



NOTICE OF PUBLIC HEARING ON PROPOSED WATER RATE INCREASES

Hearing Date & Time: June 8, 2023 at 7 PM

Hearing Location:

San Andreas Town Hall

24 Church Hill Rd, San Andreas, CA 95249

Dear Customers,

You are receiving this notice because you are either a water user or you own property receiving services of the Calaveras Public Utility District (CPUD or District). The CPUD Board of Directors will hold a public majority protest hearing on **June 8, 2023, at 7 pm** at **24 Church Hill Rd, San Andreas, CA 95249** to consider water rate adjustments for the next five years, effective July 1, 2023. At the hearing, the Board will review the amount of the proposed rates as well as the methodology used to calculate the rates. If the proposed maximum rates are adopted, the District may collect rates at or below the proposed maximum as needed to meet the District's financial needs.

In compliance with article XIII D of the California Constitution, which was added to the Constitution pursuant to Proposition 218, this notice provides you with information regarding the services provided by CPUD, the reasons for the changes in the water service rates, and the methods by which you can protest this rate increase if you so desire.

Estimado cliente,

Usted está recibiendo este aviso porque es un usuario de agua o es dueño de una propiedad que recibe servicios del Calaveras Public Utility District (CPUD). La Junta Directiva del CPUD llevará a cabo una audiencia pública de protesta mayoritaria **el 8 de junio de 2023, a las 7 p.m. en 24 Church Hill Rd, San Andreas, CA 95249** para considerar unos ajustes de las tarifas del agua para los próximos cinco años, a partir del 1 de julio de 2023. En la audiencia, el CPUD va a revisar la suma de las tarifas propuestas tanto como la metodología que se usa para calcular las tarifas. Si se adoptan las tarifas máximas propuestas, el CPUD estará autorizado a imponer tarifas hasta el máximo propuesto según sea necesario para satisfacer las necesidades financieras del CPUD.

En cumplimiento del artículo XIII D de la Constitución de California, que se agregó a la Constitución de conformidad con la Proposición 218, este aviso le proporciona información sobre los servicios que presta CPUD, las razones de

los cambios en las tarifas de agua y los métodos mediante los cuales puede protestar contra este aumento de tarifas si así lo desea.

Una versión completa de este aviso en español se puede encontrar en el sitio web del CPUD.

Water System Overview

CPUD serves a population of roughly 6,350 people. The utility relies on rate revenues to fund safe and reliable water service. The proposed rates are based on a comprehensive cost of service study to ensure that water rates cover the costs of increasing operating and maintenance expenses, debt service payments, capital projects, and emergency reserves. The study is available for review on the District's website.

In recent years, the District has issued debt as well as invested a portion of its reserves into replacing the Clearwell Tank at the Jeff Davis Water Treatment Plant. The Clearwell project is an important component of the District's drinking water purification system. The Clearwell project is the final stage in the water treatment process, following the filtration and disinfection stages. The filtered water is held in a storage basin (clearwell) to allow the disinfectant to inactivate any remaining pathogens. The existing clearwell is 50+ years old, has no baffles for disinfection, has pitting resulting in metal loss on the floor, and has failed roof beams which increases the likelihood of catastrophic failure. The new clearwell will provide a triple baffled tank to maximize the disinfection contact time and improve the contact time provided in the treatment process. The new clearwell also includes seismic protection which increases the resilience of the system to natural disasters. The new clearwell is a commitment to the people in the community that the District is investing in the infrastructure to ensure water availability for domestic, commercial/industrial, and fire fighting needs.

Why are rate adjustments needed?

Revenues generated by CPUD's current rates do not cover costs. The District is operating at a deficit meaning there are insufficient revenues to fund operating expenses such as staffing, maintenance, equipment, and chemicals. Moreover, in 2021 the District issued debt to partially fund the Clearwell project. The District is obligated to raise rates to pay off the debt. The District is also partially funding the project by utilizing existing reserves. The proposed rate plan proposes to rebuild reserves over time. Without adequate revenues, the District will be unable to provide safe and reliable drinking water.

