



CITY OF WOODLAND
Proposition 218 NOTICE OF PUBLIC HEARING

In Connection with
PROPOSED WATER RATE INCREASES & PROPOSED DROUGHT CHARGE

The City is proposing to increase water rates over a five-year period as necessary to provide sufficient revenue to operate and maintain the City's water system and provide the mechanism to implement a drought charge if necessary. If adopted, the proposed new rates would take effect April 1, 2017, with annual increases each January through January 1, 2021. This notice describes the reason for the new rates, how they were calculated, the amount of the proposed new rates, and how to file a protest to this proposed action. The City Council will hold a **Public Hearing** on the proposed water rate increases and drought rates at **6:00 p.m. on March 7, 2017**, at the City of Woodland City Council Chambers, 300 First Street, Woodland, CA 95695. You have an opportunity to protest the proposed rates up until the close of the Public Hearing.

REASON FOR THE PROPOSED WATER RATE INCREASES

The City of Woodland is committed to providing the highest water quality at the lowest possible cost for our customers. A substantial portion of the City's costs to operate and maintain the water system are fixed, meaning the costs remain the same regardless of water consumption. With the recent drought and State mandated water conservation, the City has experienced declines in water demand, and, therefore reductions in water revenues. The City engaged HDR Engineering, Inc. (HDR) to perform an independent water rate study ("Rate Study") to evaluate the infrastructure needs, programs, and operations and maintenance costs of the City's water services and the revenues necessary to recover the costs for those services for the next five years in light of reduced water consumption. The City must receive sufficient revenue to recover current and projected costs of operations and maintenance for the water system, fund capital infrastructure improvements needed to repair and update the City's aging infrastructure system, maintain the operational and financial stability of the utility, comply with State mandated regulatory requirements, meet and comply with annual debt service requirements and debt service coverage ratios, and avoid operational deficits and depletion of reserves. As detailed in the Rate Study, annual water operating expenses are projected to exceed revenues with revenue requirements exceeding anticipated revenues by more than \$6.9 million in Fiscal Year 2022 with current rates (see Exhibit 1 of the Rate Study), thus the need for increased water rates. The proposed adjustments project reduced on-going water consumption as well as provide the mechanism to implement a drought charge if necessary to ensure that there are stable revenues to fund water utility obligations, while continuing to supply safe and reliable water to City customers.

BASIS UPON WHICH THE PROPOSED WATER RATES & DROUGHT CHARGES WERE CALCULATED

The proposed rate increases were calculated based upon the Rate Study and the analysis in the Rate Study regarding the actual costs of operating the water utility, including meeting State and Federal mandates, providing safe and reliable drinking water to the entire City every day, meeting debt obligations, funding necessary capital improvements, and providing for infrastructure to treat, pipe, and pump water to customers.

The proposed water rates are comprised of two components—a fixed charge and consumption-based usage charge – and are based on existing and projected revenue needs, taking into account projected water conservation estimates over the next few years. A significant portion of the City's water system costs are fixed and do not vary with the volume of water delivered in a given month. The remaining costs are variable costs that increase with additional water use (such as the costs for treatment and electricity). The proposed rates are calculated to recover the City's costs of providing water service and to proportionately allocate those costs between customer classes. The rate increases were calculated to be the lowest

amounts necessary to meet costs of service for operating, maintaining, and replacing aging infrastructure. The maximum proposed monthly rates and the effective implementation dates are set forth below. If adopted, the City Council may increase rates each year up to the amounts shown. However, the City Council may also set rates at a lesser amount, depending upon water utility revenue requirements.

<i>Proposed Revenue Adjustment</i>	<i>Present</i>	<i>FY 2017</i>	<i>FY 2018</i>	<i>FY 2019</i>	<i>FY 2020</i>	<i>FY 2021</i>
	<i>Rates</i>	5.5%	5.5%	5.5%	5.5%	5.5%
	<i>Effective Date -</i>	<i>Apr-1-2017</i>	<i>Jan-1-2018</i>	<i>Jan-1-2019</i>	<i>Jan-1-2020</i>	<i>Jan-1-2021</i>
<u>Meter Charge (All customer classes)</u>						
3/4"	\$42.45	\$44.85	\$47.30	\$49.95	\$52.70	\$55.65
1"	42.45	44.85	47.30	49.95	52.70	55.65
1 1/2"	42.45	44.85	47.30	49.95	52.70	55.65
2"	42.45	44.85	47.30	49.95	52.70	55.65
3"	79.75	84.25	88.90	93.80	99.00	99.00
4"	132.90	140.40	148.10	156.40	165.00	165.00
6"	265.35	280.35	295.70	312.20	329.40	329.40
<u>Consumption (per ccf)</u>						
Residential -						
0 - 12 CCF	\$2.90	\$3.20	\$3.38	\$3.57	\$3.77	\$3.98
13 - 36 CCF	3.74	3.85	4.07	4.30	4.54	4.79
36 + CCF	4.91	4.74	5.00	5.28	5.58	5.89
Multi-Family, Commercial, Institutional, Industrial, & City						
Uniform Rate	\$4.31	\$4.31	\$4.40	\$4.65	\$4.91	\$5.18
Landscape						
Uniform Rate	\$4.91	\$4.71	\$4.97	\$5.25	\$5.55	\$5.86

As explained on the prior page, with the recent drought and State mandated water conservation, the City has experienced declines in water demand resulting in lower water revenues. The proposed drought charge is tied to the City's adopted Water Shortage Contingency Plan and would only be implemented if the City Council determines it is necessary to maintain system revenues due to drought induced consumption reduction that threatens the financial stability of the water utility. If adopted, the drought rate charge will be added to customer bills if the City declares a water shortage pursuant to the Water Shortage Contingency Plan that has a water use reduction target of 25% or greater. The drought charge would be added to the normal per unit costs shown in the table above.

