

CAMBRIA COMMUNITY SERVICES DISTRICT

TO: Board of Directors

AGENDA NO. **3.A.**

FROM: Monique Madrid, Acting General Manager

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Meeting Date: October 4, 2018    Subject: PUBLIC HEARING IN ACCORDANCE WITH THE REQUIREMENTS OF PROPOSITION 218 ON THE PROPOSED INCREASES TO WATER, SEWER AND SWF RATES AND CONSIDERATION OF ADOPTION OF RESOLUTION 27-2018 ESTABLISHING SAID RATE INCREASES

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**RECOMMENDATIONS:**

Staff recommends that the Board of Directors conduct the public hearing on the proposed increases in water, Sustainable Water Facility (SWF), and sewer rates. The following procedure is recommended:

1. Open the public hearing to receive public comment regarding proposed rate increases and to receive written protests;
2. Close the public hearing and recess to allow the Protest Official to tabulate the protests that have been mailed or delivered to the Cambria Community Services District to determine if a majority protest to the proposed increases in water, SWF and/or sewer rates exists.
3. Receive report of the results of the tabulation from the Protest Official.
4. If no majority protest exists, consider adoption of Resolution 27-2018 establishing water, SWF and sewer rates for the remainder of the current fiscal year and subsequent two fiscal years, per Government Code §61115.

**FISCAL IMPACT:**

The proposed water, SWF and sewer rate increases are necessary to provide adequate revenues to a) fund the annual costs of operating and maintaining CCSD's water, SWF, and sewer systems, and b) support increased funding for capital improvements primarily needed to repair, replace, and/or upgrade aging infrastructure. Specifically, the water rate increases are designed to phase in capital improvement funding to an annual level of \$700,000 over 3 years; the sewer rate increases are designed to phase in capital funding to an annual level of \$800,000 over 3 years; and the SWF rates are designed to help restore balanced budgets assuming the facility is in operation for 2 months of each year on average.

**DISCUSSION:**

At its July 12, 2018 Special Meeting, the Board of Directors received and reviewed Water, SWF and Sewer Rate analysis and recommendations prepared by Bartle Wells Associates. This meeting followed a number of prior meetings with CCSD's ad hoc Rate Study Committee and the Board of Directors that occurred from April through June 2018.

At the July 12, 2018 Special Meeting, the Board also reviewed and approved a draft Notice of Public Hearing on proposed rate increases (“Notice”) that had been prepared to comply with the requirements of Proposition 218 and to advise of the public hearing. An initial Notice was mailed on July 16, 2018, 45 days prior to a public hearing scheduled for August 30, 2018. To address some concerns regarding the Notice and mailing list, a subsequent, revised Notice was mailed on August 17, 2018. This Notice cancelled the previously-scheduled public hearing and informed property owners and tenant customers of a new public hearing on October 4, 2018.

As set forth in the Notice (a copy of which is attached), the increases are necessary because the CCSD’s utilities rely primarily on revenues from service charges to fund the costs of providing service. As such, water, SWF and sewer rates must be set at levels adequate to fund the costs of operating and maintaining the District’s water, SWF and sewer utility systems to support safe and reliable service. The Notice indicated that the proposed rates were also needed to fund capital improvement costs for repairing and replacing aging infrastructure. Many of CCSD’s facilities are approaching the end of their useful operating lives and are in need of rehabilitation and/or replacement. These facilities include aging water and sewer pipelines, water pump stations, sewer lift stations, and CCSD’s wastewater treatment facilities. Additional infrastructure improvements are needed to comply with regulatory requirements, including capital improvements to CCSD’s Sustainable Water Facility and wastewater treatment plant.

Today’s public hearing is being conducted in accordance with the requirements of Proposition 218. In order to oppose the proposed increase, written protests must be filed with the District Clerk before the close of today’s public hearing. For purposes of determining protests, State law provides for one written protest per parcel. The total number of parcels with the right to submit protests are a) water rates: 3,942 parcels, b) SWF rates: 3,940 parcels, and c) sewer rates: 3,830. To reach a majority protest, 50% + 1 of these parcels are required to submit written protests, which equates to a) 1972 water rate protests, b) 1971 SWF rate protests, and c) 1916 sewer rate protests.

Resolution 14-2009 was adopted for the CCSD’s 2009 water and sewer rate increases and contains guidelines for submission and tabulation of protests, and provides clarification regarding what constitutes a parcel given Cambria’s confusing history of subdivision and development, and regarding customers with more than one assessor’s parcel number or more than one lot. To the extent it becomes necessary in order to determine whether a majority protest exists, staff recommends utilizing those adopted guidelines.

If a majority protest does not exist, staff recommends approval of the attached Resolution 27-2018 establishing new water, SWF and sewer rates, per Government Code §61115.

Attachments:

- Notice of Public Hearing on Proposed Increases to Water, Sustainable Water Facility, and Sewer Rates
- Resolution 27-2018

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BOARD ACTION: Date \_\_\_\_\_ Approved: \_\_\_\_\_ Denied: \_\_\_\_\_

UNANIMOUS: \_\_\_RICE \_\_\_ BHRINGER \_\_\_ FARMER \_\_\_ WHARTON \_\_\_ PIERSON \_\_\_