



COUNTY OF LAKE
SPECIAL DISTRICTS ADMINISTRATION
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Lakeport, California 95453
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NOTICE OF PUBLIC HEARING REGARDING WATER AND SEWER RATE INCREASES

Public Hearing Date: September 10, 2024
Public Hearing Time: 10:00 a.m.
Public Hearing Location: Lake County Board of Supervisors Chambers
255 North Forbes Street
Lakeport, CA 95453

WHY ARE YOU RECEIVING THIS NOTICE?

You are receiving this notice because you are either a water and/or sewer customer and you own property receiving services of the Kelseyville County Waterworks District No. 3. Pursuant to Article XIII (D) of the California Constitution, the Kelseyville County Waterworks District No. 3 or District is proposing to increase current water and sewer rates. This notice provides you with information regarding the services provided by the District, the reason for the proposed changes in the water and sewer rates, and the methods by which you can protest the rate increases if you so desire.

Kelseyville County Waterworks District No. 3 provides water and sewer (wastewater) service to about 1,100 connections in the community of Kelseyville. The District is dedicated to keeping rates as low as possible but the costs involved in maintaining the utility systems, in implementing necessary improvements, and in responding to regulatory demands have risen. The proposed rate structures 1) will recover costs prudently borne in providing essential services; 2) are equitable and proportionate to all customer classes; and 3) are practical and easy to implement and understand.

COMPLIANCE WITH PROPOSITION 218

In 1996, California voters approved Proposition 218, which amended the state constitution as it relates to the passage of property-related fees. Proposition 218 requires that local governments follow a strictly defined process for setting fees such as water or sewer bills. Generally speaking, in order to increase water and sewer charges and fees, the District must 1) inform ratepayers that a proposed rate increase is being considered 2) clearly demonstrate the basis on which these fees are calculated and 3) hold a public hearing at least 45 days after noticing property owners, at which time the District hears all protests to the rate increases. These rates are subject to "majority protest," meaning they cannot be passed if a majority of property owners submit written, signed, and timely protests opposing the increases as is more particularly described herein.

California Environmental Quality Act (CEQA)

This Ordinance is exempt from the California Environmental Quality Act (CEQA), Public Resources Code Section 21000 et seq., because it can be seen with certainty that there is no possibility that the enactment of this Ordinance would have a significant effect on the environment (Pub. Resources Code Section 21065; CEQA Guidelines Sections 15378(b)(4), 15061(b)(3)) and because the Ordinance involves the approval of government revenues to fund existing services (Pub. Resources Code Section 21080(b)(8); CEQA Guidelines Section 15273(a)(4).

ACTION

Before taking final action on the proposed ordinance to increase water and sewer rates as described in this notice, the Board will hold the Public Hearing on September 10 2024 at 10:00 am to consider the amount of the proposed rate changes for the next five years and well as the methodology used to

calculate the rates. This hearing will be for final public testimony, receiving protests, and taking final action on the proposed rate increases. At the conclusion of the hearing, protests will be counted and validated. The Board of Supervisors may modify the proposed rates but may not take action to increase the amounts proposed herein without further notice and public hearing(s). The Board may continue the hearing from time to time without further written notice.

BACKGROUND and REASON FOR INCREASE

The District hired an independent rate consultant to determine the overall cost of providing water and sewer service over a five-year planning period. The rate consultant also evaluated the District's rate structures, which are proposed to be adjusted to better align with industry standard practices, current regulations, and more fairly recover costs from customers.

Although the District strives for cost reductions in operating expenses and improvements on the utility systems, it must keep pace with cost increases and maintain the systems to meet customer service requirements. In recent years, the District has implemented minimal, inflationary cost increases, the most recent of which occurred January 1, 2024. Despite these increases, the utility revenues have fallen behind the cost of service and rate adjustments are recommended.

For the water system, revenues are covering current costs, but rate increases are needed to keep up with future operating cost increases projected over the next five years, rebuild emergency reserves which are currently low, and fund equipment replacement and well generators. The sewer system is projected to end the year with an operating deficit meaning that revenues are not covering costs. Rate increases are needed to fund operating expenses and accumulate operating reserves. However, the sewer capital improvement fee is proposed to be reduced.

