



CAMBRIA COMMUNITY SERVICES DISTRICT

I, Gail Robinette, 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: **Tuesday, December 29, 2015, 9:00 AM, 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

**Tuesday, December 29, 2015, 9:00 AM
1000 Main Street
Cambria, CA**

1. OPENING

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

2. PUBLIC COMMENT ON AGENDA ITEMS

Members of the public wishing to address the Board on the item described below in this Notice may do so when the Public Hearing is opened and when recognized by the Board President. Public Comment will be limited to three (3) minutes per person.

3. HEARINGS AND APPEALS (Estimated time: 15 Minutes per item)

- A. Public Hearing on the Proposed Increases to Water and Sewer Rates and Continuance to February 12, 2016.**

4. ADJOURN

CAMBRIA COMMUNITY SERVICES DISTRICT

TO: Board of Directors

AGENDA NO. **3.A.**

FROM: Jerry Gruber, General Manager

Meeting Date: December 29, 2015 Subject: PUBLIC HEARING ON THE PROPOSED INCREASES TO WATER AND SEWER RATES AND CONTINUANCE TO FEBRUARY 12, 2016

RECOMMENDATIONS:

It is recommended that the Board of Directors open the public hearing on the proposed increases in water and sewer rates, consider any comments, receive written protests, and continue the hearing to February 12, 2016 at 9:00 a.m.

The following procedure should be used:

1. Receive report and presentation by Alex Handlers of Bartle Wells & Associates;
2. Open the public hearing to consider all public comment in support of and in opposition to the proposed rate increase and receive written protests;
3. Continue the public hearing to February 12, 2016 at 9:00 a.m.

FISCAL IMPACT:

The proposed water and sewer rate increases are necessary to provide revenue to fund the normal annual costs of water and sewer operations, and to raise \$1,000,000 in the Water Fund to fund capital improvements required immediately.

DISCUSSION:

At its November 12, 2015 meeting, the Board of Directors received and reviewed the Water and Sewer Rate Study that has been prepared by Bartle Wells & Associates. The Board also reviewed and approved a draft Notice of Public Hearing on Proposed Increases to Water and Sewer Rates ("Notice") that had been prepared to comply with the requirements of Proposition 218 and to advise of today's public hearing. The Notice was mailed to parcel owners and tenant customers on November 13, 2015.

Subsequently, it came to staff's attention that the Notice contained errors in the zip codes for the Veterans Memorial Building and for the address to send written protests. Therefore, a Notice of Continued Proposition 218 Public Hearing ("Revised Notice") has been sent to the parcel owners and tenant customers to advise of the errors, and that today's public hearing will be opened, comments considered, protests received, and that the public hearing will be continued to February 12, 2016. The Revised Notice, a copy of which is attached, also supplied the correct addresses for the Veterans Memorial Building and for submittal of mailed written protests and advised that protests already received by the CCSD would not be affected by the error. Staff recommends that, after receiving the report from Mr. Handlers, the Board

open the public hearing, consider any comments, receive written protests, and continue the hearing to February 12, 2016 at 9:00 a.m.

As explained at the November 12, 2015 meeting, existing CCSD water and sewer rates are not adequate to fund the normal operating costs of the water and sewer plants. The approved budget for Fiscal Year 2015-16 includes an operating deficit in the Water Fund of \$254,654 (not including the Sustainable Water Facility operations) and an operating deficit in the Sewer Fund of \$207,317. In addition, there is an immediate need for approximately \$1,000,000 in the Water Fund for capital improvements, specifically the replacement of the Fiscalini Water Tank, upgrading the pump station at the Rodeo Grounds and work on the Stuart Street Tank project.

As set forth in the Notice (a copy of which is attached for reference), the increases are necessary because the CCSD's water and sewer utilities rely primarily on revenues from service charges to fund the costs of providing service. As such, water and sewer rates must be set at levels adequate to fund the costs of operating and maintaining the District's water and sewer systems to support safe and reliable service.

Although the District has implemented Emergency Water Shortage Rates to fund the Sustainable Water Facility, the CCSD has not adopted any increases to its regular water and sewer rates in over 6 years. Historically, regular water and sewer rates have only been increased 4 times in the past 20 years. Adjusted for inflation, water and sewer rates are lower than they were in the mid-1990's.

The Notice also indicated that the key factors driving the need for rate increases included: a need to restore balanced budgets to bring revenues back in line with the costs of providing service and restore financial stability, to help fund critical improvements to aging infrastructure, to help fund the District's highest-priority water system capital needs, to provide a minimal prudent level of funding for repairs, replacements, and rehabilitation of aging infrastructure, and to provide for small annual rate increases to keep revenues in line with future cost inflation.

