

Table of Contents

Agenda	2
Receive and Discuss Water and Sewer Rate Study from Bartle Wells & Associates	
SR 3 A CCSD Water Rate Study	3
Consideration of Notice of Proposed Increase in Water Rates and Charges	
SR 3 B Staff Report on Prop 218	58
SR 3 B DRAFT Notice of Proposed Increase in Water Rates	60
Consideration of a Resolution Authorizing the Board President to Execute a Letter to the San Luis Obispo County Board of Supervisors Opposing Hydraulic Fracturing in San Luis Obispo County	
SR 3 C Fracking Staff Report	63
SR 3 C Resolution Fracking	65
SR 3 C Exhibit A to Resolution 20 2014	67
SR 3 C Fracking Fact Sheet	68



CAMBRIA COMMUNITY SERVICES DISTRICT

CALL BY THE PRESIDENT AND FINAL AGENDA

FOR SPECIAL MEETING OF THE BOARD OF DIRECTORS

I, James Bahringer, President of the Cambria Community Services District Board of Directors, hereby call a Special Meeting of the Board of Directors pursuant to California Government Code Section 54956. The Special Meeting will be held: **Thursday, May 29, 2014, 12:30 PM, 1000 Main Street Cambria, CA**. The purpose of the special meeting is to discuss or transact the following business:

AGENDA
SPECIAL MEETING OF THE CAMBRIA COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
THURSDAY, MAY 29, 2014, 12:30 PM
1000 Main Street
Cambria, CA

- 1. OPENING**
 - A. Call to Order
 - A. Pledge of Allegiance
 - B. Establishment of Quorum

- 2. PUBLIC COMMENT** Members of the public wishing to address the Board on any item described in this Notice may do so when recognized by the Board President. Public comment on this agenda will be limited to 3 minutes per person.

- 3. SPECIAL MEETING BUSINESS**
 - A. Receive and Discuss Water and Sewer Rate Study from Bartle Wells & Associates
 - B. Consideration of Notice of Proposed Increase in Water Rates and Charges
 - C. Consideration of a Resolution Authorizing the Board President to Execute a Letter to the San Luis Obispo County Board of Supervisors Opposing Hydraulic Fracturing in San Luis Obispo County

- 4. ADJOURN**

Notice of this special meeting shall be delivered to each member of the Board of Directors and to each local newspaper of general circulation and radio or television station who have requested such notice. Notice must be received at least twenty-four (24) hours before the time set for the special meeting.

Cambria Community Services District



Water Rate Study

Draft 5/28/14



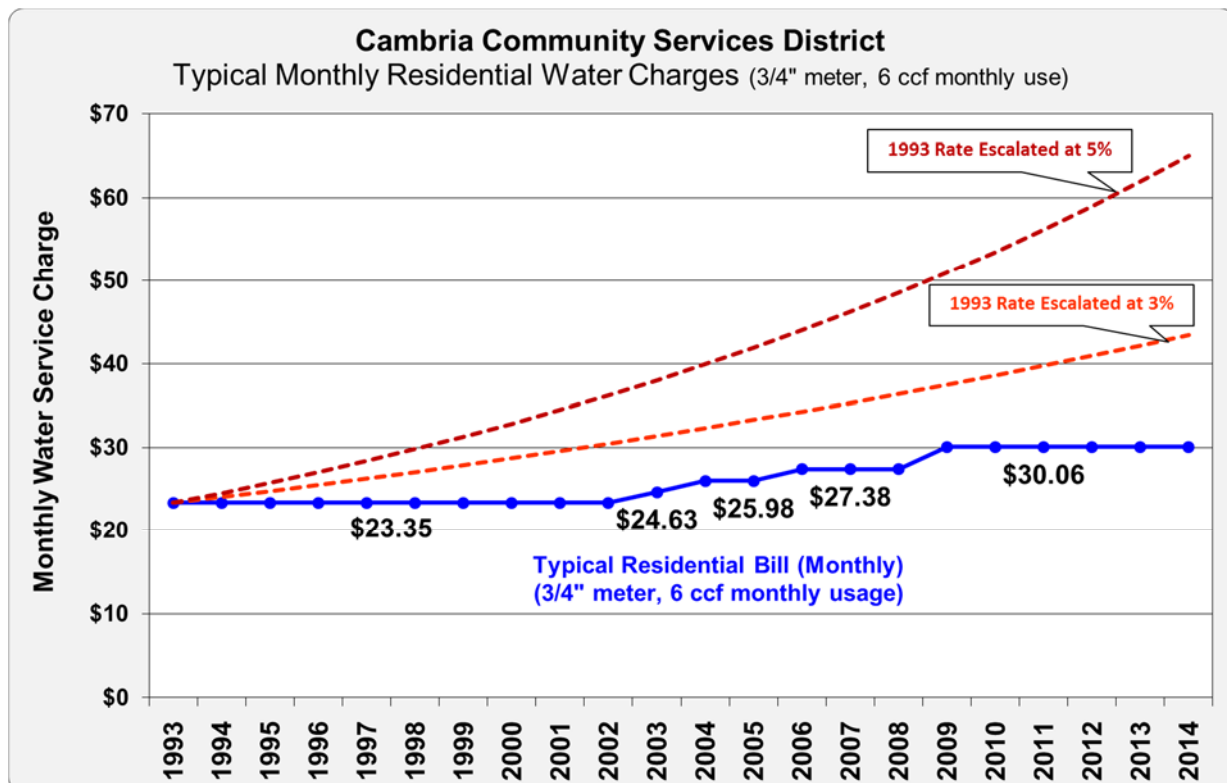
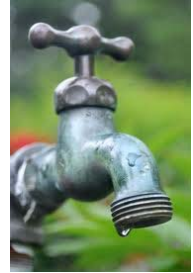
BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS



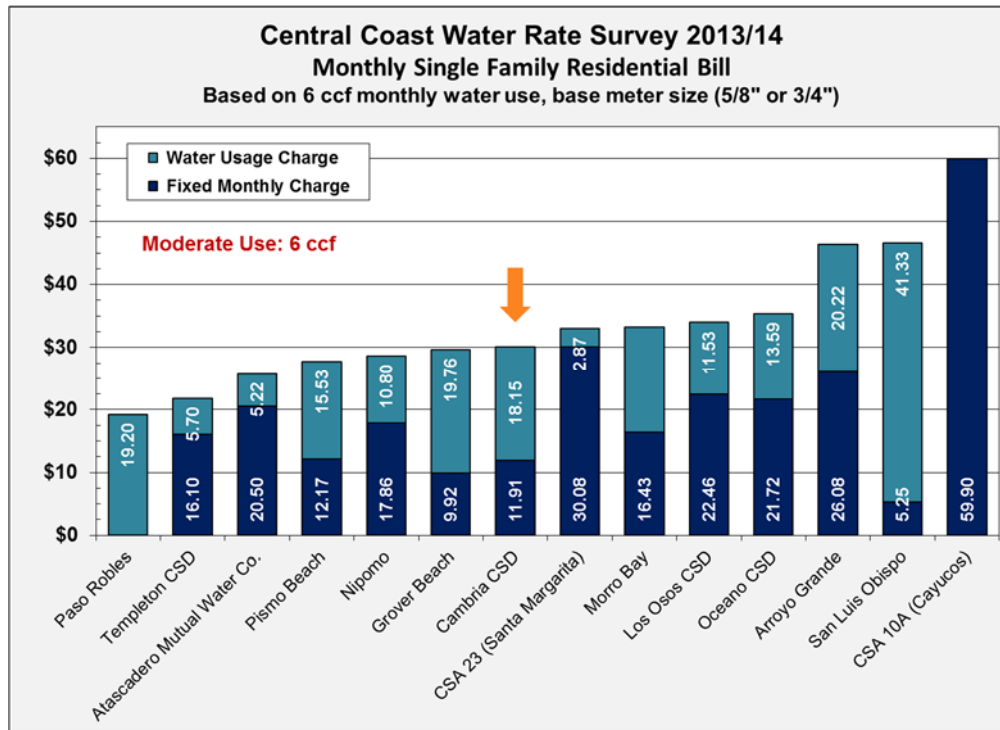
Cambria Community Services District Water Rate Study Summary of Key Issues

Water Rates & Finances

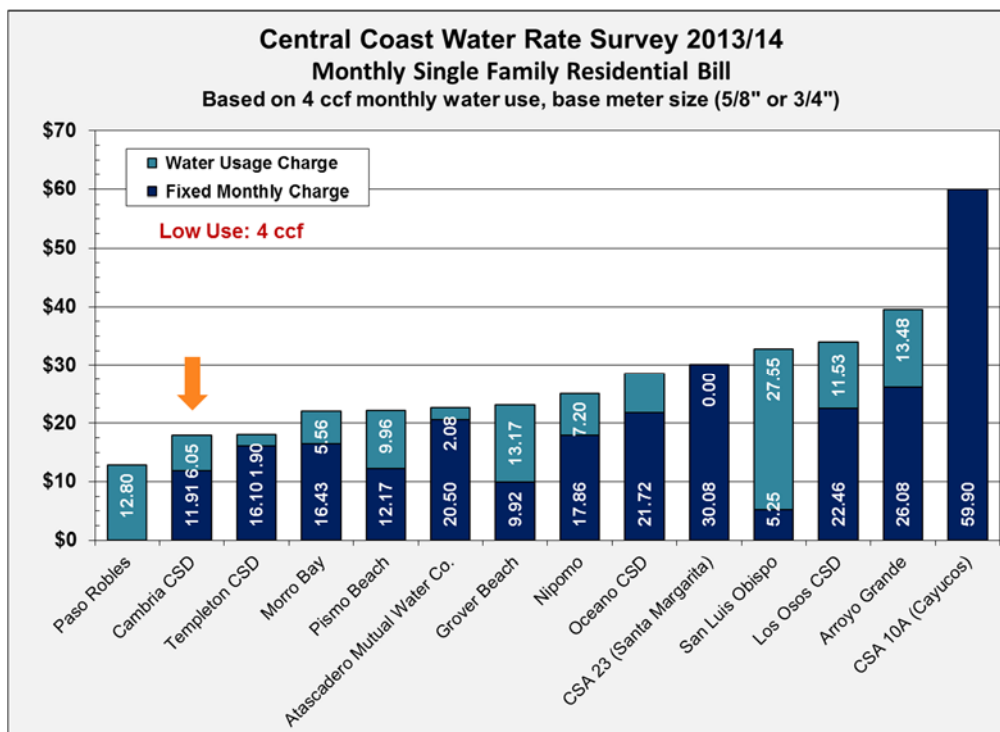
- Water utility is supposed to be a self-supporting enterprise fund
 - Rates are the main source of revenue & account for 85-90% of total revenues
 - Revenues must be adequate to fund the cost of providing service including long-term operating and capital needs and emergency water supply
- CCSD has adopted minimal rate increases over the past 20 years
 - Water utility has been starved of funding
 - Water rates have been subsidized by CCSD's use of the General Fund to cover deficits
 - No rate increases were implemented in 15 of the past 20 years
 - Since 1993, water rates have risen by an average of 1.2% per year
 - The monthly charge for a home using 6 hcf of water per month has increased by \$6.71 over the past 20 years, from \$23.35 to \$30.06 per month
 - Roughly 3/4^{ths} of single family residential bills are at or below this level of use
 - Since 1993, CPI has increased approximately 66%
 - Adjusted for inflation, water rates today are more than 20% lower than they were in 1993
- Water rates were last increased effective 2009
 - Over 5 years have gone by with no rate increases despite increasing funding requirements and need for a supplemental water supply project



- Water rates are moderate to low compared to other regional agencies
 - Monthly Bill for a typical single family home with use of 6 hcf of monthly water = \$30.06
 - Equivalent to \$0.67 per each 100 gallons of water use (2/3rds of a penny per gallon)
 - This falls in the middle range compared to other regional agencies



- Bills are very low for low-use customers (including 2nd homes) due to CCSD's rate structure
 - Monthly Bill for a lower-use home with 4 hcf of monthly water = \$17.96
 - Equivalent to \$0.60 per each 100 gallons of water use (6/10ths of a penny per gallon)



- Water enterprise has been operating in deficit mode
- Although CCSD has made some capital repairs and improvements in recent years, many high-priority projects have been deferred due to inadequate funding available
 - Many aging facilities are at the end of their useful life and will need to be rehabilitated or replaced in upcoming years; CCSD has more than maximized the useful life of many assets
- **CCSD is facing substantial financial challenges that will require substantial rate increases**
 - Rate increases should not be a political decision, they are a financial necessity to fund the cost of providing service

Financial Challenges & Drivers of Rate Increases

- **Restore Balanced Budgets & Fund Ongoing Operations**
 - Operating costs have risen over the years without a corresponding increase in rates
 - Water enterprise has been operating in deficit mode and has relied on subsidies from CCSD's General Fund to cover annual budget deficits
 - Current rates generate no annual funding for ongoing repairs and replacements that are needed to maintain the water system and are an inherent cost of providing service
 - Rate increases needed to restore financial stability and provide at least a minimal prudent level of funding for ongoing re-investment in the water system
 - *Based on input from CCSD, BWA recommends phasing in funding to \$250,000 per year for ongoing repairs, replacements, and system rehabilitation*
- **Critical Water System Capital Improvements**
 - CCSD is facing \$2,440,000 of high-priority, immediate capital projects
 - *Rodeo Grounds Pump Station Replacement: \$1,025,000*
 - *Fiscalini Tank Replacement: \$640,000*
 - *Stuart Street Tank: \$775,000*
 - Debt financing needed due to lack fund reserves and inadequate rates (otherwise it would be many years until CCSD accumulated adequate cash to fund projects on a pay-as-you-go basis)
 - *Annual debt service for funding projects equals roughly \$225,000 per year (assuming 15-year term and 4% average annual interest rate)*
 - *This level of debt service can be largely offset by the end of the water enterprise's 65% share of repayment for the 2006 Bank Loan, which reaches final maturity in the upcoming fiscal year and will free up about \$180,000 per year that could be used toward new debt*
 - Revenue increases needed to fund incremental increase in debt service for critical projects
- **Reduced Water Sales Put Substantial Upward Pressure on Rates**
 - CCSD has declared a Level 3 Water Emergency due to drought and potential for running out of potable water supply
 - Water sales have decreased due to customer response to drought & emergency rate surcharges
 - *Water use and water quantity charge revenues from the March/April billing period decreased approximately 40% from the prior 2-year historical average*
 - *Residential use decreased by about 50% with lesser cutback from commercial accounts*
 - Revenues from the emergency drought rate surcharges substantially offset the revenue loss from reduced water sales for the March/April billing period
 - *CCSD Board subsequently reduced the emergency drought rate surcharges*

- *CCSD vulnerable to additional revenue shortfalls due to large cutbacks in use coupled with reduced drought rate surcharge revenues*
- In general, emergency drought rates should be phased out as water use returns to “normal”
- Difficult to predict future annual water sales
 - *Based on substantial cutback in use during March/April billing period, it is very possible that water sales will not return to prior “normal year” levels*
 - *Note: Any rate increases implemented to compensate for reduced water sales will not affect customers who conserve since they will be purchasing fewer units of water*
- **Emergency Water Supply: \$7.0 - \$8.8 million capital costs**
 - CCSD is 100% reliant on groundwater pumped from wells drilled into the aquifers of the San Simeon and Santa Rosa creek basins
 - Drought has critically reduced flows in each creek resulting in minimal groundwater recharge, declining groundwater levels, and increased potential for seawater intrusion into the aquifers
 - *Water supply at risk of running dry*
 - *CCSD facing risk of degradation and potential permanent damage to aquifers*
 - *Emergency Water Supply needed to address immediate and long-term water supply needs*
 - Latest engineering cost estimates for Emergency Water Supply project: \$7.0 to \$8.8 million
 - *Original cost estimate was over \$15 million, but CCSD staff have successfully worked with CDM Smith to reduce project scope and cost*
 - *Estimates include soft costs (planning, design, permitting, etc.) and purchase of equipment*
 - *Emergency Water Supply project will likely need to be debt financed*
 - *Rates adequate to secure debt repayment must be adopted before financing can be obtained*
 - *Rates securing debt must be reliable*
 - Annual debt service may vary based on repayment term and other factors
 - *Debt service projected at roughly \$700,000 to \$800,000 per year*
 - Operating costs estimated at \$380,000 assuming 6 months of operations and roughly 250 Acre-Feet (AF) of water supply
 - *\$380,000 / 250 AF = \$1,520 per AF or about \$3.50 per hcf of water*
 - *Actual facility use will vary based on need; CCSD may only need to operate the facility for 3 months per year for example*
 - *Operating costs can be recovered by a temporary surcharge when facility is in operation*
 - *Some ongoing costs needed to maintain facility regardless of use*

Financial Projections

- BWA developed 10-year financial projections to evaluate annual revenue requirements and project rate increases
- Key Assumptions:
 - Based on 2013/14 Budget
 - Operating costs escalate at 4% per year
 - Assumes no growth in customer base
 - Water sales projected at 80% of historical “normal year” usage; assumes 20% permanent cutback in water use due to lasting effects of drought response and price elasticity
 - Assumes \$8.8 million cost for Emergency Water Supply project

- Assumes CCSD issued debt to fund a) \$8.8 million Water Supply Project (including payback of \$2.1 million of loans from the General Fund) and b) \$2.4 million funding for highest-priority immediate capital needs
- Funding level for ongoing repairs, replacements, and rehabilitation phased in to \$250,000 per year plus future 4% cost inflation
- Assumes separate charges will be adopted to fund a) ongoing water services and system capital needs, and b) costs of the Emergency Water Supply project and operations
- Rate increases phased in over 3 years to the extent possible

