



6230 Sylvan Road
P.O. Box 286
Citrus Heights
California
95611-0286

phone
916/ 725-6873

fax
916/ 725-0345

website
www.chwd.org

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**Notice of Public Hearing
- Proposed Rate
Increase**

**To be held at:
Rusch Park Community Center
7801 Auburn Blvd
Citrus Heights**

**Wednesday
November 19, 2014
6:30 p.m.**

**Public Hearing, Wednesday November 19, 2014, 6:30 p.m.
LOCATION: Rusch Park Community Center
7801 Auburn Blvd, Citrus Heights**

How to protest the proposed rate increases

All owners and tenants of property receiving water service from Citrus Heights Water District are invited to attend the Public Hearing and be heard about proposed rate increases and proposed water shortage rates. Proposition 218 allows property owners to file a written protest before or during the public hearing. If written protests are presented by a majority of the property owners the rates will not be approved. Only one written protest per identified parcel or property will be counted for purposes of determining whether there is a majority protest. Protests must be received in writing prior to the close of the public hearing to be considered. **Electronic delivery of protests, such as via fax or e-mail, is not accepted.**

The protest must be signed by the property owner(s) and must include a description of the affected property, such as address and/or Assessor's Parcel Number. If you were not identified as the owner of the property as of the last tax roll of Sacramento or Placer County, include written evidence that you presently own the property.

Written protests can be mailed to: District Secretary
Citrus Heights Water District
P.O. 286
Citrus Heights, CA 95611-0286

Or they may be hand-delivered to the Citrus Heights Water District Administration Office prior to the public hearing.



CITRUS
HEIGHTS
WATER
DISTRICT

PUBLIC HEARING ON PROPOSED WATER RATE ADJUSTMENTS AND PROPOSED WATER SHORTAGE RATES

Hearing Date and Time: Wednesday, November 19, 2014 at 6:30 p.m.

Hearing Location: **Rusch Park Community Center – Sunrise/Patio Room
7801 Auburn Blvd, Citrus Heights, California**

At a public hearing on Wednesday, November 19, 2014, at 6:30 p.m., the Citrus Heights Water District Board of Directors will be considering the adoption of a 3% rate increase on bi-monthly service charges and commodity charges for water consumed to be effective January 1, 2015. The Board of Directors will also be considering adoption, but not the implementation, of proposed water shortage rates that are designed to offset the financial deficit created by water shortage and to help encourage customers to meet use reduction goals.

Why a Water Rate Increase is Needed

The District continues to make every effort to keep costs down while operating in a manner that fulfills its mission of furnishing a dependable supply of safe, quality water delivered to you, our customer, in an efficient, responsive, and affordable manner. However, the cost of, and need for, replacing aging portions of the District's 265-mile underground water distribution system has risen significantly. This work is important to ensure that we maintain water quality and reliability. Revenue from existing water rates is not sufficient to support the cost of District operations and the replacement and improvement of infrastructure needed in the coming year.

A study on the financial impact of water shortages on District revenues and costs was recently completed by The Reed Group for the District. Reduced water sales, as a result of drought conditions, inevitably reduce the District's water rate revenues. While certain water supply costs will also be reduced, other costs will increase and revenues will decline more than costs resulting in a financial deficit. To offset the financial deficit created by water shortage, and to help encourage customers to meet use reduction goals, the District is considering the adoption of water shortage rates. Water shortage rates would vary for each stage of water shortage as declared by the District's Board of Directors. At its discretion, the Board of Directors could decide whether or not to implement water shortage rates concurrently with the declaration of a water shortage stage. The proposed water shortage rates would be overlaid onto the standard water rates in place at the time of the declaration. The water shortage rates would be temporary, and would be lifted when drought conditions end. The revenue generated from the water shortage rates will be used in combination with the District's Rate Stabilization reserve to offset the financial deficit created by water shortage. The Board of Directors will not be acting to implement the water shortage rates at this time. They will only be considering adopting the water shortage rate structure and will consider implementing the water shortage rates, if and when they are determined to be necessary in the future.

