



**Notice to Customers and Property Owners* of Record:
Public Hearing Regarding Proposed Rate and Fee Increases
(*As defined in Gov. Code section 53750(j))**

Date of this Notice: **April 19, 2019**

Date, Time and Place of Public Hearing:

On June 6, 2019, at 6:30 P.M., or as soon thereafter as the matter may be heard, in the District's Office located at 17081 Highway 116, Suite B, Guerneville, California, the Board of Directors of the Sweetwater Springs Water District will conduct a Public Hearing to consider adoption of Resolution 19-06. This resolution proposes to increase certain rates and charges as they relate to water availability, water usage, and services provided by District personnel. The District is proposing to increase the Base Rate, Water Use, and Capital Debt Reduction Charges by 3% for water bills sent in Fiscal Year 2019-20. The proposed water rate and fee changes are shown below in Tables 1 and 2. If the proposed rates and fees are approved, the water rates and fees shown in Table 1 will be effective on all bills issued and work performed on or after July 1, 2019.

What the Rates Are for and How the Funds Collected Will Be Used:

District water rates and charges are used to pay for three types of expenses: 1.) Ongoing operation, maintenance and improvement costs associated with the water system; 2.) Existing debt service on bonds and loans that were issued to purchase and improve the water system; and 3.) Capital improvements needed to bring the District's infrastructure up to current standards for fire flow and water pressure, to reduce the high system water losses due to leaks, to decrease staff time devoted to repair, and to reduce the public inconvenience caused by frequent water leaks and their repairs.

The proposed increases to rates and charges, as set forth in Resolution 19-06 and summarized below, will be used to pay for increasing operating and maintenance costs and capital improvements to the water system. This is the 9th year of the District's plan for annual 3% increases that have the purpose of developing sustainable capital improvement funding for the District.

The current capital improvement program addresses the need to bring District capital facilities to a standard level of adequacy and, once that is done, a sustainable capital improvement program will be needed to keep District facilities at an adequate level. The District Board has determined that District water rates need to be at a level to contribute a minimum of \$500,000 per year for ongoing capital improvements necessary to maintain and upgrade existing facilities. Water rates will contribute approximately \$260,000 to capital improvements in the coming fiscal year, based on the FY19-20 Budget.

At the start of this funding plan in 2011, District staff did financial analyses demonstrating that 3% increases for nine years would develop the sustainable capital funding amount by FY 2020. The recent drought added to the need for the 3% rate increase. Water sales were reduced compared to historical levels and have only recently started to move back toward pre-drought sales levels. The District doesn't know when, and to what extent District water use will return to former levels.

This proposed water rate increase follows the water rate study performed by Brelje and Race Consulting Civil Engineers and completed in January 2007. The study recommended restructuring water rates and increasing them annually by up to 4%. Water rates were restructured for FY 09-10, were not changed for FY10-11, and in the past eight years were increased by 3% based on the plan to develop a sustainable capital program as described above. As we move forward during this period of planned rate increases, budgets and spending needs will be analyzed on an annual basis to determine what level of increase, if any, is needed to meet the capital funding goals. The analysis done this year shows that the 3% increase is needed.

Amount of Proposed Rate and Fee Increases:

The proposed rates will increase the Base Rate, Water Use, and the Capital Debt Reduction Charges by up to 3% for FY 19-20 for all customers. Table 1 shows the proposed rates and fees. See Table 2 below for example water bills.

Table 1. Proposed Sweetwater Springs Water District Bimonthly Water Rates for FY 2019-20, 3% Increase for Water Usage and Base Rates, and CDRC							
Meter Size (in)	Base Rate	Water Usage Rate				Capital Debt Reduction Charge	Base Rate + CDRC
		Tier 1 1.50 Max Usage (Hcf)	Tier 2 3.00 Max Usage (Hcf)	Tier 3 4.50 Max Usage (Hcf)	Tier 4 6.50 Max Usage (Hcf)		
0.625	\$65.25	8	20	80	>80	\$11.95	\$77.20
1	\$163.15	20	50	200	>200	\$29.90	\$193.05
1.5	\$326.25	40	100	400	>400	\$59.75	\$386.00
2	\$522.00	64	160	640	>640	\$95.60	\$617.60
<p>* The Base Rate and Capital Debt Reduction Charge (CDRC) increases for meter sizes larger than 0.625 apply only to Commercial and Public Accounts.</p> <ul style="list-style-type: none"> The Base Rate and CDRC are also increased by the Multiple Unit Multiplier of 0.55 for Multi-Family accounts. For example, with a 2-unit account, the Base Rate is \$101.14, and the CDRC is \$18.53. 							

Table 2. 3% Water Rate Increase Effect on Typical Water Users by Class (100 cubic feet (Units), FY19-20)						
	Single Family Residential		Multi-Family Residential, 2 Units		Commercial 5/8 Meter	
Number of Accounts	3060		284		135	
	Median	90%	Median	90%	Median	90%
Median Water Use	7	22	12	32	15	82
Median Bill Current	\$ 85.10	\$ 130.05	\$ 133.57	\$ 192.44	\$ 106.85	\$ 395.05
Median Bill Proposed	\$ 87.70	\$ 134.20	\$ 137.66	\$ 198.56	\$ 110.20	\$ 408.20
Bimonthly Difference	\$ 2.60	\$ 4.15	\$ 4.09	\$ 6.12	\$ 3.35	\$ 13.15

Further Information Available Prior to the Hearing:

A copy of Resolution 19-06, which establishes the increased rates, and the District's draft Fiscal Year 2019-2020 Budget are available for review at the District office at 17081 Highway 116, Suite B, Guerneville, California. This information will also be posted on the District's website, www.sweetwatersprings.com. In addition, District staff can be contacted at (707) 869-4000 to answer any questions you may have regarding the rate increases.

Fee Adjustment Explanation:

District fees are reviewed annually to confirm that the District's costs are recovered. FY 2020 adjusted fees for after hour customer service call outs and hydrant meter rental fees are proposed. The proposed fee for weekday customer service calls and turn-ons will remain \$50 during business hours. Weekday after hours calls will be adjusted to \$100 (after 3 pm). Hydrant meter rental fees will be adjusted to \$300 per month.