

CALAVERAS COUNTY WATER DISTRICT

July 24, 2023

NOTICE OF PUBLIC HEARING ON PROPOSED INCREASED RATES AND CHARGES FOR WATER AND WASTEWATER SERVICES

PROPOSITION 218 RATE ASSESSMENT OVERVIEW

The Calaveras County Water District is proposing water and wastewater rate changes for all residential and non-residential customers. The CCWD Board will consider the rate proposal at a Public Hearing during its regular meeting on September 13, 2023, at 1 P.M. If approved, the rate change will go into effect on October 16, 2023. 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 the proposed rates

The District is obligated to collect revenue sufficient to cover the cost of operating and maintaining the water and wastewater enterprises. These revenues enable the District to protect public health and safety and reliably convey and treat both water and wastewater. The communities the District serves depend on safe and reliable water and wastewater service for commercial and residential uses, as well as fire protection. Costs that must be covered through rate revenue include, among other things, electricity, equipment and supplies, treatment chemicals, debt service, regulatory compliance, and salaries and benefits. Additionally, water and wastewater rates help pay for the renovation and replacement of existing facilities to ensure current and future generations can depend on CCWD's services.

Why are the rates changing?

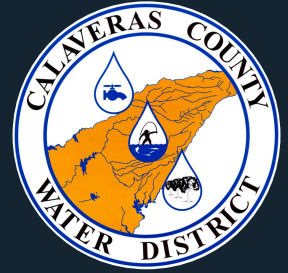
CCWD worked with financial consultants to develop a five-year financial plan. The plan shows a significant shortfall between existing revenues and projected costs. The proposed rates close that gap and provide sufficient funds to cover the District's costs over the next five years. The proposed rates are also necessary to maintain the District's eligibility for millions in state grants and low-interest loans that will be crucial for the District to pay for costly upgrades to water and wastewater facilities.

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

- Cover the costs of rising inflation, such as chemicals required for treatment plants and infrastructure repair.
- The District's cost for electricity has more than doubled over the last 18 months and those costs will continue to increase.
- The cost of repairing and replacing critical, aging infrastructure has increased dramatically over the last three years.
- Maintain and satisfy reserve and debt service requirements.

What is CCWD doing to reduce expenses?

The District has initiated many cost savings measures including restructured employee benefits, reduced debt service costs, in-house construction projects, and new technology that improve operational efficiency. CCWD also continues to aggressively pursue grants to offset increasing operations and infrastructure costs. The District is currently implementing over \$14 million in grant-funded projects plus another \$13.28 million in direct federal funding through the Army Corps of Engineers. CCWD has worked hard to control costs and because of that has managed to keep rate increases low since 2014. Unfortunately, significant rate increases are now needed to cover the rising costs of electricity, supplies, and construction projects.



COMMUNITY WORKSHOPS

EBBETTS PASS

August 14th @ 5:30 pm
Ebbetts Pass Fire District

COPPEROPOLIS

August 16th @ 5:30 pm
Copperopolis Armory

JENNY LIND & VALLEY SPRINGS

August 17th @ 5:30 pm
Jenny Lind Veterans Hall

PUBLIC HEARING

September 13th @ 1:00 pm

CCWD Boardroom
120 Toma Court
San Andreas

WHAT'S INCLUDED IN OUR BASE RATE?



Maintaining, repairing and upgrading pipelines, valves, facilities and service connections



Continuous testing to meet water quality standards



Maintaining and securing water rights for our community



Providing services to assist customers and resolve issues



Provide fire protection via reliable fire flows and hydrants

WATER RATES

Bi-Monthly Water Rates

The District will continue to charge a bi-monthly base rate based on meter size and charge consumption via water usage tiers.

Proposed Water Base Rates

The base rate is calculated to ensure appropriate cost allocation based on meter size so that those accounts necessitating a larger capacity due to larger meter size are not subsidized by accounts with smaller meters that require a smaller capacity of water from the system.

Proposition 218 requires that costs be allocated based on individual customer classes. The District has three different water customer classes: residential, non-residential, and irrigation/ landscape. The base rates, which are determined by meter size, are the same for the three classes. However, the tiered rate structure for the three classes will be different, as they are based on the cost allocation (see tiered rates).

The following chart compares the current bi-monthly water base rates to the proposed bi-monthly base rates.

Meter Size	Proposed Bi-Monthly Water Base Rates					
	Current	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28
5/8"	\$120.35	\$136.03	\$160.52	\$186.21	\$216.01	\$248.42
3/4"	\$180.53	\$191.20	\$225.62	\$261.72	\$303.60	\$349.14
1"	\$300.89	\$301.50	\$355.82	\$412.76	\$478.81	\$550.64
1 1/2"	\$601.77	\$577.39	\$681.33	\$790.35	\$916.81	\$1,054.34
2"	\$962.83	\$908.41	\$1,071.93	\$1,243.44	\$1,442.40	\$1,658.76
3"	\$1,925.66	\$1,791.13	\$2,113.54	\$2,451.71	\$2,843.99	\$3,270.59

The following chart shows the current bi-monthly tiered rates compared to the proposed bi-monthly tiered rates (per 100 cf) for residential, non-residential and irrigation/landscape customers.

