

Olivehurst Public Utility District



Agenda Item Staff Report

Meeting Date: May 19, 2022

Item description/summary:

Rate Study and Prop 218 Process. This item has been discussed in many committees and Board meetings. Bartle Wells has prepared a Prop 218 notice as required by CA law. We plan to have the required public hearing at the July 21 Board meeting so that means we need to send these notices out by May 27.

Fiscal Analysis:

N/A

Employee Feedback

None

Sample Motion:

Move to approve the attached Prop 218 notice drafted by Bartle Wells.

Prepared by:

John Tillotson, P.E., General Manager



Olivehurst Public Utility District
1970 – 9th Avenue
Olivehurst, CA 95961
Address Service Requested

Notice of Public Hearing on Proposed Water and Sewer Rate Increases

Dear Property Owner or Customer,

The Olivehurst Public Utility District (OPUD) is proposing to gradually phase-in water and sewer rate increases over the next five years to support each utility's operating and maintenance needs and provide adequate funding for capital improvements needed to support safe and reliable service. **OPUD will hold a Public Hearing on the proposed rate increases on July 21, 2022 [confirm date] beginning at 7:00 p.m. at OPUD's offices located at 1970 - 9th Avenue, Olivehurst, California 95961 or via an online meeting on Zoom as listed below:**
[ADD ZOOM LINK and password]

OPUD's water and sewer utilities are self-supporting enterprises that rely primarily on service charge revenues to meet annual funding needs. As such, water and sewer rates need to be set at levels adequate to fund each utility's costs of providing service. The proposed water and sewer rate increases are phased in over the next five years with the first rate increases scheduled to become effective on January 1, 2023. *Both OPUD's water rates and sewer rates are low compared to other regional agencies. With the proposed rate increases, OPUD's rates are projected remain in the lower range and well below the regional average.*

Community Input & Written Protest Procedure

Customers, property owners, and community members are invited to attend the Public Hearing to provide input. Property owners and customers may also submit written protests against the proposed rate increases. Pursuant to California law, protests must be submitted in writing and must a) identify the affected property or properties, such as by service address or Assessor's Parcel Number, b) include the name and original signature of the customer or property owner submitting the protest, and c) indicate opposition to the proposed water and/or sewer rate increases. Protests submitted by e-mail, facsimile or other electronic means will not be counted as written protests. The proposed rates cannot be adopted if written protests are received from a majority (more than 50%) of affected parcels with one protest counted per parcel. Written protests can be mailed to: Olivehurst Public Utility District, P.O. Box 670, Olivehurst, CA 95961 or can be hand-delivered to OPUD's offices at 1970 - 9th Avenue, Olivehurst, California 95961. All written protests must be received prior to the close of the Public Hearing.

Proposed Water Rates

OPUD is proposing to adopt water rates shown in the table below. The proposed rates reflect a series of 5% annual rate increases phased in over each of the next five years. As proposed, the first water rate increase would not become effective until January 1, 2023. Water rate increases are needed to support water system operating expenses, provide adequate funding for maintenance of facilities and equipment, help ensure continued compliance with regulatory requirements, and help pay for high-priority capital improvements to OPUD’s water system infrastructure including repairs and upgrades to groundwater production wells, water treatment facilities, and water distribution pipelines.

OPUD provides water service to Metered Accounts and a limited number of Flat Rate Accounts (without meters). Metered Accounts pay both a) Fixed Monthly Charges based on meter size, and b) Water Consumption Charges billed based on metered water use. The Fixed Monthly Charges for accounts with 3/4-inch meters include the first 6 hundred cubic feet (6 ccf) of monthly water use at no additional cost. Accounts with larger meter sizes pay higher Fixed Monthly Charges which include the first 10 ccf of monthly water use at no additional cost. *Water Consumption Charges only apply to water use in excess of the amount of water included with the Fixed Monthly Charge.* Flat Rate Accounts pay a Fixed Monthly Charge for water service. OPUD is in the process of transitioning remaining Flat Rate Accounts to metered service.

OPUD’s Water Consumption Charges are billed in units of one hundred cubic feet (1 ccf), with 1 ccf equal to approximately 748 gallons. As such, OPUD’s current Water Consumption Charge of \$1.95 per ccf equates to approximately \$0.26 per hundred gallons. With the proposed rate increases over the next five years, Water Consumption Charges would gradually rise to \$2.49 per ccf, equal to approximately \$0.33 per hundred gallons.

