



Proposition 218 Notification

NOTICE TO PROPERTY OWNERS OF PUBLIC HEARING ON PROPOSED INCREASE TO WATER RATES AND ADJUSTMENT TO SEWER RATES

NOTICE IS HEREBY GIVEN, pursuant to Article XIII D of the California Constitution, the City of Atwater City Council will hold a public hearing to increase the City's rates for water services, while decreasing rates for sewer services, as explained below. Interested parties are invited to attend:

Hearing Date & Time: January 28, 2019, 6:00 PM

Hearing Location: City Hall, City Council Chambers
750 Bellevue Road, Atwater, California 95301

The public hearing will review the proposed changes for water and sewer rates and other related changes to fees and charges. At the time of the public hearing, the City Council will hear and consider all protests and objections concerning these matters. If the rates are adopted, the proposed changes will become effective on February 1, 2019, for Fiscal Year End ("FYE") 2019, and July 1st each year for the next four (4) years.

This Notice Describes:

- Amount of proposed water and sewer rate increases and adjustments
- Reason for the proposed water rate increase
- Explanation of new water rate structure
- Reasons for sewer rate decrease with CPI adjustment increase
- How the proposed water and sewer rates were calculated
- How to file a protest for the proposed water and sewer rates
- Where you can find more information about the proposed rates

Amount of Proposed Water Rate Increase and Sewer Rate Adjustment

The proposed rates are presented in the attached (**Exhibit A**).

What Water and Sewer Rates Fund

The City provides water and sewer service almost entirely through customer revenues. No local, state or federal taxes offset the cost of these services. The proposed water rate increase will help the City provide reliable, high quality water services. The proposed rates are sufficient to cover operation and maintenance costs, maintain debt coverage, and fund reserves consistent with industry standards.

Water Rates

Reasons for the Proposed Water Rate Increase

The City is currently operating its water utility system on a deficit of approximately \$3.2 million. Without any revenue adjustments, the City will not be able to fund operations and maintenance for the water utility system, balance its deficit, or address its annual capital replacement needs by FYE 2022.

The City proposes annual, incremental rate increases over the next five (5) years. The proposed water rate increases will allow the City to collect revenues sufficient to:

- Comply with current and future mandated federal and state regulations that will ensure a safe and reliable water supply.
- Operate and maintain, repair and replace water facilities with industry standards.
- Fund necessary reserves, consistent with industry standards.
- Finance capital improvement projects and replace aging wells and distribution facilities.

Explanation of Water Rate Structure

For metered accounts, the amount of your utility bill will depend on the size of your meter and the amount of water consumption. Metered usage will continue to be charged a uniform volumetric rate above a new minimum amount of water usage equal to 19 T-Gals. Some metered accounts are proposed to be consolidated. Meters smaller than or equal to 3/4" have been combined as the baseline meter size under 3/4 and less. 1" (with 50' or less), 1" (with 101' or more), and 1" (with 151' or more) will be combined into the 1" classification. For non-metered accounts, the amount of your utility bill will depend on the frontage size of your property, or if you live in a multi-family type dwelling.

Sewer Rates

Reasons for the Sewer Rate Decrease with CPI Adjustment

The City's sewer reserves are sufficiently funded at this time. Therefore, the City is proposing to **decrease** sewer rates 15% across all classifications for FYE 2019. The 15% decrease will allow the City to maintain a healthy reserve balance, as well as meet 120% coverage for outstanding debt.

Thereafter, the City is proposing 3% maximum CPI increases for FYE 2020 to 2023, to account for inflation. The sewer rates in **Exhibit A** show the maximum rate increase for each year. The actual annual increase will be calculated according to the consumer price index ("CPI"), as provided by the United States Department of Labor, Bureau of Labor Statistics. If the CPI exceeds 3% in any year between 2019-22, the rate increase for sewer services for that year will be capped at 3%.

Public Hearing

Interested parties can protest the proposed rates at the public hearing. 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 prior to the close of the public hearing on January 28, 2019. The protest must specifically identify whether water rates or sewer rates are being protested. **Written protests must be mailed or personally hand-delivered to the City at the City Clerk's office at: City Clerk, 750 Bellevue Road, Atwater, CA 95301**
2. All written protests must include the service address and assessor's parcel number (APN) of the property receiving water or sewer service.
3. The protest must be signed by the record owner of the property, or the person listed on the utility account who is responsible for paying the bill. The name of the signer should be printed legibly, in addition to the signature. Only one protest will be counted for each property.

How Can I Get More Information?

More information regarding the proposed water and sewer rates are available on the City's website at www.atwater.org.