



Pine Grove Community Service District
State Water System ID# 0310005

SPECIAL MEETING PUBLIC MEETING 218 Process NEW RATES

BOARD of DIRECTORS

Kevin McCann, President

Rick Schultz, Board Vice President

Richard Schlaman, Finance Director

Dorrie McDonough, Director

Michael Bowers – Director

STAFF

Lori Arnberg, General Manager

DATE: Wednesday May 11, 2022

TIME: 9:00 a.m.

**LOCATION: Pine Grove Mobile Estates Club House located at 14074 Irishtown Road
Pine Grove, CA 95665**

AGENDA: Approval of agenda for this date. Any and all items added to this agenda must be approved by the Board, pursuant to Government Code Section 54954.2.

- 1) Review of rate study and items included in new rates**
- 2) Public comment limited to 3 minutes per person**
- 3) Counting of any protest letters received**
- 4) Consider adoption of Resolution 2022-03 adopting new rates effective July 2022**

**NOTICE OF PUBLIC HEARING
ON PROPOSED DRINKING WATER RATES FOR
THE PINE GROVE COMMUNITY SERVICE DISTRICT**

Public Hearing, May 11th at 9:00 am at the Pine Grove Mobil Estates Club House 14074 Irishtown Rd in Pine Grove

Pine Grove CSD Prop 218 hearing

Wed, May 11, 2022 9:00 AM - 10:30 AM (PDT)

Please join my meeting from your computer, tablet or smartphone.

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WHY ARE YOU RECEIVING THIS NOTICE?

This notice is being furnished to you by The Pine Grove Community Service District (PGCSD) pursuant to the California Constitution Article XIII Section D (also known as "Proposition 218"). Under terms of Proposition 218, the District is required to notify property owners of proposed changes to property related fees such as water services. This letter serves as notice that the PGCSD will hold a public hearing to consider changes to its current water rates.

WHAT DO WATER RATES FUND?

The PGCSD provides water services to about 380 customers. These services must be financially self-sufficient; rates paid by users of the system are the primary sources of revenue. All revenue generated from your utility bill is used to maintain and operate the water system. These revenues must meet all costs, such as electricity, chemicals, maintenance, licensing, fees, repairs, staff salaries, and build up reserves for emergency repairs and future replacement of the system when it is time to be replaced. The PGCSD is committed to responsible financial management of our public water system.

WHY ARE RATE CHANGES REQUIRED?

A complete budget review and analysis was done by an independent consultant. This rate study was funded by a grant from the State of California through the Safe and Affordable Funding for Equity and Resilience Program. This analysis examined the cost to provide water services with the objective of striking a better balance between fixed and variable revenues while continuing to promote a fair and equitable rate structure for all utility customers. Rates need to be adequate to recover the expenses while ensuring that costs are equitably allocated so that rates are fair and in proportion to the services received by each user.

Included in this analysis was a capital improvement study, and current replacement programs. All the capital assets of the PGCSD were reviewed and an estimated replacement timeframe and cost were assigned. These replacements will be funded with grants, minimal loans, and the proposed rate adjustments.

CURRENT RATES

Current user rates are broken into several classes and utilize a tiered rate structure. This means each customer is allocated an amount of water with their base rate. This rate structure has been successfully challenged multiple times under Proposition 218 and will need to change for the rates to be legal in the State of California. The current rates use the following schedule to cover a 2 month billing cycle:

Class	Base Rate	Tier Break (cubic feet)	Cost per cubic foot
Residential	\$90.42	0-500	\$0.000
		501-1,000	\$0.042
		1,001-2,000	\$0.047
		2,001+	\$0.058
Commercial	\$96.22	0-1,000	\$0.047
		1,001-2,000	\$0.054
		2,001+	\$0.060
Bulk Water:		Per 1,000 gallons	\$15.50

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NEW RATES – These rates will continue on a two month billing cycle

Changes in the rate structure are designed to bring the system into compliance with Proposition 218. This means rates will be based on meter size using maximum flow rates from American Water Works Association (AWWA).