Current Water Rate Structure

- Water rates include 2 components:
 - Fixed meter charge (base rate), includes first 6 units of bi-monthly water at no add'l cost
 - Quantity charges (applies to metered use over 6 units; billed via 9 rate tiers)

Current Water Rates (Bi-Monthly) *Effective 7-1-2009*

	Residential	Commercial
Base Rate <i>Includes first 6 ccf of water</i>	\$23.82	\$54.07
Quantity Charges		
<u>Tier</u> <u>Use (ccf)</u>		
Tier 1 6 - 15	\$6.05	\$6.69
Tier 2 16 - 20	6.18	6.83
Tier 3 21 - 30	6.30	6.95
Tier 4 31 - 40	6.44	7.08
Tier 5 41 - 50	6.95	7.47
Tier 6 51 - 60	7.22	7.73
Tier 7 61 - 70	7.47	8.12
Tier 8 71 - 80	7.73	8.37
Tier 9 81+	7.86	9.02

Note: 1 ccf = 100 cubic feet = 748 gallons

- Issues with current rate structure
 - Slightly over 50% of residential water and about 15% of commercial water is not billed, but is instead included with 6 units water allowance
 - Almost all the rest of residential use is billed in Tiers 1-3 (90% through Tier 2,)
 - Residential tiers not set in any meaningful way based on water usage patterns; however commercial use is spread through the tiers
 - Minimal difference between rates for each tier (similar to a uniform rate for all use)
 - Commercial water quantity charges are roughly 10% higher than residential rates
 - Average weighted rate per unit of water purchased is substantially higher for commercial than residential customers due to high percentage of residential water not billed and substantially more commercial use in higher tiers at higher rates
 - Commercial fixed charge applies to all businesses (big and small) & does not vary by meter

Proposition 218 Rate Requirements (California Constitution Article 13D, Section 6)

- Rates cannot exceed the cost of providing service
- Revenues can only be used for the purpose for which they are collected
- Charges cannot exceed the *proportional cost of service* attributable to the parcel
- Fees may only be imposed if service is used by or immediately available to the property charged

Rate Calculation Process

- Determine annual revenue requirements from rates based on financial projections
- Allocate costs for recovery via a) fixed meter charges or b) water quantity charges
- Fixed charges: Cost recovery from fixed charges are proportionally recovered from each account based on the estimated demand placed on the water system by each account
- Variable charges: Cost recovery from water quantity charges assume a consistent rate structure for all customers, and are designed to recover costs allocated to variable rates assuming 20% permanent conservation compared to historical “normal year” water use

Water Rate Structure Conceptual Alternatives

- **Fixed meter charges:** base charge levied on each account regardless of water use for the purpose of funding a portion of CCSD’s fixed costs of providing service
 - Single family residential: maintain uniform fixed charge for all accounts
 - Commercial/multi-family: transition to fixed charges based on meter size and capacity
- **Proposed Fixed Bi-Monthly Meter Charges**

		Current Charges	Proposed		
			2014/15	2015/16	2016/17
Residential					
Per Dwelling Unit		\$23.82	\$24.00	\$25.00	\$26.00
Commercial					
<u>Meter Size</u>	<u>Capacity Ratio¹</u>				
5/8" or 3/4"	2.000	\$54.07	\$48.00	\$50.00	\$52.00
1"	3.333	54.07	80.00	83.33	86.67
1-1/2"	6.667	54.07	160.00	166.67	173.33
2" & Larger	10.667	54.07	256.00	266.67	277.33
1 Based on analysis of water billing data and standard AWWA meter capacities.					

Water quantity charges: Rate per unit of metered water use

- BWA developed and evaluated a number of conceptual rate structure approaches
 - A. Uniform rate for all water use
 - B. Simplified inclining tier rates with same rate structure for all accounts
 - C. Gradually escalating rates for all accounts
- Emergency Water Supply charges are assumed to be separate charges from regular water rates

➤ **Conceptual Rate Alternative A: Uniform Rate for All Water Use**

	2014/15	2015/16	2016/17
WATER QUANTITY CHARGES (\$/ccf)			
Rate for All Water Use	\$6.00	\$7.25	\$8.50
<i>Equivalent Rate per 100 Gallons</i>	<i>\$0.80</i>	<i>\$0.97</i>	<i>\$1.14</i>

➤ **Conceptual Rate Alternative B: 3-Tiered Rate Structure**

			2014/15	2015/16	2016/17
WATER QUANTITY CHARGES (\$/ccf)					
<u>Water Quantity Tiers</u>	<u>% Use in Tier</u>				
Tier 1	1 - 4 ccf	32%	\$3.00	\$3.63	\$4.25
Tier 2	5 - 16 ccf	38%	6.00	7.25	8.50
Tier 3	>16 ccf	30%	9.00	10.88	12.75

➤ **Conceptual Rate Alternative C: Escalating Rates**

		2014/15	2015/16	2016/17
WATER QUANTITY CHARGES (\$/ccf)				
<u>Water Use (ccf)</u>	<u>% of Use</u>			
1	8.0%	\$1.00	\$1.20	\$1.40
2	7.5%	2.00	2.40	2.80
3	7.0%	3.00	3.60	4.20
4	6.5%	4.00	4.80	5.60
5	6.0%	5.00	6.00	7.00
6	5.5%	6.00	7.20	8.40
7	5.0%	7.00	8.40	9.80
8+	54.5%	8.00	9.60	11.20

Projected Monthly Rate Impacts

	Bi-Monthly Use (ccf)	% of Bills at or Below	With 20% Conservation	Current Monthly Bill	Monthly Bill with 20% Conservation								
					2014/15			2015/16			2016/17		
				Without Conservation	<u>Alt A</u>	<u>Alt B</u>	<u>Alt C</u>	<u>Alt A</u>	<u>Alt B</u>	<u>Alt C</u>	<u>Alt A</u>	<u>Alt B</u>	<u>Alt C</u>
Single Family Residential Rate Impacts													
Low Use	4	25%	3	\$11.91	\$21.00	\$16.50	\$15.00	\$23.38	\$17.95	\$16.10	\$25.75	\$19.38	\$17.20
Median Use	8	50%	6	17.96	30.00	24.00	22.50	34.25	27.01	25.10	38.50	30.00	27.70
Average Use	10	65%	8	24.01	36.00	30.00	30.00	41.50	34.26	34.10	47.00	38.50	38.20
Mod-High Use	12	75%	10	30.06	42.00	36.00	38.00	48.75	41.51	43.70	55.50	47.00	49.40
High Use	20	90%	16	54.59	59.99	54.00	62.00	70.50	63.26	72.50	81.00	72.50	83.00
Sample Commercial & Multi-Family Residential Rate Impacts													
<u>Meter Size 5/8" or 3/4"</u>													
Low Use	8		6	\$33.73	\$42.00	\$36.00	\$34.50	\$46.75	\$39.51	\$34.50	\$51.50	\$43.00	\$40.70
Moderate Use	15		12	57.14	59.99	54.00	58.00	68.50	61.26	58.00	77.00	68.50	73.60
Mod-High Use	25		20	91.59	83.99	84.00	90.00	97.50	97.52	90.00	111.00	111.00	118.40
<u>Meter Size 2"</u>													
Low Use	50		40	202.64	\$247.98	\$278.00	\$274.00	\$278.34	\$314.66	\$308.54	\$308.67	\$351.17	\$343.07
Moderate Use	100		80	386.52	367.96	458.00	434.00	423.34	532.26	500.54	478.67	606.17	567.07
Mod-High Use	200		160	805.02	607.93	818.00	754.00	713.34	967.46	884.54	818.67	1,116.17	1,015.07

Emergency Water Supply (EWS) Charges

- Separate charges to recover costs for the Emergency Water Supply project and operations
- **Capital cost recovery** assumes debt financing for an \$8.8 million project (latest engineering cost estimates) with a) no grant funding and b) full repayment of approximately \$1.9 million in loans from CCSD's General Fund.
 - Charges can be adjusted in the future to account for any grant funding, General Fund contributions, or changes in water sales
- **Operating cost recovery** assumes \$50,000 per year needed for minimal maintenance needed to keep facility in operating condition ready for use, plus operating and maintenance costs per unit during actual operation (based on latest engineering cost estimates)

EWS Capital Cost Recovery

- **Fixed Meter Charges:** base charge levied on each account regardless of water use
 - Designed to recover 35% of a) debt service used to finance capital costs with 20% contingency for unknowns, and b) an estimated \$50,000 per year for minimum facility maintenance costs to ensure the facility remains in operating condition for when needed
- **Water Quantity Charges:** charged on metered water use to recover a substantial portion of costs based on actual water use and demand placed on the system by each customer
 - Designed to recover 65% of a) debt service used to finance capital costs with 20% contingency for unknowns, and b) an estimated \$50,000 per year for minimum facility maintenance costs to ensure the facility remains in operating condition for when needed

EWS Operating Cost Recovery

- Designed to recover operating costs when facility is in operation
- Billed only during periods of anticipated facility operation (e.g. July – Oct)

Emergency Water Supply Surcharges			
		<u>Capital Cost Recovery</u>	<u>Operating Cost Recovery</u>
		Billed Throughout Year	Billed During Periods of Planned Use
<u>Fixed Bi-Monthly Meter Charges</u>			
Residential Charge per Dwelling Unit		\$13.00	<i>No Fixed Charges for O&M</i>
Commercial			
<u>Meter Size</u>	<u>Capacity Ratio¹</u>		
5/8" or 3/4"	2.00	\$26.00	<i>No Fixed Charges for O&M</i>
1"	3.33	43.33	
1-1/2"	6.67	86.67	
2" or larger	10.67	138.67	
<u>Water Quantity Charges</u>			
Alternative A: Uniform Rate on All Use			
Charge per ccf for all water use		\$2.95	\$3.10
Alternative B: 3-Tiered Rate Structure (Reduced Impact on Low Use)			
<u>Water Use Tier</u>	<u>Use in Tier</u>		
Tier 1	1 - 4 ccf	\$1.50	\$1.50
Tier 2	5 - 16 ccf	3.00	\$3.00
Tier 3	>16 ccf	4.50	\$5.00
Alternative C: Escalating Rates			
<u>Water Use (ccf)</u>			
1		\$1.00	\$0.75
2		1.40	1.25
3		1.80	1.75
4		2.20	2.25
5		2.60	2.75
6		3.00	3.25
7		3.40	3.75
8+		3.90	4.25
1 Based on analysis of water billing data and standard AWWA meter capacities.			

Projected Monthly Emergency Water Supply Surcharge Impacts

	% of Bills at or Below	Bi-Monthly Use 20% Conservation	Monthly Charges			Plus O&M Surcharges		
			<i>Billed Throughtout Year</i>			<i>During Periods of Operation</i>		
Single Family Residential Rate Impacts			<u>Alt A</u>	<u>Alt B</u>	<u>Alt C</u>	<u>Alt A</u>	<u>Alt B</u>	<u>Alt C</u>
Low Use	25%	3	\$10.93	\$8.75	\$8.60	\$4.65	\$2.25	\$1.88
Median Use	50%	6	15.35	12.50	12.50	9.30	6.00	6.00
Average Use	65%	8	18.30	15.50	16.15	12.40	9.00	10.00
Mod-High Use	75%	10	21.25	18.50	20.05	15.50	12.00	14.25
High Use	90%	16	30.10	27.50	31.75	24.80	21.00	27.00
Sample Commercial & Multi-Family Residential Rate Impacts								
<u>Meter Size 5/8" or 3/4"</u>								
Low Use		6	\$21.85	\$17.50	\$19.00	\$9.30	\$6.00	\$6.00
Moderate Use		12	30.70	26.50	30.45	18.60	15.00	18.50
Mod-High Use		20	42.50	41.50	46.05	31.00	31.00	35.50
<u>Meter Size 2"</u>								
Low Use		40	\$128.33	\$142.83	\$141.38	\$62.00	\$81.00	\$78.00
Moderate Use		80	187.33	232.83	219.38	124.00	181.00	163.00
Mod-High Use		160	305.33	412.83	375.38	248.00	381.00	333.00

Total Combined Rate Impacts: Water Rates + Emergency Water Supply Surcharges

	Bi-Monthly Use (ccf)	% of Bills at or Below Conservation	With 20% Conservation	Current Monthly Bill	Monthly Bill + EWS Capital Surcharge (with 20% Conservation)			Plus EWS O&M								
					2014/15			2015/16			2016/17			During Periods of Operation		
					Alt A	Alt B	Alt C	Alt A	Alt B	Alt C	Alt A	Alt B	Alt C			
Single Family Residential Rate Impacts																
				Without Conservation												
Low Use	4	25%	3	\$11.91	\$31.92	\$25.25	\$23.60	\$34.30	\$26.70	\$24.70	\$36.68	\$28.13	\$25.80	\$4.65	\$2.25	\$1.88
Median Use	8	50%	6	17.96	45.35	36.50	35.00	49.60	39.51	37.60	53.85	42.50	40.20	9.30	6.00	6.00
Average Use	10	65%	8	24.01	54.30	45.50	46.15	59.80	49.76	50.25	65.30	54.00	54.35	12.40	9.00	10.00
Mod-High Use	12	75%	10	30.06	63.25	54.50	58.05	70.00	60.01	63.75	76.75	65.50	69.45	15.50	12.00	14.25
High Use	20	90%	16	54.59	90.09	81.50	93.75	100.60	90.76	104.25	111.10	100.00	114.75	24.80	21.00	27.00
Sample Commercial & Multi-Family Residential Rate Impacts																
<u>Meter Size 5/8" or 3/4"</u>																
Low Use	8		6	\$33.73	\$63.85	\$53.50	\$53.50	\$68.60	\$57.01	\$53.50	\$73.35	\$60.50	\$59.70	\$9.30	\$6.00	\$6.00
Moderate Use	15		12	57.14	90.69	80.50	88.45	99.20	87.76	88.45	107.70	95.00	104.05	18.60	15.00	18.50
Mod-High Use	25		20	91.59	126.49	125.50	136.05	140.00	139.02	136.05	153.50	152.50	164.45	31.00	31.00	35.50
<u>Meter Size 2"</u>																
Low Use	50		40	\$202.64	\$376.31	\$420.83	\$415.38	\$406.67	\$457.49	\$449.92	\$437.00	\$494.00	\$484.45	\$62.00	\$81.00	\$78.00
Moderate Use	100		80	386.52	555.30	690.83	653.38	610.67	765.09	719.92	666.00	839.00	786.45	124.00	181.00	163.00
Mod-High Use	200		160	805.02	913.26	1,230.83	1,129.38	1,018.67	1,380.29	1,259.92	1,124.00	1,529.00	1,390.45	248.00	381.00	333.00

Next Steps

- Receive additional input and finalize rates for Proposition 218 notices
 - A majority of Board Members have indicated a preference for going through the Prop. 218 process for Emergency Water Supply Surcharges only, then subsequently going through the process again for regular water service charges
 - This would require subsequently going through the Prop. 218 process a second time for necessary increases for ongoing water service
 - BWA advises that it may be difficult to obtain financing for the Emergency Water Supply project without also adopting rate increases required to fund ongoing water system operations and high-priority capital needs; the District may need to wait until the regular rate increases are also adopted before it can secure project financing
 - Draft and mail Proposition 218 notices
 - Hold a public hearing on the proposed rates at least 45 days after mailing the Prop. 218 notices, public hearing is currently scheduled for July 24
 - CCSD can implement rates lower than shown in the Prop. 218 notice, for example if the District receives partial grant funding for the Emergency Water Supply facility; however, the CCSD may not exceed the rates shown on the notice without going through the Proposition 218 process for any increases
-

Table 1
Cambria Community Services District
Current Water Rates

WATER RATES (Bi-Monthly)

Effective 7-1-2009

	Residential	Commercial
Base Rate <i>Includes first 6 ccf of water</i>	\$23.82	\$54.07
Quantity Charges		
<u>Tier</u> <u>Use (ccf)</u>		
Tier 1 6 - 15	\$6.05	\$6.69
Tier 2 16 - 20	6.18	6.83
Tier 3 21 - 30	6.30	6.95
Tier 4 31 - 40	6.44	7.08
Tier 5 41 - 50	6.95	7.47
Tier 6 51 - 60	7.22	7.73
Tier 7 61 - 70	7.47	8.12
Tier 8 71 - 80	7.73	8.37
Tier 9 81+	7.86	9.02

Note: 1 ccf = 100 cubic feet = 748 gallons

Table 2 - Cambria Community Services District Water Financial Projections - Base Case Draft 5-27-14

