



Proposition 218 Notice of Public Hearing On Proposed Rate Increases for Water and Sewer

**Public Hearing: November 6, 2019 Meeting starts at 6:30 p.m. or as soon thereafter as practicable, at Santa Paula City Hall,
970 E. Ventura Street, Santa Paula, CA 93060**

Santa Paula residents are encouraged to attend the public hearing on the proposed rate changes for water and sewer. This letter serves as notice that the City of Santa Paula will hold a public hearing on November 6, 2019, to consider changes to its current water and sewer rates.

What do water and sewer rates fund?

The City provides water and sewer services to about 7,600 customers (residential and commercial). The water and sewer utilities must be financially self-sufficient. Monthly service fees paid by users of each system are the primary sources of revenue to fund those operations. All revenue generated from your utility bills is used to fund operation, maintenance and replacement costs related to providing water and sewer service to properties within the Santa Paula utility Service Area.

Why are increased rates for water and sewer service fees necessary?

The City is committed to providing effective and efficient water and sewer service and maintaining operational and fiscal security for its utility systems, while keeping costs as low as possible to its customers. To that end, the City retained an independent rate consultant to prepare a cost of service analysis and rate study, to determine whether current rates for water and sewer service fees are sufficient to meet the City's cost of providing water and sewer service over the next five years. A copy of the cost of service analysis and rate study is available for inspection at the office of the City Clerk, as well as on the City's website at <http://ci.santa-paula.ca.us/WaterSewerStudy.htm>.

Based on the results of the study, rate increases for water and sewer service fees are necessary. Water service fee increases are necessary to meet revenue requirements, taking into account debt service coverage and inflation, as well as addressing projected annual deficits, funding vital capital improvement costs, and building and maintaining adequate reserve funds to ensure fiscal security for the City's water enterprise. The sewer service fee increases are necessary to meet the sewer system's net revenue requirements, including debt service and rate-funded capital costs, to keep pace with inflation, to fund capital improvement costs, and to build and maintain adequate reserve funds to ensure fiscal security for the sewer enterprise. Overall, increases are necessary to rehabilitate, upgrade and replace existing water and sewer distribution and treatment facilities and cover all related operating, maintenance, and administrative costs. The following table sets forth critical capital improvement projects to be funded with increased rates.

Critical Capital Projects

These are the Water Utility's critical projects planned for the next five years. These projects are necessary in order to make sure the wells, tanks, pumps, pipelines, and electronic equipment are functioning and meet the latest industry standards to pump, treat, and deliver safe drinking water to our customers.

- Replacement of main water lines – replace old pipelines that are more than 50+ years old to prevent main breaks, improve water quality, and increase flow capacity for fire protection.
- Water meter replacement – the typical service life for a water meter is 10 years from use and exposure to the elements. This program works to make sure that meters provide the most accurate readings.
- Mesa tank replacement - replace the two old water tanks at the top of Montclair Drive with larger ones to provide adequate pressure and volume for emergency fire flow and to support the Santa Paula Hospital Facility.
- Well rehabilitation program – five wells will be rehabilitated to ensure that the filters are clean and the pump systems can operate to extract the amount of water required to serve all customers.
- Convert the monitoring system from landline to radio so that the operation can be monitored remotely.
- Emergency backup generators – to provide dedicated backup power for critical water facilities in the event of an emergency, and to ensure that water will be available to customers and emergency responders.
- Harvard Blvd water main replacement – replace an aging water pipeline on Harvard Blvd before road reconstruction.
- Production water meter replacement – replace aging large water meters to assure water is being accounted for accurately.
- GIS/GPS management system – to develop a computer-based program to monitor the water system citywide to improve efficiency and response times for service and emergency events.
- Canyon booster pump station – the pump system is old, undersized and needs to be upgraded to provide adequate water for fire suppression.
- Cross town water pipeline – to improve water flow and pressure throughout the City and allow

These are the Sewer Utility's critical projects planned for the next five years. These projects are necessary to make sure that the sewer pipelines, manholes, and treatment plant are functioning and meet state requirements for collecting, processing, and treating of sewage water generated by residences and businesses within the City.

- Sewer pipeline rehabilitation – replace old and undersized sewer mains throughout the City and before road improvements take place.
- Harvard Blvd sewer pipeline replacement – replace large deteriorated sewer mains on Harvard Blvd.
- Rehabilitate and replace deficient manholes around the City.
- Inflow and infiltration reduction – spot repair of sewer pipelines to prevent stormwater and groundwater from entering into the sewer system.
- Water recycling facility
 - Floodwall – to protect the facility from flooding from the Santa Clara River.
 - Modify the pipe system and pond to handle incoming sewage to safe storage in the event of an emergency.
 - Membrane replacement – this component provides the final filtering of treated water and is at the end of its service life.
 - Concrete tank that holds the sewage water in the treatment process needs to be inspected and cleaned once per year.
 - Replace odor control system to manage raw sewage smell from the plant.
 - Upgrade computer monitoring system and software license required to control and operate the plant.
 - Replace damaged blower in a wastewater treatment chamber.

the Main Reservoir to be taken out for maintenance.	
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How are the proposed water and sewer service fees calculated?