It should be noted that the water rates are structured in a fashion that includes tiers. In that respect, on April 20, 2015, the Fourth Appellate District of California issued a ruling that the tiered water rate structure previously adopted by the City of San Juan Capistrano was invalid and violated Proposition 218, which allows agencies to only collect rates for the actual costs of providing a service (the "San Juan Case"). It is important to note that this case did not invalidate tiered rate structures in general. The Court merely invalidated the specific rates before it. In the San Juan Case, the Court concluded that the administrative record did not provide sufficient support for each of the tier breaks or for the proportionate allocation of system-wide costs. Because the water service provider failed to carry its burden, the Court held that San Juan Capistrano's rate structure failed to comply with Proposition 218. Mr. Handlers has included information in his presentation regarding how the proposed rate structure complies with the requirements of Proposition 218 (i.e., that rates are to be based upon the cost of providing the service, shall not exceed the proportional cost of service, and that the amount charged does not exceed the proportional cost of service attributable to the parcel being charged).

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 the public hearing on February 12, 2016. For purposes of determining protests, State law provides for one written protest per parcel. The total number of parcels

with the right to protest water rates is 3,937 and the total number of parcels with the right to protest sewer rates is 3,828. To reach a majority protest, 50% + 1 of these parcels, or 1,969 parcels for water rates and 1,915 parcels for sewer rates, are required to protest.

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 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 at the continued public hearing on February 12, 2015, staff recommends utilizing those adopted guidelines. We are looking for a Protest Official to serve during the Proposition 218 continued public hearing.

Attachments:

- Notice of Public Hearing on Proposed Increases to Water and Sewer Rates
- Notice of Continued Proposition 218 Public Hearing

BOARD ACTION: Date _____ Approved: _____ Denied: _____

UNANIMOUS: __ROBINETTE __BAHRINGER __THOMPSON __RICE __SANDERS__

CAMBRIA COMMUNITY SERVICES DISTRICT

DIRECTORS:

GAIL ROBINETTE, President
MICHAEL THOMPSON, Vice President
JIM BAHRINGER
AMANDA RICE
GREG SANDERS



OFFICERS:

JEROME D. GRUBER, General Manager
MONIQUE MADRID, 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 Public Hearing on Proposed Increases to Water and Sewer Rates

Dear Property Owner or Customer,

Date: November 13, 2015

This notice is being sent to inform you that the Cambria Community Services District (CCSD) is proposing to increase water and sewer rates over the next five years. The proposed rate increases are designed to eliminate annual budget deficits and equitably recover the costs of providing water and sewer service. CCSD will hold a public hearing to consider adopting the proposed rates as follows:

Date: Tuesday, December 29, 2015
Time: 9:00 a.m.
Place: Cambria Veterans Memorial Building
1000 Main Street, Cambria, CA 94002

*If you would like to receive this notice in Spanish, please contact the CCSD at (805) 927-6223.
Si le gustaria recibir este documento en Español, por favor llame a CCSD (805) 927-6223.*

The water and sewer rates presented in this notice were developed by an independent rate consultant working with CCSD, and were designed to reflect the cost of providing water and sewer service in compliance with the requirements of Article 13D, Section 6 of the California Constitution. For questions or additional information, please contact CCSD at (805) 927-6223.

WHY ARE RATE INCREASES NEEDED?

CCSD's water and sewer utilities rely primarily on revenues from service charges to fund the costs of providing service. As such, water and sewer rates must be set at levels adequate to fund the costs of operating and maintaining CCSD's water and sewer systems to support safe and reliable service.

Although CCSD has implemented temporary Stage 3 drought penalties and Emergency Water Shortage Rates to fund the Advanced Water Treatment Plant, CCSD has not adopted any increases to its regular water and sewer rates in over 6 years. Historically, regular water and sewer rates have only been increased 4 times in the past 20 years. *Adjusted for inflation, water and sewer rates are lower than they were in the mid-1990's.*

Key factors driving the need for rate increases include:

- **Restore balanced budgets.** In recent years, both water and sewer utilities have been experiencing annual budget deficits. Rate increases are needed to bring revenues back in line with the costs of providing service and restore financial stability.
- **Help fund critical improvements to aging infrastructure.** The proposed rate increases are only designed to help fund CCSD's highest-priority water system capital needs and provide a minimal

prudent level of funding for repairs, replacements, and rehabilitation of aging infrastructure. Proposed sewer rates do not account for potential future regulatory-required upgrades to CCSD's wastewater treatment plant. CCSD plans to pursue grants and low-rate subsidized financing to help fund its infrastructure needs.

