 Toma Court, San Andreas, CA

The Calaveras County Water District is proposing a water and wastewater rate change for all residential, non-residential, irrigation/landscape and agricultural customers. The proposal will be considered by the District's Board of Directors at a Public Hearing on May 23, 2018, and if approved, the rate change will go into effect July 15, 2018, for residential and non-residential customers and January 1, 2019, for agricultural customers. You are receiving this notification in compliance with Proposition 218's requirement that all impacted property owners receive written notice of proposed rate changes 45 days prior to a Public Hearing.

Basis of proposed rates

State law and District policy require the collection of revenues sufficient to cover the costs of operating the water and wastewater enterprises. These revenues allow the District to protect public health and safely and reliably convey and treat both water and wastewater. Costs that must be covered through rate revenue include electricity, equipment and supplies, treatment chemicals, debt service, and salaries and benefits. Additionally, a portion of the current water and wastewater rates helps pay for the renovation and replacement of existing capital equipment and mandated capital improvements to both the water and wastewater systems.

Why are rates being changed?

A study by an independent financial firm concluded that the proposed rates are necessary to provide sufficient funds to pay the costs of operations, maintenance, administration, debt service and capital improvement over the next five years. The proposed rates also correct the ongoing structural deficit in the wastewater fund. This deficit, as reported in the last two audits prepared by an

independent outside auditor, is a result of revenues not being adequate to fund wastewater operations. Additionally, the ongoing deficit has jeopardized the District's eligibility for millions in state grants and low-interest loans needed to pay for costly upgrades to wastewater facilities. This includes a potential loss of a \$4.5 million grant for the West Point/Wilseyville Wastewater Treatment Plant Project.

After accounting for operational and staff cost saving measures, the study determined that a rate change is necessary primarily due to the following:

- The need to fund water and wastewater operations at a sustainable level.
- Set rates at a level that reflects current consumption levels.
- Provide options to maintain necessary funding levels for water operations in response to water shortage conditions and other water emergencies.

What is being done to reduce expenses?

The District has initiated many cost saving measures, including salary and benefit savings, reduced debt service costs, and lowered labor and supply costs as a result of advanced technologies and streamlining operation. All these measures have helped reduce the amount of the proposed rate changes.

Why is the water rate structure changing?

Due to recent Proposition 218 court rulings the District is changing how it bills customers for water use. Currently the bi-monthly base water rate includes 1,000 cubic feet (cf), or 7,480 gallons, with tiered pricing for additional water consumption. Proposition 218 requires the allocation of costs to all tiers. As a result, the water base rate will no longer include a water allocation and customers will be charged for all water used. The charge for Tier 1 water use (up to 1,000 cf) is \$1.09 per 100 cf. The proposed rates for Tiers 2, 3 and 4, as shown below,



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will be lower than the current rates.

Water Tiers - Residential			
Tiers	Water Use (cf)	Current	FY 18-19
Tier 1	0 - 1,000	Included	\$ 1.09
Tier 2	1,001 - 6,000	\$ 1.44	\$ 1.14
Tier 3	6,001 - 12,000	\$ 1.80	\$ 1.56
Tier 4	Over 12,000	\$ 2.30	\$ 1.77

* Proposed tiered rates are per 100 cubic feet

Proposition 218 also requires that costs be allocated based on individual customer classes. The Cost of Service Analysis determined that the District has three (3) different water customer classes: residential, non-residential, and irrigation/landscape. The base rates for these three classes will be the same, however the tiered rates and rate structure will be different, as they are based on the cost allocation (see tiered rates).

What are the proposed base water rates?

The following chart compares the current bi-monthly water base rates to the proposed bi-monthly base rates. The proposed bi-monthly base rates no longer include a water allocation of 1,000 cf per billing period. All water used will be billed at the tiered rates listed in the next section.

Meter Size	Proposed Bi-Monthly Water Base Rates					
	Current	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
5/8"	\$113.56	\$112.28	\$114.23	\$116.22	\$118.26	\$120.35
3/4"	\$170.34	\$168.43	\$171.34	\$174.33	\$177.39	\$180.53
1"	\$283.91	\$280.71	\$285.57	\$290.55	\$295.65	\$300.89
1.5"	\$567.81	\$561.43	\$571.14	\$581.10	\$591.31	\$601.77
2"	\$908.50	\$898.28	\$913.83	\$929.76	\$946.09	\$962.83

* A 5/8" meter is the typical residential meter. Rates for meters larger than 2" are on District's website: www.ccwd.org.

