



Notice of Proposed Water and Sewer Rate Increases

March 1, 2023

Dear Property Owner:

This notice is intended to inform you that the Heritage Ranch Community Services District (HRCSD) will hold a public hearing regarding proposed increases to utility charges for customers receiving HRCSD water and/or sewer services. The proposed water and sewer rate increases will be considered by the HRCSD Board of Directors at the date, time and location specified below.

Consistent with the requirements of Proposition 218, this notice also provides you with the following information:

- The amount of the proposed increases to water and sewer rates;
- The basis upon which the amount of the proposed increases to water and sewer rates was calculated; and
- How to protest the proposed increases to water and/or sewer rates.

Notice of Public Hearing

Public Hearing for the proposed increases to water and sewer rates will be held on:

Date: Thursday, April 20, 2023

Time: 4:00 p.m.

Place: 4870 Heritage Road, Heritage Ranch, California, 93446

This notice has been sent to all record owners of property that are responsible for payment of HRCSD water and/or sewer rates. If adopted by the HRCSD Board of Directors, the proposed increases to water and sewer rates would become effective June 1, 2023, and first appear on bills issued on July 1, 2023.

Questions

Please review this notice and the HRCSD website at www.heritageranchcsd.ca.gov for more information on the Rate Study. Additional information may also be obtained by contacting the HRCSD at (805) 227-6230.

Proposed Water and Sewer Rate Increases

Increases to the monthly base rate and per unit rate for water, and the base rate for sewer are proposed for all customer classifications as presented in this notice. Water rates have two components: a fixed rate and a volume rate. The fixed rate is per meter size. The volume rate is uniform for all meter sizes and classifications. Sewer rates are fixed rates established on an "Equivalent Dwelling Unit" (EDU) basis that uses metered water consumption as representative of sewer flow. One EDU is defined as the average water consumption of a sewer residential dwelling unit.

Proposed Water Fixed and Variable Charges

	Current Rate	June 1, FY 22-23	January 1, FY 23-24	January 1, FY 24-25	January 1, FY 25-26	January 1, FY 26-27
<u>Meter Size</u>		<u>Fixed Charge (\$ per month)</u>				
5/8" and 3/4"	\$27.24	\$31.07	\$35.53	\$40.61	\$46.42	\$53.05
1"	\$37.14	\$43.27	\$49.37	\$56.45	\$64.54	\$73.77
1.5"	\$60.85	\$72.50	\$82.56	\$94.41	\$107.97	\$123.44
2"	\$91.16	\$109.80	\$124.91	\$142.86	\$163.39	\$186.82
3"	\$187.53	\$227.69	\$258.93	\$296.16	\$338.70	\$387.30
<u>Fireline Size</u>		<u>Fixed Charge (\$ per month)</u>				
2.5"	\$6.79	\$5.23	\$6.10	\$6.98	\$7.98	\$9.13
3"	\$10.97	\$8.45	\$9.85	\$11.27	\$12.90	\$14.75
4"	\$23.37	\$18.00	\$21.00	\$24.01	\$27.48	\$31.43
6"	\$67.88	\$52.30	\$60.99	\$69.75	\$79.82	\$91.29
8"	\$144.66	\$111.45	\$129.98	\$148.63	\$170.11	\$194.53
Classification	Current Rate	June 1, FY 22-23	January 1, FY 23-24	January 1, FY 24-25	January 1, FY 25-26	January 1, FY 26-27
		<u>Variable Charge (\$ per HCF)</u>				
All Consumption	\$3.56	\$4.07	\$4.65	\$5.31	\$6.07	\$6.94

Proposed Wastewater Monthly Fixed Charges

Description	EDU Ratio	Current Charge	June 1, FY 22-23	January 1, FY 23-24	January 1, FY 24-25	January 1, FY 25-26	January 1, FY 26-27
Residential/Condo	1.00	\$35.75	\$42.50	\$51.64	\$62.75	\$76.24	\$92.63
RV Space	0.80	\$28.60	\$34.00	\$41.31	\$50.20	\$60.99	\$74.10
Commercial	2.90	\$35.75	\$123.25	\$149.76	\$181.98	\$221.10	\$268.63
Restrooms	2.30	\$75.86	\$97.75	\$118.77	\$144.33	\$175.35	\$213.05
Dump Station	12.50	\$301.92	\$531.25	\$645.50	\$784.38	\$953.00	\$1,157.88
Holiday Condo	30.00	\$1,072.50	\$1,275.00	\$1,549.20	\$1,882.50	\$2,287.20	\$2,778.90

Sample Residential Monthly Water/Sewer Service Bill

The HRCSD currently bills service for a one-month period (monthly). The sample below includes the monthly fixed water rate, volume water rate, and fixed sewer rate for a single-family home and is based on a 5/8 x 3/4 inch water meter using 8 units of water (5,984 gallons), which is the average water use at Heritage Ranch. The rates are proposed to gradually phase in over five years.

