WATER PUMPING COSTS AND PROP 218 NOTICE FOR UNTREATED WATER PUMPING RATES

APRIL 14, 2020
PURPOSE

• BOARD TO HOLD PROPOSITION 218 PUBLIC PROTEST HEARING
• BOARD TO VOTE ON UNTREATED WATER PUMPING RATES
OVERVIEW

• WATER RATES APPROVED IN SUMMER 2019
• APPROVED RATES INCLUDE UNIFORM PUMPING RATES FOR ALL CUSTOMERS – PUMPING RATES WERE DECREASED AFTER ALMOST 4 YEARS WITHOUT AN ADJUSTMENT
• DESIRE TO REVIEW FEASIBILITY OF SEPARATING OUT TREATED VERSUS UNTREATED PUMPING RATES
• STAFF COMPLETED ATTACHED STUDY PROVIDING PUMPING BREAKDOWN
• INDEPENDENT FINANCIAL CONSULTANTS REVIEW = PROFESSIONAL THIRD-PARTY CONFIRMATION (RAFTELIS)
• TODAY’S REQUESTED ACTION IS TO SET RATE ADJUSTMENTS, FOLLOWING FEBRUARY 2020 INFORMATIONAL ITEM REVIEW OF THOSE RATES
PROP 218 OVERVIEW

• PROPOSITION 218 WAS ADOPTED IN 1996.

• FOR FEES SUBJECT TO PROP 218, THE PUBLIC AGENCY PROVIDES WRITTEN NOTICE BY MAIL TO THE OWNER OF EACH PARCEL UPON WHICH THE FEE OR CHARGE WILL BE IMPOSED.

• NOTICE CONTAINS:
  • THE AMOUNT OF FEE OR CHARGE;
  • THE REASON FOR THE FEE OR CHARGE; AND
  • THE DATE, TIME, AND LOCATION FOR THE PUBLIC HEARING.

• THE NOTICES ARE MAILED AT LEAST 45 DAYS BEFORE THE DATE OF THE PUBLIC HEARING.

• THE AGENCY SHALL NOT IMPOSE THE FEE OR CHARGE IF IT RECEIVES WRITTEN PROTESTS FROM A MAJORITY OF PROPERTY OWNERS (50% + 1).
COVID-19

• CALIFORNIA GOVERNOR ISSUED SEVERAL ORDERS THAT BANNED SOCIAL GATHERINGS

• ORDERS ALLOWED FOR TELEPHONIC BOARD MEETINGS TO FOLLOW SOCIAL DISTANCING REQUIREMENTS

• UNTREATED WATER CUSTOMERS WERE MAILED AN INFORMATIONAL UPDATE ON THIS MEETING ON APRIL 7, 2020

• THE MAILER AND AGENDA INCLUDED INFORMATION ON HOW THE PUBLIC MAY PARTICIPATE IN THIS MEETING TELEPHONICALLY

• PROTEST LETTERS STILL COUNTED AND RECEIVED IN SAME MANNER – INCLUDING AT THE ORIGINALLY PUBLISHED MEETING SITE UP TO AND INCLUDING DURING THE HEARING
WATER SERVICE COMPONENTS

• **FIXED COMPONENT**: Set flat amount charged per month based on size of meter
  
  • Includes components not related to actual volume of water used (customer service, meter maintenance, system maintenance, ability to serve customer on demand, some fixed costs from SDCWA)

• **VARIABLE COMPONENT**: Set amount per unit of water consumed based on commodity type (treated, untreated, TSAWR, construction)

• **ENERGY/PUMPING RATE**: Energy costs to distribute water to customers

• **TOTAL = COST OF IMPORTING AND DELIVERING 100% OF WATER TO CUSTOMERS ON DEMAND**
PUMPING REPORT

• STAFF COMPLETED A PUMPING REPORT THAT ANALYZED AND MADE RECOMMENDATIONS ON PUMPING RATES

• RECOMMENDATIONS FOR BOTH TREATED AND UNTREATED WATER PUMPING RATES (ATTACHMENT 2)

• RESULTS VERIFIED BY RAFTELIS (ATTACHMENT 2, ATTACHMENT 1)

• ALL FIGURES USED CONSISTENT WITH ASSUMPTIONS IN 2019 RFC REPORT (ATTACHMENT 3)
## PUMPING RATE RECOMMENDATIONS

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<tbody>
<tr>
<td>Treated Per Unit</td>
<td>$0.98</td>
<td>$1.05</td>
<td>$1.12</td>
<td>$1.20</td>
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<tr>
<td>Untreated Per Unit</td>
<td>$1.32</td>
<td>$1.41</td>
<td>$1.51</td>
<td>$1.61</td>
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- Rate recommendations based on the actual cost of providing services
- Difference in rates between systems primarily related to:
  - economies of scale to meet different system demands
  - utilizing natural gas engine at PPS for the treated water system
RECOMMENDATION ACTIONS

• BOARD TO VOTE ON PROPOSED UNTREATED WATER PUMPING RATES

• IF APPROVED, RATE FOR BOTH UNTREATED AND TREATED WATER PUMPING RATES WILL GO INTO EFFECT FOR BILLS MAILED 7/1/2020
Questions?