What are the proposed tiered water rates?

The following chart shows the current bi-monthly tiered rates compared to the proposed bi-monthly

tiered rates (per 100 cf) for residential customers.

Proposed Tiered Rates for Bi-Monthly Water Consumption - Residential						
Water Use (cf)	Current	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
0 - 1,000	Included	\$ 1.09	\$ 1.11	\$ 1.13	\$ 1.15	\$ 1.17
1,001 - 6,000	\$ 1.44	\$ 1.14	\$ 1.16	\$ 1.18	\$ 1.20	\$ 1.22
6,001 - 12,000	\$ 1.80	\$ 1.56	\$ 1.59	\$ 1.62	\$ 1.65	\$ 1.68
Over 12,000	\$ 2.30	\$ 1.77	\$ 1.80	\$ 1.83	\$ 1.86	\$ 1.90

cf - cubic feet (100 cf = 748 gallons)

Under the current rate plan, a residential customer who uses 1,000 cf has a bi-monthly water bill of \$113.56. Under the proposed rate plan, the bi-monthly water bill for the same amount of water used would be \$123.18 in FY 2018-19. Please see below for other water usage and rate comparisons.

Bi-Monthly Water Bill Comparison - Residential						
Consumption (cubic feet)	Current Rate	Proposed Base Rate	Water Use Charge	Total Bill	Dollar Change	Percent Change
500	\$113.56	\$112.28	\$5.45	\$117.73	\$4.17	3.67%
1,000	\$113.56	\$112.28	\$10.90	\$123.18	\$9.62	8.47%
1,200	\$116.44	\$112.28	\$13.18	\$125.46	\$9.02	7.75%
1,500	\$120.76	\$112.28	\$16.60	\$128.88	\$8.12	6.72%
2,000	\$127.96	\$112.28	\$22.30	\$134.58	\$6.62	5.17%
2,500	\$135.16	\$112.28	\$28.00	\$140.28	\$5.12	3.79%
3,000	\$142.36	\$112.28	\$33.70	\$145.98	\$3.62	2.54%

cf - cubic feet (100 cf = 748 gallons)

The proposed bi-monthly base rates for non-residential and irrigation/landscape are the same as the residential rates. The only rate difference between the three classes of service are the tiered rates. The proposed tiered rate plan for non-residential customers consolidates the four current tiers into one tier and charges the same amount for all levels of consumption. The following chart compares the proposed bi-monthly tiered rates per 100 cf for non-residential customers (multi-family and commercial) to the current rates.



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Bi-Monthly Water Consumption - Non-Residential						
Water Use (cf)	Current	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
0 - 1,000	Included					
1,001 - 6,000	\$ 1.44	\$ 1.47	\$ 1.49	\$ 1.52	\$ 1.55	\$ 1.57
6,001 - 12,000	\$ 1.80					
Over 12,000	\$ 2.30					

cf - cubic feet (100 cf = 748 gallons)

The proposed tiered rate plan for irrigation/landscape consolidates the four current tiers into one tier for all levels of consumption. The following chart shows the proposed bi-monthly tiered rates per 100 cf for irrigation/landscape.

Bi-Monthly Water Consumption - Irrigation/Landscape						
Water Use (cf)	Current	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
0 - 1,000	Included					
1,001 - 6,000	\$ 1.44	\$ 1.78	\$ 1.81	\$ 1.84	\$ 1.87	\$ 1.91
6,001 - 12,000	\$ 1.80					
Over 12,000	\$ 2.30					

What are water shortage rates?

If there is a significant water shortage event, such as drought or water supply emergency, the District has developed the option of putting a water shortage rate into effect. These rates are not automatically implemented during a water shortage event. The rates must be approved by the District's Board of Directors before being enacted.

The foundation for the water shortage rates is the District's 2015 Urban Water Management Plan. The Plan identifies five (5) water shortage levels and the corresponding water consumption reduction target. The proposed water shortage rates are based on the five reduction targets and the projected revenue that could be lost under each reduction target.

