

EXHIBIT B

PROPOSITION 218 PUBLIC NOTICE AND SAMPLE BALLOT



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 for an opportunity to learn the details and comment on the proposed rate changes. Prior to recommending rate increases, city staff evaluates the cost to operate the water and sewer systems.

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 in the years to come. 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 administrative and incidental costs. The following table sets forth critical capital improvement projects to be funded with increased rates.

Critical Capital Projects

<p>The water system's critical projects include:</p> <ul style="list-style-type: none">● Annual rehabilitation and replacement of main water lines● Annual water meter replacement● Canyon booster pump station● Cross town water pipeline● Well rehabilitation● Mesa tank replacement● Monitoring system from land line to radio conversion● GIS/GPS management system● Harvard Blvd water main replacement● Emergency backup generators● Well-12 rehabilitation● Production water meter replacement	<p>The wastewater system's critical projects include:</p> <ul style="list-style-type: none">● Manhole rehabilitation and replacement● Inflow and infiltration reduction● Sewer pipeline rehabilitation● Harvard Blvd sewer pipeline replacement● Water recycling facility<ul style="list-style-type: none">○ Floodwall○ Pipe modifications and pond liner○ Monitoring system software licensing○ Facility landscape modifications○ Digesters blower air supply○ Concrete tank cleaning and inspection○ Membrane replacement○ Monitoring system and system hardware upgrades○ Chemical systems replacement○ Percolation pond rehabilitation○ Polymer system spill containment○ Screw press compressor replacement○ Odor control system● Recycled water distribution system
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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 two customer classes: general (including residential, commercial, and industrial), and irrigation. 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 (748 gallons of water). The monthly fixed charge is designed to proportionately recover a portion of the City's fixed costs in providing water service, while the volumetric charge is designed to proportionately recover the remainder of the City's fixed costs, as well as the City's variable costs incurred to provide water service.

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 units served, and is designed to proportionately recover a portion of the City's fixed costs. The volumetric charge is designed to proportionately recover the remainder of the City's fixed costs, and the City's variable costs in providing sewer service. The volumetric charge for residential customers is determined based on monthly average winter consumption from February through April. The volumetric rate for commercial customers varies based on the estimated effluent strength for standard vs. high-strength. 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 Public Hearing; however, only written protests will be counted for the purpose of determining whether a majority protest exists.

A protest form is provided below 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, dated September 4, 2019. A copy of the 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
(SAMPLE ONLY)

Figure 1: Water Rate Details

Water Rate Schedule	Current '18/19 Rates	New Cost-of-Service Based Rates				
		FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
<i>Increase in Rate Revenue per Financial Plan:</i>		15.00%	13.00%	11.00%	9.00%	9.00%
Fixed Service Charge¹						
Monthly Fixed General Service Charges:						
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:						
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)²	\$2.43	\$2.77	\$3.13	\$3.47	\$3.78	\$4.12

1. General Service Charges include residential, commercial and industrial customers. Only meter sizes currently in the water system are shown.
2. One hcf (Hundred Cubic Feet) = 748 gallons.

Figure 2: Sewer Rate Details

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>Projected Increase in Rate Revenue¹:</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.
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*.

Protest Form

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: _____



City of Santa Paula
970 E. Ventura Street
Santa Paula, CA 93060

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