

JUNE 2015

Hidden Valley Lake Community Services District



Proposition 218 Notification NOTICE OF PUBLIC HEARING ON PROPOSED WATER RATES

HEARING DATE: July 21, 2015

TIME: 7:00 p.m.

LOCATION: Hidden Valley Lake CSD
Administration Office
19400 Hartmann Road
Hidden Valley Lake, CA



Mark your calendar!

Monthly bill payments will be due on the 20th of each month unless the 20th falls on a weekend, in which case payments will be due the following Monday.

The Hidden Valley Lake Community Services District (District) is proposing to establish a new water rate structure to more equitably distribute the cost of providing water service among the various residential and commercial user classes, and to increase water rate charges to finance the maintenance and repair of aging water infrastructure, upgrade existing facilities to comply with new unfunded State and federal mandates, and restore reserve funds that have been drawn down and in some cases depleted during the recent economic recession. If adopted, the proposed rate change will become effective on or after September 1, 2015.

Why are you receiving this notice? You are receiving this notice because you are either a District water customer or you own property that is receiving District water service. The purpose of the public hearing is to consider all written protests against the proposed rate changes. As the owner or customer of record of a parcel subject to the imposition of the proposed rate changes, you may submit a written protest against the proposed rate changes.

Billing Changes

The District is switching from a bimonthly to monthly sewer and water billing cycle. The District is switching from the current bimonthly billing cycle (one bill every two months) to a monthly residential sewer and water billing cycle.

Didn't the District recently hold a rate increase hearing? On April 21, 2015 the District held a public hearing and considered adoption of tiered water rates and sewer rate increases. The Board adopted sewer rate increases - which will take effect July 1, 2015 - but did not adopt the proposed tiered water rates in deference to a April 20, 2015 Appellate Court decision in Southern California, in which the Court concluded the community of San Juan Capistrano's tiered water rates were unconstitutional. The District's proposed tiered water rates were very similar to San Juan Capistrano's. Rather than expose the District to litigation, the Board directed staff to propose a new rate structure that was in compliance with the recent Appellate Court decision, for consideration at a future meeting - now scheduled for July 21, 2015.



Shortening the billing cycle will provide more timely information for the customer, with regard to water usage and the detection of costly water leaks, and enhance the District's ability to comply with state mandated water conservation measures.

Board of Directors

President of the Board
Jim Freeman

Vice President of the Board
Jim Lieberman

Director Judy Mirbegian

Director Linda Herndon

Director Carolyn Graham

New Water Rates

What does the water rate fund? The District provides water utility services to residential and commercial customers. All revenue generated from customers' water bills is used to pay for the ongoing operation, maintenance, repair and replacement of the existing water system. The cost of system expansions, to serve new development, is recovered through connection or demand fees imposed on the developer requesting District service. By State law, the District may not collect more revenue than is necessary to recover the costs of providing services.

Capital projects a major reason for raising water rates: The District's water distribution system is aging, as demonstrated by the number of "mainline" breaks experienced in recent years. Furthermore, there are long-standing deficiencies within the water distribution system that need correction. More recently, the State of California passed the nation's first drinking water standard for hexavalent chromium. The District's raw water supply has naturally occurring hexavalent chromium at concentrations that occasionally exceed the new 10 parts per billion drinking water standard and therefore, the District must construct new facilities within the next five years

to remain in compliance. In addition to water treatment improvements, the District has initiated a multi-year project to secure water rights to the District's existing water supply – an expensive and time consuming project that involves a number of technical studies.

Proposed water rate changes: The current residential water rate schedule consists of a bimonthly base rate of \$74.26 for the first 3,000 cubic feet of water used and a flat rate of \$2.48 for every 100 cubic feet of water used in excess of 3,000 cubic feet. Similarly, the current commercial water rate schedule consists of a monthly base rate of \$37.13 for the first 1,500 cubic feet of water used and a flat rate of \$2.48 for every 100 cubic feet of water used in excess of 1,500 cubic feet.

