



# NOTICE OF PUBLIC HEARING

## PROPOSED RATE ADJUSTMENTS FOR WATER AND SEWER SERVICE

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

DATE: October 1, 2019

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 adjustments will become effective November 1, 2019, July 1, 2020, July 1, 2021, July 1, 2022, and July 1, 2023.

*This Notice of Public Hearing provides information about proposed rate adjustments 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 adjustments will be presented to the City Council for adoption on October 1, 2019, at 6:30pm, in the Council Chambers of the City of Gustine, City Hall. This notice provides information on (1) reasons for the rate adjustments, (2) how rates are calculated, (3) how customers can receive more information on the effect of the proposed rate adjustments on their water and sewer bills, and (4) how to file a protest against the proposed rate adjustments.*

## WHY ARE THE WATER AND SEWER RATES BEING ADJUSTED AND WHY ARE YOU RECEIVING THIS NOTICE?

The City's water and sewer utilities are intended to function as self-sustaining enterprises, 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 water and sewer rates are required.

The City's current schedule of water and sewer rates was adopted in January 2014. The rate schedules adopted included a series of periodic rate adjustments. The last scheduled water and sewer rate increase was effective January 1, 2018. Any future rate adjustments require compliance with the procedures outlined in Article XIII D Section 6 of the California Constitution.

The proposed rate adjustments were developed to help ensure the health and safety of the community and meet current legal standards, while protecting the City's financial health and being sensitive to impacts on the rate-payer. They are based on the findings of a recently completed water and sewer rate study that examined the City's cost of providing water and sewer services, the sufficiency of revenues generated from current rates, and the rate structures applied to water and sewer customers.

Based on current customer usage patterns, the proposed rate adjustments would allow the City to meet the day-to-day operating costs of utility operations, meet existing debt service obligations, fund an adequate level of capital investment and establish prudent cash reserves.

*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 recover 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. 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 cost recovery for 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, duplex 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	Unit	Current Rate	Monthly Rate, Effective				
			Nov 1, 2019	Jul 1, 2020	Jul 1, 2021	Jul 1, 2022	Jul 1, 2023
Base Rate	Residential, Commercial, Other [a]	\$25.33	\$27.36	\$29.54	\$31.91	\$34.46	\$37.22
	Apartments [b]	\$31.80	\$34.34	\$37.09	\$40.06	\$43.26	\$46.72
	Apartments (each additional Unit [b])	\$6.47	\$6.99	\$7.55	\$8.15	\$8.80	\$9.51
	Outside City [c]	\$75.99	\$82.07	\$88.63	\$95.73	\$103.38	\$111.65
Usage Tier	Metered Service (0 - 500 CF)	Base Rate *	n/a	n/a	n/a	n/a	n/a
	Metered Service (501 - 1,000 CF)	\$1.17	n/a	n/a	n/a	n/a	n/a
	Metered Service (1,001 - 2,000 CF)	\$1.43	n/a	n/a	n/a	n/a	n/a
	Metered Service (2,001 - 3,000 CF)	\$1.72	n/a	n/a	n/a	n/a	n/a
	Metered Service (3,001 - 4,000 CF)	\$2.14	n/a	n/a	n/a	n/a	n/a
	Metered Service (Greater than 4,000 CF)	\$2.63	n/a	n/a	n/a	n/a	n/a
Usage Tier	Metered Service (0 - 500 CF)	n/a	Base Rate *	Base Rate *	Base Rate *	Base Rate *	Base Rate *
	Metered Svc. (Greater than 500 CF) per CCF	n/a	\$1.79	\$1.93	\$2.09	\$2.26	\$2.44
Flat Rate	School - GHS	\$1,090.51	\$1,177.75	\$1,271.97	\$1,373.73	\$1,483.63	\$1,602.32
	School - GMS	\$1,160.85	\$1,253.72	\$1,354.02	\$1,462.34	\$1,579.32	\$1,705.67
	School - GES	\$1,160.85	\$1,253.72	\$1,354.02	\$1,462.34	\$1,579.32	\$1,705.67
	School - OLM	\$984.97	\$1,063.77	\$1,148.87	\$1,240.78	\$1,340.04	\$1,447.24
	Other Non-Metered / Flat Rate	[d]	[d]	[d]	[d]	[d]	[d]