- Advisory Stage 1 < 10% reduction
- Alert Stage 2 11 – 15% reduction
- Moderate Stage 3 16 – 25% reduction
- Critical Stage 4 26 – 49% reduction
- Emergency Stage 5 > 50% reduction

The availability of the water shortage rates gives the District the option of charging slightly higher rates for water consumed during a water shortage in order to encourage conservation and ensure the District maintains sustainable revenues. The water shortage surcharge does not affect the water base rate, it only applies to the water consumptive charges. The water shortage charge will be based on the targeted reduction stage declared by the Board and applies to all water used, regardless of tier. Furthermore, water shortage rates increase progressively under each stage and are charged per 100 cf of water used and are in addition to the proposed tiered water rates.

The following chart displays the proposed water shortage rates per 100 cf for each of the five water shortage stages.

Proposed Water Shortage Rates (per 100 cf)						
Stage / Target	Current	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
1 - 10%	\$ -	\$ 0.15	\$ 0.15	\$ 0.16	\$ 0.16	\$ 0.17
2 - 13%	\$ -	\$ 0.20	\$ 0.21	\$ 0.22	\$ 0.23	\$ 0.24
3 - 21%	\$ -	\$ 0.35	\$ 0.36	\$ 0.37	\$ 0.38	\$ 0.39
4 - 38%	\$ -	\$ 0.80	\$ 0.82	\$ 0.84	\$ 0.86	\$ 0.88
5 - 50%	\$ -	\$ 1.29	\$ 1.32	\$ 1.35	\$ 1.38	\$ 1.41

cf - cubic feet (100 cf = 748 gallons)

The above proposed water shortage rates would only be implemented by the District at the Board's direction based on a water shortage, an emergency event, or state-mandated reductions in water use.

What are the proposed agricultural rates?

The District also supplies raw, untreated water to agricultural users along the Calaveras River below the New Hogan Dam. The raw water is sold by the acre foot and the District proposes to increase the agricultural rates as outlined in the following comparison chart.



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Proposed Agricultural Rates - Per Acre Foot					
Current	2019	2020	2021	2022	2023
\$ 9.70	\$ 12.00	\$ 15.00	\$ 18.00	\$ 18.00	\$ 18.00

What are the proposed wastewater rates?

Under Proposition 218 a Cost of Service analysis is required to allocate wastewater costs based on individual customer classes. As a result of this analysis the District will now have two (2) different wastewater customer classes: residential and non-residential. The comparison chart below shows the proposed bi-monthly wastewater base rates for a standard residential connection.

Proposed Bi-Monthly Wastewater Rates - Residential					
Current	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
\$172.32	\$179.91	\$187.23	\$194.78	\$202.58	\$210.63

The following chart compares the current bi-monthly wastewater non-residential base rates to the proposed rates. Commercial wastewater accounts may also be subject to a demand factor corresponding to the type of business, which is multiplied by the adopted bi-monthly rate.

Proposed Bi-Monthly Wastewater Rates - Non-Residential					
Current	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
\$172.32	\$176.25	\$183.38	\$190.74	\$198.33	\$206.18

When will the proposed rate changes take place?

If the Board of Directors approves the proposed rates on May 23, 2018, the water and wastewater rate changes will take place July 15, 2018 and will be adjusted each year on July 15 per the proposed rate schedule. Agricultural rates will increase January 1, 2019 and will be adjusted each year on January 1.

Can the proposed rates be protested?

The Board of Directors will consider all protests against the proposed water and wastewater rate changes. If a majority of the affected property owners file protests, the proposed rate changes will not be imposed. Protests filed by tenants will not be valid or counted. Protests must be submitted in writing, even if you plan to attend the public hearing. Letters of protest must be received, not postmarked, prior to the close of the Public Hearing on Wednesday, May 23, 2018.

Protests must include the following information:

- A description of the property, such as the assessor's parcel number (APN) or the street address of the property served.
- A statement that the letter constitutes a protest to the proposed rate changes and should indicate which proposed service rate change is being protested (water and/or wastewater).
- The protest must be signed and dated by the property owner on record. Only one protest for each property will be counted.

You can mail your protest to the Board Clerk at P.O. Box 846, San Andreas, CA 95249, or hand deliver it to the District Office at 120 Toma Court, San Andreas, CA. **All protests must be received, not postmarked, by the close of the Public Hearing on May 23, 2018.** Information about the proposed rate changes is available for review during regular business hours at the District office, or may be found on the District's website at www.ccwd.org.

Questions regarding these rate changes may be addressed to the Customer Service Department at (209) 754-3543 or customerservice@ccwd.org.