What are the proposed rate changes?

The proposed rate changes are intended to update the District's rate structure and bring rates more into alignment with American Water Works Association methodologies and recommendations. The current rate structure includes a base allotment of water in the fixed monthly fee plus volume rates for consumption over the base. The amount of water included in the base allotment varies with meter size such that larger meters are provided with more water in their base allotments. Water usage over the base is charged volume rates using a tiered structure. Due to State water conservation requirements and Senate Bill (SB) 555, this type of rate structure is no longer commonly used. Under SB 555, base water allotments could be considered non-revenue water and subject to auditing and/or other regulatory measures by the state.

Table 1 identifies current rates as well as proposed rates for the five-year period beginning in 2023 through 2027. The base allotments are proposed to be eliminated such that the meter fees have no water usage included. The fixed monthly fees consist of a debt service charge for the Clearwell project and a meter charge. The tiered rate structure is proposed to be eliminated. All treated usage is proposed to be charged a single rate and all untreated usage is proposed to be charged a single rate for all levels of consumption. The proposed rates also include a schedule of drought rates, which would only be implemented during a water shortage emergency. Under drought conditions, the base rate would remain the same, but volume rates would increase according to the level of water cutback. It is proposed that new rates become effective July 1 of each year for the next five years.

How do I file a protest or participate in the public hearing?

The provisions of Proposition 218 provide that certain types of “Property Related Fees” such as water rates are subject to a “majority protest” process. Under the majority protest process, any property owner or customer of record may submit a written protest for the proposed increases; provided, however, that only one protest will be counted per identified parcel. If protests are filed on behalf of a majority of the parcels subject to the rates, the District cannot adopt the proposed rates.

Every written protest MUST include ALL of the following to be counted:

- 1. A statement against the proposed water rates;**
- 2. Name of the recorded owner or customer of record who is submitting the protest;**
- 3. Identification of assessor’s parcel number, street address, or account number of the parcel with respect to which the protest is made; and**
- 4. Original signature and legibly printed name of the record owner or customer of record who is submitting the protest.**

Written protests may be submitted by:

1. Mail to the District, P.O. Box 666, San Andreas, CA 95249; or
2. In-person delivery to 506 W. St. Charles St., San Andreas, CA 95249 during published business hours; or
3. In-person at the public hearing, prior to the conclusion of the public hearing.

Regardless of how the written protest is submitted, it must be received by the District prior to the conclusion of the public comment portion of the Public Hearing on June 8, 2023. (Postmark dates will not be accepted.) Any protest submitted via e-mail or other electronic means will not be accepted. Please identify on the front of the envelope for any written protest, whether mailed or submitted in person to the District, that the enclosed protest is for the Public Hearing on the Proposed Water Rate Increases. Oral comments at the Public Hearing will not qualify as formal protests unless accompanied by a written protest.

The District will hold the Public Hearing on June 8, 2023, at 7 pm. The Board of Directors will review the amount of the rates as well as the methodology for calculating the proposed rates. At the conclusion of the hearing, protests will be counted and validated. If protests are filed on behalf of a majority of the parcels subject to the rates before the end of the Public Hearing, the District cannot adopt the proposed rates. If a majority of the parcels do not protest the proposed increase, the District has the authority to adopt the proposed rates. The first year rate change, if enacted, will go into effect on or after July 1, 2023.

Additionally, pursuant to California Government Code 53759, there is a 120-day statute of limitations for challenging any new, increased, or extended fee, adopted, modified, or amended after January 1, 2022.

