

**NOTICE TO ALL PROPERTY OWNERS OF THE
CSA #41 FREESTONE WATER DISTRICT**

**PROPOSAL TO INCREASE WATER RATES AND
PUBLIC HEARING ON THE PROPOSED RATE INCREASE**

NOTICE IS HEREBY GIVEN that the County of Sonoma Board of Supervisors will hold a public hearing at the following date, time, and location to consider a proposed increase in the water rates charged to the customers of the Freestone Water District and to receive protests against the proposal.

Date: November 2, 2021
Time: 1:30 p.m.
Location: Board of Supervisors Chambers
575 Administration Drive, Room 102A
Santa Rosa, California, 95403

At the hearing, all interested persons will be entitled to address the Board of Supervisors concerning the proposed rate increase.

****Please note that you may have recently received a Public Hearing Notice in the mail dated September 10th with a Board meeting date of October 26th, 2021 at 1:30P.M. Please disregard that notice as the Public Hearing has been rescheduled to November 2, 2021 at 1:30 P.M.***

Procedure to Protest the Proposed Water Rate Increases. Under Proposition 218, if you are the owner of record for a parcel or a tenant directly liable for payment of fees subject to the proposed rate increases, you may submit a written protest regarding the proposed rate increases. In order to be considered, written protests must be submitted in the following manner: 1) written protests must be actually received (not postmarked) by the Department of Transportation and Public Works, Attention: CSA #41 Freestone Protest, 2300 County Center Drive, Suite B100, Santa Rosa, California, 95403, by 5:00 p.m. on November 1, 2021; or 2) written protests will be accepted if hand delivered to the Clerk of the Board prior to the close of the public hearing on November 2, 2021.

Either prior to, or at the public hearing, property owners or tenants may submit written protests in respect to the proposed rates. At the public hearing, the Board will consider all written protests which have been received by the prescribed deadline. In order to be considered, a written protest must be made on the attached form. Only one protest will be counted per parcel. Only protests signed by the current owner(s) or the current tenant(s) will be allowed and must be received no later than the following deadlines:

- A property owner may submit a written protest rejecting the charge. If submitted by mail, the written protest must be received (**NOT** postmarked) by 5:00 p.m. on Monday, November 1, 2021, at the mailing address on the form.
- Alternatively, a property owner may submit his/her protest by hand delivering it. If hand delivered, a property owner may deliver his/her written protest no later than the

close of the public hearing on November 2, 2021, to the Clerk of the Board at the address set forth in the above opening paragraph.

Detailed Information. The following additional information regarding the nature of the proposed rate increase is provided in accordance with Proposition 218 (Section 6 of Article XIII D of the California Constitution).

1. **Background.** At the present time, the monthly water rate is made up of two components: the Base Rate component and the Water Usage component. The Base Rate applies to all customers and is dependent on the size of the installed water meter; the Water Usage applies to each customer on a per 1,000 gallons use in a three-tiered rate structure.

2. **Proposed Increases.** The proposed multi-tiered rate structure for the District remains similar to the existing rate structure with the following changes: a) the Base Rate component will now be the same for each customer, regardless of meter size; and b) Water Usage tier rates will be increased to more equitably reflect the cost impacts associated with larger consumptions of water. The proposed rate increase is for up to four percent (4%) per year over a five-year period. The rate increase on Water Usage and Base Rate would be applied if warranted after a financial review by County staff. At a minimum, an annual inflationary increase will be assessed to both the Base Rate and Water Usage components. If approved, proposed rates would become effective January 1, 2022.

Presented in the table below are current and proposed rates, which do not include the annual inflationary increases.

CSA #41 Freestone Zone of Benefit - Rates	Current FY 21-22	Proposed increase (effective 1/1/22)	Proposed 4% increase (effective 7/1/22)	Proposed 4% increase (effective 7/1/23)	Proposed 4% increase (effective 7/1/24)	Proposed 4% increase (effective 7/1/25)	Proposed 4% increase (effective 7/1/26)
Base Rate (Meter Charge)							
5/8" meter	\$ 76.84	\$ 77.00	\$ 80.08	\$ 83.28	\$ 86.61	\$ 90.08	\$ 93.68
1" meter	\$ 79.44	\$ 77.00	\$ 80.08	\$ 83.28	\$ 86.61	\$ 90.08	\$ 93.68
1-1/2" meter	\$ 82.05	\$ 77.00	\$ 80.08	\$ 83.28	\$ 86.61	\$ 90.08	\$ 93.68
2" meter	\$ 84.65	\$ 77.00	\$ 80.08	\$ 83.28	\$ 86.61	\$ 90.08	\$ 93.68
Water Usage (per 1,000 gallons consumed)							
1 to 6,000 gallons	\$ 27.80	\$ 32.03	\$ 33.31	\$ 34.64	\$ 36.03	\$ 37.47	\$ 38.97
6,001 to 12,000 gallons	\$ 30.50	\$ 39.53	\$ 41.11	\$ 42.76	\$ 44.47	\$ 46.24	\$ 48.09
Over 12,001 gallons	\$ 42.50	\$ 48.96	\$ 50.92	\$ 52.96	\$ 55.07	\$ 57.28	\$ 59.57

3. **Basis for Calculation of Monthly Rates.** As required by California Water Code, Section 31007, the proposed Freestone Water District rates are set so as to generate sufficient revenue to pay the operating expenses and provide for repairs and depreciation of water works owned and operated by the Freestone Water District (District).

