

PROPOSITION 218 NOTICE

Notice of Public Hearing Regarding Proposed Sewer Service Rate Increases

Hearing Date and Time: Saturday, June 25, 2022, 12:00 PM

Hearing Location: Perry Walther Community Center, 325 Creekside Drive, Bear Valley, CA 95223

Basis of Proposed Rates

A Wastewater Cost of Service Rate Study was recently conducted on behalf of the Bear Valley Water District (District) by Bartle Wells Associates (BWA) and the California Rural Water Association (CRWA) with support from District staff. The Study evaluated the District's 5-year budget projection and analyzed the District's capacity to implement its capital improvement and replacement plan while maintaining debt service and reserve requirements. The District's Board of Directors formally accepted this Study at a regularly scheduled meeting of the Board on March 22, 2022. The Study recommends increasing sewer service rates to meet the revenue requirements of the District and addresses forecasts for increasing expenditures. The Wastewater Cost of Service Rate Study can be viewed at www.bvwd.ca.gov and is also on file and available for public review at the Bear Valley Water District office, 441 Creekside Drive, Bear Valley, CA 95223.

Why is a Rate Adjustment Needed?

The Bear Valley Water District operates under three permits issued by the Central Valley Regional and State Water Quality Control Boards to provide wastewater collection, treatment and disposal services to approximately 650 residential homes, condominiums and commercial businesses (EDUs). Developed in 1974, the wastewater asset infrastructure includes nearly 20 miles of collection lines, 160 manholes, (3) lift stations, a wastewater treatment facility, a 14 million gallon (MG) biological treatment lagoon, a 76 MG storage reservoir, an 80 acre land discharge array and a complex surface water discharge system all within the District's 3000 acre service area. Wastewater services include system maintenance and repair, permit compliance including water quality monitoring, testing and reporting, small and large-scale capital improvements, insurance, utilities, taxes, regulatory fees and legal and accounting services. Monthly wastewater service rates have remained quite stable since the 2014 rate restructuring, rising only 6.2 % over the past 7 years compared to consumer prices rising over 20 % during the same period. The District has reinvested nearly \$700,000 in system improvements and upgrades since 2014, committing ratepayer service fees to critical capital improvement and replacement projects to ensure the District achieves its mission to provide safe, efficient and reliable high quality wastewater services while preserving and protecting the environment. The District also aggressively sought and was awarded nearly \$1.0M in grant and incentive funds over the last several years immediately investing these funds to offset the use of ratepayer service fees or reserve funds to advance capital replacement projects. The District relies on revenues from sewer service rates to support operations and maintenance of the wastewater system while maintaining sufficient operational, improvement and emergency reserves. The District's 5-year revenue projections anticipate declining revenue due to a reduction in flows from commercial sources while at the same time forecasts increasing expenses due to inflationary pressures impacting nearly every area in the cost of providing service. The Wastewater Cost of Service Rate Study concludes that the District requires annual rate increases to mitigate decreasing revenue while funding projected increasing expenditures. The Rate Study also recommends that the District update its current wastewater service rate structure to reflect the latest cost of service to each customer class (residential and commercial).

Proposed Sewer Rates

Current and proposed monthly wastewater service rates are provided in the table below:

		Current Monthly Service Rate	Proposed Monthly Service Rate
<i>Residential Fixed Rate</i> ^[1]	<i>\$/ month</i>	\$96.35	\$102.13
<i>Commercial Volumetric Rate</i> ^{[1] [2]}	<i>\$/ gallon</i>	\$0.068	\$0.072

[1] Service Rate design is based on a monthly cost of service. However, customer invoicing occurs quarterly.

[2] Under the proposed rate change, the commercial minimum monthly charge will increase from \$85.81/ month to be equal to the residential fixed charge of \$102.13/month.

Consumer Price Index (CPI-U) and the Impact on Your Bill

Under the proposed rate change, new wastewater service rates will increase 6 % effective July 1, 2022. The new monthly residential rate will be \$102.13 and the commercial volumetric rate will be \$0.072 per gallon. Each year thereafter for the following four years, from July 1, 2023, to July 1, 2027, the Board may adjust rates by percentage increase annually as necessary based on the United States Department of Labor All Item Consumer Price Index for All Urban Consumers (CPI-U) – (1982-84 Base 100) published in January each year for the preceding reference year ending in December, but in no case will any annual increase in the wastewater service rate exceed 6 % per year irrespective of the actual annual CPI-U increase.

Compliance with Proposition 218

Pursuant to Article XII(D) of the California Constitution, Bear Valley Water District is proposing to increase wastewater service rates. If a majority of property owners submit valid written protests against the proposed service rates and cost allocation adjustments, the District Board shall not adopt the proposed sewer rates which are subject to majority protest.

If adopted, the proposed sewer rates will become effective beginning **July 1, 2022**. Pursuant to California Government Code 53759, challenges to any new, increased, or extended fees or charges are subject to a 120-day statute of limitations.

What is Proposition 218 ?

In 1996, California voters approved Proposition 218, which amended the state constitution as it relates to the passage of property-related fees. "Prop 218" requires that local governments follow a strictly defined process for setting fees such as water or sewer bills.

Generally speaking, the District must (1) inform ratepayers that a proposed rate increase is being considered (this notice), (2) clearly demonstrate the basis on which these fees are calculated (the Wastewater Cost of Service Rate Study Report), 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 increase.

These rates are subject to "majority protest," meaning they **cannot be passed** if a majority of property owners (or renters/lessees, where the renter/lessee is financially responsible for the bill) impacted by the rate change submit written and signed protests opposing the increase.

To Protest These Changes

If you have questions or comments about the proposed service rate changes or wish to protest, you may:

Address the Board of Directors: Attend the Public Hearing on June 25, 2022 at 12 PM at the Perry Walther Community Center, 325 Creekside Drive, Bear Valley, CA.

Write: Written protests against the proposed rate change must be received by the District by the close of the public hearing on June 25, 2022 and must identify the owner(s) of the property, the parcel (APN) number or address of the affected property and include the original signature(s) of the property owner(s). Renters/lessees may protest if they are financially responsible for the bill.

If the District receives written protests against the proposed rates by a majority of the affected property owners/renters/lessees prior to the end of the hearing, the District cannot approve the change.

Written protests must be sent to:

Bear Valley Water District
PO Box 5027, Bear Valley, CA 95223

Original signature protests are required. Please note that emails, scans and photocopies of signed protests will not be accepted.

This Notice of Public Hearing provides information on the proposed wastewater service rate changes as required by State law. This notice also provides information on how proposed rates have been calculated, the reasons for the required rate changes, and the process to submit a written protest of the proposed rates.

To receive more information or for additional questions about the proposed wastewater service rate increases, please contact the District office via phone at (209) 753-2112 or email the District's General Manager at Jeff.Gouveia@bvwd.ca.gov.