Summary of Rates

The following page contains a summary of proposed changes to bi-monthly customer service charges and commodity charges for water consumed. The District is following its 2013 Water Rate Study recommendation of a 3% revenue increase for 2015. The Water Rate Study recommends a 3% increase each year through 2018 to prevent the need to issue debt to cover infrastructure maintenance and replacement.

A summary of the proposed water shortage rates can be found on page 3 of this notice. More information on the water shortage rate study and the proposed budget for 2015 can be found at www.chwd.org/finances.

If you have any questions regarding this notice, please call the District Office at (916) 725-6873 between 8 a.m. and 5:30 p.m., Monday through Thursday.

Proposed Service Charges and Commodity Charges for 2015

Type of Charge	Applied Basis or Frequency	2014 Adopted	2015 Proposed	\$Change
<u>Charges for Metered Rate Customer Accounts</u>				
<i>Service Charge, Domestic & Commercial Meters</i>				
¾-inch meter	bi-monthly, per meter	\$35.82	\$36.89	\$1.07
1-inch meter	bi-monthly, per meter	\$54.50	\$56.13	\$1.63
1½-inch meter	bi-monthly, per meter	\$66.95	\$68.95	\$2.00
2-inch meter	bi-monthly, per meter	\$129.20	\$133.07	\$3.87
3-inch meter	bi-monthly, per meter	\$203.91	\$210.02	\$6.11
4-inch meter	bi-monthly, per meter	\$403.13	\$415.22	\$12.09
<i>Service Charge, Irrigation Meters</i>				
¾-inch meter	bi-monthly, per meter	\$35.82	\$36.89	\$1.07
1-inch meter	bi-monthly, per meter	\$54.50	\$56.13	\$1.63
1½-inch meter	bi-monthly, per meter	\$66.95	\$68.95	\$2.00
2-inch meter	bi-monthly, per meter	\$129.20	\$133.07	\$3.87
3-inch meter	bi-monthly, per meter	\$203.91	\$210.02	\$6.11
4-inch meter	bi-monthly, per meter	\$403.13	\$415.22	\$12.09
<i>Service Charge, Combination Meters</i>				
4-inch meter	bi-monthly, per meter	\$129.20	\$133.07	\$3.87
6-inch meter	bi-monthly, per meter	\$203.91	\$210.02	\$6.11
8-inch meter	bi-monthly, per meter	\$403.13	\$415.22	\$12.09
10-inch meter	bi-monthly, per meter	\$982.10	\$1,011.56	\$29.46
<i>Service Charge, Construction Meters</i>				
	bi-monthly, per meter	\$203.91	\$210.02	\$6.11
<i>Service Charge, North Ridge CC Meter</i>				
	bi-monthly, per meter	\$163.50	\$168.40	\$4.90
<u>Commodity Charges for Water Consumed</u>				
<i>1 unit = 100 cubic feet = 1 CCF = 748 gallons</i>				
<i>Domestic, Commercial, Irrigation & Combination Meters</i>				
all meters (regardless of size)	per unit	\$0.7440	\$0.7663	\$0.0223
<i>Construction Meters</i>				
	per unit, for all units bi-monthly	\$2.2320	\$2.2989	\$0.0669
<i>North Ridge Country Club Meter</i>				
	per unit, for all units bi-monthly	\$2.2320	\$2.2989	\$0.0669
<i>Unannexed property (surplus water only)</i>				
	multiplier times annexed rate, applied to service charge and commodity charge	3	3	-----
Fire Sprinkler Service Charges				
4-inch and smaller	per service, bimonthly	\$56.93	\$58.63	\$1.70
6-inch	per service, bimonthly	\$73.84	\$76.05	\$2.21
6-inch; one-half shared	per service, bimonthly	\$36.92	\$38.02	\$1.10
6-inch; one-third shared	per service, bimonthly	\$24.61	\$25.34	\$0.73
8-inch	per service, bimonthly	\$89.93	\$92.62	\$2.69
8-inch; one-half shared	per service, bimonthly	\$44.97	\$46.31	\$1.34
10-inch	per service, bimonthly	\$121.22	\$124.85	\$3.63
12-inch	per service, bimonthly	\$160.60	\$165.41	\$4.81

