

Added on 4/20/2022

CAMBRIA COMMUNITY SERVICES DISTRICT

TO: Board of Directors

AGENDA NO **3.A.**

FROM: John F. Weigold IV, General Manager

Meeting Date: April 21, 2022

Subject: Discussion and Consideration
Regarding Cancelling the May 19, 2022
Public Hearing and Rescheduling and
Renoticing the Proposition 218 Public
Hearing for Proposed Increases to
Water, Water Reclamation Facility and
Sewer Rates

RECOMMENDATIONS:

Staff recommends that the Board of Directors discuss and consider options for resolving the error in the Proposition 218 Notices recently mailed that included incorrect Fixed Monthly Water Service Charges proposed to become effective July 1, 2023 and July 1, 2024 for approximately 80 commercial accounts with meters 1-inch or larger and provide appropriate direction to staff.

FISCAL IMPACT:

The costs can range depending on what action is taken. The cost for sending supplemental Proposition 218 Notices to the roughly 80 impacted customers would be minimal, whereas the cost for sending new Proposition 218 Notices to all customers would be approximately \$6,100. In addition, any delay in the implementation of any approved rate increases will impact the amount of revenues received by the District for the upcoming fiscal year as the first rate increase is proposed to go into effect on July 1, 2022.

BACKGROUND:

At a meeting held on March 17, 2022, the Board of Directors considered rate options that had been prepared by Bartle Wells Associates and selected proposed new rates for water, and sewer services, along with inflationary pass through adjustments to water, Water Reclamation Facility (WRF) and sewer rates. The Board also selected May 19, 2022 as the date for the required public hearing to determine whether a majority protest has been submitted for any of the proposed rate increases and, if not, to consider adoption of the proposed new rates.

Article XIID, Section 6 of the California Constitution, which is the provision that regulates the notice and protest process, provides that the hearing is to be held "...not less than 45 days after mailing the notice of the proposed fee or charge..." Notices were mailed on April 1 in order to meet the 45-day requirement for the May 19, 2022 Public Hearing date.

Staff subsequently received inquiries from members of the community raising concerns about the fixed water service charges not increasing in the second (July 1, 2023) and third (July 1, 2024) years for commercial customers with a meter size of 1" or larger (roughly 80 accounts).

Staff has reviewed the mailed notice and agrees the Proposed Water Rates table for the commercial fixed water charges lists incorrect rates for customers with a meter size of 1” or larger. The table below is an excerpt from page 2 of the notice mailed on April 4, 2022 which includes the incorrect fixed water service charges for commercial customers with a meter size of 1” or larger noticed for the second (July 1, 2023) and third (July 1, 2024) years.

Proposed Water Rates				
	Current Water Rates	Proposed Rates Effective on or After		
		July 1 2022	July 1 2023	July 1 2024
Rate Increase %		6%	6%	6%
Commercial				
<u>Monthly Charge per Meter Size</u>				
5/8" or 3/4"	\$18.32	\$19.42	\$20.59	\$21.83
1"	45.80	48.55	48.55	48.55
1-1/2"	91.60	97.10	97.10	97.10
2" & Larger	183.20	194.20	194.20	194.20

Based upon the foregoing, staff is recommending that the Board of Directors consider options for resolving the error that impacts the fixed water service charges effective July 1, 2023 and July 1, 2024 for the roughly 80 commercial accounts with meter sizes 1-inch or larger and provide appropriate direction to staff. The correct future fixed monthly water service charges for these accounts is listed on the table below with the corrected charges shown in the highlighted area.

Proposed Fixed Water Service Charges				
	Current Fixed Service Charges	Proposed July 1 2022	Proposed Future Charges Effective	
			July 1 2023	July 1 2024
Commercial Fixed Monthly Water Service Charges				
<u>Monthly Charge per Meter Size</u>				
1" Meter	\$45.80	\$48.55	\$51.48	\$54.58
1-1/2" Meter	91.60	97.10	102.95	109.15
2" & Larger Meters	183.20	194.20	205.90	218.30

There are a number of options for how to resolve the error ranging from:

- a) Redoing the Proposition 218 process for adopting fixed water service charges for years 2 and 3 for the approximately 80 impacted commercial accounts with meters 1-inch and larger.
- b) Redoing the Proposition 218 process for adopting new water rates only for years 2 and 3 for all customers.

- c) Cancelling the current Proposition 218 process for water rates, sewer rates, and future inflationary rate adjustments and starting the entire process again.