RATE PROPOSAL

Customers are billed bi-monthly (every two months) for water and sewer service. The current and proposed rates are shown in the tables on the following pages. The proposed rates are the maximum rates the District can implement during the five-year rate plan. The Board may adopt rates at a lesser amount than those shown in this notice, but not higher. **If adopted, the increases for the water and sewer service fees will be effective on or after November 15, 2024 and July 1 each year thereafter in the five-year planning period with no additional required action or notice by the District.**

Fixed water fees are proposed to be billed based on meter size rather than dwelling units and the current tiered usage blocks for volume rates are adjusted to reflect recent consumption patterns. For single family residential customers, Tier 1 is proposed to be expanded from the first 15 hundred cubic feet (ccf) of bimonthly usage to the first 18 ccf. 18 ccf is the average level of bimonthly demand. Use over the first 18 ccf will be charged the higher Tier 2 rates. All other customers are proposed to pay one rate for all levels of water use which falls between the single family Tier 1 and Tier 2 rates.

The proposed sewer rates are based on a fixed bi-monthly charge. Customers that heavily use the sewer system are proposed to be charged more than customers who flush a small amount of wastewater into the sewers. The rate structure is proposed to remain the same except to add a new category for multi-family residential customers who are proposed to be charged a lower rate to reflect lower sewer flows per dwelling unit. It is also proposed that the sewer capital improvement fee decrease.

Proposed Bimonthly (Every Two Months) Water Rates:

CURRENT			PROPOSED					
			FY24-25	FY25-26	FY26-27	FY27-28	FY28-29	
			Effective Date	Nov 15, 2024	Jul 1, 2025	Jul 1, 2026	Jul 1, 2027	Jul 1, 2028
FIXED CHARGES			FIXED CHARGES					
<u>Code</u>	<u>Customer Class</u>		<u>Meter Size</u>					
WA	Residential	\$37.95	5/8"	\$53.52	\$61.51	\$63.37	\$65.24	\$67.20
WC	Extra Unit	\$21.72	3/4"	\$53.52	\$61.51	\$63.37	\$65.24	\$67.20
WD	Out of District	\$75.90	1"	\$53.52	\$61.51	\$63.37	\$65.24	\$67.20
WF	Motel - per room	\$10.86	1-1/2"	\$90.49	\$104.02	\$107.17	\$110.33	\$113.64
WG	RV - per space	\$7.23	2"	\$134.86	\$155.02	\$159.72	\$164.42	\$169.36
CN	Fire Protection, 4-in. Pipe	\$33.26	3"	\$253.18	\$291.03	\$299.85	\$308.69	\$317.95
CL	Fire Protection, 8-in. Pipe	\$66.60	4" - Fire protection	\$46.12	\$53.01	\$54.61	\$56.23	\$57.92
			6" - Fire protection	\$75.70	\$87.01	\$89.65	\$92.29	\$95.06
			8" - Fire protection	\$111.20	\$127.82	\$131.69	\$135.57	\$139.64
LK	Loan Fee – all customers	\$15.32	Loan Fee – all customers	\$15.32	\$15.32	\$15.32	\$15.32	\$15.32
VOLUME RATES (per ccf)			VOLUME RATES (per ccf)					
<u>Code</u>	<u>All Customers</u>		<u>Single Family Residential Customers</u>					
WB/C Tier 1	Tier 1: 0 - 15 ccf	\$1.10	Tier 1: 0 - 18 ccf	\$1.41	\$1.62	\$1.67	\$1.72	\$1.77
WB Tier 2	Tier 2: Over 15 ccf	\$1.48	Tier 2: Over 18 ccf	\$1.96	\$2.25	\$2.32	\$2.39	\$2.46
WE Tier 1	Out of District Tier 1: 0 - 15 ccf	\$2.20						
WE Tier 2	Out of District Tier 2: Over 15 ccf	\$2.96	<u>All Other Customers</u>					
			All Use	\$1.75	\$2.01	\$2.07	\$2.13	\$2.19

Note: Under the proposed rates, Out of District customers are proposed to be charged the same rates as In-District customers.