Proposed Water Shortage Rate Structure (2015) (1)

	Stage 1 Normal Supply	Stage 2 Water Alert	Stage 3 Water Warning	Stage 4 Water Emergency	Stage 5 Water Crisis	USBR Health & Safety Std.
Use Reduction Goals -->	None	5% to 10%	11% to 25%	26% to 50%	Over 50%	Over 75%
Bi-Monthly Service Charges (2)						
<i>Domestic, Commercial & Irrigation Meters</i>						
3/4" meter	\$ 36.89	\$ 36.89	\$ 36.89	\$ 36.89	\$ 36.89	\$ 36.89
1" meter	\$ 56.13	\$ 56.13	\$ 56.13	\$ 56.13	\$ 56.13	\$ 56.13
1 1/2" meter	\$ 68.95	\$ 68.95	\$ 68.95	\$ 68.95	\$ 68.95	\$ 68.95
2" meter	\$ 133.07	\$ 133.07	\$ 133.07	\$ 133.07	\$ 133.07	\$ 133.07
3" meter	\$ 210.02	\$ 210.02	\$ 210.02	\$ 210.02	\$ 210.02	\$ 210.02
4" meter	\$ 415.22	\$ 415.22	\$ 415.22	\$ 415.22	\$ 415.22	\$ 415.22
<i>Combination Meters</i>						
4" meter	\$ 133.07	\$ 133.07	\$ 133.07	\$ 133.07	\$ 133.07	\$ 133.07
6" meter	\$ 210.02	\$ 210.02	\$ 210.02	\$ 210.02	\$ 210.02	\$ 210.02
8" meter	\$ 415.22	\$ 415.22	\$ 415.22	\$ 415.22	\$ 415.22	\$ 415.22
10" meter	\$1,011.57	\$1,011.57	\$1,011.57	\$1,011.57	\$1,011.57	\$1,011.57
Water Usage Charges (\$/CCF) (3)						
Standard Water Usage Rate (a)	\$ 0.7663	\$ 0.7663	\$ 0.7663	\$ 0.7663	\$ 0.7663	\$ 0.7663
Water Shortage Charge (4)						
			10%	25%	40%	55%
Sample Water Shortage Charges (b)			<u>\$ 0.0766</u>	<u>\$ 0.1915</u>	<u>\$ 0.3065</u>	<u>\$ 0.4214</u>
Sample Aggr. Usage Rates (a+b)			\$ 0.8429	\$ 0.9578	\$ 1.0728	\$ 1.1877
Excess Use Charge (5)						
				50%	150%	250%
Sample Excess Use Charges (c)				<u>\$ 0.4789</u>	<u>\$ 1.6092</u>	<u>\$ 2.9692</u>
Sample Aggr. Excess Use Rates (a+b+c)				\$ 1.4367	\$ 2.6820	\$ 4.1569
Excess Use Charge applies to usage above amounts shown (6)						
3/4" meter	26 CCF					
1" meter	52 CCF					
1 1/2" meter	156 CCF					
2" meter	208 CCF					
3" meter	416 CCF					
4" meter & larger	832 CCF					
3/4" meter	26 CCF					

Notes:

- (1) This Table shows the proposed Water Shortage Charges and Excess Use Charges applied to the proposed Standard Water Usage Rates for 2015. The percentages would be applied to any then-current Standard Water Usage Rates in future years.
- (2) No changes to the bi-monthly service charges are proposed during water shortages.
- (3) 1 CCF equals 100 cubic feet equals 748 gallons
- (4) Water Shortage Charges are incremental increases in the Standard Water Usage Rate applied in Stages 3, 4, and 5, and with the United States Bureau of Reclamation (USBR) Health and Safety limitation.
- (5) Excess Use Charges effectively create a higher-priced second tier, and would apply only in Stages 4 and 5, and with the Health and Safety limitation. The percentage is applied to the combined Standard Water Usage and Water Shortage Charge to create the second tier.
- (6) Excess Use Charge applies to bi-monthly usage in excess of amounts shown for each meter size.