The Freestone Water District's 2021-2022 budget details the Freestone Water District's estimated costs. County staff recently completed a financial analysis, which projected annual revenue requirements over the next five years, allocated costs to water customers served, and evaluated and recommended a rate structure to collect service charges sufficient to meet the District's financial needs.

Based on the rate analysis, the District is moving to a single Base Rate, or meter charge. Currently rates are collected using a monthly Base Rate that increases with meter size for all customers within the District, and three-tiered Water Usage (volumetric) rates (per 1,000 gallons). New Base Rates for all water users will be the same monthly rate, and the water consumption ranges of the three-tiered Water Usage rate will remain unchanged.

The following additional details are provided:

a. Consolidation of Base Rate charges: This component is a consolidation of existing meter charges to a single rate, regardless of meter size. The current charge to each water user is based on the meter size located at the property with increased costs for larger meters. However, based on review by staff, regardless of meter size, it was determined the effort to provide fixed services was the same for each customer, such that consolidating to one rate was more equitable. The new proposed consolidated base meter rate will result in a 0.6% increase for 5/8" meters and will result in the following decreases: 3.07% on 1" meters, 6.15% on 1.5" meters, and 9.04% on 2" meters.

b. Increase to the Water Usage Rates: This component is an increase to the Water Usage component (per 1,000 gallons). The Freestone Water District has, for several years, been operating at a deficit. Revenues from the sale of water to customers do not cover the increased costs for operations, maintenance and other services requiring the use of reserves, thereby reducing the overall balance of reserves. Water Usage tiers will remain the same as shown on the table in Section 2, but the rate increase per tier will increase as follows: Tier 1, 20% increase; Tier 2, 35% increase; and Tier 3, 20% increase. These increases will allow the system to charge customers more equitably, as larger consumption of water places a bigger strain on the water system and therefore higher costs to the system as a whole. Staff's analysis shows that the percentage increases for the three tiers will provide the Freestone Water District with sufficient revenue to cover the expenses that the system incurs, and provide a reasonable level of additional funds to cover unanticipated expenses.

c. Multi-Year Increases to Base Rate and Water Usage Rates: A multi-year rate increase of up to four (4%) percent per year is proposed subject to an annual financial review by County staff. The rate analysis shows that these proposed rate increases, provide sufficient revenues to meet expenses and to increase reserves. In addition, the proposed rates will, at a minimum, increase by an annual inflationary factor and shall be increased by an amount equal to the percentage increase, if any, in the Bureau of Labor Statistics consumer price index for all urban consumers (CPI-U), Series CUUR000SA0, based on the most recent year-end increase.

d. Average Increase to monthly bills: On an average, the increase to a customer's combined monthly billing, which includes Base Rate and Water Usage charges, is as follows: Tier 1 users, 9% increase; Tier 2 users, 14% increase; and Tier 3 users, 22% increase. The average increase to higher water users will allow expenses be more equitable as higher water usage results in higher maintenance and operational costs to the water system.

As demonstrated by the analysis, revenues derived from the water rate do not exceed the funds required to provide the property related service. Revenues derived from the water rates will not be used for any purpose other than that for which the rate is charged. The amount of the water rate does not exceed the proportional cost of the service provided. County staff consider this to be a fair and equitable manner of collecting the costs of providing water service and providing financial stability for the District.

4. ***Reason for Imposing Rates.*** The reason for the increase to fees is to continue providing water service to your property in compliance with State requirements while meeting rising costs for operating and maintaining the system which include providing for repairs and depreciation of the water system, unforeseen emergencies, and other lawful obligations and expenses of the Freestone Water District.

5. ***Additional Charges for Delivery of Water from Outside Sources.*** Additional charges for the actual cost of water from outside the Freestone Water District and the delivery costs associated with transporting the water to the Freestone Water District tanks would be charged based on the same Water Usage component (per 1,000 gallons) as already established within the Freestone Water District's ordinance. This would be an additional charge on each customer's monthly bills in the event that water is needed from outside sources.

6. ***Backflow Prevention Devices.*** Those properties that have the ability to reconnect to water wells or any other unapproved water source are required to have a backflow prevention device installed and maintained in order to comply with the California Code of Regulations, Title 17 Public Health, Division 1 State Department of Health Services, Chapter 5 Sanitation (Environmental), Subchapter 1 Engineering (Sanitary) Group 4 Drinking Water, Sections 7601 to 7605. In order to ensure compliance with these regulations, the Freestone Water District ordinance will continue to include a backflow prevention charge, currently at \$5.58 per month. This fee covers the cost of annual testing of the required backflow prevention device only. Any additional costs required for repair, maintenance, and/or replacement shall be billed directly to the customer on the monthly billing. This section only applies to those customers that are required to have backflow prevention devices.

7. ***Additional Information.*** Community members of the Freestone Water District were provided an opportunity to ask questions about the current budget that necessitates the increase to proposed rates at an informational meeting held on July 26, 2021. County staff has continued to work with the Freestone Water District Community Committee ("Committee") that has recommended approval of the rates contained within this notice.

Copies of the proposed ordinance increasing the water system rates will be filed with and available for review approximately one week before the public hearing at the Department of Transportation and Public Works, 2300 County Center Drive, Suite B100, Santa Rosa, California, 95403. Additional questions can be addressed to Adrian Diaz at the address listed above.

Dated: September 14, 2021

COUNTY OF SONOMA
DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

By: Trish Pisenti
Trish Pisenti
Deputy Director