Ccf – hundred cubic feet; one ccf = 748 gallons

FY – fiscal year

Proposed Bimonthly (Every Two Months) Sewer Rates:

CURRENT			PROPOSED				
			FY24-25	FY25-26	FY26-27	FY27-28	FY28-29
Effective Date			Nov 15, 2024	Jul 1, 2025	Jul 1, 2026	Jul 1, 2027	Jul 1, 2028
CODE	FIXED CHARGES						
MM	Domestic Strength – Single Family Residential	\$44.04	\$81.49	\$97.79	\$100.72	\$103.74	\$106.85
MM	Domestic Strength - Multi-Fam	\$44.04	\$59.55	\$71.46	\$73.60	\$75.81	\$78.08
MM	Domestic Strength - Commercial	\$44.04	\$81.49	\$97.79	\$100.72	\$103.74	\$106.85
DM	Convalescent care per bed	\$17.60	\$31.34	\$37.61	\$38.74	\$39.90	\$41.10
DL	School w/caf per student	\$2.65	\$5.01	\$6.01	\$6.19	\$6.38	\$6.57
MC	Per restaurant seat over 33	\$2.65	\$5.25	\$6.30	\$6.49	\$6.68	\$6.88
ME	Motel add'tl unit w/o kitchen	\$12.35	\$22.37	\$26.84	\$27.65	\$28.48	\$29.33
MG	Motel add'tl unit w/kitchen	\$14.53	\$31.34	\$37.61	\$38.74	\$39.90	\$41.10
MD	Commercial	\$88.07	\$130.08	\$156.10	\$160.78	\$165.60	\$170.57
MO	School Basic Charge	\$88.07	\$137.15	\$164.58	\$169.52	\$174.61	\$179.85
MH	Professional Building	\$44.04	\$58.01	\$69.61	\$71.70	\$73.85	\$76.07
MQ	School add'tl building	\$44.06	\$58.01	\$69.61	\$71.70	\$73.85	\$76.07
MS	Laundry per machine	\$31.69	\$36.92	\$44.30	\$45.63	\$47.00	\$48.41
MA	Travel trailer w/o hookup; campsite	\$4.41	\$5.27	\$6.32	\$6.51	\$6.71	\$6.91
MB	Travel trailer w/hookup	\$8.80	\$12.54	\$15.05	\$15.50	\$15.97	\$16.45
CODE	ADDITIONAL CHARGES – ALL CUSTOMERS						
MK	Capital Improvement Fee	\$20.44	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00

FY – fiscal year

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 and sewer rates are subject to a “majority protest” process. Under the majority protest process, a property owner 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. If a majority of the parcels do not protest the proposed increase before the end of the Public Hearing, the Board has the authority to adopt the rates. The first rate change, if enacted, will go into effect on or after November 15, 2024.

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

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

Written protests may be submitted by:

1. Mail to the Clerk of the Board of Supervisors, 255 North Forbes St, Lakeport, CA 95453; or
2. In-person delivery during normal business hours to the same address; 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 Clerk prior to the conclusion of the public comment portion of the Public Hearing on September 10, 2024. (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 Clerk, that the enclosed protest is for the Public Hearing on Kelseyville Water and Sewer Rate Increases. Oral comments at the Public Hearing will not qualify as formal protests unless accompanied by a written protest. Only submit written documentation if you are PROTESTING the rates. 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.

For additional information about the proposed rate increases contact Robin Borre, Administrator at the Special Districts office located at 230 North Main St. Lakeport, CA 95453, or call (707) 263-0119. Documents relevant to the proposed rate increases may be reviewed at the office in Lakeport during regular business hours, 8:00 a.m. to 5:00 p.m., Monday through Friday, excluding holidays.

Para obtener información en español sobre los aumentos de tarifas propuestos, llame a nuestra oficina.