



## **NOTICE OF PUBLIC HEARING AND WORKSHOP ON PROPOSED ADJUSTMENTS AND INCREASES TO CABAZON WATER DISTRICT WATER SERVICE CHARGES**

The Cabazon Water District invites the public to attend a public hearing to be held on **Tuesday, April 18, 2017, at 6:00 p.m.**, to consider the adoption of a 5-year schedule of water rates. The public hearing will be held at the District offices located at **14618 Broadway Street, Cabazon, CA 92230**. The purpose of the public hearing is to consider all oral testimony and written protests to, and the adoption of, the proposed rates. If adopted, the new water rates will go into effect for services provided on and after April 19, 2017, and will be adjusted each December 1 thereafter beginning December 1, 2017, and through and including, December 1, 2020.

### **REASONS FOR THE RATE ADJUSTMENTS AND INCREASES**

The District is committed to providing the highest quality water at the lowest possible rates for our customers. To meet this commitment, over the last five years the District has worked to manage operations and maintenance costs and avoid water rate increases. Despite these efforts, there are costs that continue to increase that cannot be avoided. The District engaged NBS consultants (NBS) to perform an independent water rate study and evaluate the infrastructure, programs, and operations and maintenance costs of the District's water services and the rates necessary to recover the costs of those services for the next five years. A cost of service and rate study demonstrates what it costs the District to provide water service and the appropriate rates to fairly and appropriately allocate the costs of providing water to our customers. The cost of providing water includes not only the water the District pumps, but the infrastructure that treats and delivers the water to ensure that there is safe and reliable water to meet the demands of all of our water customers twenty-four hours a day, seven days a week.

Based on NBS's evaluation, it has been determined that rate adjustments and increases are necessary for the District's water service charges to enable the District to:

- recover current and long-term projected costs of operating and maintaining the water system;
- fund capital infrastructure improvements needed to repair and update the District's aging water system;
- maintain the operational and financial stability of the water utility;
- comply with State mandated drinking and groundwater water regulatory requirements; and
- avoid operational deficits and depletion of reserves.

### **PROPOSED RATES AND HOW THE RATES ARE CALCULATED**

The proposed rates are calculated to recover the costs of providing water services and to proportionately allocate those costs on a parcel basis among the District's customers. The proposed water rate structure has two customer classes—Single Family Residential (SFR), Non-Single Family Residential (Non-SFR). The District also provides water to one customer pursuant to a contract. The proposed rate structure has three components—a Service Charge, a Volume Charge, and a Fire Service Charge. The proposed rates are described in more detail below.

The proposed Service Charge is a fixed monthly charge calculated to recover a portion of the District's fixed costs, such as meter reading, billings and collections. The proposed rates for the Service Charge are established on the basis of the size of the meter (in inches) serving a property to recover the incremental costs of sizing facilities to sufficiently deliver water to properties served by larger meters. The Volume Charge is a variable charge imposed per unit of delivered water, with one unit equal to one hundred cubic feet (HCF), or 748 gallons, and is calculated to recover a portion of the District's fixed costs and its variable costs of providing water service. The Fire Service Charge is imposed on Single Family Residential, Non-Single Family Residential, or Commercial customers who are required as a condition of extending or initiating water service to install a private fire suppression system on their property, or where the customer or property owner has requested the delivery of water to the property for the purpose of fire service protection. The Fire Service Charge recovers that District's fixed costs of operating and maintaining infrastructure for private fire service.

For Single Family Residential customers the current rate structure for the Volume Charge has four tiers which impose higher rates as the level of consumption increases. Under the proposed rates, for Single Family Residential customers the Volume Charge will consist of three tiers. The tiers are designed to recover the incremental costs to the District of serving more water to those who place higher demands and greater burdens on the District's water system and resources. These costs include, for example, sizing, operating and maintaining water pipes, reservoirs, pump stations and other related facilities to meet this additional demand. Due to the varying consumption needs among Non-Single Family Residential customers and the contract customer, and the relatively small number of these customers, the Volume Charge is a uniform rate per HCF of water delivered during a billing period.

The amount of the Service Charge and the Fire Service Charge imposed is the same each month. The amount of the Volume Charge imposed varies each month depending on the number of units of water each customer uses during the billing period. The current rates and the proposed maximum rates and effective dates for the Service Charges, Fire Service Charges, and Volume Charges are set forth in the tables below.