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Base Normal Year Water Demand	280,000	280,000	280,000	280,000	280,000	280,000	280,000	280,000	280,000	280,000
Projected Water Demand	245,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000
Change from Base Year	-13%	-20%	-20%	-20%	-20%	-20%	-20%	-20%	-20%	-20%
Cost Escalation	0%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Interest Earnings Rate	0.35%	0.35%	0.5%	1.0%	1.5%	2.0%	2.0%	2.0%	2.0%	2.0%
Emergency Supply Operations (months)		4	4	4	4	4	4	4	4	4
Emergency Water Supply (AF)		167	167	167	167	167	167	167	167	167
Emergency Supply Supply (hcf)		72,600	72,600	72,600	72,600	72,600	72,600	72,600	72,600	72,600
Emergency Supply Production Costs (\$ per hcf)		\$3.03	\$3.15	\$3.28	\$3.41	\$3.55	\$3.69	\$3.84	\$3.99	\$4.15
Beginning Water Fund Reserves	\$394,000	\$286,000	\$292,000	\$312,000	\$446,000	\$631,000	\$816,000	\$993,000	\$1,159,000	\$1,307,000
REVENUES										
<u>Water Operations</u>										
Water Rate Revenue Requirement	1,600,000	2,000,000	2,300,000	2,600,000	2,750,000	2,850,000	2,950,000	3,050,000	3,150,000	3,250,000
Drought Rate Surcharges	100,000	150,000	0	0	0	0	0	0	0	0
Standby Availability	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Interest Income	1,000	1,000	1,000	3,000	7,000	13,000	16,000	20,000	23,000	26,000
Other Water Dept Fees & Charges	70,000	71,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Admin/Remod/Wait List/Retrofit/Misc Revs	250,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000
Subtotal	2,146,000	2,462,000	2,611,000	2,913,000	3,067,000	3,173,000	3,276,000	3,380,000	3,483,000	3,586,000
<u>Emergency Water Supply</u>										
Emergency Supply Capital Charges	0	782,000	782,000	782,000	782,000	782,000	782,000	782,000	782,000	782,000
Minimum Facility Maintenance Charges	0	50,000	52,000	54,000	56,000	58,000	60,000	62,000	64,000	67,000
Emergency Supply Operating Charges	0	220,000	229,000	238,000	248,000	258,000	268,000	279,000	290,000	301,000
Subtotal	0	1,052,000	1,063,000	1,074,000	1,086,000	1,098,000	1,110,000	1,123,000	1,136,000	1,150,000
<u>Financing Proceeds</u>										
Debt Proceeds for Emergency Water Supply	0	8,800,000	0	0	0	0	0	0	0	0
Debt Proceeds for Critical CIP Projects	0	2,450,000	0	0	0	0	0	0	0	0
Grant Proceeds	0	0	0	0	0	0	0	0	0	0
Loan from General Fund	2,100,000	0	0	0	0	0	0	0	0	0
Subtotal	2,100,000	11,250,000	0	0	0	0	0	0	0	0
Total Revenues	4,246,000	14,764,000	3,674,000	3,987,000	4,153,000	4,271,000	4,386,000	4,503,000	4,619,000	4,736,000
EXPENSES										
<u>Water System Operations</u>										
Salaries & Benefits	700,000	684,000	711,000	739,000	769,000	800,000	832,000	865,000	900,000	936,000
Maintenance	373,000	388,000	404,000	420,000	437,000	454,000	472,000	491,000	511,000	531,000
Services & Supplies	323,000	336,000	349,000	363,000	378,000	393,000	409,000	425,000	442,000	460,000
Professional Services	188,000	196,000	204,000	212,000	220,000	229,000	238,000	248,000	258,000	268,000
Allocated Overhead	511,000	531,000	552,000	574,000	597,000	621,000	646,000	672,000	699,000	727,000
Subtotal	2,095,000	2,135,000	2,220,000	2,308,000	2,401,000	2,497,000	2,597,000	2,701,000	2,810,000	2,922,000
<u>Emergency Supply Operations</u>										
Emergency Supply Maintenance (ongoing)	0	50,000	52,000	54,000	56,000	58,000	60,000	62,000	64,000	67,000
Emergency Supply O&M (when operating)	0	220,000	229,000	238,000	248,000	258,000	268,000	279,000	290,000	301,000
Subtotal	0	270,000	281,000	292,000	304,000	316,000	328,000	341,000	354,000	368,000
Subtotal Operating Expenses	2,095,000	2,405,000	2,501,000	2,600,000	2,705,000	2,813,000	2,925,000	3,042,000	3,164,000	3,290,000
<u>Debt Service</u>										
2006 Bank Loan, 65% Water	44,000	0	0	0	0	0	0	0	0	0
New Debt for Critical Capital Projects	0	221,000	221,000	221,000	221,000	221,000	221,000	221,000	221,000	221,000
New Debt for Emergency Water Supply Project	0	782,000	782,000	782,000	782,000	782,000	782,000	782,000	782,000	782,000
Subtotal	44,000	1,003,000	1,003,000	1,003,000	1,003,000	1,003,000	1,003,000	1,003,000	1,003,000	1,003,000
<u>Capital & Non-Operating</u>										
Emergency Water Supply Project	2,100,000	6,700,000	0	0	0	0	0	0	0	0
Critical Near-Term Capital Projects	0	2,450,000	0	0	0	0	0	0	0	0
Repay General Fund Loan	0	2,100,000	0	0	0	0	0	0	0	0
High Priority Capital Project Funding	0	100,000	150,000	250,000	260,000	270,000	281,000	292,000	304,000	316,000
Rebate & Retrofit Programs	115,000	0	0	0	0	0	0	0	0	0
Subtotal	2,215,000	11,350,000	150,000	250,000	260,000	270,000	281,000	292,000	304,000	316,000
Total Expenses	4,354,000	14,758,000	3,654,000	3,853,000	3,968,000	4,086,000	4,209,000	4,337,000	4,471,000	4,609,000
Revenues Less Expenses	(108,000)	6,000	20,000	134,000	185,000	185,000	177,000	166,000	148,000	127,000
Ending Fund Reserves	286,000	292,000	312,000	446,000	631,000	816,000	993,000	1,159,000	1,307,000	1,434,000
Fund Rsv Target: 30% O&M + \$500K Emergency CIP	1,629,000	1,722,000	1,750,000	1,780,000	1,812,000	1,844,000	1,878,000	1,913,000	1,949,000	1,987,000
Debt Service Coverage	1.16	1.11	1.17	1.38	1.44	1.45	1.46	1.46	1.45	1.44

Table 3
 Cambria Community Services District
 Water Capital Improvement Program

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Total
Critical Near-Term Capital Needs										
Fiscallini Tank Replacement	640,000									640,000
Stuart Street Tank III	775,000									775,000
Rodeo Grounds Pump Station Repl	<u>1,025,000</u>									1,025,000
Subtotal	2,440,000									
Other High Priority Capital Needs	100,000	200,000	250,000	260,000	270,000	281,000	292,000	304,000	316,000	2,273,000
Total	2,540,000	200,000	250,000	260,000	270,000	281,000	292,000	304,000	316,000	4,713,000

Table 4
Cambria Community Services District
Historical Water Billings by Month

Billing Period For Usage in	1 Jul/Aug	2 Sep/Oct	3 Nov/Dec	4 Jan/Feb	5 Mar/Apr	6 May/Jun	Fiscal Year Total
2013/14							<u>est</u>
Water Use (hcf)	63,113	47,345	38,827	36,576	24,917	35,000	245,778
Fixed Service Charges	102,896	102,793	102,784	102,907	102,886	103,000	617,266
Usage Charges	288,513	192,906	137,198	129,137	97,979	140,000	985,733
Drought Surcharges	-	-	-	-	70,707	30,000	100,707
Total	391,409	295,699	239,982	232,044	271,572	273,000	1,703,706
2012/13							
Water Use (hcf)	61,407	51,098	40,051	40,943	44,201	54,173	291,873
Fixed Service Charges	102,587	102,672	102,723	102,809	102,907	102,915	616,613
Usage Charges	278,489	210,934	146,435	151,971	173,956	229,756	1,191,541
Total	381,076	313,606	249,158	254,780	276,863	332,671	1,808,154
2011/12							
Water Use (hcf)	51,110	48,784	40,171	42,328	40,067	51,402	273,862
Fixed Service Charges	102,507	102,438	102,479	102,613	102,505	102,331	614,873
Usage Charges	215,691	200,935	146,706	160,240	152,367	216,810	1,092,749
Total	318,198	303,373	249,185	262,853	254,872	319,141	1,707,622

Table 5
Cambria Community Services District
Debt Service Estimates

Bank Loan/Private Placement

	10-Year Bank Loan	15-Year Bank Loan	20-Year Bank Loan
Project Funding Target	\$11,250,000	\$11,250,000	\$11,250,000
Loan Amount			
Project Funding	\$11,250,000	\$11,250,000	\$11,250,000
Issuance Costs (est. for planning purposes)	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>
Total Loan Amount	11,325,000	11,325,000	11,325,000
Loan Terms			
Term (years)	10	15	20
Interest Rate (est.)	3.25%	3.75%	4.25%
Annual Debt Service	\$1,345,000	\$1,001,000	\$852,000
Total Payments Over Term of Loan	\$13,450,000	\$15,015,000	\$17,040,000
Debt Service per \$1 Million of Project Funding	\$119,556	\$88,978	\$75,733

Table 6
Cambria Community Services District
Debt Service Estimates

Bonds/COPs

		20-Year Bond With Reserve	25-Year Bond With Reserve	30-Year Bond With Reserve
Funding Target		\$11,250,000	\$11,250,000	\$11,250,000
Total Debt Issue		\$12,490,000	\$12,290,000	\$12,360,000
Project Funding		\$11,250,000	\$11,150,000	\$11,250,000
Issuance Costs & Reserve Requirement				
Underwriter Discount	1.00%	\$124,900	\$122,900	\$123,600
Issuance Costs/Contingency	est.	150,000	150,000	150,000
Debt Service Reserve Fund		960,200	863,300	827,100
Bond Insurance		tbd	tbd	tbd
Rounding		<u>4,900</u>	<u>3,800</u>	<u>9,300</u>
Total		1,240,000	1,140,000	1,110,000
Financing Terms				
Term (Years)		20	25	30
Est. Average Interest Rate	<i>on high side</i>	4.50%	4.90%	5.25%
Annual Debt Service				
Gross Annual Debt Service		960,200	863,300	827,100
Less Interest on Reserve Fund	2.00%	<u>(19,200)</u>	<u>(17,300)</u>	<u>(16,500)</u>
Net Annual Debt Service		941,000	846,000	810,600

Financing costs and interest rates estimated for financial planning purposes.

Table 7
Cambria Community Services District
3-Year Average Revenues & Expenses
Excludes Emergency Water Supply

	2014/15	2015/16	2016/17	3-Year Avg
ANNUAL REVENUES				
<i>Excludes Debt Proceeds & Emergency Supply Charges</i>				
Water Service Charge Revenues	2,000,000	2,300,000	2,600,000	2,300,000
Drought Rate Surcharges	150,000	0	0	50,000
Standby Availability	125,000	125,000	125,000	125,000
Interest Income	1,000	1,000	3,000	1,667
Other Fees and Charges	71,000	70,000	70,000	70,333
Admin/Remod/Wait List/Retrofit/Misc Revs	115,000	115,000	115,000	115,000
Total Revenues	2,462,000	2,611,000	2,913,000	2,662,000
EXPENSES				
<i>Excludes Debt-Financed Capital Projects & Emergency Water Supply Expenses</i>				
Operating & Maintenance				
Salaries & Benefits	684,000	711,000	739,000	711,333
Maintenance	388,000	404,000	420,000	404,000
Services & Supplies	336,000	349,000	363,000	349,333
Professional Services	196,000	204,000	212,000	204,000
Allocated Overhead	531,000	552,000	574,000	552,333
Subtotal	2,135,000	2,220,000	2,308,000	2,221,000
Debt Service for Critical CIP Projects	221,000	221,000	221,000	221,000
Capital & Non-Operating	100,000	150,000	250,000	166,667
Total Expenses	2,456,000	2,591,000	2,779,000	2,608,667

Table 8
Cambria Community Services District
Fixed & Variable Cost Recovery Allocation
Excludes Emergency Water Supply

Based on Projected 3-Year Average

	Projected 3-Year Avg	Cost Recovery %		Cost Recovery \$	
		Fixed	Variable	Fixed	Variable
REVENUES					
Water Service Charge Revenues	2,300,000				
Drought Rate Surcharges	50,000				
Other Revenues	312,000				
Total	2,662,000				
EXPENSES					
Operating & Maintenance					
Salaries & Benefits	711,333	35%	65%	248,967	462,367
Maintenance	404,000	35%	65%	141,400	262,600
Services & Supplies	349,333	35%	65%	122,267	227,067
Professional Services	204,000	35%	65%	71,400	132,600
Allocated Overhead	552,333	35%	65%	193,317	359,017
Subtotal	2,221,000	35%	65%	777,350	1,443,650
Debt Service for Critical CIP Projects	221,000	35%	65%	77,350	143,650
Capital & Non-Operating	166,667	35%	65%	58,333	108,333
Total Expenses	2,608,667	35%	65%	913,033	1,695,633
NET FUNDING REQUIRED FROM WATER RATES					
Total Expenses	2,608,667	35%	65%	913,033	1,695,633
Less Funding Sources Other Than Rates	(362,000)	100%	0%	(362,000)	0
Net Funding Requirement from Water Rates	2,246,667	25%	75%	551,033	1,695,633

Excludes capital improvement projects funded by grants and debt, but includes associated debt service.

Table 9
Cambria Community Services District
Active Water Accounts by Customer Class & Meter Size

Meter Size	Number of Customers ¹	Water Use 2012/13 (ccf) ²	Bi-monthly Average Water Use (ccf)
Residential			
Single Family Residential	3,350	191,442	9.5
Multi-Family Residential	133	9,761	12.2
Vacation Rental Units	<u>295</u>	<u>16,953</u>	<u>9.6</u>
Subtotal Residential	3,778	218,156	9.6
Commercial			
5/8" or 3/4" Assumed	204	45,888	37.5
1"	0	0	-
1-1/2"	3	4,622	256.8
2"	27	22,120	136.5
3"	1	325	54.2
4"	0	0	-
6"	<u>1</u>	<u>1,628</u>	<u>271.3</u>
Subtotal Commercial	236	74,583	52.7
Total	4,014	292,739	12.2

1 Source: CCSD Billing Data for Jan/Feb 2014.

2 Source: BWA analysis of annual water consumption data 2012/13.

Table 10
Cambria Community Services District
Commercial Meter Equivalents

Meter Size	Number of Customers	AWWA Meter Capacity (gpm)	Capacity Ratio	Residential Meter Equivalents	Water Use 2012/13	Bi-Monthly Use Per Meter Equiv
Residential						
Single Family	3,350		1.0	3,350	191,442	9.5
Multi-Family	133		1.0	133	9,761	12.2
Vacation Rental Units	<u>295</u>		1.0	<u>295</u>	<u>16,953</u>	<u>9.6</u>
Subtotal Residential	3,778			3,778	218,156	9.6
Commercial						
<u>Accounts by Meter Size</u>						
5/8" or 3/4" Assumed	204	30	1.0	204.0	45,888	37.5
1"	0	50	1.7	0.0	0	0.0
1-1/2"	3	100	3.3	10.0	4,622	77.0
2" or larger	<u>29</u>	160	5.3	<u>154.7</u>	<u>24,073</u>	<u>25.9</u>
Subtotal Commercial	236			368.7	74,583	33.7

Table 11
Cambria Community Services District
Accounts & Meter Equivalents

Accounts by Customer Class		Current Rate Ratios		Proposed Ratios & Meter Equivalents			
Customer Class	Accounts	Current Rates	Rate Ratios	AWWA Meter Capacity (gpm)	Capacity Ratio	Adjusted Ratios ¹	Resid. Meter Equivalents ²
Residential							
Single Family Residential	3,350	\$23.82	1.0		1.00	1.00	3,350.0
Multi-Family Residential	133	23.82			1.00	1.00	133.0
Vacation Rental Units	<u>295</u>	23.82			1.00	1.00	<u>295.0</u>
Subtotal Residential	3,778						3,778.0
Commercial							
5/8" or 3/4"	204	54.07	2.3	30	1.00	<u>2x (conservative est.)</u> 2.00	408.0
1"	0	54.07	2.3	50	1.67	3.33	0.0
1-1/2"	3	54.07	2.3	100	3.33	6.67	20.0
2" or larger	<u>29</u>	54.07	2.3	160	5.33	10.67	<u>309.3</u>
Subtotal	236						737.3
Total	4,014						4,515.3

1 Adjusted Ratio for Commercial accounts conservatively estimated at 2.0x the Capacity Ratio for Residential accounts.

2 Calculated by multiplying the number of accounts for each customer type by the Adjusted Ratios.

Table 12
Cambria Community Services District
Fixed Meter Charge Calculation

	2014/15	2015/16	2016/17
Annual Revenue Requirement from Rates	\$2,000,000	\$2,300,000	\$2,600,000
Fixed Residential Water Charge			
Bi-Monthly Base Charge per Residential Equivalent	\$24.00	\$25.00	\$26.00
Total Residential Meter Equivalents	4,515	4,515	4,515
Annual Revenues from Fixed Meter Charges	\$650,208	\$677,300	\$704,392
% of Annual Revenue Requirement from Rates	32.5%	29.4%	27.1%

Table 13
 Cambria Community Services District
 Proposed Fixed Meter Charges

		Current	Proposed		
		Charges	2014/15	2015/16	2016/17
Fixed Bi-Monthly Meter Charges					
<i>Base charge per account regardless of water use</i>					
Residential					
Per Dwelling Unit		\$23.82	\$24.00	\$25.00	\$26.00
Commercial					
<u>Meter Size</u>	<u>Capacity Ratio¹</u>				
5/8" or 3/4"	2.000	\$54.07	\$48.00	\$50.00	\$52.00
1"	3.333	54.07	80.00	83.33	86.67
1-1/2"	6.667	54.07	160.00	166.67	173.33
2" & Larger	10.667	54.07	256.00	266.67	277.33

1 Based on analysis of water billing data and standard AWWA meter capacities.

Table 14
Cambria Community Services District
Water Quantity Charge Calculation

	2014/15	2015/16	2016/17
Annual Revenue Requirement from Rates	\$2,000,000	\$2,300,000	\$2,600,000
Annual Revenues from Fixed Meter Charges	\$650,208	\$677,300	\$704,392
% of Annual Revenue Requirement from Rates	32.5%	29.4%	27.1%
Water Quantity Charges			
Revenue Requirement from Water Sales	\$1,349,792	\$1,622,700	\$1,895,608
% of Annual Revenue Requirement from Rates	67.5%	70.6%	72.9%
Est. Total Units of Metered Water Use (ccf) ¹	225,000	225,000	225,000
Average Rate per Unit (\$/ccf)	\$6.00	\$7.21	\$8.42
<i>Equivalent Rate per 100 gallons</i>	\$0.80	\$0.96	\$1.13

¹ Actual use may vary, lower use may result in need for additional rate increases.

