

Prop 218 – Proposed Water and Sewer Rate Increases

Frequently Asked Questions

1. What is a rate study and why was it done?

This rate study is a comprehensive analysis of the City's costs of operating and maintaining its water and sewer systems and providing water and sewer service. The rate study addresses a number of key factors, such as the financial plan and revenue requirements, funding of capital projects to fix aging sewer and water systems, meeting recommended reserve targets for operations and capital replacement, and accounting for the cost of inflation.

2. How was the study conducted and who was involved?

The City selected an experienced utility rate consulting firm in March 2019 to work with City staff to begin evaluating its utility rates. During this process, the City's Sewer and Water Rate Committee reviewed the initial study results and provided recommendations to City staff and the City Council. The City Council will ultimately decide whether or not to adopt the proposed new utility rates.

3. What are the benefits of conducting such a study?

First and foremost, it provides an independent, unbiased evaluation of the City's utility rates. The study allocates the costs of providing water and sewer service to customers based on the proportionate cost of service in accordance with Proposition 218. The utility rate study report and models document the study and are intended to ensure that the City's proposed utility rates are properly aligned with generally accepted rate study methodology.

4. What were the results of the rate study?

This study evaluated the various factors that are part of the normal rate adjustment process and developed rate alternatives for the City to consider. Ultimately, the City Council reviewed the merits of all the rate alternatives and selected a water rate alternative with declining annual rate increases and a sewer rate alternative with 3% annual rate increases over five years. Other key assumptions of the selected rate alternatives are: (1) existing debt in the water utility is restructured to significantly reduce annual interest payments, and (2) the \$15 million recycled water distribution system improvement project will be funded with non-sewer rate revenues.

5. How and when will the recommended rate changes be implemented?

In order to implement the new rates, the City will need to: (1) mail written notices of the proposed rate adjustments to property owners as mandated by Proposition 218, and (2) after a protest period of at least 45-days, hold a public hearing to consider all oral and written testimony. Assuming protest ballots are not submitted on behalf of a majority of separate parcels, the City would begin implementing the new water and sewer rates January 1, 2020.

6. When is the public hearing?

The Public Hearing is scheduled for Wednesday, November 6, 2019, commencing at 6:30 PM, or as soon thereafter as possible, in the Santa Paula Council Chambers, 970 Ventura Street, Santa Paula, California. For further information, please contact the City Clerk's Office at (805) 933-4201.

7. When were the last sewer and water rate increases adopted?

The last sewer and water rate increases were adopted by the City Council in 2009. The scheduled sewer rate increases went into effect from 2009 to 2013. The scheduled water rate increases went into effect from 2009 to 2012.

8. Over how many years can the new rates be adopted?

The adopted rates may remain in place indefinitely, although all water and sewer utilities in California, including the City of Santa Paula, are restricted from adopting a schedule of increases for more than a five-year period. The City plans to adopt new rates from 2020 through 2024 (i.e., 5 years).

9. What is the monthly sewer service charge? And why is it being included in my bill?

The monthly sewer service charge includes costs for customer billing and administrative activities that are more appropriately recovered on a per-account basis versus including it in the fixed monthly service charge. It is not an "additional" charge to the customer, but instead it is a re-allocation of costs to a separate service charge resulting in a proportionately lower monthly fixed service charge.

10. How can I file a protest against the proposed sewer and water rate increases? And where can I get extra ballots?

Written protest ballots may be mailed to the City of Santa Paula City Clerk, P.O. Box 569, Santa Paula, CA 93061 or hand-delivered to the City Clerk's office, 970 E. Ventura Street, Santa Paula, California. To be counted, the City Clerk must receive a mailed written protest ballot no later than 4:30 PM November 6, 2019. However, protest ballots may be hand-delivered up until the end of the Public Hearing. Protest ballots submitted electronically by telephone, fax, or e-mail will not be accepted.

Residents may obtain additional copies of the ballots from the City of Santa Paula Public Works Department located at 866 E. Main Street, Santa Paula, CA 93060 or via online at <http://www.ci.santa-paula.ca.us/WaterSewerStudy.htm>.

11. How can someone learn more about the rate study and recommendations?

The City has prepared a dedicated website (link below) to provide useful information about the rate study and the presentations and reports made before the Rate Committee and the City Council. <http://www.ci.santa-paula.ca.us/WaterSewerStudy.htm>