The water service fees consist of two components: a monthly fixed service charge and a volumetric charge. The monthly fixed service charge is determined based on the size of the meter serving the property, and the rates are divided into three types of customer classes: general (including residential, commercial, and industrial), irrigation, and fire meters. Customer classes are established based on shared usage characteristics and patterns, in order to allocate the costs of providing water service equitably amongst all customers. All water customers are also charged a volumetric charge for each unit of water consumed, measured in hundred cubic feet (or hcf, with 1 hcf = 748 gallons of water). The monthly fixed charge is designed to proportionately recover the water utility's fixed costs of providing water service, while the volumetric charge is designed to proportionately recover variable costs and a small portion of the City's fixed costs.

The proposed sewer service fees consist of three components: a customer service charge, a monthly fixed charge, and a volumetric charge. The customer service charge is designed to recover customer costs, such as billing and general overhead, and is imposed at a flat rate per account. The monthly fixed charge is established based on customer class, and the number of equivalent residential units served, and is designed to recover the sewer utility's fixed costs. The volumetric charge is designed to recover the sewer utility's variable costs and a small portion of fixed costs. The monthly volumetric charge for residential customers is determined based on the lowest average winter consumption. The volumetric rate for commercial customers varies based on monthly water use and the estimated effluent strength for standard vs. high-strength customers. Customer classes include residential customers (further broken into single-family, multi-family, and mobile homes), standard commercial customers (including all commercial, industrial, and municipal users considered typical and/or producing standard-strength effluent), and high-strength commercial and restaurant customers. Customer classes are established based on similar flow and strength characteristics of wastewater discharged to the sewer system.

The proposed schedules of water and sewer fees are shown in the tables in the attached "EXHIBIT A". If the fee increases are approved, they will be effective for water or sewer use commencing January 1, 2020, and will be increased each July 1 thereafter commencing July 1, 2020, through and including July 1, 2023. Any future increases thereafter, or increases above the amounts set forth in EXHIBIT A, will require a new noticed public hearing and majority protest proceeding.

You Can Be Heard

Any property owner or customer of record (i.e. a tenant that is directly liable to the City for payment of the water and/or sewer fees) may file with the City Clerk a written protest against the proposed water and/or sewer rate increase. The protest must identify the property by address or APN, the name of the property owner or customer of record, a statement as to whether the protest is filed with respect to the water rate increase or sewer rate increase (or both), and be signed by the owner of the property or the customer of record, or an authorized representative. Any person is also invited to provide oral testimony at the November 6th Public Hearing; however, only written protests will be counted for the purpose of determining whether a majority protest exists.

A protest form is provided for your use. The written protests may be mailed to the 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. To be counted, the City Clerk must receive a mailed written protest no later than 4:30 pm November 6, 2019. Protests may be hand-delivered up until the end of the Public Hearing. Protests by telephone, fax, or e-mail will not be accepted. A majority protest exists if, at the end of the Public Hearing, there are valid written protests submitted by owners of a majority of the properties subject to the proposed fee increase. A majority

protest will result in the rate increase not being imposed. Note that no more than one protest per parcel will be counted.

The proposed rate increase(s) are based on the Water and Sewer Rate Study Report presented at the regular City Council meeting that was held on September 4, 2019. A copy of the Water and Sewer Rate Study – Final Report is available for public review at the City Website at <http://ci.santa-paula.ca.us/WaterSewerStudy.htm> and the City Clerk's office at 970 Ventura Street, Santa Paula. Your actual bills are rounded and may be slightly different than listed. If your service is metered, your rate increase will be directly affected by your water usage. State law requires that all property owners affected by the rate increase(s) be given the opportunity to protest the proposed rate increase(s). For further information about the proposed rate increase, please contact the Public Works Department at (805) 933-4212.