Proposed Water Rates						
	Current Water Rates	Proposed Water Rates Effective				
		Jan-1 2023	Jan-1 2024	Jan-1 2025	Jan-1 2026	Jan-1 2027
METERED RATE ACCOUNTS						
<u>3/4" Meters</u>						
Fixed Monthly Charge	\$19.50	\$20.48	\$21.50	\$22.58	\$23.71	\$24.90
<i>Water included with Fixed Charge</i>	6 ccf	6 ccf	6 ccf	6 ccf	6 ccf	6 ccf
Water Consumption Charge per ccf	\$1.95	\$2.05	\$2.15	\$2.26	\$2.37	\$2.49
<i>For water use in excess of 6 ccf</i>						
<u>1" - 4" Meters</u>						
Fixed Monthly Charge	\$32.50	\$34.13	\$35.84	\$37.63	\$39.51	\$41.49
<i>Water included with Fixed Charge</i>	10 ccf	10 ccf	10 ccf	10 ccf	10 ccf	10 ccf
Water Consumption Charge per ccf	\$1.95	\$2.05	\$2.15	\$2.26	\$2.37	\$2.49
<i>For water use in excess of 10 ccf</i>						
FLAT RATE ACCOUNTS						
Fixed Monthly Charge						
3/4" Service	\$46.80	\$49.14	\$51.60	\$54.18	\$56.89	\$59.73
1" Service	75.40	79.17	83.13	87.29	91.65	96.23

Note: 1 ccf = one hundred cubic feet or approximately 748 gallons.

Rates for meters over 4" shall be determined on a case-by-case basis.

Proposed Sewer Rates

OPUD has not increased its sewer rates since 2017. OPUD is proposing to adopt sewer rates shown in the table below. The proposed rates reflect a series of \$2.00 monthly rate increases per residential dwelling unit or Equivalent Dwelling Unit (EDU) phased in each year over the next five years. The proposed increases equate to a 5% rate increase the first year with the percentage declining to a 4.2% increase the last year. As proposed, the first sewer rate increase would not become effective until January 1, 2023.

Sewer rate increases are needed to support wastewater system operating expenses, provide adequate funding for maintenance of facilities and equipment, help ensure continued compliance with regulatory requirements, and help pay for high-priority capital improvements to OPUD’s wastewater system infrastructure including repairs and upgrades to sewer collection system pipelines, lift stations, and OPUD’s wastewater treatment plant.

Residential customers pay a fixed monthly sewer charge per dwelling unit. Commercial customers are billed based on the number of Equivalent Dwelling Units (EDUs) assigned to each account according to each customer’s estimated wastewater flow and strength. Schools are billed based on the number of EDUs assigned to each school based on the number of faculty and students.

Proposed Sewer Rates						
	Current Sewer Rates	Projected Sewer Rates Effective				
		Jan-1 2023	Jan-1 2024	Jan-1 2025	Jan-1 2026	Jan-1 2027
Monthly Sewer Service Charges						
Residential (per dwelling unit)	\$40.00	\$42.00	\$44.00	\$46.00	\$48.00	\$50.00
Commercial (per EDU) ¹	40.00	42.00	44.00	46.00	48.00	50.00
Schools (per EDU) ²	40.00	42.00	44.00	46.00	48.00	50.00

1 Nonresidential accounts are assigned a number of Equivalent Dwelling Units (EDUs) by the District based on estimated sewer flow and wastewater strength with a minimum assignment of 1 EDU.

2 Schools are billed based on number of faculty/staff, and average daily attendance (ADA) of students according to the following formula.

Current EDU Formula: $EDUs = (A + B + C) / 280 \text{ gpd} \times D / 30$

A = number of faculty and staff x 20 gpd

B = ADA for number of elementary/middle school students x 18 gpd

C = ADA for number of high school students x 20 gpd

D = number of school days in month

gpd = gallons per day

Additional Information

Pursuant to California Government Code 53759, there will be a 120 day statute of limitations for challenging any new, increased, or extended fees, including water or sewer service charges adopted, modified, or amended after January 1, 2022.

OPUD remains committed to operating as cost-effectively as possible while providing safe and reliable water and sewer service to the community. For questions or additional information about the District or the proposed rate increases, please contact OPUD at (530) 743-4657.