



# GARBERVILLE SANITARY DISTRICT

P.O. BOX 211 • GARBERVILLE, CA 95542 • (707) 923-9566

## Proposition 218 Notice Proposed Water and Sewer Rate Adjustments and Changes to the District's Water and Sewer Rate Calculation Methodology

### NOTICE OF PUBLIC HEARING

A public hearing regarding Garberville Sanitary District's proposed water and sewer rate increases and changes in the rate calculation methodology will be held on:

**DATE: Tuesday, April 28, 2020**

**TIME: 6:00 p.m.**

**WHERE: Garberville Sanitary District Office, 919 Redwood Drive, Garberville, CA 95542**

Written protests to the proposed rate increases will be accepted if received at GSD by the end of the public hearing on April 28, 2020, as long as the protests conform to the Proposition 218 procedures provided in this notice.

### **INTRODUCTION**

The last rate study conducted by the Garberville Sanitary District (GSD or District) occurred eleven years ago, in 2009. Since that time, regulations, costs and availability of water for GSD have changed considerably. GSD, as required by Article XIID of the California Constitution (Proposition 218), has conducted a new Water and Sewer Rate Study to review the existing rates, and to determine the estimated future costs of treating and distributing water, collecting and treating sewage, meeting State regulations, and completing system-wide maintenance projects to cover the next five years (July 1, 2020 through June 30, 2025).

The new Water and Sewer Rate Study and proposed changes are described in this notice. Although the proposed rate plan is for five years, it is important to know that GSD reviews the need to implement any rate changes on an annual basis through its budget process. This ensures that actual GSD costs align with increases suggested in the Water and Sewer Rate Study.

This 45-day notice is hereby given in accordance with Section 6(a) of Article XIID of the California Constitution. The purpose of this notice is to provide you with information about the proposed rate increase and changes in methodology, and to inform you about your opportunity to protest the rate increase by submitting written protests prior to or during the public hearing. On January 28, 2020, the District Board of Directors considered the Water and Sewer Rate Study and directed GSD staff to send out this notice.

### **REASONS FOR THE CHANGES**

As a public agency, the revenues collected from rates must adequately fund GSD operations, maintenance, capital improvement projects, and compliance with existing or new State of California regulations; mitigate droughts; and meet environmental standards. GSD's existing rates will not meet the projected operational expenses, existing debt service, projected CIPs and asset replacement costs; therefore a rate adjustment is being proposed. The immediate needs over the next five years include:

#### **Ensure Safe Drinking Water and Sewage Treatment Facilities**

Garberville Sanitary District must meet new State regulations, recognize the rapid changes in State and local water supply availability, and yet ensure that a reliable and safe supply of water is always accessible to GSD homes, businesses and institutions. The costs of water and sewage treatment, energy, labor, safety and other aspects of providing a reliable water supply have all increased since the last rate study in 2009. GSD needs to continue investing in water treatment

and testing techniques to ensure drinking water remains safe for current and future customers. GSD needs to invest in sewage treatment and collection infrastructure to make sure that all State and Federal regulations continue to be met.

### **Rebuild an Aging Water System**

The District's water system includes three water storage tanks that are more than 70 years old. Two are leaking and need to be replaced in the next five years. There is an aerial waterline that could fail at any time. There are also dozens of dilapidated fire hydrants, waterlines and booster pumps that have outlived their useful life by decades. There is also an aerial sewer line that risks failure unless it is rerouted, replaced, or rebuilt. The District has applied for DWSRF funds for these projects, but even if grant funds are received, it will only cover up to 80% of the project costs. A list of the proposed Capital Improvement Projects is included in the Rate Study on pages 5, 6, 7 and 21.

### **HOW THE RATES WERE CALCULATED**

Water rates have two components. The Fixed Charge pays for the District's fixed costs of operating and maintaining the water system. These costs do not change based on the amount of water or sewer used by customers. The Consumption Charge pays for the amount of water actually used by a customer and the associated sewage delivered to the collection system. The Consumption Charge is split into three tiers for residential customers and increases as customer water use exceeds the designated tier thresholds. The Consumption Charge is split into two tiers for the commercial customers and decreases with each tier.

