

City of Ukiah

Notice of Public Hearing on Proposed Rates for Water Service Charges

August 19, 2020 at 6:00 pm

Ukiah Civic Center
300 Seminary Ave, Ukiah, CA, 95482

The City of Ukiah will hold a public hearing on a proposed rate schedule for Water Rates.

The City's water utility provides water production, treatment, and distribution, services for more than 4,800 residential, business, and irrigation accounts located within the City. The City's water services are essential to protecting public health and the environment and maintaining a high quality of life.

The City of Ukiah charges Water Rates to each property that is connected to the City's water system. The City uses these funds to operate the water production, treatment, and distribution systems, including a recycled water system, which provides water supply resiliency for the entire community.

WHY INCREASE RATES NOW?

The City last increased Water Rates in January 2020 with the final adjustment in a 5-year plan of modest annual adjustments. The City plans to continue the practice of moderate annual rate adjustments by adopting a new 5-year rate plan. The City's Water Utility has managed to maintain a positive fund balance with operational efficiencies, refinancing of debt, a low-interest loan for recycled water facilities, and by deferring repair and replacement of capital projects. An increase in rate revenue is necessary at this time in order to pay for existing operating costs, to meet debt service obligations, and to increase capital reinvestment in the water system.

In order to meet the Water Utility's current and anticipated future expenses, the City is proposing increases to the Water Rates over the next five years. The proposed rates are designed to meet the current and anticipated costs of operations as well as

annual capital spending for water system facilities.

Further, the implementation of these new rate adjustments is being delayed until October 1, 2020 given the economic effects of the COVID-19 pandemic. They will be adjusted annually thereafter on July 1.

HOW WERE RATES CALCULATED?

The proposed Water Rates are the result of a comprehensive water rate study. The study included development of a 10-year financial plan, and an updated cost of service analysis. The Water Rates were calculated using methodologies that are aligned with industry standard practices for rate setting and all applicable laws, including California Constitution Article XIII D, Section 6 (commonly known as Proposition 218). The revenue requirements for the City's Water Utility were based on a financial plan that integrated operational, debt and capital funding needs, with consideration for other revenues and maintaining prudent reserves.

All water users will continue to pay a fixed monthly Service Charge based on the size of the water meter in addition to a Uniform Water Usage Rate based on actual monthly water usage.

HOW MUCH OF AN INCREASE?

Under this proposal, rate revenue from the Water Rates will increase 3% overall effective October 1, 2020, then 7% on July 1 of 2021, 2022, and 2023, then 5% on July 1 of 2024. Slight changes to the rate structure are included in the rates for October 2020 based on an updated cost of service analysis. As a result, the actual

changes to individual water bills in the first year will vary slightly depending on each customer's meter size and water usage. More specifically, the amount of revenue being collected from the fixed Service Charge relative to the variable Uniform Water Usage Rate has changed slightly.

For complete details, the 2020 Water Rate Study report is available at:

<http://www.cityofukiah.com/utility-services/>.

For more information on proposed Water Rates, please call:

(707) 463-6228

or email: lmartin@cityofukiah.com

HOW TO PARTICIPATE

Proposition 218 establishes a protest process for the public to follow if they wish to oppose the rates.

Written protests on the proposed Water Rates must be received prior to the close of the Public Hearing on August 19, 2020 and may be hand delivered during the hearing, mailed or delivered to:

Kristine Lawler
City Clerk
300 Seminary Ave, Ukiah, CA, 95482

E-mail protests are not accepted.

Written protests on the proposed Water Rates must identify the owner(s) or tenant of the property and provide the property address. Only one protest per affected parcel will be considered. If written protests are presented by owners from a majority of affected parcels, the City cannot approve the proposed rates.

The City of Ukiah is proposing a multi-year water rate adjustment schedule for all water service customers. The proposal will be considered by the City Council at a Public Hearing on August 19, 2020. If approved, the water rate adjustments will commence October 1, 2020. You are receiving this notification in compliance with California Constitution Article XIII C and D (commonly known as Proposition 218), which requires that all impacted property owner(s) are mailed notice of proposed rate increases at least 45 days prior to a public hearing.

Proposed Water Rate Schedule

| | Oct. 2020 | July 2021 | July 2022 | July 2023 | July 2024 |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| Water Usage Rate (\$/CCF) | | | | | |
| All Water Usage | \$ 3.26 | \$ 3.48 | \$ 3.72 | \$ 3.98 | \$ 4.18 |
| Monthly Service Charge | | | | | |
| 3/4" meter | \$ 39.88 | \$ 42.67 | \$ 45.66 | \$ 48.86 | \$ 51.30 |
| 1" meter | \$ 63.87 | \$ 68.34 | \$ 73.12 | \$ 78.24 | \$ 82.15 |
| 1 1/2" meter | \$ 123.31 | \$ 131.94 | \$ 141.18 | \$ 151.06 | \$ 158.61 |
| 2" meter | \$ 194.92 | \$ 208.56 | \$ 223.16 | \$ 238.78 | \$ 250.72 |
| 3" meter | \$ 362.14 | \$ 387.49 | \$ 414.61 | \$ 443.63 | \$ 465.81 |
| 4" meter | \$ 600.97 | \$ 643.04 | \$ 688.05 | \$ 736.21 | \$ 773.02 |
| 6" meter | \$ 1,197.51 | \$ 1,281.34 | \$ 1,371.03 | \$ 1,467.00 | \$ 1,540.35 |

Your Water Rates pay all costs necessary to operate and maintain the City's water production, treatment, and distribution infrastructure. The proposed Water Rates will help enable the City to provide reliable and dependable water service while protecting public health and the environment.

City of Ukiah
 300 Seminary Ave
 Ukiah, CA 95482



IMPORTANT NOTICE – Water Rate Increase
PUBLIC HEARING NOTICE