**Table 1
Current and Proposed Monthly Water Rates**

CURRENT			PROPOSED										
			July 1, 2023			July 1, 2024		July 1, 2025		July 1, 2026		July 1, 2027	
<u>Meter Size</u>		<u>Usage Covered by Minimum (Gallons)</u>	<u>Meter Size - All customers; no water use is included in the base rate</u>										
BASE RATE			BASE RATE	Meter Fee	+Debt Fee	Meter Fee	+Debt Fee	Meter Fee	+Debt Fee	Meter Fee	+Debt Fee	Meter Fee	+Debt Fee
5/8" x 3/4"	\$64.75	5,000	5/8" x 3/4"	\$61.57	\$4.73	\$70.85	\$4.73	\$74.63	\$4.73	\$78.60	\$4.73	\$82.77	\$4.73
1"	\$103.75	20,000	1"	\$102.62	\$7.88	\$118.09	\$7.88	\$124.39	\$7.88	\$131.00	\$7.88	\$137.94	\$7.88
1-1/2"	\$188.46	40,000	1-1/2"	\$205.23	\$15.77	\$236.17	\$15.77	\$248.77	\$15.77	\$262.00	\$15.77	\$275.89	\$15.77
2"	\$357.83	80,000	2"	\$328.37	\$25.23	\$377.87	\$25.23	\$398.03	\$25.23	\$419.19	\$25.23	\$441.41	\$25.23
4"	\$654.24	150,000	4"	\$1,026.17	\$78.83	\$1,180.87	\$78.83	\$1,243.86	\$78.83	\$1,309.99	\$78.83	\$1,379.43	\$78.83
6"	\$865.97	200,000	6"	\$2,052.33	\$157.67	\$2,361.73	\$157.67	\$2,487.70	\$157.67	\$2,619.97	\$157.67	\$2,758.85	\$157.67
8"	\$1,077.70	250,000	8"	\$3,283.73	\$252.27	\$3,778.77	\$252.27	\$3,980.32	\$252.27	\$4,191.95	\$252.27	\$4,414.16	\$252.27
Multi Unit*	\$38.68	3,000				July 1, 2024		July 1, 2025		July 1, 2026		July 1, 2027	
Agricultural	\$273.14	60,000	VOLUME RATES (\$/thousand gallons applied to all use) - Normal Water Year										
Industrial	\$865.97	200,000	Treated Water	\$4.32		\$4.92		\$5.17		\$5.43		\$5.70	
*Multi unit usage 3,000 gallons or less/month avg/unit			Agricultural Water	\$3.48		\$3.97		\$4.17		\$4.38		\$4.60	
VOLUME RATES			VOLUME RATES (\$/thousand gallons applied to all use) - Drought Conditions										
Treated Water (gallons) - Use over Minimum			20% Cutback										
3,001 to 5,000	\$1.24	\$/hundred gal.	Treated water	\$4.96		\$5.65		\$5.93		\$6.23		\$6.54	
5,001 to 20,000	\$2.47	\$/thousand gal.	Agricultural water	\$4.11		\$4.69		\$4.92		\$5.17		\$5.43	
> 20,000	\$2.21	\$/thousand gal.	30% Cutback										
Agricultural			Treated water	\$5.41		\$6.17		\$6.48		\$6.80		\$7.14	
> 60,000	\$1.70	\$/thousand gal.	Agricultural water	\$4.55		\$5.19		\$5.45		\$5.72		\$6.01	
DROUGHT SURCHARGE:			40% Cutback										
<u>Water Supply Shortage</u>	<u>Conservation Level</u>	<u>Usage Surcharge</u>	Treated water	\$6.02		\$6.86		\$7.20		\$7.56		\$7.94	
Stage 1	20%	11%	Agricultural water	\$5.15		\$5.87		\$6.16		\$6.47		\$6.79	
Stage 2	40%	21%	50% Cutback										
Stage 3	75%	41%	Treated water	\$6.86		\$7.82		\$8.21		\$8.62		\$9.05	
			Agricultural water	\$5.98		\$6.82		\$7.16		\$7.52		\$7.90	