



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

Public Hearing Date: September 10, 2024
Public Hearing Time: 10:45 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 own property receiving services of CSA #2 Spring Valley Water. Pursuant to Article XIII (D) of the California Constitution, the CSA #2 Spring Valley Water is proposing to increase current water rates. This notice provides you with information regarding the services provided by the District, the reason for the proposed changes in the water rates, and the methods by which you can protest the rate increase if you so desire.

The CSA #2 Spring Valley Water provides water service to about 400 residential connections. The District is dedicated to keeping rates as low as possible but the costs involved in maintaining the utility system and in implementing necessary improvements have risen. The proposed rate structure 1) will recover costs prudently borne in providing essential services; 2) is equitable and proportionate to all customer classes; and 3) is 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 bills. Generally speaking, in order to increase water 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).

BACKGROUND and REASON FOR INCREASE

The District hired an independent rate consultant to review the District's budget and financial information to determine the overall cost of providing water service. This information became the basis for a study that calculated proposed rates over a five-year planning period. The study also evaluated the District's rate structure, which is 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 system, it must keep pace with cost increases and maintain the system to meet customer service requirements. The District has not increased rates since 2011. The water system's revenues have fallen behind the cost of service and rate adjustments are recommended. The water fund is in an operating deficit meaning that water services revenues are not covering water utility costs. This has resulted in the need to spend down its emergency reserves to cover expenses. Rate increases are needed to overcome this deficit and rebuild reserves.

RATE PROPOSAL

Customers are billed bi-monthly (every two months) for water service. The proposed rates are shown in the table below. 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 of the rates included in this notice, but not higher. **If adopted, the increases for the water 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.**

It is proposed that the amount of water usage included in the fixed charge be reduced from the first 12 hundred cubic feet (ccf) of bimonthly usage to the first 4 ccf. For the volume rates, Tier 1 is proposed to include usage between 5 ccf and 9 ccf. 9 ccf is the average level of bimonthly demand during the winter. Use over the first 9 ccf will be charged the higher Tier 2 rates. The fixed meter charge is proposed to increase and the capital improvement fee (CIP) is proposed to remain the same.

Proposed Bimonthly (Every Two Months) Water Rates:

	CURRENT		PROPOSED				
			FY24-25	FY25-26	FY26-27	FY27-28	FY28-29
		Effective Date	Nov 15, 2024	July 1, 2025	July 1, 2026	July 1, 2027	July 1, 2028
FIXED METER CHARGE <u>Meter Sizes</u> 5/8", 3/4", 1" (includes 12 ccf)	\$50.00	FIXED METER CHARGE <u>Meter Sizes</u> 5/8", 3/4", 1" (includes 4 ccf)	\$77.30	\$91.12	\$104.95	\$120.81	\$139.03
Capital Improvement Fee	\$14.40	Capital Improvement Fee	\$14.40	\$14.40	\$14.40	\$14.40	\$14.40
VOLUME RATES (per ccf) <u>All Customers</u> Included 0-12 ccf		VOLUME RATES (per ccf) <u>All Customers</u> Included 0-4 ccf					
Tier 1: 12-20 ccf	\$2.75	Tier 1: 5-9 ccf	\$3.23	\$3.81	\$4.39	\$5.05	\$5.81
Tier 2: 20-40 ccf	\$5.50	Tier 2: 9+ ccf	\$4.12	\$4.86	\$5.60	\$6.44	\$7.41
Tier 3: 40+ ccf	\$8.00						

* One hundred cubic feet (ccf) = 748 gallons

FY – fiscal year

ACTION

Before taking final action on the proposed ordinance to increase water rates as described in this notice, the Board will hold the Public Hearing on September 10, 2024 at 10:45 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, hearing 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.

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 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. 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 water 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;**
- 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 Spring Valley Water 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 water rate increase 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 increase 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.