- **Ongoing cost inflation** – Small future annual rate increases will be needed to keep revenues in line with future cost inflation, which tends to be higher for utilities such as water and sewer agencies.

PROPOSED WATER RATES

CCSD is proposing to adopt water rate increases over the next five years as shown on the table below. The proposed water rates include both 1) a fixed bi-monthly charge levied on each account regardless of water use, plus 2) water quantity charges billed based on metered water use in each billing period.

The first rate increase proposed for January 1, 2016 includes some modifications to the rate structure with subsequent yearly increases applied on an across-the-board percentage basis. Under the proposed rates, residential customers pay a uniform fixed charge per account plus water quantity charges billed via three inclining rate tiers, with water purchased first in Tier 1 and then subsequently in higher tiers as water use increases. Proposed commercial rates include fixed charges that vary by meter size – with higher charges for customers with larger meter sizes that place more demand on the water system – plus a uniform volumetric rate for all water use set at the rate for the middle Tier 2 residential rate.

	Proposed Water Rates Effective On or After					
	Jan-1 2016	Jan-1 2017	Jan-1 2018	Jan-1 2019	Jan-1 2020	
Future Rate Increase %	*	4%	4%	4%	4%	
FIXED BI-MONTHLY CHARGES						
Residential (fixed charge per account)	\$25.50	\$26.52	\$27.58	\$28.68	\$29.83	
Commercial (fixed charge per meter size)						
<u>Meter Size</u>						
5/8" or 3/4"	\$25.50	\$26.52	\$27.58	\$28.68	\$29.83	
1"	63.75	66.30	68.95	71.70	74.58	
1-1/2"	127.50	132.60	137.90	143.40	149.15	
2" & Larger	255.00	265.20	275.80	286.80	298.30	
WATER QUANTITY CHARGES						
<i>Billed based on metered water use (\$/ccf)</i>						
Residential Charges						
<u>Tier</u>	<u>Bi-Monthly Use</u>					
Tier 1	1 - 4 ccf	\$6.50	\$6.76	\$7.03	\$7.31	\$7.60
Tier 2	5 - 16 ccf	8.50	8.84	9.19	9.56	9.94
Tier 3	> 16 ccf	9.50	9.87	10.25	10.65	11.07
Commercial Charges						
Rate for All Water Use		\$8.50	\$8.84	\$9.19	\$9.56	\$9.94

* Includes both an overall rate increase and modifications to the rate structure. Impacts will vary based on customer class, meter size, and metered water consumption.

1 ccf = 100 cubic feet, or approximately 748 gallons

PROPOSED SEWER RATES

CCSD is proposing to adopt sewer rate increases over the next five years as shown on the table below. The proposed rates include both 1) a fixed bi-monthly charge levied on each account regardless of water use, plus 2) sewer quantity charges billed based on metered water use in each billing period. The first rate increase proposed for January 1, 2016 includes some modifications to the rate structure with subsequent yearly increases applied on an across-the-board percentage basis. Under the proposed rates, sewer quantity charges for commercial customers would be billed according to three customer classes based on wastewater strength. Commercial customers with higher-strength wastewater would pay higher quantity charges reflecting the higher costs of treating higher strength sewage.

Proposed Sewer Rates Effective On or After					
	Jan-1 2016	Jan-1 2017	Jan-1 2018	Jan-1 2019	Jan-1 2020
Future Rate Increase %	*	4%	4%	4%	4%
FIXED BI-MONTHLY CHARGES					
Applies to All Accounts	\$56.00	\$58.24	\$60.57	\$62.99	\$65.51
SEWER QUANTITY CHARGES					
Billed per unit of metered water use (\$/ccf).					
Residential Rates	\$3.24	\$3.37	\$3.50	\$3.64	\$3.79
Commercial Rates					
<u>Wastewater Class</u>					
Class 1	\$2.84	\$2.95	\$3.07	\$3.19	\$3.32
Class 2	3.24	3.37	3.50	3.64	3.79
Class 3	4.98	5.18	5.39	5.61	5.83

Class 1 includes lower strength accounts including professional offices, retail stores, laundromats, & schools.

Class 2 includes all other commercial accounts (with standard/domestic strength wastewater) that are not classified Class 1 or Class 3.

Class 3 includes accounts with moderate to high wastewater strength including restaurants, hotels with restaurants, bakeries, mortuaries, markets with meat/seafood/food prep/garbage grinder, and mixed use accounts with an estimated 30% or more sewer discharge from higher strength wastewater flow.

* Includes both an overall rate increase and modifications to the rate structure. Impacts will vary based on customer class, meter size, and metered water consumption.