The Water and Sewer Rate Study recommended the revenue increases necessary to ensure GSD meets its reserve goals while having the funds to upgrade its aging systems and equipment, extend the life of existing equipment, minimize water system leakage, increase water-use efficiency and better communicate with customers.

As a public agency, all rates, fees and charges are calculated to cover only the actual cost of providing safe and reliable water service and to collect and treat sewage to meet State and Federal requirements. GSD does not make a profit. The overall rate structure changes are as follows:

#### **Single Family Residential Water Rates**

- Same base rate regardless of meter size
- Water useage charges will continue to be tiered, but instead of only two tiers (0-5 units and 6 units and over) there will now be three tiers:
  - › Tier 1 is 0 – 8 units (hcf) per month – Essential Consumption
  - › Tier 2 is 9 – 20 units per month – Efficient Consumption
  - › Tier 3 is 21 units and over per month – Excessive Consumption

#### **Multifamily/Mixed Use/Commercial Water Rates**

- Base rates will be determined by average annual consumption and separated into three tiers:
  - › Tier 1 is 0-8 units per month annual average
  - › Tier 2 is 9 – 40 units per month annual average
  - › Tier 3 is 40 or more units per month annual average
- If the account has more than one apartment, residence, or commercial unit on it, the minimum will be tier 2.
- The water useage component of the commercial water charges will have two tiers instead of one tier:
  - › Tier 1 is 0 – 40 units (hcf) per month
  - › Tier 2 is 41 units and over per month (this tier is proposed to cost less per unit than tier 2 in the commercial rate structure)

#### **RESIDENTIAL AND COMMERCIAL SEWER RATES**

- Sewer rates will include a base rate fee and a consumption fee for single family residential, multifamily residential, and commercial customers
- Every account will be coded an ERU based upon the use calculated for it. (see tables) and based upon the average consumption for the past two years
- Sewer base rates will be set as the same \$ per ERU for commercial, residential, and multi-family/multi-use
- There will be a consumption fee per unit of water used
- Each account will be coded with a consumption strength multiplier (based upon the uses within the property) and that will be multiplied times the commercial consumption fee

## PROPOSED WATER RATE CHANGES

### Proposed Residential Water Rates

Description	RATE PER MONTH STARTING				
	June 2020	July 2021	July 2022	July 2023	July 2024
Base Rate - all meter sizes (\$/mo.)	65.00	70.00	75.00	79.00	79.00
Upper Zone Surcharge -Meadows (\$/mo.)	8.00	9.50	11.00	12.00	12.00
Consumption Charges:					
Residential Tier 1: 0-8 units (\$/hcf)	1.00	1.75	2.50	3.00	3.00
Residential Tier 2: 9-20 units (\$/hcf)	3.00	3.75	4.50	5.00	5.00
Residential Tier 3: 21 + units (\$/hcf)	11.00	11.50	12.00	13.00	13.00
Upper Zone Variable Surcharge (\$/hcf)	1.00	1.00	1.00	1.00	1.00

### Proposed Commercial and Multifamily Water Rates

Description	RATE PER MONTH STARTING				
	June 2020	July 2021	July 2022	July 2023	July 2024
Base Rate (\$/mo.)					
Tier 1 - 0-8 units annual average	65.00	70.00	75.00	79.00	79.00
Tier 2 - 9-40 units annual average	120.00	130.00	140.00	150.00	150.00
Tier 3 - 41 + units annual average	240.00	260.00	280.00	300.00	300.00
Upper Zone Surcharge -Meadows (\$/mo.)	8.00	9.50	11.00	12.00	12.00
Consumption Charges					
Commercial Tier 1: 0-40 units (\$/hcf)	3.00	3.75	4.50	5.00	5.00
Commercial Tier 2: 41 + units (\$/hcf)	2.75	3.25	3.75	4.25	4.25
Upper Zone Variable Surcharge (\$/hcf)	1.00	1.00	1.00	1.00	1.00

