



# NOTICE OF PUBLIC HEARING

## PROPOSED RATE INCREASE FOR WATER AND SEWER SERVICE

A public hearing regarding proposed increases to water and sewer rates will be held on:

DATE: TUESDAY, JANUARY 21, 2014

TIME: 6:30pm

PLACE: CITY OF GUSTINE, CITY HALL  
352 FIFTH STREET  
GUSTINE, CA 95322

This notice is provided to all property owners and customers who currently receive either of these services provided by the City of Gustine. If adopted, the proposed rate increases will become effective February 1, 2014, January 1, 2015, January 1, 2016, January 1, 2017, and January 1, 2018.

*This Notice of Public Hearing provides information about proposed rate increases to the City's water and sewer service customers pursuant to the requirements of Article XIII D Section 6(a) of the California Constitution (a portion of Proposition 218, which was adopted by voters in 1996). The proposed rate increases will be presented to the City Council for adoption on Tuesday, January 21, 2014, at 6:30pm, in the Council Chambers of the City of Gustine, City Hall. This notice provides information on (1) how rates are calculated, (2) reasons for the required rate increases, (3) how customers can receive more information on the effect of the proposed rate increases on their water and sewer bills, and (4) how to file a protest against the proposed rate increases.*

### WHY ARE THE WATER AND SEWER RATES BEING INCREASED?

**WATER.** The City's current schedule of water rates was adopted in June 2008. The rate schedule adopted included a series of periodic rate adjustments. The last scheduled water rate increase was effective during the City's 2012/13 fiscal year. Any future rate adjustments require compliance with the procedures outlined in Article XIII D Section 6 of the California Constitution. The revenue received from the proposed rate increases will be used for payment of operation and maintenance expenses of the utility, payment of debt service obligations, and the purchase and replacement of capitalized equipment or projects (examples include waterlines, meters, and valves). Additionally, revenues collected will also be used to develop and maintain targeted reserve and debt service coverage ratios.

**SEWER.** The City's sewer rates have remained unchanged since September 2003, however, during that time regional costs have increased by 22%\*. The sewer utility is intended to function as a self-sustaining enterprise, with revenue collections sufficient to support the costs of ongoing operations, required improvements to the system, and repair and replacement of existing utility assets. In order to maintain alignment of revenues and expenditures, periodic adjustments to sewer rates are required. The revenue received from the proposed rate increases will be used for payment of operation and maintenance expenses of the utility, payment of debt service obligations, and the purchase and replacement of capitalized equipment or projects (examples include pumps, aeration equipment, influent screens, and removal of biosolids). Additionally, revenues collected will also be used to develop and maintain targeted reserve and debt service coverage ratios.

\*Estimate based on U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for all urban consumers (CPI-U - San Francisco-Oakland-San Jose) annual average 2003 through 2012.

*For questions regarding the City's water and sewer operations and maintenance programs, or inquiries about specific water or sewer projects, please contact City Hall at (209) 854-6471.*

## HOW ARE THE WATER AND SEWER RATES CALCULATED?

The proposed water and sewer rates are based on financial plans developed for each utility. The financial plans compare projected sources of funds (revenues) to projected expenditures to determine the sufficiency of current rates and any future rate adjustments required. Revenue from rates is intended to assist the City in meeting current and forecasted financial requirements and obligations of the water and sewer systems. Requirements and obligations can include: annual expenses to operate, maintain, and manage the utilities; targeted capital expenditures related to utility infrastructure, facilities, and equipment; repayment of outstanding debt; satisfaction of legal covenants; and attainment of targeted financial performance metrics. The City also works to maintain rates that are affordable to the community, and, when possible, follow a consistent pattern of incremental rate increases. Achieving this goal involves making deliberate choices regarding service levels, timing of expenditures, and timing of water and sewer rate adjustments. Any revenues received from water and sewer rate revenues are restricted solely to meet the requirements and obligations of each utility. This notice contains tables identifying the current and proposed water and sewer rates.

**WATER.** Monthly water rates for the majority of the City's customers are composed of a base monthly rate that includes the first 500 cubic feet of water supplied. 500 cubic feet is equivalent to 3,740 gallons of water. If more than 500 cubic feet of water is supplied in a month, an additional, incremental, rate applies based on the volume of water supplied. Customers typically use more water in the summer, than in the winter, so a customer could expect higher water bills in the summer due to a higher volume of water received.