Table 15
 Cambria Community Services District
 Water Quantity Charges A

Alternative A
Uniform Rate for All Water Use

	2014/15	2015/16	2016/17
WATER QUANTITY CHARGES (\$/ccf)			
Rate for All Water Use	\$6.00	\$7.25	\$8.50
<i>Equivalent Rate per 100 Gallons</i>	<i>\$0.80</i>	<i>\$0.97</i>	<i>\$1.14</i>

Table 16
Cambria Community Services District
Water Quantity Charges

Alternative B
3-Tiered Rate Structure

			2014/15	2015/16	2016/17
WATER USE BY TIER					
<u>Tier</u>	<u>Use in Tier</u>	<u>% Use in Tier</u>	<u>Projected Water Use (ccf)</u>		
Tier 1	1 - 4 ccf	32%	72,000	72,000	72,000
Tier 2	5 - 16 ccf	38%	85,500	85,500	85,500
Tier 3	>16 ccf	<u>30%</u>	<u>67,500</u>	<u>67,500</u>	<u>67,500</u>
Total		100%	225,000	225,000	225,000
WATER QUANTITY CHARGES (\$/ccf)					
<u>Tier</u>	<u>Use in Tier</u>				
Tier 1	1 - 4 ccf		\$3.00	\$3.63	\$4.25
Tier 2	5 - 16 ccf		6.00	7.25	\$8.50
Tier 3	>16 ccf		9.00	10.88	\$12.75
REVENUES					
Tier 1	1 - 4 ccf		\$216,000	\$261,360	\$306,000
Tier 2	5 - 16 ccf		513,000	619,875	726,750
Tier 3	>16 ccf		<u>607,500</u>	<u>734,400</u>	<u>860,625</u>
Subtotal			\$1,336,500	\$1,615,635	\$1,893,375
<i>Weighted Average</i>			<i>\$5.94</i>	<i>\$7.18</i>	<i>\$8.42</i>
<i>Revenue Target</i>			<i>\$1,349,792</i>	<i>\$1,622,700</i>	<i>\$1,895,608</i>

Table 17
Cambria Community Services District
Water Quantity Charges

Alternative C
Escalating Rates

	2014/15	2015/16	2016/17
WATER USE BY TIER			
<u>Water Use (ccf)</u>	<u>% Use</u>	<u>Projected Water Use (ccf)</u>	
1	8.0%	18,000	18,000
2	7.5%	16,900	16,900
3	7.0%	15,800	15,800
4	6.5%	14,600	14,600
5	6.0%	13,500	13,500
6	5.5%	12,400	12,400
7	5.0%	11,300	11,300
8+	54.5%	122,600	122,600
Total	100.0%	225,000	225,000
WATER QUANTITY CHARGES (\$/ccf)			
<u>Water Use (ccf)</u>			
1		\$1.00	\$1.20
2		2.00	2.40
3		3.00	3.60
4		4.00	4.80
5		5.00	6.00
6		6.00	7.20
7		7.00	8.40
8+		8.00	9.60
REVENUES			
1		\$18,000	\$21,600
2		33,800	40,560
3		47,400	56,880
4		58,400	70,080
5		67,500	81,000
6		74,400	89,280
7		79,100	94,920
8+		980,800	1,176,960
Total		1,359,400	1,631,280
<i>Weighted Average</i>		<i>\$6.04</i>	<i>\$7.25</i>
Revenue Target		\$1,349,792	\$1,622,700
			\$1,895,608

Table 18
Cambria Community Services District
Conceptual Water Rates Alternatives

Water Rate Only
Excludes Emergency Water Supply

	2014/15	2015/16	2016/17
FIXED BI-MONTHLY METER CHARGE			
Residential			
Per Dwelling Unit	\$24.00	\$25.00	\$26.00
Commercial			
<u>Meter Size</u>	<u>Capacity Ratio</u>		
5/8" or 3/4"	2.000	\$48.00	\$50.00
1"	3.333	80.00	83.33
1-1/2"	6.667	160.00	166.67
2" & Larger	10.667	256.00	266.67
WATER QUANTITY CHARGES (\$/ccf)			
Alternative A: Uniform Rate			
Rate for All Water Use	\$6.00	\$7.25	\$8.50
Alternative B: 3-Tiered Rate Structure			
<u>Tier</u>	<u>Use in Tier</u>		
Tier 1	1 - 4 ccf	\$3.00	\$3.63
Tier 2	5 - 16 ccf	6.00	7.25
Tier 3	>16 ccf	9.00	10.88
Alternative C: Escalating Rates			
<u>Water Use (ccf)</u>			
1	\$1.00	\$1.20	\$1.40
2	2.00	2.40	2.80
3	3.00	3.60	4.20
4	4.00	4.80	5.60
5	5.00	6.00	7.00
6	6.00	7.20	8.40
7	7.00	8.40	9.80
8+	8.00	9.60	11.20

Table 19
 Cambria Community Services District
 Rate Impacts With Approx. 20% Conservation

Alternative A
Uniform Rate for All Water Use
Excludes Emergency Water Supply

	Bi-Monthly Use (ccf)	% of Bills at or Below	With 20% Conservation	Current Monthly Bill	Monthly Water Bills with Approx 20% Conservation		
					2014/15	2015/16	2016/17
Single Family Residential Rate Impacts				<u>Without Conservation</u>			
Low Use	4	25%	3	\$11.91	\$21.00	\$23.38	\$25.75
Median Use	8	50%	6	17.96	30.00	34.25	38.50
Average Use	10	65%	8	24.01	36.00	41.50	47.00
Mod-High Use	12	75%	10	30.06	42.00	48.75	55.50
High Use	20	90%	16	54.59	59.99	70.50	81.00
Sample Commercial & Multi-Family Residential Rate Impacts							
<u>Meter Size 5/8" or 3/4"</u>							
Low Use	8		6	\$33.73	\$42.00	\$46.75	\$51.50
Moderate Use	15		12	57.14	59.99	68.50	77.00
Mod-High Use	25		20	91.59	83.99	97.50	111.00
<u>Meter Size 2"</u>							
Low Use	50		40	\$202.64	\$247.98	\$278.34	\$308.67
Moderate Use	100		80	386.52	367.96	423.34	478.67
Mod-High Use	200		160	805.02	607.93	713.34	818.67

Table 20
Cambria Community Services District
Rate Impacts With Approx. 20% Conservation

Alternative B
3-Tiered Rate Structure
Excludes Emergency Water Supply

	Bi-Monthly Use (ccf)	% of Bills at or Below	With 20% Conservation	Current Monthly Bill	Monthly Water Bills with Approx 20% Conservation		
					2014/15	2015/16	2016/17
Single Family Residential Rate Impacts				<u>Without Conservation</u>			
Low Use	4	25%	3	\$11.91	\$16.50	\$17.95	\$19.38
Median Use	8	50%	6	17.96	24.00	27.01	30.00
Average Use	10	65%	8	24.01	30.00	34.26	38.50
Mod-High Use	12	75%	10	30.06	36.00	41.51	47.00
High Use	20	90%	16	54.59	54.00	63.26	72.50
Sample Commercial & Multi-Family Residential Rate Impacts							
<u>Meter Size 5/8" or 3/4"</u>							
Low Use	8		6	\$33.73	\$36.00	\$39.51	\$43.00
Moderate Use	15		12	57.14	54.00	61.26	68.50
Mod-High Use	25		20	91.59	84.00	97.52	111.00
<u>Meter Size 2"</u>							
Low Use	50		40	\$202.64	\$278.00	\$314.66	\$351.17
Moderate Use	100		80	386.52	458.00	532.26	606.17
Mod-High Use	200		160	805.02	818.00	967.46	1,116.17

Table 21
 Cambria Community Services District
 Rate Impacts With Approx. 20% Conservation

Alternative C
Escalating Rates
Excludes Emergency Water Supply

	Bi-Monthly Use (ccf)	% of Bills at or Below	With 20% Conservation	Current Monthly Bill	Monthly Water Bills with Approx 20% Conservation		
					2014/15	2015/16	2016/17
Single Family Residential Rate Impacts				<u>Without Conservation</u>			
Low Use	4	25%	3	\$11.91	\$15.00	\$16.10	\$17.20
Median Use	8	50%	6	17.96	22.50	25.10	27.70
Average Use	10	65%	8	24.01	30.00	34.10	38.20
Mod-High Use	12	75%	10	30.06	38.00	43.70	49.40
High Use	20	90%	16	54.59	62.00	72.50	83.00
Sample Commercial & Multi-Family Residential Rate Impacts							
<u>Meter Size 5/8" or 3/4"</u>							
Low Use	8		6	\$33.73	\$34.50	\$34.50	\$40.70
Moderate Use	15		12	57.14	58.00	58.00	73.60
Mod-High Use	25		20	91.59	90.00	90.00	118.40
<u>Meter Size 2"</u>							
Low Use	50		40	\$202.64	\$274.00	\$308.54	\$343.07
Moderate Use	100		80	386.52	434.00	500.54	567.07
Mod-High Use	200		160	805.02	754.00	884.54	1,015.07

Table 22
Cambria Community Services District
Rate Impacts

Water Rates Only
Excludes Emergency Water Supply

	Bi-Monthly Use (ccf)	% of Bills at or Below	With 20% Conservation	Current Monthly Bill	Monthly Bill with 20% Conservation								
					2014/15			2015/16			2016/17		
				Without Conservation	<u>Alt A</u>	<u>Alt B</u>	<u>Alt C</u>	<u>Alt A</u>	<u>Alt B</u>	<u>Alt C</u>	<u>Alt A</u>	<u>Alt B</u>	<u>Alt C</u>
Single Family Residential Rate Impacts													
Low Use	4	25%	3	\$11.91	\$21.00	\$16.50	\$15.00	\$23.38	\$17.95	\$16.10	\$25.75	\$19.38	\$17.20
Median Use	8	50%	6	17.96	30.00	24.00	22.50	34.25	27.01	25.10	38.50	30.00	27.70
Average Use	10	65%	8	24.01	36.00	30.00	30.00	41.50	34.26	34.10	47.00	38.50	38.20
Mod-High Use	12	75%	10	30.06	42.00	36.00	38.00	48.75	41.51	43.70	55.50	47.00	49.40
High Use	20	90%	16	54.59	59.99	54.00	62.00	70.50	63.26	72.50	81.00	72.50	83.00
Sample Commercial & Multi-Family Residential Rate Impacts													
<u>Meter Size 5/8" or 3/4"</u>													
Low Use	8		6	\$33.73	\$42.00	\$36.00	\$34.50	\$46.75	\$39.51	\$34.50	\$51.50	\$43.00	\$40.70
Moderate Use	15		12	57.14	59.99	54.00	58.00	68.50	61.26	58.00	77.00	68.50	73.60
Mod-High Use	25		20	91.59	83.99	84.00	90.00	97.50	97.52	90.00	111.00	111.00	118.40
<u>Meter Size 2"</u>													
Low Use	50		40	202.64	\$247.98	\$278.00	\$274.00	\$278.34	\$314.66	\$308.54	\$308.67	\$351.17	\$343.07
Moderate Use	100		80	386.52	367.96	458.00	434.00	423.34	532.26	500.54	478.67	606.17	567.07
Mod-High Use	200		160	805.02	607.93	818.00	754.00	713.34	967.46	884.54	818.67	1,116.17	1,015.07

Table 23
 Cambria Community Services District
 Emergency Water Supply: Capital Cost Recovery, Fixed Charges
Billed on an Ongoing Basis

Emergency Water Supply
 Fixed Capital Cost Recovery

Emergency Water Supply Annual Debt Service	\$800,000
Contingency 20%	160,000
Minimum Facility Maintenance Charges	<u>50,000</u>
Total	1,010,000

Fixed Cost Recovery %	35%
Fixed Cost Recovery \$	\$353,500

Divided by Total Residential Meter Equivalents	4,515
--	-------

Charge per Residential Meter Equivalent	
Annual	\$78.29
Bi-Monthly	13.05
<i>Rounded</i>	<i>13.00</i>

Bi-Monthly Fixed Charge	
Residential Charge per Dwelling Unit	\$13.00

Commercial		
<u>Meter Size</u>	<u>Capacity Ratio¹</u>	
5/8" or 3/4"	2.00	\$26.00
1"	3.33	43.33
1-1/2"	6.67	86.67
2" or larger	10.67	138.67

1 Based on analysis of water billing data and standard AWWA meter capacities.

Table 24
Cambria Community Services District
Emergency Water Supply: Capital Cost Recovery, Variable Charges
Billed on an Ongoing Basis

**Emergency Water Supply
Alternative A: Uniform Rate**

Emergency Water Supply Annual Debt Service	\$800,000
Contingency 20%	160,000
Minimum Facility Maintenance Charges	<u>50,000</u>
Total	1,010,000

Variable Cost Recovery %	65%
Variable Cost Recovery \$	\$656,500
Total Projected Units of Water Sold ¹	225,000

Alternative A: Uniform Rate on All Use

Charge per ccf for all water use	\$2.918
Proposed	\$2.95

1 Assumes 20% cutback in water use due to lasting effects of drought response and price elasticity

Table 25

Cambria Community Services District

Emergency Water Supply: Capital Cost Recovery, Variable Charges

Billed on an Ongoing Basis

Emergency Water Supply

Alternative B: 3-Tiered Rate Structure

Emergency Water Supply Annual Debt Service	\$800,000
Contingency 20%	160,000
Minimum Facility Maintenance Charges	<u>50,000</u>
Total	1,010,000

Variable Cost Recovery %	65%
Variable Cost Recovery \$	\$656,500
Total Projected Units of Water Sold ¹	225,000

Alternative B: 3-Tiered Rate Structure (Reduced Impact on Low Use)

<u>Water Use Tier</u>	<u>Use in Tier</u>	<u>% Use in Tier</u>	
Tier 1	1 - 4 ccf	32%	\$1.50
Tier 2	5 - 16 ccf	38%	3.00
Tier 3	>16 ccf	<u>30%</u>	4.50
		100%	
Weighted Average Rate			\$2.97
Target			\$2.92

Table 26
Cambria Community Services District
Emergency Water Supply: Capital Cost Recovery, Variable Charges
Billed on an Ongoing Basis

**Emergency Water Supply
Alternative C: Escalating Rates**

Emergency Water Supply Annual Debt Service	\$800,000
Contingency 20%	160,000
Minimum Facility Maintenance Charges	<u>50,000</u>
Total	1,010,000

Variable Cost Recovery %	65%
Variable Cost Recovery \$	\$656,500
Total Projected Units of Water Sold¹	225,000

Alternative C: Escalating Rates

<u>Water Use (ccf)</u>	<u>% Use in Tier</u>	
1	9.0%	\$1.00
2	8.7%	1.40
3	8.3%	1.80
4	7.8%	2.20
5	7.4%	2.60
6	7.0%	3.00
7	6.3%	3.40
8+	<u>45.5%</u>	3.90
	100.0%	
Weighted Average Rate		\$2.92
Target		\$2.92

Table 27
Cambria Community Services District
Emergency Water Supply: Capital Cost Recovery

**Emergency Water Supply
Total Capital Cost Recovery**

Fixed Bi-Monthly Meter Charges

Residential Charge per Dwelling Unit \$13.00

Commercial

<u>Meter Size</u>	<u>Capacity Ratio¹</u>	
5/8" or 3/4"	2.00	\$26.00
1"	3.33	43.33
1-1/2"	6.67	86.67
2" or larger	10.67	138.67

Water Quantity Charges

Alternative A: Uniform Rate on All Use

Charge per ccf for all water use \$2.95

Alternative B: 3-Tiered Rate Structure (Reduced Impact on Low Use)

<u>Water Use Tier</u>	<u>Use in Tier</u>	
Tier 1	1 - 4 ccf	\$1.50
Tier 2	5 - 16 ccf	3.00
Tier 3	>16 ccf	4.50

Alternative C: Escalating Rates

<u>Water Use (ccf)</u>	
1	\$1.00
2	1.40
3	1.80
4	2.20
5	2.60
6	3.00
7	3.40
8+	3.90

1 Based on analysis of water billing data and standard AWWA meter capacities.

Table 28
Cambria Community Services District
Emergency Water Supply: Operating Cost Recovery
Billed on an Ongoing Basis

Emergency Water Supply
Alternative A: Uniform Rate
July-Oct Operating Charges

4 Months Emergency Supply Variable Operating Expenses 4 Months	\$220,000
Contingency 20%	<u>44,000</u>
Total	264,000
Total Projected Units of Water Sold July - October ¹	85,000

Alternative A: Uniform Rate on All Use

Charge per ccf for all water use	\$3.106
Rounded	\$3.10

1 Estimated at 75% of water use in 2012/13 to account for conservtion and drought response.

Table 29
Cambria Community Services District
Emergency Water Supply: Operating Cost Recovery
Billed on an Ongoing Basis

Emergency Water Supply
Alternative B: 3-Tiered Rate Structure
July-Oct Operating Charges

4 Months Emergency Supply Variable Operating Expenses 4	\$220,000
Contingency 20%	<u>44,000</u>
Total	264,000
Total Projected Units of Water Sold July - October ¹	85,000

Alternative B: 3-Tiered Rate Structure (Reduced Impact on Low Use)

<u>Water Use Tier</u>	<u>Use in Tier</u>	<u>% Use in Tier</u>	
Tier 1	1 - 4 ccf	32%	\$1.50
Tier 2	5 - 16 ccf	38%	3.00
Tier 3	>16 ccf	<u>30%</u>	5.00
		100%	
Weighted Average Rate			\$3.12
Target			\$3.11

1 Estimated at 75% of water use in 2012/13 to account for conservation and drought response.

Table 30
 Cambria Community Services District
 Emergency Water Supply: Operating Cost Recovery
Billed on an Ongoing Basis

Emergency Water Supply
 Alternative C: Escalating Rates
 July-Oct Operating Charges

4 Months Emergency Supply Variable Operating Expenses 4 Months	\$220,000
Contingency 20%	<u>44,000</u>
Total	264,000
Total Projected Units of Water Sold July - October ¹	85,000

Alternative C: Escalating Rates

<u>Water Use (ccf)</u>	<u>% Use in Tier</u>	
1	9.0%	\$0.75
2	8.7%	1.25
3	8.3%	1.75
4	7.8%	2.25
5	7.4%	2.75
6	7.0%	3.25
7	6.3%	3.75
8+	<u>45.5%</u>	4.25
	100.0%	
Weighted Average Rate		\$3.10
Target		\$3.11

¹ Estimated at 75% of water use in 2012/13 to account for conservation and drought response.