Customer	Proposed Tiered Rates for Bi-Monthly Water Use (per 100 cf)					
	Current	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28
Residential						
Tier 1	\$1.17	\$2.07	\$2.45	\$2.85	\$3.31	\$3.81
Tier 2	\$1.22	\$2.25	\$2.66	\$3.09	\$3.59	\$4.13
Tier 3	\$1.68	\$2.49	\$2.94	\$3.42	\$3.97	\$4.57
Tier 4	\$1.90	N/A	N/A	N/A	N/A	N/A
Non-Residential						
	\$1.57	\$2.29	\$2.71	\$3.15	\$3.66	\$4.21
Irrigation						
	\$1.91	\$2.27	\$2.68	\$3.11	\$3.61	\$4.16

WHAT ARE WATER SHORTAGE RATES?

In the event of a significant water shortage event, such as drought or water supply emergency, the District adopted in 2018 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 2020 Urban Water Management Plan. The Plan identifies five (5) water shortage levels and the corresponding water consumption reduction target. The current water shortage rates are based on the five reduction targets and the projected revenue that could be lost under each reduction target and are NOT proposed to be increased.

Water Shortage Rates (per 100 cf)		
Stage	Target	Current Rate
Advisory Stage	< 10% reduction	\$0.17
Alert Stage 2	11 - 15% reduction	\$0.24
Moderate Stage 3	16 - 25% reduction	\$0.39
Critical Stage 4	26 - 49% reduction	\$0.88
Emergency Stage 5	> 50% reduction	\$1.41

cf - cubic feet (100 cf = 748 gallons)

The 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.

WASTEWATER RATES

Bi-Monthly Wastewater Rates

The wastewater rate study changed the methodology of allocating costs from one based on customer classes, residential and non-residential, to a charge based on an Equivalent Dwelling Unit (EDU), which corresponds to a standard residential connection. As a result of the change, the base rate for residential and non-residential customers are now the same. However, non-residential accounts will still be subject to a demand factor based on business type and use characteristics.

PROPOSED WASTEWATER RATES

The following chart compares the current bi-monthly wastewater base rates for residential and commercial accounts to the proposed rates. Commercial wastewater accounts will continue to be subject to a demand factor corresponding to the type of business and fixture count.

The bi-monthly wastewater rates represent the charge for a standard single family Equivalent Dwelling Unit (EDU), which is a standardized unit of measurement for wastewater accounts.

Customer Class	Proposed Bi-Monthly Wastewater Rates - per EDU *					
	Current	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28
Residential	\$210.63	\$239.39	\$272.90	\$311.09	\$354.64	\$365.26
Non-Residential	\$206.18	\$239.39	\$272.90	\$311.09	\$354.64	\$365.26

The Steps of the Proposition 218 Process

01

Data Compilation

Including the Capital Improvement Plan, billing & consumption history, and operational costs.



02

Financial Plan

Detailed report of CCWD's current finances and future needs.



03

Rate Design

Development of rate structure, including the base rate and consumption tiers.



04

Rate Workshop

CCWD staff and Board of Directors determine and finalize a proposed rate structure.



05

Prop 218 Notice

Notices mailed to all customers at least 45 days prior to the Public Hearing.



06

Outreach & Community Workshops

CCWD staff conduct outreach and host community workshops.



07

Public Hearing

Protests are recorded and CCWD Board adopts new rate plan.



Find out more at:

CCWD.ORG



NEXT STEPS:

When will the proposed rate changes take place?

If the Board of Directors approves the proposed rates on **September 13, 2023**, the water and wastewater rate changes will take effect on **October 16, 2023** and will be adjusted each year on July 16th per the proposed rate schedule.

Can the 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, September 13, 2023**.

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.

Where to send your protest:

You can mail your protest to the Board Clerk at:

120 Toma Court
San Andreas, CA 95249

All protests must be received, not postmarked, by the close of the public hearing on September 13, 2023. 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 ccwd.org.

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



A Message from the General Manager

A rate increase is among the most difficult tasks a water and wastewater agency must do. Especially one of this magnitude. CCWD has done everything within its power to control costs. We are fortunate to have incredibly talented staff who constantly seek ways to reduce costs while still providing safe and reliable service and maintaining compliance with ever-increasing regulatory requirements. We have also reduced the number of infrastructure projects that this rate increase will fund and limited our list to those that require immediate attention. Had we fully funded our Capital Improvement Program, we would have had to increase rates even more. In the past several years, CCWD has obtained millions in grants to cover some of our infrastructure projects. But despite these successful grant efforts and our cost-effective operations, our costs have increased dramatically due to circumstances beyond our control, especially over the last three years.

We understand the impact rate increases have on our communities. All of our Directors and most of our staff are local to Calaveras County, many are CCWD ratepayers, and all of us care deeply about the communities we serve. We don't want to impose additional financial burdens on our customers, but we also understand that our communities can't function without the services we provide. We take that responsibility very seriously and we are committed to ensuring CCWD is able to provide the water and sewer services for years to come.

Some households will feel the impact of the increases more than others. While we would like to accommodate the different financial circumstances of our customers, we are not allowed to. Water agencies have very limited flexibility when it comes to rates and are not allowed to set different rates for different individuals or categories of customers, such as people on fixed incomes. We will work with partnering agencies, however, to help address financial hardship wherever we can.

There is no sugar-coating this – the proposed rate increases are significant. If there was a better alternative, CCWD would pursue it. But underfunding CCWD would ultimately cost our communities more than these proposed rate increases. We need a generational investment in our water and wastewater infrastructure, and we ask for your understanding.