The proposed water rates for residential and commercial customers consist of two components, a "fixed charge" and a "volumetric charge". All customers pay the same fixed charge, regardless of household size or commercial building square-footage, while the volumetric charge is determined by the amount of water used each month. The proposed water rate charges over the next five years are as follows:

Proposed Water Rates					
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
Fixed Service Charge					
Monthly Service Charge by Meter Size:					
5/8 - inch	\$27.54	\$30.57	\$33.93	\$36.65	\$39.58
3/4 - inch	\$40.37	\$44.81	\$49.74	\$53.72	\$58.02
1 - inch	\$66.04	\$73.30	\$81.37	\$87.88	\$94.91
1 1/2 - inch	\$130.20	\$144.52	\$160.42	\$173.25	\$187.11
2 - inch	\$207.19	\$229.99	\$255.28	\$275.71	\$297.75
Volumetric Charges					
Uniform Rate (\$/100 cubic feet)	\$1.86	\$2.07	\$2.30	\$2.48	\$2.68

The total amount of your water bill will depend on the amount of water used. In the first year, the average monthly water charge for a typical single family residential customer will be approximately \$43.91. Water bills will be noticeably higher in

the summer months, when water usage is highest. A summary of projected average monthly water charges for low, average and high single family residential water users in the first year is as follows:

Water User	Average Monthly Water Use	Projected Monthly Charges
Low	435 cubic feet	\$35.63
Medium	880 cubic feet	\$43.91
High	1,475 cubic feet	\$54.98

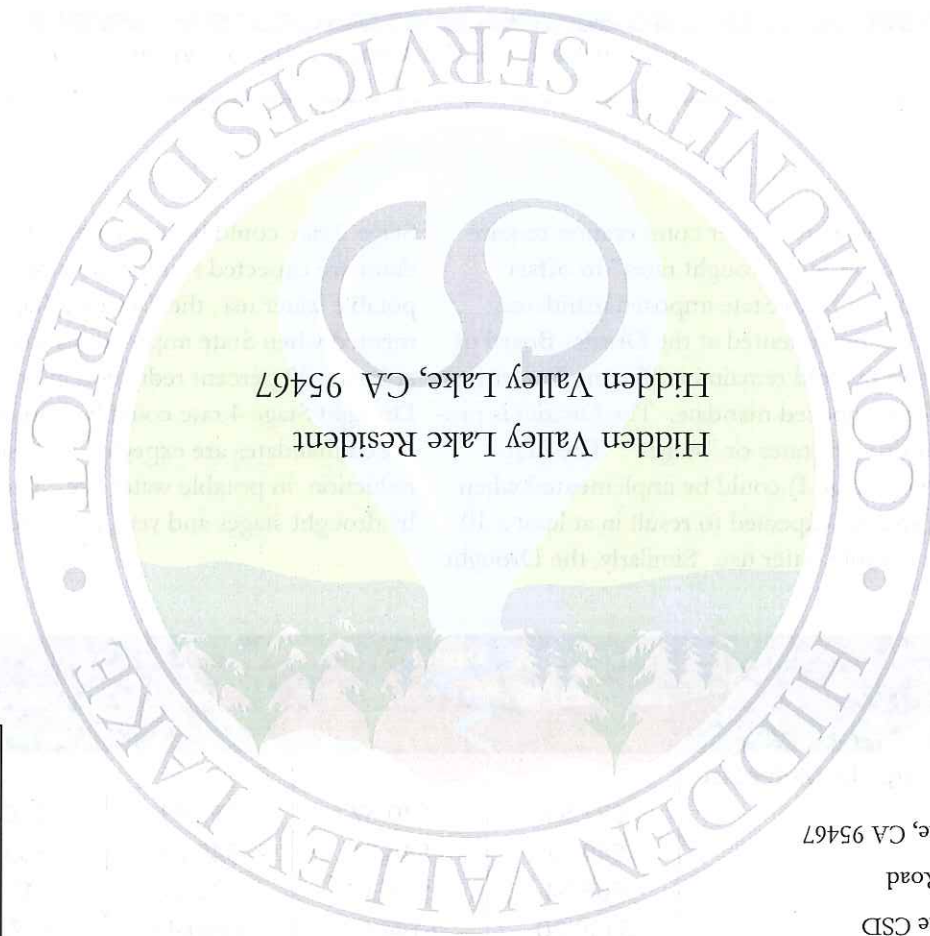
In view of recent State mandated water conservation requirements, the District is proposing “drought rates” to offset revenue shortfalls resulting from State imposed mandates. Drought rates would be implemented at the District Board of Directors discretion, and would remain in effect no longer than the corresponding State imposed mandate. The District is proposing four different drought rates or “stages”. The first drought stage (Drought Stage 1) could be implemented when State imposed mandates are expected to result in at least a 10 percent reduction in potable water use. Similarly, the Drought