	<i>Proposed Drought Rate Additional Charge \$/CCF</i>					
	<i>Current</i>	<i>FY 2017</i>	<i>FY 2018</i>	<i>FY 2019</i>	<i>FY 2020</i>	<i>FY 2021</i>
Residential						
0 - 12 CCF	\$0.00	\$2.08	\$2.19	\$2.31	\$2.44	\$2.57
13 - 36 CCF	\$0.00	\$2.08	\$2.19	\$2.31	\$2.44	\$2.57
36 + CCF	\$0.00	\$2.08	\$2.19	\$2.31	\$2.44	\$2.57
Multi-Family, Commercial, Institutional, Industrial, & City						
Uniform Rate	\$0.00	\$2.08	\$2.19	\$2.31	\$2.44	\$2.57
Landscape						
Uniform Rate	\$0.00	\$2.08	\$2.19	\$2.31	\$2.44	\$2.57

A full copy of HDR's 2016 Rate Study is available on the City's website at www.cityofwoodland.org.

HOW TO CALCULATE YOUR MONTHLY WATER BILL

	Meter Charge (Fixed Rate)	+	Consumption Charge*	=	Total Monthly Bill
Formula	Based on meter size (most single-family residential (SFR) customers have a 1" meter)	+	_____ x \$_____/ccf Monthly Use (ccf) x Volumetric Rate	=	Meter Charge + Total Consumption Charge = Total Monthly Water Bill
SFR Sample Bill under current rates using 1" meter and median use of 17 ccf in a month – no drought charge*	\$42.45	+	12 ccf x \$2.90/ccf = \$34.80 5ccf x \$3.74/ccf = \$18.70 \$34.80 + \$18.70/ccf = \$53.50 (total consumption charge)	=	\$42.45 + \$53.50 = \$95.95
SFR Sample Bill with proposed rates effective April 1, 2017 (1" meter; 17 ccf)	\$44.85	+	12 ccf x \$3.20/ccf = \$38.40 5 ccf x \$3.85/ccf = \$19.25 \$38.40 + \$19.25/ccf = \$57.65	=	\$44.85 + \$57.65 = \$102.50
SFR Sample Bill with proposed rates effective January 1, 2021 (1" meter; 17 ccf)	\$55.65	+	12 ccf x \$3.98/ccf = \$47.76 5 ccf x \$4.79/ccf = \$23.95 \$47.76 + \$23.95/ccf = \$71.71	=	\$55.65 + \$71.71 = \$127.36

* If the City Council implements the drought surcharge, the volumetric rate portion of the consumption charge will increase by the amount in the table on the foregoing page (April 1, 2017 - \$2.08/ccf increase; January 1, 2018 - \$2.19/ccf increase; January 1, 2019 - \$2.31/ccf increase; January 1, 2020 - \$2.44/ccf increase; January 1, 2021 - \$2.57/ccf increase).

PUBLIC HEARING & PROTEST PROCEDURES

The Public Hearing will be held on **March 7, 2017 at 6:00 p.m.** at the City of Woodland City Council Chambers, **300 First Street, Woodland, CA 95695**. The purpose of the hearing is to consider all written protests against the increases to the City's proposed water rate increases and drought charge. Any record owner or customer of record of a parcel identified to be subject to the imposition of the proposed increases may submit a written protest against the proposed increases. However, if the identified parcel has more than one record owner and/or customer of record, only one written protest will be counted. Each protest must be (1) in writing; (2) state opposition to the increase of water service fees; (3) provide the location of the identified parcel (by assessor's parcel number or street address); and (4) include the original signature of the record owner or customer of record submitting the protest. Written protests may be submitted by mail to Water Revenue Adjustment Protest, c/o City of Woodland City Clerk, 300 First Street, Woodland, CA 95695, hand delivered to the City Clerk, 300 First Street, Woodland, or in person at the public hearing, so long as they are received prior to the conclusion of the public hearing. Protests submitted via e-mail or other electronic means will not be accepted. Oral comments at the Public Hearing will not qualify as formal protests unless accompanied by a written protest. As per State law, the proposed adjustments will not take effect if a majority of the customers file a written protest.

For further details regarding the basis and reasons for the proposed rate and fee increases, please contact us at (530) 661-5940 or visit our website at www.cityofwoodland.org where the complete Rate Study and other information regarding the City's water system and rates is posted.

Una versión en Español de esta notificación esta disponible vía de la pagina de Internet de la Ciudad de Woodland