Table 31
 Cambria Community Services District
 Emergency Water Supply: Operating Cost Recovery

Emergency Water Supply
 July-Oct Operating Charges

Bi-Monthly Fixed Charges

Residential *Charge per Dwelling Unit* \$13.00

Commercial

<u>Meter Size</u>	<u>Capacity Ratio</u> ¹	
5/8" or 3/4"	2.00	\$26.00
1"	3.33	43.33
1-1/2"	6.67	86.67
2" or larger	10.67	138.67

Water Quantity Charges

Alternative A: Uniform Rate on All Use

Charge per ccf for all water use \$3.10

Alternative B: 3-Tiered Rate Structure (Reduced Impact on Low Use)

<u>Water Use Tier</u>	<u>Use in Tier</u>	
Tier 1	1 - 4 ccf	\$1.50
Tier 2	5 - 16 ccf	3.00
Tier 3	>16 ccf	5.00

Alternative C: Escalating Rates

<u>Water Use (ccf)</u>	
1	\$0.75
2	1.25
3	1.75
4	2.25
5	2.75
6	3.25
7	3.75
8+	4.25

¹ Estimated at 75% of water use in 2012/13 to account for conservation & drought response.

Table 32
Cambria Community Services District
Rate Impacts of Emergency Water Supply Capital Cost Recovery

	% of Bills at or Below	Bi-Monthly Use 20% Conservation	Monthly Charges			Plus O&M Surcharges		
			<i>Billed Throughout Year</i>			<i>During Periods of Operation</i>		
			<u>Alt A</u>	<u>Alt B</u>	<u>Alt C</u>	<u>Alt A</u>	<u>Alt B</u>	<u>Alt C</u>
Single Family Residential Rate Impacts								
Low Use	25%	3	\$10.93	\$8.75	\$8.60	\$4.65	\$2.25	\$1.88
Median Use	50%	6	15.35	12.50	12.50	9.30	6.00	6.00
Average Use	65%	8	18.30	15.50	16.15	12.40	9.00	10.00
Mod-High Use	75%	10	21.25	18.50	20.05	15.50	12.00	14.25
High Use	90%	16	30.10	27.50	31.75	24.80	21.00	27.00
Sample Commercial & Multi-Family Residential Rate Impacts								
<u>Meter Size 5/8" or 3/4"</u>								
Low Use		6	\$21.85	\$17.50	\$19.00	\$9.30	\$6.00	\$6.00
Moderate Use		12	30.70	26.50	30.45	18.60	15.00	18.50
Mod-High Use		20	42.50	41.50	46.05	31.00	31.00	35.50
<u>Meter Size 2"</u>								
Low Use		40	\$128.33	\$142.83	\$141.38	\$62.00	\$81.00	\$78.00
Moderate Use		80	187.33	232.83	219.38	124.00	181.00	163.00
Mod-High Use		160	305.33	412.83	375.38	248.00	381.00	333.00

Table 33

Cambria Community Services District
Total Combined Rate Impacts

Water Rates + Emergency Water Supply Surcharges

Total Combined Rate Impacts: Water Rates + Emergency Water Supply Surcharges

	Bi-Monthly Use (ccf)	% of Bills at or Below	With 20% Conservation	Current Monthly Bill	Monthly Bill + EWS Capital Surcharge (with 20% Conservation)									Plus EWS O&M			
					2014/15			2015/16			2016/17			During Periods of Operation			
				Without Conservation	Alt A	Alt B	Alt C	Alt A	Alt B	Alt C	Alt A	Alt B	Alt C	Alt A	Alt B	Alt C	
Single Family Residential Rate Impacts																	
Low Use	4	25%	3	\$11.91	\$31.92	\$25.25	\$23.60	\$34.30	\$26.70	\$24.70	\$36.68	\$28.13	\$25.80	\$4.65	\$2.25	\$1.88	
Median Use	8	50%	6	17.96	45.35	36.50	35.00	49.60	39.51	37.60	53.85	42.50	40.20	9.30	6.00	6.00	
Average Use	10	65%	8	24.01	54.30	45.50	46.15	59.80	49.76	50.25	65.30	54.00	54.35	12.40	9.00	10.00	
Mod-High Use	12	75%	10	30.06	63.25	54.50	58.05	70.00	60.01	63.75	76.75	65.50	69.45	15.50	12.00	14.25	
High Use	20	90%	16	54.59	90.09	81.50	93.75	100.60	90.76	104.25	111.10	100.00	114.75	24.80	21.00	27.00	
Sample Commercial & Multi-Family Residential Rate Impacts																	
Meter Size 5/8" or 3/4"																	
Low Use	8		6	\$33.73	\$63.85	\$53.50	\$53.50	\$68.60	\$57.01	\$53.50	\$73.35	\$60.50	\$59.70	\$9.30	\$6.00	\$6.00	
Moderate Use	15		12	57.14	90.69	80.50	88.45	99.20	87.76	88.45	107.70	95.00	104.05	18.60	15.00	18.50	
Mod-High Use	25		20	91.59	126.49	125.50	136.05	140.00	139.02	136.05	153.50	152.50	164.45	31.00	31.00	35.50	
Meter Size 2"																	
Low Use	50		40	\$202.64	\$376.31	\$420.83	\$415.38	\$406.67	\$457.49	\$449.92	\$437.00	\$494.00	\$484.45	\$62.00	\$81.00	\$78.00	
Moderate Use	100		80	386.52	555.30	690.83	653.38	610.67	765.09	719.92	666.00	839.00	786.45	124.00	181.00	163.00	
Mod-High Use	200		160	805.02	913.26	1,230.83	1,129.38	1,018.67	1,380.29	1,259.92	1,124.00	1,529.00	1,390.45	248.00	381.00	333.00	

Water Use Analysis

Table B-1
 Cambria Community Services District
 Consumption Block Analysis 2012/13 (All Accounts)

All Accounts: Annual Use
 Median Bi-Monthly Use: 8.0 hcf
 Average Bi-Monthly Use: 13.1 hcf

Bi-Monthly Use (hcf)	Number of Bills				Water Use (hcf)		Use Through Break	
	In Block	% of Total	Cumulative	Cumulative %	In Block	% of Ttl	Use (hcf)	% of Ttl
0 (est)	300	1.3%	300	1.3%	0	0.0%	0	0.0%
1	1,421	6.1%	1,721	7.4%	1,421	0.5%	22,862	7.6%
2	1,226	5.3%	2,947	12.7%	2,452	0.8%	44,303	14.6%
3	1,318	5.7%	4,265	18.4%	3,954	1.3%	64,518	21.3%
4	1,432	6.2%	5,697	24.6%	5,728	1.9%	83,415	27.5%
5	1,558	6.7%	7,255	31.3%	7,790	2.6%	100,880	33.3%
6	1,592	6.9%	8,847	38.2%	9,552	3.2%	116,787	38.6%
7	1,611	7.0%	10,458	45.2%	11,277	3.7%	131,102	43.3%
8	1,451	6.3%	11,909	51.4%	11,608	3.8%	143,806	47.5%
9	1,334	5.8%	13,243	57.2%	12,006	4.0%	155,059	51.2%
10	1,281	5.5%	14,524	62.7%	12,810	4.2%	164,978	54.5%
11	1,095	4.7%	15,619	67.4%	12,045	4.0%	173,616	57.3%
12	1,015	4.4%	16,634	71.8%	12,180	4.0%	181,159	59.8%
13	862	3.7%	17,496	75.5%	11,206	3.7%	187,687	62.0%
14	746	3.2%	18,242	78.8%	10,444	3.4%	193,353	63.9%
15	593	2.6%	18,835	81.3%	8,895	2.9%	198,273	65.5%
16	461	2.0%	19,296	83.3%	7,376	2.4%	202,600	66.9%
17	462	2.0%	19,758	85.3%	7,854	2.6%	206,466	68.2%
18	378	1.6%	20,136	86.9%	6,804	2.2%	209,870	69.3%
19	336	1.5%	20,472	88.4%	6,384	2.1%	212,896	70.3%
20	297	1.3%	20,769	89.7%	5,940	2.0%	215,586	71.2%
21	247	1.1%	21,016	90.7%	5,187	1.7%	217,979	72.0%
22	216	0.9%	21,232	91.7%	4,752	1.6%	220,125	72.7%
23	182	0.8%	21,414	92.5%	4,186	1.4%	222,055	73.3%
24	161	0.7%	21,575	93.1%	3,864	1.3%	223,803	73.9%
25	158	0.7%	21,733	93.8%	3,950	1.3%	225,390	74.4%
26	126	0.5%	21,859	94.4%	3,276	1.1%	226,819	74.9%
27	101	0.4%	21,960	94.8%	2,727	0.9%	228,122	75.3%
28	86	0.4%	22,046	95.2%	2,408	0.8%	229,324	75.7%
29	80	0.3%	22,126	95.5%	2,320	0.8%	230,440	76.1%
30	59	0.3%	22,185	95.8%	1,770	0.6%	231,476	76.4%
31	50	0.2%	22,235	96.0%	1,550	0.5%	232,453	76.8%
32	71	0.3%	22,306	96.3%	2,272	0.8%	233,380	77.1%
33	54	0.2%	22,360	96.5%	1,782	0.6%	234,236	77.4%
34	37	0.2%	22,397	96.7%	1,258	0.4%	235,038	77.6%
35	34	0.1%	22,431	96.8%	1,190	0.4%	235,803	77.9%
36	38	0.2%	22,469	97.0%	1,368	0.5%	236,534	78.1%
37	31	0.1%	22,500	97.1%	1,147	0.4%	237,227	78.3%
38	31	0.1%	22,531	97.3%	1,178	0.4%	237,889	78.6%
39	25	0.1%	22,556	97.4%	975	0.3%	238,520	78.8%
40	24	0.1%	22,580	97.5%	960	0.3%	239,126	79.0%
41	25	0.1%	22,605	97.6%	1,025	0.3%	239,708	79.2%
42	17	0.1%	22,622	97.7%	714	0.2%	240,265	79.4%
43	17	0.1%	22,639	97.7%	731	0.2%	240,805	79.5%
44	26	0.1%	22,665	97.9%	1,144	0.4%	241,328	79.7%
45	11	0.0%	22,676	97.9%	495	0.2%	241,825	79.9%
46	20	0.1%	22,696	98.0%	920	0.3%	242,311	80.0%
47	17	0.1%	22,713	98.1%	799	0.3%	242,777	80.2%
48	14	0.1%	22,727	98.1%	672	0.2%	243,226	80.3%
49	16	0.1%	22,743	98.2%	784	0.3%	243,661	80.5%
50	8	0.0%	22,751	98.2%	400	0.1%	244,080	80.6%
51-100	203	0.9%	22,954	99.1%	13,689	4.5%	258,019	85.2%
101-200	109	0.5%	23,063	99.6%	15,357	5.1%	272,376	90.0%
201-300	46	0.2%	23,109	99.8%	10,973	3.6%	279,449	92.3%
301-400	16	0.1%	23,125	99.8%	5,442	1.8%	283,791	93.7%
401-500	8	0.0%	23,133	99.9%	3,480	1.1%	286,971	94.8%
500-1000	25	0.1%	23,158	100.0%	16,950	5.6%	293,421	96.9%
>1000	4	0.0%	23,162	100.0%	13,366	4.4%	302,787	100.0%
Total	23,162	100.0%			302,787	100.0%		

Cambria Community Services District

Distribution of Bi-Monthly Water Bills for All Accounts 2012/13

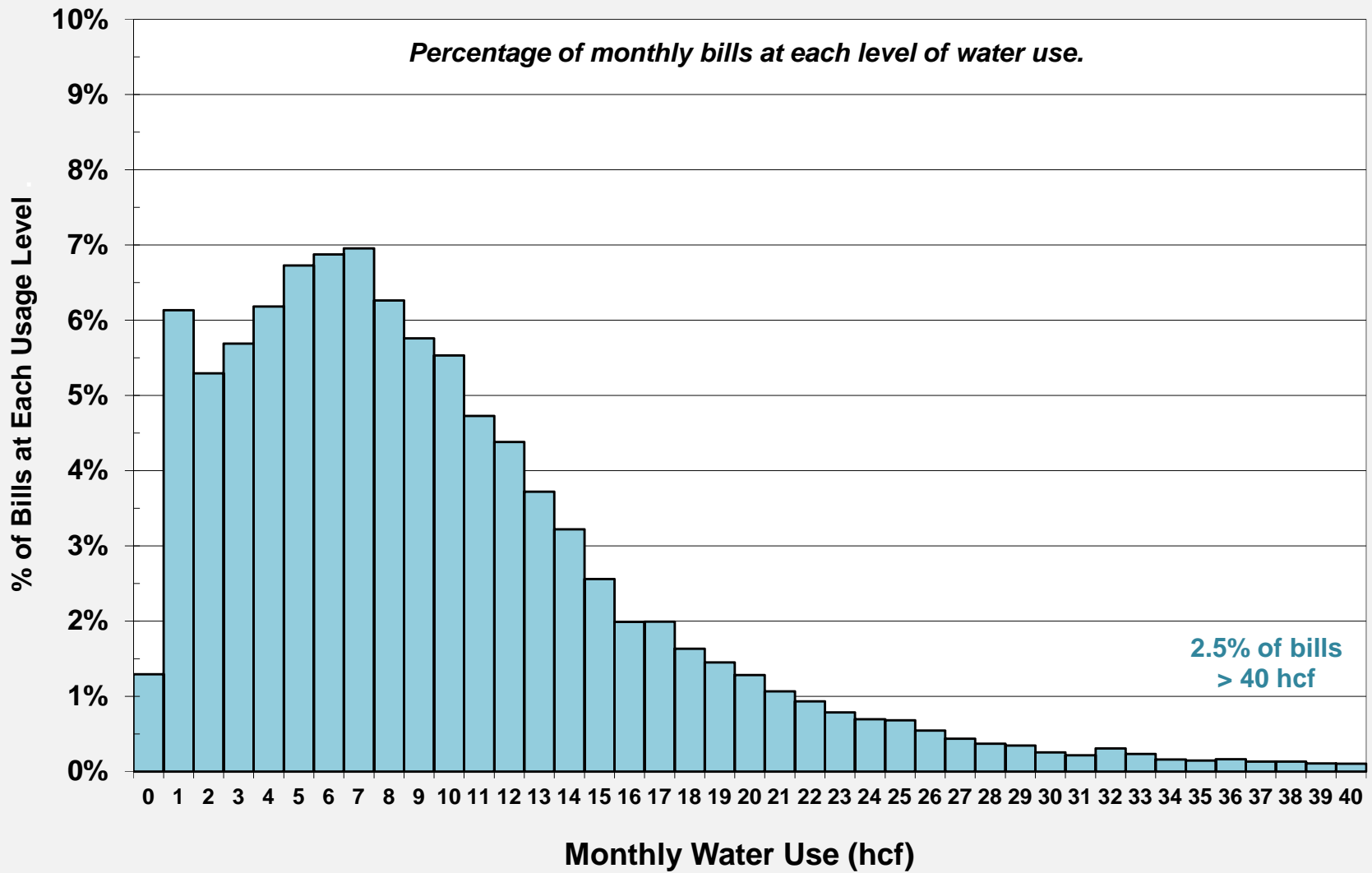


Table B-2
 Cambria Community Services District
 Consumption Block Analysis 2012/13 (Residential)