CF represents cubic feet. CCF represents 100 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 month 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	Monthly Rate, Effective				
			Nov 1, 2019	Jul 1, 2020	Jul 1, 2021	Jul 1, 2022	Jul 1, 2023
Residential	per dwelling unit [a]	\$27.30	\$29.48	\$31.84	\$34.39	\$37.14	\$40.11
Apartments	per dwelling unit [a]	\$22.88	\$24.71	\$26.69	\$28.82	\$31.13	\$33.62
Mobile Homes	per dwelling unit [a]	\$19.45	\$21.01	\$22.69	\$24.50	\$26.46	\$28.58
School, primary	per avg daily attendance [b]	\$0.36	\$0.39	\$0.42	\$0.45	\$0.49	\$0.53
School, secondary	per avg daily attendance [b]	\$0.55	\$0.59	\$0.64	\$0.69	\$0.75	\$0.81
Commercial, base	each	\$19.45	\$21.01	\$22.69	\$24.50	\$26.46	\$28.58
Commercial, volume	per CCF over 700 CF [c]	\$0.020	\$0.022	\$0.023	\$0.025	\$0.027	\$0.029
Restaurant, base	each	\$27.30	\$29.48	\$31.84	\$34.39	\$37.14	\$40.11
Restaurant, volume	per CCF over 1,000 CF [c]	\$0.035	\$0.038	\$0.041	\$0.044	\$0.048	\$0.051
Light Industry	each	\$124.85	\$134.84	\$145.63	\$157.28	\$169.86	\$183.45
Heavy Industry	each [d]						
A	Saputo	\$39,207	\$42,344	\$45,731	\$49,390	\$53,341	\$57,608
	Hillview	\$4,949	\$5,345	\$5,773	\$6,234	\$6,733	\$7,272
B	per pound of biochemical oxygen demand discharge	\$0.17	\$0.18	\$0.20	\$0.21	\$0.23	\$0.25
C	per million gallons of actual flow	\$139.42	\$150.57	\$162.62	\$175.63	\$189.68	\$204.85

CF represents cubic feet. CCF represents 100 cubic feet. One cubic foot is equivalent to 7.48 gallons.

[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 month's actual water usage.

[d] Monthly sewer charges based on the following formula for "permitted" flows and loadings. Charge Per Month = A + B + C where;

A = Individual Plant Base Rate

B = Allocated Cost Per Pound of Biochemical Oxygen Demand (BOD) Discharge

C = Allocated Cost Per Million Gallons of Actual Flow

\*Values for BOD will be determined at the the entry point to the public sewage system, utilizing sampling, analysis, and flow measurement procedures established by the City for determining the respective characteristics of the discharge.

\*Discharges in excess of permitted flows and loadings may result in penalty charges in excess of the monthly charges.

# WHAT IS THE IMPACT ON A SAMPLE RESIDENTIAL CUSTOMER?

SAMPLE COMBINED WATER AND SEWER MONTHLY BILL *							
Effective Date:	Current	1-Nov-2019	1-Jul-2020	1-Jul-2021	1-Jul-2022	1-Jul-2023	
Water Monthly Bill *	\$ 25.33	\$ 27.36	\$ 29.54	\$ 31.91	\$ 34.46	\$ 37.22	
Sewer Monthly Bill	27.30	29.48	31.84	34.39	37.14	40.11	
Combined Month Bill	\$ 52.63	\$ 56.84	\$ 61.39	\$ 66.30	\$ 71.60	\$ 77.33	
Monthly Dollar Difference	\$ -	\$ 4.21	\$ 4.55	\$ 4.91	\$ 5.30	\$ 5.73	\$ 4.94

\*Sample monthly water bill assumes single-family residential base charge up to 500 cubic feet (3,740 gallons) of water. This information is intended to assist customers in estimating impacts only. Usage patterns and actual monthly bills vary by customer and are influenced by a number of factors including weather, amount of landscaping, occupant water demands, etc. For single-family residents using more than 3,740 gallons of water per month, an additional \$1.79 will apply for each 100 cubic feet (748 gallons) of water used per month (amount will adjust periodically as illustrated in the water rate table included in this notice).

Water rate is less than 1 cent per gallon

Sewer rate is approximately \$1 per day for collection and treatment of sewage\*

\* Effective November 1, 2019, assuming 30 day month

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

For further details regarding the proposed rate adjustments, or for any questions you may have regarding the proposed fees and charges 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 RATE ADJUSTMENTS?

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 adjustment (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 adjustments.
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.