The additional change means customers will also begin paying a usage charge of \$0.047 per cubic foot of consumption beginning at the first cubic foot used. There will be no additional tiers and this rate will apply to all water use.

Meter Size	Proposed Base Charge July 2022	Base Charge July 2023	Base Charge July 2024	Base Charge July 2025	Base Charge July 2026
5/8"	112.85	117.37	122.06	126.94	108.51
1"	282.13	293.42	305.16	317.36	271.28
2"	902.83	938.94	976.50	1,015.56	868.10
4"	2,821.34	2,934.19	3,051.56	3,173.62	2,712.83

There will also be a new water access fee for vacant lots. This is intended to remain equitable and ensure the system is being funded proportionate to wear and tear by user. These rates are equivalent to 50% of the base rate. Bulk water users will be charged \$0.18 per cubic foot. The above Base Charges and Usage Rates would go in effect beginning with the bill mailed July 15, 2022 and will increase each year for the next five years. Over a five-year period, the PGCS D will have a balanced budget that covers the expenses and the required reserves. **These rates are the absolute minimum that can be justified as being prudent and necessary.**

HOW ARE RATES CALCULATED?

The proposed rate structure for water service fees has two components: (1) a fixed monthly **base** charge; and (2) a variable (water consumption-based) **usage** rate. The first component is a fixed amount calculated to recover PGCS D's fixed costs of operating and maintaining the water system and is based on the potential volume of water a customer could draw, as determined by the size of their water connection and any special equipment required for their service. The variable component of the rate structure is based on water consumption. **The variable usage rate will be charged from the first cubic foot of water used.**

MEETING & PROTEST

The purpose of the public hearing is for the PGCS D Board of Directors to consider all comments about the rate adjustments to be imposed on parcels within the district. As the record owner or renter of a parcel identified to be subject to the imposition of the proposed rate adjustments, you may submit a **written** protest against the proposed rate adjustments. Provided, however, **if the identified parcel has more than one record owner or renter, only one written protest will be counted.** Each protest must (1) be in writing, (2) state that you are against the proposed water rates, (3) provide the parcel APN or PGCS D account #, and (4) include the **original signature of the record owner or renter submitting the protest.** Protests submitted by e-mail, fax, or other electronic means will **not** be accepted.

Written protests must be submitted by mail to PGCS D P.O. Box 367 Pine Grove, CA 95665, or in person at the public hearing on May 11, 2022, so long as they are received prior to the start of the public hearing. PGCS D staff will **not** accept protest letters as they all must be mailed to the address above or delivered in person at the May 11, 2022, public hearing before 9:00 AM. Please identify on the front of the envelope of any protest, whether mailed or submitted in person, that the enclosed letter is for the Proposed Adjustments of the Water Rates.

During the May 11, 2022, public hearing the written protests will be tallied by an impartial person. At the conclusion of the public hearing on May 11, 2022, the PGCS D Board of Directors will consider adopting the proposed rate changes. Oral comments at the public hearing will not qualify as formal protests unless accompanied by a written protest and delivered as stated above. If, at the beginning of the May 11, 2022, public hearing, written protests against the rate adjustments are not presented, as outlined above, by a **majority of the owners or renters of the identified parcels** upon which the new rates are proposed to be imposed, the PGCS D Board of Directors will be authorized to impose the rate adjustments as presented here.

The PGCS D staff encourages questions regarding this proposal, and appointments will be accepted to determine future monthly water bills for concerned customers (**these individual calculations cannot be done at the public hearing**). Questions or comments can be directed to Lori Arnberg, General Manager at 209-296-7188

Reminder: Public Hearing, May 11, 2022 at the Pine Grove Mobil Estates Club House 14074 Irishtown Rd in Pine Grove 9:00 a.m. Thank you - PINE GROVE COMMUNITY SERVICE DISTRICT