**SEWER.** Customers pay a monthly sewer fee depending on dwelling characteristics and anticipated demand on the sewer and wastewater treatment system. Customer types include various residential categories, such as single-family residential, apartment, or mobile-home. Commercial, industrial, and school customers receive monthly sewer bills calculated on a variety of factors that may include customer type, pounds of biochemical oxygen demand discharge (BOD), actual flows, or average daily attendance.

## WHAT ARE THE CURRENT AND PROPOSED WATER RATES?

Rate	Class	Current Rate	Proposed Monthly Rate				
			Feb 1, 2014	Jan 1, 2015	Jan 1, 2016	Jan 1, 2017	Jan 1, 2018
Base Rate	Residential, Commercial, Other [a]	\$19.85	\$20.84	\$21.88	\$22.98	\$24.13	\$25.33
	Apartments [b]	\$24.92	\$26.17	\$27.47	\$28.85	\$30.29	\$31.80
	Apartments (Each Additional Unit) [b]	\$5.07	\$5.32	\$5.59	\$5.87	\$6.16	\$6.47
	Outside City [c]	\$59.54	\$62.52	\$65.64	\$68.92	\$72.37	\$75.99
Usage Tier	Metered Service (0 - 500 CF)	Base Rate *	Base Rate *	Base Rate *	Base Rate *	Base Rate *	Base Rate *
	Metered Service (501 - 1,000 CF)	\$0.92	\$0.97	\$1.01	\$1.07	\$1.12	\$1.17
	Metered Service (1,001 - 2,000 CF)	\$1.12	\$1.18	\$1.23	\$1.30	\$1.36	\$1.43
	Metered Service (2,001 - 3,000 CF)	\$1.35	\$1.42	\$1.49	\$1.56	\$1.64	\$1.72
	Metered Service (3,001 - 4,000 CF)	\$1.68	\$1.76	\$1.85	\$1.94	\$2.04	\$2.14
	Metered Service (Greater than 4,000 CF)	\$2.06	\$2.16	\$2.27	\$2.38	\$2.50	\$2.63
Flat Rate	School - GHS	\$854.44	\$897.16	\$942.02	\$989.12	\$1,038.58	\$1,090.51
	School - GMS	\$909.56	\$955.04	\$1,002.79	\$1,052.93	\$1,105.58	\$1,160.85
	School - GES	\$909.56	\$955.04	\$1,002.79	\$1,052.93	\$1,105.58	\$1,160.85
	School - OLM	\$771.75	\$810.34	\$850.85	\$893.40	\$938.07	\$984.97
	Other Non-Metered/Flat Rate	[d]	[d]	[d]	[d]	[d]	[d]

CF represents cubic feet. One cubic foot is equivalent to 7.48 gallons. 500 cubic feet is equivalent to 3,740 gallons.

\* The base rate includes the first 500 cubic feet of water supplied, or fraction thereof.

[a] Base rate for this class includes all customers, other than: apartments; outside city; schools; and other non-metered/flat rate customers.

[b] For master water metered apartment complexes each separate apartment unit will be charged a per unit fee in addition to either the initial base rate or meter reading fee, whichever is larger.

[c] For all water supplied by the City to a water service connection outside the City, the minimum rates and or charges for rendering such services shall be three (3) times the applicable minimum rates and charges for similar service within the City.

[d] For all water supplied through a non-metered service connection; a flat monthly charge shall be made that shall be determined by the City Council and based upon the estimated quantity of water supplied at the metered rates specified above, as determined by the character of use, but in no case less than the base rate specified above.