Residential Accounts Only
 Median Bi-Monthly Use: 7.5 hcf
 Average Bi-Monthly Use: 10.0 hcf

Bi-Monthly Use (hcf)	Number of Bills				Water Use (hcf)		Use Through Break	
	In Block	% of Total	Cumulative	Cumulative %	In Block	% of Ttl	Use (hcf)	% of Ttl
0 (est)	260	1.3%	260	1.3%	0	0.0%	0	0.0%
1	1,191	5.9%	1,451	7.2%	1,191	0.6%	19,826	9.9%
2	1,037	5.2%	2,488	12.4%	2,074	1.0%	38,461	19.1%
3	1,160	5.8%	3,648	18.2%	3,480	1.7%	56,059	27.9%
4	1,270	6.3%	4,918	24.5%	5,080	2.5%	72,497	36.0%
5	1,383	6.9%	6,301	31.4%	6,915	3.4%	87,665	43.6%
6	1,427	7.1%	7,728	38.5%	8,562	4.3%	101,450	50.4%
7	1,445	7.2%	9,173	45.7%	10,115	5.0%	113,808	56.5%
8	1,295	6.4%	10,468	52.1%	10,360	5.1%	124,721	62.0%
9	1,197	6.0%	11,665	58.1%	10,773	5.4%	134,339	66.7%
10	1,163	5.8%	12,828	63.9%	11,630	5.8%	142,760	70.9%
11	992	4.9%	13,820	68.8%	10,912	5.4%	150,018	74.5%
12	914	4.6%	14,734	73.4%	10,968	5.4%	156,284	77.7%
13	771	3.8%	15,505	77.2%	10,023	5.0%	161,636	80.3%
14	660	3.3%	16,165	80.5%	9,240	4.6%	166,217	82.6%
15	542	2.7%	16,707	83.2%	8,130	4.0%	170,138	84.5%
16	413	2.1%	17,120	85.2%	6,608	3.3%	173,517	86.2%
17	401	2.0%	17,521	87.2%	6,817	3.4%	176,483	87.7%
18	323	1.6%	17,844	88.8%	5,814	2.9%	179,048	89.0%
19	285	1.4%	18,129	90.3%	5,415	2.7%	181,290	90.1%
20	258	1.3%	18,387	91.5%	5,160	2.6%	183,247	91.0%
21	212	1.1%	18,599	92.6%	4,452	2.2%	184,946	91.9%
22	184	0.9%	18,783	93.5%	4,048	2.0%	186,433	92.6%
23	156	0.8%	18,939	94.3%	3,588	1.8%	187,736	93.3%
24	140	0.7%	19,079	95.0%	3,360	1.7%	188,883	93.8%
25	135	0.7%	19,214	95.7%	3,375	1.7%	189,890	94.3%
26	103	0.5%	19,317	96.2%	2,678	1.3%	190,762	94.8%
27	80	0.4%	19,397	96.6%	2,160	1.1%	191,531	95.2%
28	69	0.3%	19,466	96.9%	1,932	1.0%	192,220	95.5%
29	67	0.3%	19,533	97.2%	1,943	1.0%	192,840	95.8%
30	48	0.2%	19,581	97.5%	1,440	0.7%	193,393	96.1%
31	40	0.2%	19,621	97.7%	1,240	0.6%	193,898	96.3%
32	53	0.3%	19,674	97.9%	1,696	0.8%	194,363	96.6%
33	45	0.2%	19,719	98.2%	1,485	0.7%	194,775	96.8%
34	26	0.1%	19,745	98.3%	884	0.4%	195,142	97.0%
35	27	0.1%	19,772	98.4%	945	0.5%	195,483	97.1%
36	27	0.1%	19,799	98.6%	972	0.5%	195,797	97.3%
37	23	0.1%	19,822	98.7%	851	0.4%	196,084	97.4%
38	23	0.1%	19,845	98.8%	874	0.4%	196,348	97.6%
39	16	0.1%	19,861	98.9%	624	0.3%	196,589	97.7%
40	16	0.1%	19,877	99.0%	640	0.3%	196,814	97.8%
41	17	0.1%	19,894	99.0%	697	0.3%	197,023	97.9%
42	11	0.1%	19,905	99.1%	462	0.2%	197,215	98.0%
43	11	0.1%	19,916	99.2%	473	0.2%	197,396	98.1%
44	22	0.1%	19,938	99.3%	968	0.5%	197,566	98.2%
45	6	0.0%	19,944	99.3%	270	0.1%	197,714	98.2%
46	12	0.1%	19,956	99.4%	552	0.3%	197,856	98.3%
47	8	0.0%	19,964	99.4%	376	0.2%	197,986	98.4%
48	8	0.0%	19,972	99.4%	384	0.2%	198,108	98.4%
49	8	0.0%	19,980	99.5%	392	0.2%	198,222	98.5%
50	4	0.0%	19,984	99.5%	200	0.1%	198,328	98.5%
51-100	86	0.4%	20,070	99.9%	5,327	2.6%	200,155	99.4%
101-200	11	0.1%	20,081	100.0%	1,436	0.7%	200,991	99.9%
201-300	4	0.0%	20,085	100.0%	952	0.5%	201,243	100.0%
301-400	1	0.0%	20,086	100.0%	322	0.2%	201,265	100.0%
401-500	0	0.0%	20,086	100.0%	0	0.0%	201,265	100.0%
500-1000	0	0.0%	20,086	100.0%	0	0.0%	201,265	100.0%
>1000	0	0.0%	20,086	100.0%	0	0.0%	201,265	100.0%
Total	20,086	100.0%			201,265	100.0%		

Cambria Community Services District

Distribution of Bi-Monthly Residential Water Bills 2012/13

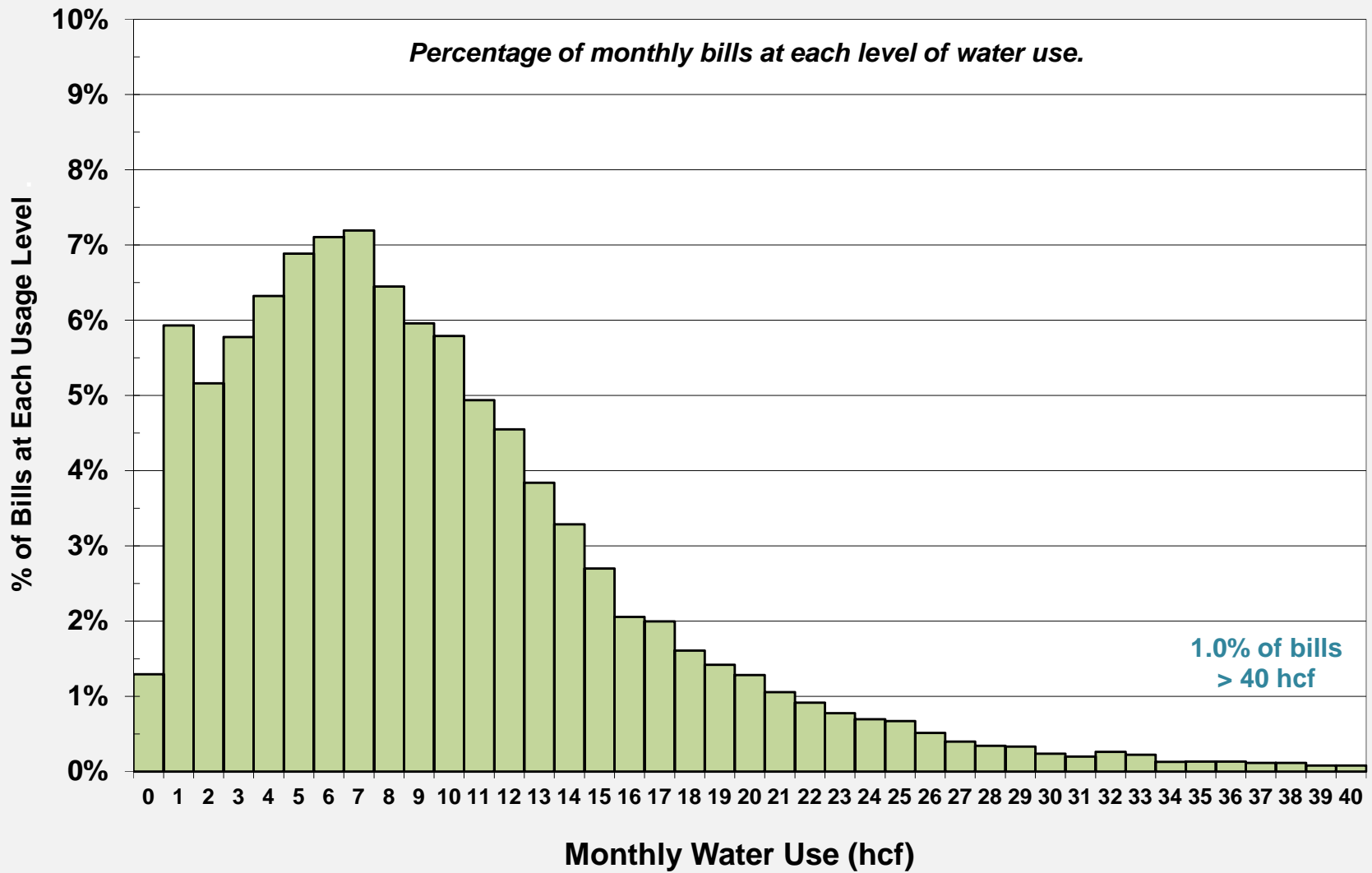


Table B-3
 Cambria Community Services District
 Consumption Block Analysis 2012/13 (Commercial)

Commercial Accounts Only
 Median Bi-Monthly Use: 9.0 hcf
 Average Bi-Monthly Use: 33.0 hcf

Bi-Monthly Use (hcf)	Number of Bills				Water Use (hcf)		Use Through Break	
	In Block	% of Total	Cumulative	Cumulative %	In Block	% of Ttl	Use (hcf)	% of Ttl
0 (est)	40	1.3%	40	1.3%	0	0.0%	0	0.0%
1	230	7.5%	270	8.8%	230	0.2%	3,036	3.0%
2	189	6.1%	459	14.9%	378	0.4%	5,842	5.8%
3	158	5.1%	617	20.1%	474	0.5%	8,459	8.3%
4	162	5.3%	779	25.3%	648	0.6%	10,918	10.8%
5	175	5.7%	954	31.0%	875	0.9%	13,215	13.0%
6	165	5.4%	1,119	36.4%	990	1.0%	15,337	15.1%
7	166	5.4%	1,285	41.8%	1,162	1.1%	17,294	17.0%
8	156	5.1%	1,441	46.8%	1,248	1.2%	19,085	18.8%
9	137	4.5%	1,578	51.3%	1,233	1.2%	20,720	20.4%
10	118	3.8%	1,696	55.1%	1,180	1.2%	22,218	21.9%
11	103	3.3%	1,799	58.5%	1,133	1.1%	23,598	23.2%
12	101	3.3%	1,900	61.8%	1,212	1.2%	24,875	24.5%
13	91	3.0%	1,991	64.7%	1,183	1.2%	26,051	25.7%
14	86	2.8%	2,077	67.5%	1,204	1.2%	27,136	26.7%
15	51	1.7%	2,128	69.2%	765	0.8%	28,135	27.7%
16	48	1.6%	2,176	70.7%	768	0.8%	29,083	28.6%
17	61	2.0%	2,237	72.7%	1,037	1.0%	29,983	29.5%
18	55	1.8%	2,292	74.5%	990	1.0%	30,822	30.4%
19	51	1.7%	2,343	76.2%	969	1.0%	31,606	31.1%
20	39	1.3%	2,382	77.4%	780	0.8%	32,339	31.9%
21	35	1.1%	2,417	78.6%	735	0.7%	33,033	32.5%
22	32	1.0%	2,449	79.6%	704	0.7%	33,692	33.2%
23	26	0.8%	2,475	80.5%	598	0.6%	34,319	33.8%
24	21	0.7%	2,496	81.1%	504	0.5%	34,920	34.4%
25	23	0.7%	2,519	81.9%	575	0.6%	35,500	35.0%
26	23	0.7%	2,542	82.6%	598	0.6%	36,057	35.5%
27	21	0.7%	2,563	83.3%	567	0.6%	36,591	36.0%
28	17	0.6%	2,580	83.9%	476	0.5%	37,104	36.5%
29	13	0.4%	2,593	84.3%	377	0.4%	37,600	37.0%
30	11	0.4%	2,604	84.7%	330	0.3%	38,083	37.5%
31	10	0.3%	2,614	85.0%	310	0.3%	38,555	38.0%
32	18	0.6%	2,632	85.6%	576	0.6%	39,017	38.4%
33	9	0.3%	2,641	85.9%	297	0.3%	39,461	38.9%
34	11	0.4%	2,652	86.2%	374	0.4%	39,896	39.3%
35	7	0.2%	2,659	86.4%	245	0.2%	40,320	39.7%
36	11	0.4%	2,670	86.8%	396	0.4%	40,737	40.1%
37	8	0.3%	2,678	87.1%	296	0.3%	41,143	40.5%
38	8	0.3%	2,686	87.3%	304	0.3%	41,541	40.9%
39	9	0.3%	2,695	87.6%	351	0.3%	41,931	41.3%
40	8	0.3%	2,703	87.9%	320	0.3%	42,312	41.7%
41	8	0.3%	2,711	88.1%	328	0.3%	42,685	42.0%
42	6	0.2%	2,717	88.3%	252	0.2%	43,050	42.4%
43	6	0.2%	2,723	88.5%	258	0.3%	43,409	42.8%
44	4	0.1%	2,727	88.7%	176	0.2%	43,762	43.1%
45	5	0.2%	2,732	88.8%	225	0.2%	44,111	43.4%
46	8	0.3%	2,740	89.1%	368	0.4%	44,455	43.8%
47	9	0.3%	2,749	89.4%	423	0.4%	44,791	44.1%
48	6	0.2%	2,755	89.6%	288	0.3%	45,118	44.4%
49	8	0.3%	2,763	89.8%	392	0.4%	45,439	44.8%
50	4	0.1%	2,767	90.0%	200	0.2%	45,752	45.1%
51-100	117	3.8%	2,884	93.8%	8,362	8.2%	49,164	48.4%
101-200	98	3.2%	2,982	96.9%	13,921	13.7%	60,985	60.1%
201-300	42	1.4%	3,024	98.3%	10,021	9.9%	62,606	61.7%
301-400	15	0.5%	3,039	98.8%	5,120	5.0%	67,726	66.7%
401-500	8	0.3%	3,047	99.1%	3,480	3.4%	71,206	70.1%
500-1000	25	0.8%	3,072	99.9%	16,950	16.7%	88,156	86.8%
>1000	4	0.1%	3,076	100.0%	13,366	13.2%	101,522	100.0%
Total	3,076	100.0%			101,522	100.0%		