Stage 2 rate could be implemented when State imposed mandates are expected result in at least a 20 percent reduction in potable water use, the Drought Stage 3 rate could be implemented when State imposed mandates are expected to result in at least a 30 percent reduction in potable water use, and the Drought Stage 4 rate could be implemented when State imposed mandates are expected to result in at least a 40 percent reduction in potable water use. The proposed drought rates, by drought stages and year, are as follows:

Proposed Drought Water Rates					
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
Fixed Service Charge					
Monthly Service Charge by Meter Size:					
5/8 - inch	\$27.54	\$30.57	\$33.93	\$36.65	\$39.58
3/4 - inch	\$40.37	\$44.81	\$49.74	\$53.72	\$58.02
1 - inch	\$66.04	\$73.30	\$81.37	\$87.88	\$94.91
1 1/2 - inch	\$130.20	\$144.52	\$160.42	\$173.25	\$187.11
2 - inch	\$207.19	\$229.99	\$255.28	\$275.71	\$297.75
Volumetric Charges - Drought Rates (\$/100 cubic feet):					
Drought Stage 1 (10% use reduction)	\$2.33	\$2.59	\$2.87	\$3.10	\$3.35
Drought Stage 2 (20% use reduction)	\$2.61	\$2.90	\$3.22	\$3.47	\$3.75
Drought Stage 3 (30% use reduction)	\$2.80	\$3.10	\$3.45	\$3.72	\$4.02
Drought Stage 4 (40% use reduction)	\$3.11	\$3.45	\$3.83	\$4.14	\$4.47



A typical Hidden Valley Lake household uses 78,990 gallons of water per year and with the proposed fiscal year 2015-2016 water rates in effect, would pay approximately two-thirds of one cent for each gallon used.



Hidden Valley Lake CSD
19400 Hartmann Road
Hidden Valley Lake, CA 95467

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How to Protest the Proposed Changes

As the owner or customer of record of a parcel subject to the imposition of the proposed rate changes, you may submit a written protest against the proposed rate changes. Provided, however, if the identified parcel has more than one owner and/or customer of record, only one written protest will be counted.

Each protest must (1) be in writing; (2) state the specific rate changes for which the protest is being submitted; (3) provide the location of the identified parcel (by assessor's parcel number or street address); and (4) include the original signature of the owner or customer of record

submitting the protest. Protests submitted by e-mail, facsimile or other electronic means will *not* be accepted. Written protests may be submitted by mail to **General Manager Roland Sanford, Hidden Valley Lake CSD, 19400 Hartmann Road, Hidden Valley Lake, CA 95467**, or in person at the public hearing, so long as they are received prior to the conclusion of the public hearing. Please identify on the front of the envelope for any protest, whether mailed or submitted in person to the General Manager, that the enclosed letter is in regards to the July 21, 2015 Public Hearing on the proposed water rate changes. If you would like more information about the proposed water rate increases visit www.hiddenvalleylakecsd.com and click on "Rate Study", or call 707-987-9201.



Sign up for e-statements and automated notifications at www.hiddenvalleylakecsd.com or contact our District Office at (707) 987-9201.