## WHAT ARE THE CURRENT AND PROPOSED SEWER RATES?

Class	Unit	Current Rate	Proposed Monthly Rate				
			Feb 1, 2014	Jan 1, 2015	Jan 1, 2016	Jan 1, 2017	Jan 1, 2018
Residential	per dwelling unit [a]	\$17.97	\$22.46	\$23.59	\$24.76	\$26.00	\$27.30
Apartments	per dwelling unit [a]	\$15.06	\$18.83	\$19.77	\$20.75	\$21.79	\$22.88
Mobile Homes	per dwelling unit [a]	\$12.80	\$16.00	\$16.80	\$17.64	\$18.52	\$19.45
School, primary	per avg daily attendance [b]	\$0.24	\$0.30	\$0.32	\$0.33	\$0.35	\$0.36
School, secondary	per avg daily attendance [b]	\$0.36	\$0.45	\$0.47	\$0.50	\$0.52	\$0.55
Commercial, base	each	\$12.80	\$16.00	\$16.80	\$17.64	\$18.52	\$19.45
Commercial, volume	per ccf over 700 cf [c]	\$0.013	\$0.016	\$0.017	\$0.018	\$0.019	\$0.020
Restaurant, base	each	\$17.97	\$22.46	\$23.59	\$24.76	\$26.00	\$27.30
Restaurant, volume	per ccf over 1,000 cf [c]	\$0.023	\$0.029	\$0.030	\$0.032	\$0.033	\$0.035
Light Industry	each	\$82.17	\$102.71	\$107.85	\$113.24	\$118.90	\$124.85
Heavy Industry	each	[d]	[d]	[d]	[d]	[d]	[d]

CF represents cubic feet. CCF represents 100 cubic feet.

[a] One dwelling unit shall be assigned to each separate residential living unit consisting of, but not limited to, the following: single-family residence; apartment unit; duplex unit; mobile home unit

[b] Based on the number of students as measured by average daily attendance.

[c] Based on each months actual water use.

[d] There are currently two heavy industrial users in the City. Rates vary for each user. Rates are based on a base individual plant rate, pounds of biochemical oxygen demand discharge and gallons of actual flow.

## WHAT IS THE IMPACT ON A TYPICAL RESIDENTIAL CUSTOMER?

Impact	Current	2014	2015	2016	2017	2018
<b>SAMPLE MONTHLY BILL</b>						
WATER *	\$32.29	\$33.90	\$35.60	\$37.38	\$39.25	\$41.21
SEWER	\$17.97	\$22.46	\$23.59	\$24.76	\$26.00	\$27.30
<b>MONTHLY BILL INCREASE</b>						
WATER	N/A	\$1.61	\$1.69	\$1.78	\$1.87	\$1.96
SEWER	N/A	\$4.49	\$1.12	\$1.17	\$1.24	\$1.30
<b>ANNUAL RATE INCREASE</b>						
WATER	N/A	5%	5%	5%	5%	5%
SEWER	N/A	25%	5%	5%	5%	5%

\* Sample monthly bill assumes single-family residential customer with 17CCF (12,716 gallons) monthly water use. This information is intended to assist customers in estimating impacts only. Usage patterns vary by customer and are influenced by a number of factors including weather, amount of landscaping, occupant water demands, etc. Regardless of whether you use less or more water than the scenario assumed in this sample, you can estimate your monthly water bill will increase by 5% per year assuming your usage patterns remain consistent with prior years.

Sewer rates have remained unchanged for ten years (since 2003)

Water rate is less than 1 cent per gallon

Sewer rate is less than \$1 per day for collection and treatment of sewage



City of Gustine  
352 Fifth Street  
Gustine CA, 95322

## HOW CAN I FIND OUT MORE ABOUT THE PROPOSED RATE INCREASES?

For further details regarding the proposed rate increases, or for any questions you may have regarding the proposed fees to be imposed on your parcel, please contact the City of Gustine, City Hall at (209) 854-6471 for assistance.

## HOW DO I PROTEST THE PROPOSED WATER AND/OR SEWER RATE INCREASES?

If you are the owner of record for a parcel or a tenant directly liable for payment of the fees subject to the proposed rate changes, you may submit a written protest against each proposed rate increase (water, sewer). If written protests are filed by a majority of the affected customers, the applicable proposed rate change will not be imposed.

### **IT IS IMPORTANT TO FOLLOW THESE INSTRUCTIONS IN ORDER FOR YOUR PROTEST TO BE VALID:**

1. The protest must be in writing and received by the City Clerk at or before the public hearing. Written protests may be mailed to P.O. Box 16, Gustine, CA 95322 or personally delivered to the City Clerk at City of Gustine, 352 Fifth Street, Gustine, CA 95322.
2. The protest must specifically identify what you are protesting, the water and/or sewer rate increase.
3. The protest must contain the service address.
4. The protest must be signed by either the account holder or the property owner of the service address.