Cambria Community Services District

Distribution of Bi-Monthly Commercial Water Bills 2012/13

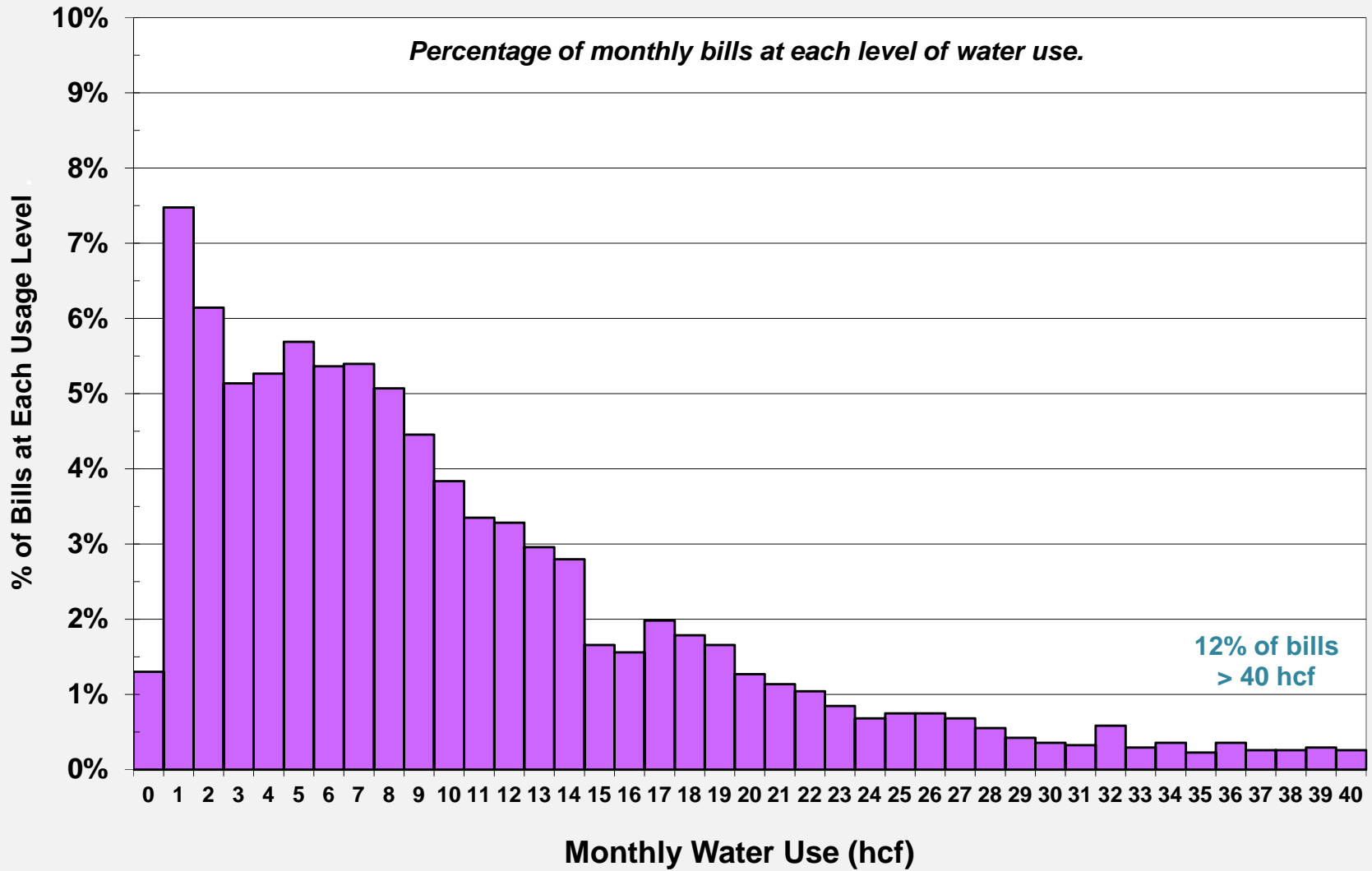


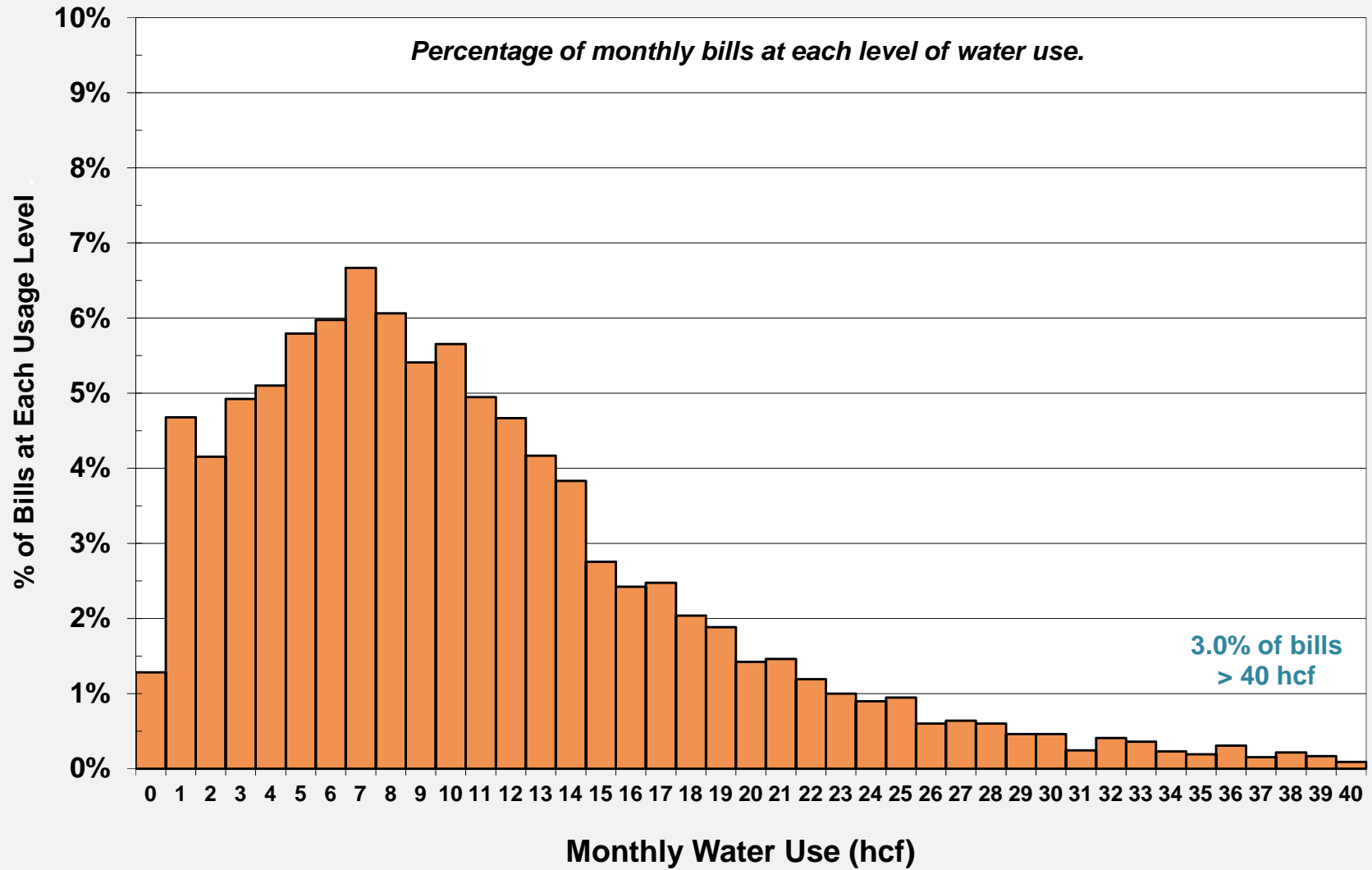
Table B-4
Cambria Community Services District
Consumption Block Analysis 2012/13 (All Accounts)

All Accounts: July - October Usage
Median Bi-Monthly Use: 9.0 hcf
Average Bi-Monthly Use: 14.5 hcf

Bi-Monthly Use (hcf)	Number of Bills				Water Use (hcf)		Use Through Break	
	In Block	% of Total	Cumulative	Cumulative %	In Block	% of Ttl	Use (hcf)	% of Ttl
0 (est)	100	1.3%	100	1.3%	0	0.0%	0	0.0%
1	365	4.7%	465	6.0%	365	0.3%	7,699	6.8%
2	324	4.2%	789	10.1%	648	0.6%	15,033	13.3%
3	384	4.9%	1,173	15.0%	1,152	1.0%	22,043	19.5%
4	398	5.1%	1,571	20.1%	1,592	1.4%	28,669	25.4%
5	452	5.8%	2,023	25.9%	2,260	2.0%	34,897	30.9%
6	466	6.0%	2,489	31.9%	2,796	2.5%	40,673	36.0%
7	520	6.7%	3,009	38.6%	3,640	3.2%	45,983	40.8%
8	473	6.1%	3,482	44.6%	3,784	3.4%	50,773	45.0%
9	422	5.4%	3,904	50.1%	3,798	3.4%	55,090	48.8%
10	441	5.7%	4,345	55.7%	4,410	3.9%	58,985	52.3%
11	386	4.9%	4,731	60.7%	4,246	3.8%	62,439	55.3%
12	364	4.7%	5,095	65.3%	4,368	3.9%	65,507	58.1%
13	325	4.2%	5,420	69.5%	4,225	3.7%	68,211	60.5%
14	299	3.8%	5,719	73.3%	4,186	3.7%	70,590	62.6%
15	215	2.8%	5,934	76.1%	3,225	2.9%	72,670	64.4%
16	189	2.4%	6,123	78.5%	3,024	2.7%	74,535	66.1%
17	193	2.5%	6,316	81.0%	3,281	2.9%	76,211	67.5%
18	159	2.0%	6,475	83.0%	2,862	2.5%	77,694	68.9%
19	147	1.9%	6,622	84.9%	2,793	2.5%	79,018	70.0%
20	111	1.4%	6,733	86.3%	2,220	2.0%	80,195	71.1%
21	114	1.5%	6,847	87.8%	2,394	2.1%	81,261	72.0%
22	93	1.2%	6,940	89.0%	2,046	1.8%	82,213	72.9%
23	78	1.0%	7,018	90.0%	1,794	1.6%	83,072	73.6%
24	70	0.9%	7,088	90.9%	1,680	1.5%	83,853	74.3%
25	74	0.9%	7,162	91.8%	1,850	1.6%	84,564	75.0%
26	47	0.6%	7,209	92.4%	1,222	1.1%	85,201	75.5%
27	50	0.6%	7,259	93.1%	1,350	1.2%	85,791	76.0%
28	47	0.6%	7,306	93.7%	1,316	1.2%	86,331	76.5%
29	36	0.5%	7,342	94.1%	1,044	0.9%	86,824	77.0%
30	36	0.5%	7,378	94.6%	1,080	1.0%	87,281	77.4%
31	19	0.2%	7,397	94.8%	589	0.5%	87,702	77.7%
32	32	0.4%	7,429	95.3%	1,024	0.9%	88,104	78.1%
33	28	0.4%	7,457	95.6%	924	0.8%	88,474	78.4%
34	18	0.2%	7,475	95.8%	612	0.5%	88,816	78.7%
35	15	0.2%	7,490	96.0%	525	0.5%	89,140	79.0%
36	24	0.3%	7,514	96.3%	864	0.8%	89,449	79.3%
37	12	0.2%	7,526	96.5%	444	0.4%	89,734	79.5%
38	17	0.2%	7,543	96.7%	646	0.6%	90,007	79.8%
39	13	0.2%	7,556	96.9%	507	0.4%	90,263	80.0%
40	7	0.1%	7,563	97.0%	280	0.2%	90,506	80.2%
41	9	0.1%	7,572	97.1%	369	0.3%	90,742	80.4%
42	5	0.1%	7,577	97.2%	210	0.2%	90,969	80.6%
43	8	0.1%	7,585	97.3%	344	0.3%	91,191	80.8%
44	10	0.1%	7,595	97.4%	440	0.4%	91,405	81.0%
45	3	0.0%	7,598	97.4%	135	0.1%	91,609	81.2%
46	12	0.2%	7,610	97.6%	552	0.5%	91,810	81.4%
47	7	0.1%	7,617	97.7%	329	0.3%	91,999	81.5%
48	3	0.0%	7,620	97.7%	144	0.1%	92,181	81.7%
49	6	0.1%	7,626	97.8%	294	0.3%	92,360	81.9%
50	3	0.0%	7,629	97.8%	150	0.1%	92,533	82.0%
51-100	92	1.2%	7,721	99.0%	6,131	5.4%	97,964	86.8%
101-200	35	0.4%	7,756	99.4%	4,958	4.4%	103,722	91.9%
201-300	21	0.3%	7,777	99.7%	5,072	4.5%	106,794	94.7%
301-400	7	0.1%	7,784	99.8%	2,352	2.1%	108,546	96.2%
401-500	2	0.0%	7,786	99.8%	861	0.8%	109,907	97.4%
500-1000	12	0.2%	7,798	100.0%	8,362	7.4%	112,769	100.0%
>1000	1	0.0%	7,799	100.0%	1,056	0.9%	112,825	100.0%
Total	7,799	100.0%			112,825	100.0%		
% of Annual	33.7%				37.3%			

Cambria Community Services District

Distribution of Bi-Monthly Water Bills for All Accounts Jul-Oct 2012/13



CAMBRIA COMMUNITY SERVICES DISTRICT

TO: Board of Directors

AGENDA NO. 3.B.

FROM: Jerry Gruber, General Manager

Meeting Date: May 29, 2014

Subject: Receive and Discuss Water and Sewer Rate Study from Bartle Wells & Associates, and Consider and Approve the Notice of Proposed Increase in Water Rates

RECOMMENDATIONS:

It is recommended that the Board of Directors receive and discuss the Water and Sewer Rate Study that has been prepared by Bartle Wells & Associates. It is further recommended that the Board review and approve the draft Notice of Proposed Increase in Water Rates that has been prepared to comply with the requirements of Proposition 218, subject to any additional changes deemed necessary by the General Manager and District Counsel.

FISCAL IMPACT:

The proposed water rate increases are required to provide revenue necessary to fund the cost of the Emergency Water Supply Project.

DISCUSSION:

The CCSD has previously retained Bartle Wells and Associates to prepare a study of the District's water and sewer rates. In addition, in order to address the declared Stage 3 Water Shortage Emergency Condition, an Emergency Water Supply Project has been developed and is currently under construction. The need to finance the costs associated with the Emergency Water Supply Project has required accelerating the process of seeking to adjust the CCSD's water rates.

At its May 22, 2014 meeting the Board of Directors directed that staff move forward with the process required under Proposition 218 for rate increases needed in order to provide the revenue necessary to secure financing for the Emergency Water Supply Project. The CCSD has also applied for Proposition 84 grant funding in an effort to provide some of the funds needed for the Emergency Water Supply Project. To the extent that the CCSD is successful in securing grant funding, the water rates will be reduced proportionally to any grant funds that are received.

Proposition 218, which was adopted by the voters in November, 1996, added Article XIIID to the State Constitution and governs the process for water rate increases. Under Section 6 of Article XIIID, a Notice must be sent to all property owners and customers 45 days before the

public hearing. The Notice is required to contain information regarding the amount of the proposed increases to water rates, the basis upon which the amount of the proposed increases to water rates was calculated, and the way to protest the proposed increases to water rates. A draft Notice has been prepared and is attached for Board consideration and approval. Given the abbreviated timeline being followed in order to hold the public hearing as soon as possible to secure the needed funding for the Emergency Water Supply Project, staff is recommending that the Board of Directors approval of the Notice also include authority for additional changes that are deemed necessary by the General Manager and District Counsel.

Attachment:

- Draft Notice of Proposed Increase in Water Rates

BOARD ACTION: Date _____ Approved: _____ Denied: _____

UNANIMOUS: ___ BAHRINGER ___ ROBINETTE ___ THOMPSON ___ CLIFT ___ RICE ___

CAMBRIA COMMUNITY SERVICES DISTRICT

DIRECTORS:

JIM BAHRINGER, President
GAIL ROBINETTE, Vice President
MURIL N. CLIFT
MICHAEL THOMPSON
AMANDA RICE



OFFICERS:

JEROME D. GRUBER, General Manager
JUSTINE J. HARRIS, Interim District Clerk
TIMOTHY J. CARMEL, District Counsel

1316 Tamsen Street, Suite 201 • P.O. Box 65 • Cambria CA 93428
Telephone (805) 927-6223 • Facsimile (805) 927-5584

NOTICE OF PROPOSED INCREASE IN WATER RATES

June 5, 2014

Dear Record Owner or Customer of Record:

This notice is intended to inform you that the Cambria Community Services District (CCSD) will hold a public hearing regarding a proposed increase in rates for customers receiving CCSD water services. The proposed water rate increase will be considered by the CCSD Board of Directors at the date, time, and location specified below. If you would like to receive this notice in Spanish, please contact the CCSD at (805) 927-6223. ***Si le gustaria recibir este document en Español, por favor llame a CCSD (805) 927-6223.***

Consistent with the requirements of Proposition 218, this notice also provides you with the following information:

- The amount of the proposed increase in water rates;
- The basis upon which the amount of the proposed increase in water rates was calculated; and
- How to protest the proposed increase in water rates.

NOTICE OF PUBLIC HEARING

A Public Hearing for the proposed increase in Water Rates and will be held on:

Date: Thursday, July 24, 2014
Time: 12:30 p.m.
Place: Cambria Veterans Memorial Bldg., 1000 Main St., Cambria, CA

This notice has been sent to all record owners and customers of record that are directly responsible for payment of CCSD water rates. When adopted by the CCSD Board of Directors, the proposed increase in water rates would become effective September 1, 2014.

PROPOSED MAXIMUM WATER RATE INCREASES

Maximum increases to the bi-monthly base rate and per unit (ccf¹) rate for water services are proposed for all customer classifications (Residential and Commercial) as follows:

TABLES TO BE INSERTED BASED UPON RATE STUDY AND BOARD ACTION

It is important to note that the CCSD has applied for grant funding in an effort to provide funds for the Emergency Water Supply Project described below. To the extent that the CCSD is successful in securing grant funding, the water rates will be reduced proportionally.

In addition, please note that as of July 1st of each year, until July 1, 2019, per Government Code Section 53756(a), the Board of Directors of the CCSD may increase water rates by the change in the CPI for the Los Angeles Metropolitan Statistical Area for All Urban Consumers during the most recent 12-month period for which data have been published, not to exceed 5.4%. Therefore, the maximum CPI increase in water rates for operations would be 5.4% per year. The CPI adjustment will not be automatic, and must be approved annually by the CCSD Board of Directors.

BASIS FOR THE PROPOSED WATER RATE INCREASES

The increase in water rates is intended to fund the cost of an Emergency Water Supply Project. On January 30, 2014, the CCSD Declared a Stage 3 Water Shortage Emergency due to severe drought conditions. This Emergency Declaration was based on the CCSD's analysis showing that projected water demands could exceed available supplies from the Santa Rosa and San Simeon Creek aquifers (Cambria's only water supply sources). The CCSD has determined that an Emergency Water Supply Project is vital to ensure the security of Cambria's water supply during the upcoming dry season. The CCSD Board initiated such a project when it passed an emergency authorization on January 30, 2014 to enter into a contract with CDM Smith to design and construct a 250 acre-foot per year capacity brackish water desalination facility. On May 15, 2014, the San Luis Obispo County Planning and Building Director issued an emergency permit to the CCSD for the construction of an emergency brackish water supply project to serve existing customers within the CCSD's service area. The emergency permit only authorizes the facility to operate during a CCSD-declared Stage 3 Water Shortage Emergency. The emergency water supply facility will be located adjacent to San Simeon Creek on a District-owned parcel (APN: 013-051-024). The project will use an existing CCSD well to supply brackish water to an advanced water treatment plant, which will treat the brackish water through a combination of microfiltration, reverse osmosis, advanced oxidation, and disinfection. The treated water is then injected back into the ground near the CCSD's existing production wells. To meet State health standards, the injection well is located to ensure that the treated water travels underground at least two months before it reaches the San Simeon wells that supply potable water. An existing CCSD earthen reservoir will be converted into a brine evaporation pond that would be periodically emptied using a small tractor/loader. The project also includes a habitat mitigation measure that will provide a small amount of water to protect the riparian and aquatic habitat on San Simeon Creek. The proposed increases to water rates is necessary for the CCSD to continue to provide safe and reliable water services to the citizens of Cambria.