EXHIBIT A

Water Rate Schedule	Current '18/19 Rates	Proposed New Water Rates				
		FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
<i>Increase in Rate Revenue per Financial Plan¹:</i>		15.00%	13.00%	11.00%	9.00%	9.00%
Fixed Service Charge						
Monthly Fixed General Service Charges²:						
5/8 inch	\$24.57	\$28.38	\$32.07	\$35.60	\$38.80	\$42.29
3/4 inch	\$36.89	\$39.32	\$44.43	\$49.32	\$53.76	\$58.60
1 inch	\$62.07	\$61.21	\$69.17	\$76.78	\$83.69	\$91.22
1 1/2 inch	\$124.12	\$115.92	\$130.99	\$145.40	\$158.49	\$172.75
2 inch	\$196.23	\$181.57	\$205.17	\$227.74	\$248.24	\$270.58
3 inch	\$426.81	\$356.65	\$403.01	\$447.34	\$487.60	\$531.48
4 inch	\$615.54	\$553.61	\$625.58	\$694.39	\$756.89	\$825.01
Monthly Fixed Irrigation Service Charges:						
5/8 inch	\$24.57	\$69.74	\$78.81	\$87.48	\$95.35	\$103.93
3/4 inch	\$36.89	\$101.36	\$114.54	\$127.14	\$138.58	\$151.05
1 inch	\$62.07	\$164.60	\$186.00	\$206.46	\$225.04	\$245.29
1 1/2 inch	\$106.58	\$322.71	\$364.66	\$404.77	\$441.20	\$480.91
2 inch	\$106.58	\$512.44	\$579.06	\$642.76	\$700.61	\$763.66
3 inch	\$253.93	\$1,018.39	\$1,150.78	\$1,277.37	\$1,392.33	\$1,517.64
Monthly Fixed Fire Service Charges:						
5/8 inch - 4 inch	\$35.23	\$35.64	\$40.27	\$44.70	\$48.72	\$53.10
6 inch	\$71.53	\$73.11	\$82.61	\$91.70	\$99.95	\$108.95
8 inch	\$114.04	\$123.07	\$139.07	\$154.37	\$168.26	\$183.40
Volumetric Charges for All Water Consumed						
Uniform Rate (\$/hcf)³	\$2.43	\$2.77	\$3.13	\$3.47	\$3.78	\$4.12

1. This is the increase in annual rate revenue as shown in the Financial Plan, not an across-the-board adjustment to each individual rate.

Based on the cost-of-service adjustments, individual rates may be more or less than this amount in FY 2019/20.

2. General Service Charges include residential, commercial and industrial customers. Only meter sizes currently in the water system are shown.

3. One hcf (Hundred Cubic Feet) = 748 gallons.

Sewer Rate Schedule	Current Rates	Proposed Monthly Sewer Rates				
		Year 1 FY 2019/20	Year 2 FY 2020/21	Year 3 FY 2021/22	Year 4 FY 2022/23	Year 5 FY 2023/24
<i>Increase in Rate Revenue per Financial Plan¹:</i>		3.00%	3.00%	3.00%	3.00%	3.00%
Monthly Customer Service Charge (Per Account)						
Per Account	--	\$5.55	\$5.72	\$5.89	\$6.07	\$6.25
Monthly Fixed Service Charges (Per Housing Unit)						
Residential						
Single Family Residential	\$77.21	\$73.98	\$76.20	\$78.49	\$80.84	\$83.27
Multi Family Residential	\$77.21	\$73.98	\$76.20	\$78.49	\$80.84	\$83.27
Mobile Homes	\$77.21	\$73.98	\$76.20	\$78.49	\$80.84	\$83.27
Commercial Standard	\$77.21	\$73.98	\$76.20	\$78.49	\$80.84	\$83.27
Commercial High Strength & Restaurants	\$77.21	\$73.98	\$76.20	\$78.49	\$80.84	\$83.27
Volumetric Rate (\$/hcf)²						
Residential ³						
Single Family Residential	\$1.12	\$1.65	\$1.70	\$1.75	\$1.80	\$1.85
Multi Family Residential	\$1.12	\$1.30	\$1.34	\$1.38	\$1.42	\$1.46
Mobile Homes	\$1.12	\$1.24	\$1.28	\$1.32	\$1.36	\$1.40
Commercial Standard	\$8.40	\$9.42	\$9.70	\$9.99	\$10.29	\$10.60
Commercial High Strength & Restaurants	\$10.79	\$15.38	\$15.84	\$16.32	\$16.81	\$17.31

1. This is the increase in annual rate revenue as shown in the Financial Plan, not an across-the-board adjustment to each individual rate.

Based on the cost-of-service adjustments, individual rates may be more or less than this amount in FY 2019/20.

2. One Unit is equal to one HCF (Hundred Cubic Feet) or 748 gallons.

3. Single-Family Residential customers are now charged volumetric rates based on average winter consumption.

To protest the proposed Water and Sewer Rate Increase, you may complete this Protest Form, detach it, and mail it to the Santa Paula City Clerk, P.O. Box 569, Santa Paula, CA 93061 or hand deliver to the City Clerk's office, 970 E. Ventura Street, Santa Paula. To be counted, the City Clerk must receive a mailed written protest no later than 4:30 pm November 6, 2019. Protests may be hand-delivered up until the end of the Public Hearing. Only one protest is allowed per property.

Parcel APN: _____

Parcel Address: _____

I protest the proposed Water rate increase to fund operation, maintenance and replacement costs related to providing Water service to properties within the Santa Paula Utility Services Area.

I protest the proposed Sewer rate increase to fund operation, maintenance and replacement costs related to providing Sewer service to properties within the Santa Paula Utility Services Area.

I hereby declare under penalty of perjury that I am the owner of the above listed property or the authorized representative of the owner of the above listed property.

Please sign here: _____

Please print the property owner name here: _____