<b>CURRENT AND PROPOSED RATES FOR MONTHLY FIXED SERVICE CHARGE (\$/METER SIZE)</b>						
<b>Meter Size</b>	<b>Current Rates</b>	<b>Proposed Rates and Effective Dates</b>				
		<b>4/19/2017</b>	<b>12/1/2017</b>	<b>12/1/2018</b>	<b>12/1/2019</b>	<b>12/1/2020</b>
5/8 inch	\$44.16	\$51.15	\$58.82	\$61.77	\$64.85	\$68.10
3/4 inch	\$59.47	\$73.79	\$84.86	\$89.10	\$93.56	\$98.24
1 inch	\$88.26	\$119.07	\$136.93	\$143.78	\$150.97	\$158.51
1.5 inch	\$188.97	\$232.27	\$267.11	\$280.46	\$294.48	\$309.21
2 inch	\$286.61	\$368.10	\$423.32	\$444.48	\$466.71	\$490.04
3 inch	\$384.25	\$730.33	\$839.88	\$881.88	\$925.97	\$972.27
4 inch	\$536.82	\$1,137.84	\$1,308.52	\$1,373.94	\$1,442.64	\$1,514.77
6 inch	\$718.63	\$2,269.81	\$2,610.28	\$2,740.80	\$2,877.84	\$3,021.73
Contract	\$1,458.60	\$1,677.39	\$1,929.00	\$2,025.45	\$2,126.72	\$2,233.06

<b>CURRENT AND PROPOSED RATES FOR MONTHLY FIXED FIRE SERVICE CHARGE (\$/METER SIZE)</b>						
<b>Meter Size</b>	<b>Current Rates</b>	<b>Proposed Rates and Effective Dates</b>				
		<b>4/19/2017</b>	<b>12/1/2017</b>	<b>12/1/2018</b>	<b>12/1/2019</b>	<b>12/1/2020</b>
4 inch	\$60.00	\$46.23	\$53.16	\$55.82	\$58.61	\$61.54
6 inch	\$90.00	\$98.11	\$112.83	\$118.47	\$124.40	\$130.62

<b>CURRENT AND PROPOSED RATES FOR MONTHLY COMMODITY CHARGE (\$/HCF)</b>							
<b>Customer Class</b>		<b>Current Rates</b>	<b>Proposed Rates and Effective Dates</b>				
			<b>4/19/2017</b>	<b>12/1/2017</b>	<b>12/1/2018</b>	<b>12/1/2019</b>	<b>12/1/2020</b>
<i>Non-SFR</i>		—	\$2.23	\$2.56	\$2.69	\$2.82	\$2.96
<i>Contract Customer</i>		\$2.50	\$2.88	\$3.31	\$3.47	\$3.65	\$3.83
<i>SFR</i>							
<b>Current Tiers</b>	<b>Proposed Tiers</b>						
Tier 1: 0-5 HCF	Tier 1: 0-7 HCF	\$0.00	\$1.15	\$1.32	\$1.39	\$1.46	\$1.53
Tier 2: 6-25 HCF	Tier 2: 8-14 HCF	\$2.21	\$2.51	\$2.89	\$3.04	\$3.19	\$3.35
Tier 3: 26-50 HCF	Tier 3: 14+ HCF	\$4.36	\$3.84	\$4.42	\$4.64	\$4.87	\$5.12
Tier 4: 50+ HCF	—	\$5.05	—	—	—	—	—

## **PUBLIC HEARING AND PROTESTS**

Any record owner of a parcel upon which the water service charges are proposed to be imposed and any tenant directly liable for the payment of water service charges (i.e., a customer of record who is not a property owner) may submit a written protest to the proposed rate adjustments and increases to the District's water service charges; however, only one protest will be counted per identified parcel. Any written protest must: (1) state that the identified property owner or tenant is opposed to the proposed water rate adjustments and increases; (2) provide the location of the identified parcel (by street address, assessor's parcel number, or customer account number); and (3) include the name and signature of the property owner or tenant submitting the protest. Written protests may be submitted to the Clerk of the Board by mail or in person at 14618 Broadway Street, PO Box 297, Cabazon, CA 92230, or at the public hearing (date, time, and location noted above). All written protests must be received prior to the close of the public comment portion of the public hearing. Any protest submitted via e-mail or other electronic means will not be accepted as a valid written protest. Please indicate on the outside of any envelope mailed to the District Attn: Rate Hearing.

The Board of Directors will accept and consider all written protests and will hear and consider all oral comments to the proposed rate adjustments and increases at the public hearing. Oral comments at the public hearing will not qualify as formal protests unless accompanied by a written protest. Upon the conclusion of the public hearing, the Board of Directors will consider adoption of the proposed rate increases as described in this notice. If written protests against the proposed rates are not presented by a majority of the property owners or tenants of the identified parcels subject to the proposed rate increases, the Board of Directors will be authorized to adopt the rate increases.