The sample below includes the monthly fixed water rate, volume water rate, and fixed sewer rate for a single-family home.

If you have a 5/8 x 3/4 inch water meter using 8 units of water (5,984 gal):

Current Rates			Proposed Rates – June 1, 2023		
Water	Fixed	\$27.24	Water	Fixed	\$31.07
Water	Volume	28.48	Water	Volume	32.56
Sewer	Fixed	35.75	Sewer	Fixed	42.50
		Total			Total
		\$91.47			\$106.13

Basis and Reasons for the Proposed Water and Sewer Rate Increases

The proposed increases to water and sewer rates are necessary for the HRCSD to continue to provide safe and reliable water and sewer services to the residents of Heritage Ranch and are due in part to increased operation and maintenance of aging water and sewer distribution, collection, and treatment facilities. Several factors contribute to increasing operation and maintenance costs including, rehabilitation, replacement, and upgrades of water and sewer infrastructure and facilities, adequate revenues to cover operational expenditures, including the rising cost of electricity, chemicals, materials, and supplies necessary to operate water and sewer facilities, increased costs associated with pumps, generators, and motors, and increased vendor and labor costs. As has been seen in the current economy, inflation is high, and costs have increased significantly.

Capital improvements to water and sewer infrastructure is also a key factor in the proposed rate increases. Between 2018 and 2022 the HRCSD invested in its water and sewer infrastructure including design and construction of a new raw water vertical intake structure, replacement of valve actuators at the Water Treatment Plant, installation of water tank mixing equipment, maintenance and improvements to two sewer lift stations, design and construction of solar energy generating systems at both the Water Treatment Plant and the Sewer Treatment Plant sites, and engineering and design of major improvements required at the Sewer Treatment Plant. The total dollars spent on capital and major maintenance projects since 2018 is approximately \$3.134 million. This busy period of projects was funded by the last rate increases that occurred in 2018-2022.

The HRCSD Board of Directors adopted a new five-year Capital Improvement Program to guide projects through 2027. Some of those projects are a second raw water vertical intake structure, upgrade of the water system Supervisory Control and Data Acquisition System (SCADA), development and implementation of a project(s) to address disinfection byproducts, renovation of another two sewer lift stations, and upgrade of the sewer system SCADA. The five-year Capital Improvement Program also includes construction of major improvements to the Sewer Treatment Plant; however, the scope and costs of that project are still being determined and are therefore not included in the proposed sewer rates.

In addition, the water and sewer systems have and will continue to experience increased costs associated with meeting more stringent State and Federal regulations, which is currently the primary driving factor for the major improvements to the Sewer Treatment Plant. The basis and reasons for the increases to water and sewer rates are more specifically detailed in the Report on Water and Wastewater Rate Study dated February 2023 prepared for the HRCSD by Tuckfield & Associates. The Rate Study describes the methodology for determining the proposed rates, which is based on an operating flow of funds analysis and preparation of a five-year pro forma financial plan.

Written Protest

Pursuant to Proposition 218, you may express written support or opposition to any or all of the proposed increases to water and/or sewer rates prior to the close of the public hearing referenced above. A written protest must contain:

1. A statement that it is a protest against the proposed rate or rates which are the subject of the hearing; and
2. Name of the record owner; and
3. Identity of the affected parcel by the Assessor's Parcel Number (APN) or service address; and
4. Original signature of the record owner with respect to the identified parcel.

Written protest must be submitted to the District Secretary by the date of the hearing at 4:00 PM by:

1. Mail or delivery to the Heritage Ranch Community Services District Office at 4870 Heritage Road, Paso Robles, CA 93446.
2. Personally submitting the protest at the public hearing.

A protest may only be submitted by the record owner who signed the protest, or an individual authorized in writing by the record owner to submit the protest. That written authorization shall be provided to the District Secretary so the protest can be accepted from someone other than the person who signed it. Any challenges to the Proposed Water and Sewer Rate Increases must be filed as validation suits within 120 days in compliance with SB 323, which added Section 53759 to the Government Code, and any other applicable laws.

Survey of Water / Sewer Rates of Other San Luis Obispo County Agencies.

A survey of water/sewer rates for single family residential with a $\frac{5}{8}$ x $\frac{3}{4}$ inch meter throughout San Luis Obispo County as of November 2022 is presented below. All agencies have different costs to produce the services, so rates vary. A key issue is that HRCSD is one of the few agencies that operates a surface water treatment plant. Many water purveyors use only groundwater. HRCSD is also one of the few smaller agencies that performs wastewater collection, treatment, and discharge, and water collection, treatment, and distribution. Many agencies that perform all these functions have large populations and can spread out costs to many customers. Other agencies, like HRCSD, serve small populations and thus costs must be borne by fewer customers. The survey rates are reported as monthly for comparison purposes and shows the proposed first year new rates for HRCSD. The survey reveals that the monthly median water/sewer combined rate with 8 units of water of the agencies is \$163.91. The HRCSD proposed monthly water/sewer combined rate with 8 units of water is \$106.13.