WRITTEN PROTEST

Pursuant to Proposition 218, you may submit a written protest to the proposed increase in water rates, **prior to the close of the public hearing** referenced above.

A written protest must contain:

1. A statement that it is a protest against the proposed charge which is the subject of the hearing; and

¹ A unit equals one ccf "hundred cubic feet;" a hundred cubic feet of water is 748 gallons.

2. Name of the record owner or customer of record; and
3. Identity of the affected parcel by Assessor's Parcel Number (APN) or service address; and
4. Original signature of the record owner or customer of record with respect to the identified parcel.

Written protests must be submitted to the District Clerk by one of the following methods:

- § Delivery to the District Clerk's Office at 1316 Tamsen Drive, Suite 201, Cambria, CA 93428;
- § Mail to the CCSD, Attention: District Clerk, Post Office Box 65, Cambria, CA 93428;
- § Personally submitting the protests at the public hearing.

A protest may *only* be submitted by the record owner or customer of record who signed the protest or an individual authorized in writing by the record owner or customer of record to submit the protest. That written authorization shall be provided to the District Clerk before the District Clerk may accept a protest from someone other than the person who signed it.

QUESTIONS?

Please review the CCSD website at www.cambriacsd.org for further information. The Board of Directors also adopted *CCSD Resolution 14-2009, Guidelines for the Submission and Tabulation of Protests in Connection With Rate Hearings Conducted Pursuant to Article XIID, Section 6, of the California Constitution, and Related Noticing* which is also available for review. Additional information may also be obtained by contacting the CCSD at (805) 927-6223 or via email to the Interim District Clerk at jharris@cambriacsd.org.

CAMBRIA COMMUNITY SERVICES DISTRICT

TO: Board of Directors

AGENDA NO. **3.C.**

FROM: Jerry Gruber, General Manager

Meeting Date: May 29, 2014

Subject: Consideration of a Resolution
Authorizing the Board President
to Execute a Letter to the San Luis
Obispo County Board of Supervisors
Opposing Hydraulic Fracturing in San
Luis Obispo County

RECOMMENDATIONS:

It is recommended that the Board of Directors (“Board”) of the Cambria Community Services District (“District”) adopt a Resolution authorizing the Board President to execute a letter to the San Luis Obispo County Board of Supervisors opposing hydraulic fracturing in San Luis Obispo County.

FISCAL IMPACT:

None.

DISCUSSION:

Hydraulic fracturing, also known as “fracking”, is a gas and oil resource extraction process where wells are drilled vertically and horizontally deep under the earth’s surface and typically uses water, chemicals and sand injected under very high pressure to crack shale and other rock in order to extract gas and oil.

Proponents of this technique point to the economic benefits from the vast amounts of formerly inaccessible fuels the process can extract. Opponents point to environmental risks, including the contamination of ground water, depletion of fresh water due to the amount of water used in the fracking process, air and noise pollution, the migration of gases and hydraulic fracturing chemicals to the surface, surface contamination from spills and flow-back, and potential increases in earthquake activity.

However, there is substantially varying positions regarding the safety of fracking and staff found it difficult to find truly impartial studies. The Environmental Protection Agency (EPA) is currently preparing an extensive study on fracking at the request of Congress, but it is not yet complete. Fracking is not currently prohibited in the unincorporated area of the County, including Cambria. Due to the highly technical nature of this technique, District staff does not have the expertise to provide an adequate analysis or specific recommendation on this topic,

however, staff does believe that the environmental concerns raised by the opponents of fracking are far reaching and may have serious impacts on our environment and natural resources. Accordingly, staff is recommending that fracking be prohibited in San Luis Obispo County until further research and analysis into its impacts on the environment and related health and safety risks have been completed. Attached is a copy of information regarding fracking prepared by the Association of California Water Agencies.

Attachments:

- Resolution 20-2014 & Exhibit A
- Fracking Fact Sheet by the Association of California Water Agencies

BOARD ACTION: Date _____ Approved: _____ Denied: _____

UNANIMOUS: ___BAHRINGER___ROBINETTE___THOMPSON___CLIFT___RICE___

RESOLUTION NO. 20-2014

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE CAMBRIA COMMUNITY SERVICES DISTRICT AUTHORIZING THE
BOARD PRESIDENT TO EXECUTE A LETTER TO THE SAN LUIS OBISPO
COUNTY BOARD OF SUPERVISORS OPPOSING HYDRAULIC FRACTURING
IN SAN LUIS OBISPO COUNTY

WHEREAS, hydraulic fracturing, commonly referred to as “fracking”, is the fracturing of rock by a pressurized liquid wherein water is typically mixed with sand and other chemicals and injected at high pressure into a wellbore to create small fractures and fluids such as gas and petroleum migrate to the well; and

WHEREAS, opponents of fracking have indicated that this process has serious environmental risks including contamination of ground water, depletion of fresh water, air and noise pollution, the migration of gases and hydraulic fracturing chemicals to the surface, surface contamination from spills and flow-back and potential increases in earthquake activity; and

WHEREAS, the Board of Directors (“Board”) of the Cambria Community Services District (“District”) finds that these risks have far reaching consequences and that the health, safety and welfare of our community depends on safeguarding the environment and natural resources; and

WHEREAS, the District Board further finds that based on the serious risks associated with fracking, it is in our community’s best interests to prohibit such activities within San Luis Obispo County in order to protect the health and quality of life for all of our residents.

NOW, THEREFORE, BE IT RESOLVED that the Cambria Community Services District hereby authorizes the Board President to execute and forward a letter in the form attached hereto as Exhibit “A”, to the San Luis Obispo County Board of Supervisors opposing hydraulic fracturing in San Luis Obispo.

PASSED AND ADOPTED THIS _____, day of June 2014.

James Bahringer, President
Board of Directors

APPROVED AS TO FORM:

Timothy J. Carmel
District Counsel

ATTEST:

Justine Harris,
Interim District Clerk

CAMBRIA COMMUNITY SERVICES DISTRICT

DIRECTORS:

JIM BAHRINGER, President
GAIL ROBINETTE, Vice President
MURIL N. CLIFT
MICHAEL THOMPSON
AMANDA RICE



OFFICERS:

JEROME D. GRUBER, General Manager
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TIMOTHY J. CARMEL, District Counsel

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Telephone (805) 927-6223 • Facsimile (805) 927-5584

May 29, 2014

VIA FACSIMILE 805-781-1350

Board of Supervisors
County of San Luis Obispo
County Government Center, Room D-430
San Luis Obispo, CA 93408

Re: *Hydraulic Fracturing (Fracking)*

Dear Supervisors:

I write on behalf of Cambria Community Services District ("CCSD") Board of Directors to express our concerns of hydraulic fracturing ("fracking") and its potential environmental effects, including contamination of ground water, depletion of fresh water, risks to air quality, noise pollution, the migration of gases and hydraulic fracturing chemicals to the surface, surface contamination from spills and flow-back, and the health effects of these.

The adverse health and environmental effects of fracking activity in the unincorporated areas are potentially far reaching, as a result of shared resources, water, air, roadways and fault line. The CCSD, on behalf of its citizens, calls on the County Board of Supervisors to take a proactive approach in adopting a countywide prohibition on fracking that protects the health and quality of life of all our residents.

Thank you for your consideration in promptly addressing this very important issue.

Sincerely,

Jim Bahringer
CCSD Board President

cc: CCSD Board of Directors

Just the Fracking Facts

Oil companies have been using dangerous technologies to extract oil from California with virtually no oversight. These technologies include injecting toxic chemicals, acids, sand and water deep into the ground to dissolve and break up rock. Today, oil companies are positioning themselves to expand these practices across wide areas of California, putting public health, the environment, and our climate goals at risk.

FRACKING & ACIDIZING: THE BASICS

Hydraulic fracturing, better known as “fracking,” is a well stimulation method used to facilitate the extraction of oil and gas and involves blasting up to millions of gallons of water, mixed with sand and often toxic chemicals, deep into the earth. When fracking breaks up rock formations, it allows otherwise inaccessible oil and gas to flow to the surface. Another unconventional extraction technique called acidizing uses corrosive acids to dissolve rock and release oil and gas. The two techniques can be combined in a process called acid fracturing, or “acid fracking.”

Californians Against Fracking

California League of Conservation Voters

Clean Water Action

Environment California

Earthworks

Environmental Working Group

NRDC

Planning and Conservation League

Sierra Club California

Surfrider Foundation



Using these techniques, oil companies have set their sights on the Monterey Formation, a geological formation consisting of several shales and other so-called "tight" rock types and holding an estimated 13.7 billion barrels of recoverable oil.¹ The main portion of the Monterey Formation covers over 1,700 square miles, and underlays the San Joaquin Valley, the Los Angeles basin, the Santa Barbara Channel, the Santa Maria basin, and more discontinuous areas over at least 15 California counties.

The agency responsible for regulating oil and gas drilling in California, the Division of Oil, Gas, and Geothermal Resources (DOGGR), claimed as recently as 2011 that no significant fracking was happening in California. Their public denial was quickly rebuked, as we found out that fracking and acidizing had actually been taking place in California for decades and without any regulation or tracking by DOGGR. But fracking and acidizing techniques are rapidly changing and come with new potential hazards. Technological changes have facilitated an explosion of drilling, bringing with it new chemical concoctions being injected in many new locations, posing increased threats to human health, wildlife, air, and water.

Fracking and acidizing have been documented in at least 10 California counties— Colusa, Glenn, Kern, Los Angeles, Monterey, Sacramento, Santa Barbara, Sutter, Kings and Ventura. In Kern County, Halliburton estimates that over 50 percent of new oil wells are fracked. The public recently learned that fracking has been taking place offshore and without the knowledge of state regulators. Oil companies have used fracking at least 203 times at six sites in State waters off Long Beach, Seal Beach and Huntington Beach over the past two decades according to the Associated Press. Another investigation revealed that federal agencies gave permission for an oil company to start fracking in the Santa Barbara Channel without environmental review.²

ENVIRONMENTAL & HEALTH CONSEQUENCES

Fracking's intensive reliance on water competes directly with the needs of 38 million Californians and the largest agricultural industry in the United States. According to the U.S. Environmental Protection Agency, fracking in shale formations could require from 2 to 13 million gallons of water per well.³ In California, estimates for water use for a single fracking event ranges from 80,000 to one million gallons. A single well can be fracked several times, leading to a total water use running into the millions of gallons.⁴ Often, that's water that never returns to the water cycle, as it's transformed into a contaminated waste product that is stored in tanks, underground or otherwise removed forever.

Information about the chemicals used in fracking fluids is limited. Fluid manufacturers and users often claim trade secret protections to avoid reporting on quantities and types of all fluid ingredients. From available information, we know fracking and acidizing typically employ toxic chemical cocktails⁵ that can contaminate the water and air, including methanol, benzene, naphthalene and trimethylbenzene. Many of those chemicals are listed as hazardous to human health under the federal Clean Air Act or under California's Proposition 65. Worksite investigations conducted at fracking sites have documented unsafe levels of silica exposure, which causes a degenerative and irreversible lung disease, due to the use of silica sand in fracking operations.⁶

Fracking can expose people, crops, and wildlife to harm from the fracking chemicals, as well as naturally occurring arsenic, boron, and radioactivity that can be brought back to the surface with fracking flowback fluid. Because DOGGR never regulated fracking, water quality impacts and human health impacts have gone unmeasured in California, but fracking in other states shows that fracking is a human health hazard for both oil and gas field workers and people living near oil and gas fields. Notably, acidizing may involve the injection of large volumes of hydrofluoric and hydrochloric acids. Hydrofluoric acid is extremely toxic and exposure to it can be life threatening, according to the U.S. Centers for Disease Control and Prevention.⁷ Oil and gas companies in California are already injecting tens of thousands of gallons of hydrofluoric and other acids into wells around the state.

Wastewater from oil and gas development has already resulted in contaminated groundwater through surface storage leakage. In 2008, a Kern County farmer was awarded \$8.5 million in compensatory damages for groundwater contamination from oil industry wastewater stored in open pits.⁸ Fracking wastewater is often stored at ground level or injected into waste wells, and is basically taken out of the available water supply for drinking or watering crops because of its high contamination. Notably, earthquakes have been linked to wastewater injection associated with oil and gas operations in other parts of the country. DOGGR has no information available to the public that discusses or tracks the influence that injection wells may have on faults and seismic activity in California.



Wildlife is also at risk from fracking. Fracking comes with intense industrial development, including multi-well pads and massive truck traffic. Producing oil and gas from shale formations can require thousands of wells, requiring multiple routes for trucks, adding habitat disturbance for wildlife and more pollution. More than 100 endangered and threatened species live in the California counties where the Monterey Formation could be exploited on a large scale.

AIR POLLUTION & CLIMATE CHANGE

Air pollution from oil and natural gas production is a serious problem of nationwide scope that currently threatens the health of communities across the country.

The processes and, equally importantly, the products of fracking and acidizing, petroleum and natural gas, contribute to conventional air pollution and greenhouse gas emissions (GHG). In other regions, emissions of volatile organic compounds (VOCs) from oil and gas facilities are causing elevated ozone levels and exposures to toxic pollutants like the carcinogen benzene. One report determined that in a single year, fracking in the U.S. produced at least 450,000 tons of air pollution.⁹ Most California air districts do not monitor fracking pollutants. Communities living close to fracking operations are also exposed to diesel pollution as a result of truck traffic and diesel engines used to operate pumps and drilling equipment. Diesel pollution has been linked to cancer, respiratory and cardiovascular impacts, premature mortality and adverse birth outcomes.

Finally, the oil and gas industry is responsible for a significant amount of methane pollution—a potent greenhouse gas that is 28 times more powerful than carbon dioxide over the long-term. A recent study led by Harvard scientists suggests this industry may be responsible for significantly more methane pollution than EPA and others previously thought.¹⁰ Fracking and acidizing of wells could



allow billions of barrels of oil and cubic feet of gas that were previously considered inaccessible to be produced. If we want to get serious about tackling climate change, we must move off fossil fuels, and turn to truly clean energy sources like wind and solar.

TIME FOR A FRACKING MORATORIUM

Californians need assurance that fracking and acidizing of wells is not going to endanger our health, our environment, or our commitment to fight climate change. The burden must be on the oil companies and regulators to prove that fracking practices in California won't harm the environment and human health. Neither the provisions of Senate Bill 4, which took effect in January 2014, nor the draft regulations released in November 2013 by the state Department of Conservation and DOGGR are adequate to ensure that Californians and their environment will be protected. That is why so many groups and individuals are calling for a moratorium on fracking—to give Californians time to fully assess the risks and how to protect against them.

Endnotes

- 1 "Assumptions to the Annual Energy Outlook 2013: Oil and Gas Supply Module." U.S. Energy Information Administration. 14 May 2013. Web. 5 December 2013. <http://www.eia.gov/forecasts/aec/assumptions/pdf/oilgas.pdf>.
- 2 Mike Ludwig, Truthout, *More Details on Ocean Fracking Revealed as Environmentalists Challenge Federal Regulators* (October 10, 2013) <http://truth-out.org/news/item/19340-more-details-on-ocean-fracking-revealed-as-environmentalists-challenge-federal-regulators>.
- 3 Western Organization of Resource Councils, "Gone for Good: Fracking and Water Loss in the West." http://www.worc.org/userfiles/file/Oil%20Gas%20Coalbed%20Methane/Hydraulic%20Fracturing/Gone_for_Good.pdf.
- 4 Kipersky, Michael and Jayni Foley Hein. Regulation of Hydraulic Fracturing in California. Wheeler Institute for Water Law & Policy, U.C Berkeley. April 2013. http://www.law.berkeley.edu/files/ccalp/Wheeler_HydraulicFracturing_April2013.pdf.
- 5 "Dirty Dozen: The 12 Most Commonly Used Air Toxics in Unconventional Oil Development in the Los Angeles Basin." Center for Biological Diversity. 5 September 2013. Web. 5 December 2013. http://www.biologicaldiversity.org/campaigns/california_fracking/pdfs/LA_Air_Toxics_Report.pdf.
- 6 "Worker Exposure to Silica during Hydraulic Fracturing." Occupational Safety & Health Administration. June 2012. Web. 5 December 2013. https://www.osha.gov/dts/hazardalerts/hydraulic_frac_hazard_alert.pdf.
- 7 "Facts About Hydrogen Fluoride (Hydrofluoric Acid)." Centers for Disease Control and Prevention. n.p. 22 April 2013. Web. 5 December 2013. <http://www.bt.cdc.gov/agent/hydrofluoricacid/basics/facts.asp>.
- 8 *Ibid* endnote 3.
- 9 Environment America. "Fracking by the Numbers. Available at: <http://www.environmentamerica.org/reports/ame/fracking-numbers>
- 10 Miller, S. M., Wofsy, S. C., Michalak, A. M., Kort, E. A., Andrews, A. E., Biraud, S. C., ... & Sweeney, C. (2013). Anthropogenic emissions of methane in the United States. *Proceedings of the National Academy of Sciences*, 201314392.