1 ccf = 100 cubic feet, or approximately 748 gallons

IMPACT TO A TYPICAL RESIDENCE

With the proposed water and sewer rates effective January 1, 2016, a typical residence using 6 units of water per bi-monthly billing period (approximately 75 gallons per day) would face the impacts shown on the table below. Approximately two-thirds of residential customer bills are at or below this level of use; customers with lower water use would face smaller impacts.

	Water Rate	Sewer Rate	Emerg Wtr Shortage Rate	Total Bi-Monthly Bill
Current Bi-Monthly Bill	\$35.92	\$74.78	\$25.00	\$135.70
Proposed Jan-1, 2016	68.50	75.44	25.00	168.94

* Excludes temporary charge only levied during months of operation of the Advanced Water Treatment Plant

Impacts will vary based on customer class and metered water consumption. CCSD appreciates the community's successful efforts to reduce water use and continues to encourage customers to conserve.



Cambria Community Services District
1316 Tamsen Street, Suite 201
Cambria, CA 93428
Address Service Requested

PRESORTED
FIRST CLASS MAIL
U.S. POSTAGE
PAID
PERMIT NO. 530
CONCORD, CA



APN 13131038
CSD-RODEO GROUNDS OFFICE,
PO BOX 65
CAMBRIA CA 93428-0065

Notice of Public Hearing on Proposed Increases to Water & Sewer Rates



COMMUNITY INPUT & WRITTEN PROTEST PROCEDURES

Members of the community are invited to attend the Public Hearing to provide input. Property owners and customers may also file written protests against the proposed rate increases. Pursuant to California law, protests must be submitted in writing and must a) identify the affected property or properties, such as by service address or Assessor's Parcel Number, b) include the name and signature of the customer or property owner submitting the protest, and c) indicate opposition to the proposed water and/or sewer rate increases. Protests submitted by e-mail, facsimile or other electronic means will not be accepted. Pursuant to CCSD's *Guidelines for the Submission and Tabulation of Protests* (available from CCSD), a protest may only be submitted by the record owner or customer of record who signed the protest, or an individual authorized in writing to submit the protest on their behalf. The proposed rates cannot be adopted if written protests are received from a majority of affected parcels with one written protest counted per parcel. Written protests must be submitted prior to the close of the public hearing.

Written protests can be submitted by one of the following methods:

- Delivery to the District Clerk's Office at 1316 Tamsen Street, Suite 201, Cambria, CA 93428
- Mail to CCSD, Attention: District Clerk, P.O. Box 65, Cambria, CA 93248
- Personally submitting written protest at the Public Hearing

CCSD remains committed to operating as cost-effectively as possible while providing safe and reliable water and sewer service to the community. For more information about CCSD and the proposed rate increases, please call CCSD at (805) 927-6223 or visit our website at cambriacsd.org.

NOTICE OF CONTINUED PROPOSITION 218 PUBLIC HEARING

PROPOSED INCREASES IN CAMBRIA COMMUNITY SERVICES DISTRICT (CCSD) WATER AND SEWER RATES

Please take notice that the CCSD's Proposition 218 Public Hearing on Proposed Increases in Water and Sewer Rates, originally scheduled for December 29, 2015 at 9:00 a.m., will be held and then continued for a forty-five (45) day period. **The December 29 public hearing will be held as noticed at the Cambria Veterans Memorial Building, 1000 Main Street, Cambria, CA 93428. The hearing will be opened, comments considered, and written protests received. The hearing will then be continued to February 12, 2016 at 9:00 a.m. at the Cambria Veterans Memorial Building, 1000 Main Street, Cambria, CA 93428.**

It has come to our attention that the address provided to submit mailed written protests in the original public hearing notice inadvertently identified the zip code as "93248." **The correct address and zip code to submit mailed written protests is: CCSD, Attention: District Clerk, P.O. Box 65, Cambria, CA 93428. If you mailed in a protest using the incorrect address, you should submit a new protest. Written protests will be accepted through the close of the public hearing on February 12, 2016.** Valid protests previously received by the CCSD are unaffected. There was also an error in the original public hearing notice for the zip code of the Cambria Veterans Memorial Building; the correct zip code is referenced above.

A copy of the original public hearing notice dated November 13, 2015, previously sent to you and which includes the substantive rate increase information, is available on the CCSD website (www.cambriacsd.org) or a hard copy can be obtained by visiting the CCSD offices at 1316 Tamsen Street, Suite 201, Cambria, CA 93428. The CCSD is committed to transparency and open government. Please contact the CCSD at 805.927.6223 if you have any questions.



Cambria Community Services District
1316 Tamsen Street, Suite 201
Cambria, CA 93428