Details for the proposed water tier base rate for each commercial and multifamily residential account is listed in Appendix B and C of the 2020 WATER AND SEWER RATE STUDY. This document can be viewed at the GSD office or found on the GSD website at:

[https://www.garberillesd.org/files/8fa363bc2/2020+Rate+Study+Main+Report\\_Published.pdf](https://www.garberillesd.org/files/8fa363bc2/2020+Rate+Study+Main+Report_Published.pdf)

## PROPOSED SEWER RATE CHANGES

### Proposed Residential and Commercial Sewer Rates

Description	RATE PER MONTH STARTING				
	June 2020	July 2021	July 2022	July 2023	July 2024
Base Rate - per ERU (\$/mo.)	45.00	47.00	49.00	51.00	53.00
Residential and Commercial Consumption (\$/hcf) X consumption strength multiplier SFR CSM = 1.0	3.50	4.00	4.50	5.00	5.50

Details for consumption strength multiplier (CSM) and Equivalent Residential Units (ERU) for each commercial and multifamily customer can be found in Appendix B, C, and D in the 2020 WATER AND SEWER RATE STUDY.

## **HOW TO PROTEST PROPOSED WATER RATE CHANGES AND INCREASES**

This notice has been mailed to the customer listed on the service bill and the property owner of record from the Humboldt County Assessor. Persons responsible for the payment of the water charges (which includes owners of real property subject to the charges or renters of such property who actually pay the charges) who wish to protest the increases can send in a written protest to the address below or attend the public hearing on the increases to register their written protest at the hearing. Only one written protest per identified parcel (i.e. address/assessor parcel number) relating to the rate increase will be heard. Written protests must be received prior to or during the public hearing on April 28, 2020.

Any written protests received following the close of the public hearing will not be counted. All written protests must (at a minimum) include the following information to be counted:

- (a) Address or assessor parcel numbers of property subject to the rate increase,
- (b) whether the protester is an owner or renter and
- (c) a clear statement protesting a particular rate or rates pursuant to this notice.

The District will not adopt the rate increase if written protests are presented by a majority (50% +1) of owners or tenants of the parcels upon which the increase will be imposed. Oral protests presented at the hearing will be heard but will not be counted. Only written protests will be counted.

Protests may be mailed to: Garberville Sanitary District, P.O. Box 211, Garberville, CA 95542.

OR personally delivered to: Garberville Sanitary District, 919 Redwood Drive, Garberville, CA 95542.

Any protests must be received at GSD's main office no later than the end of the public hearing on April 28, 2020. Any protests received after the end of the public hearing shall not be counted. E-mail protests will not be counted.

### **QUESTIONS**

If you have questions or need help in determining how these changes in water and sewer rates will affect you, please contact GSD at (707)923-9566 or come in to the office to have someone walk you through your specific circumstance.

### **EXAMPLE CALCULATION**

Calculations for Existing Residential Rates with 7 units of water usage:

Description	Rate/mo.
Sewer Base Rate (\$/mo.) - minimum	34.99
Sewer Consumption \$2.90/unit (\$/mo.) x 7 units	20.30
Water Base Rate – ¾" meter (\$/mo.)	60.22
Water Consumption Tier 1: 0-5 units; \$0.70/unit x 5 units	3.50
Water Consumption Tier 2: 6 + units; \$3.85/unit x 2 units	7.70
Total Monthly Bill	126.71

Calculations for Proposed Residential Rates with 7 units of water usage:

Description	Rate/mo.
Sewer Base Rate (\$45.00/mo.) x 1 ERU	45.00
Sewer Consumption \$3.50/unit (\$/mo.) x 7 units	24.50
Water Base Rate – Residential (\$/mo.)	65.00
Water Consumption Rate 0-8 units; \$1.00/unit x 7 units	7.00
Total Monthly Bill	141.50