

NOTICE TO PROPERTY OWNERS

Public hearing about proposed water service fee rate increases

The Davis City Council will hold a public hearing on September 16, 2014, at 6:30 p.m. to consider adopting increases in the rates for its water service fees. The public hearing will be held at:

City of Davis Community Chambers
23 Russell Blvd.
Davis, CA 95616-3896

PUBLIC HEARING
TUESDAY, SEPTEMBER 16, 2014
6:30 p.m.

REASONS FOR THE RATE INCREASES

The proposed rate and fee increases will provide funding for a water supply project to draw water from the Sacramento River and treat it at a treatment plant in cooperation with the City of Woodland. The City plans to build a pipeline to bring water from the treatment plant to Davis. The City will use the new water supply instead of groundwater, except during summer periods, when supplies of groundwater are still needed to supplement the new water supply. In addition to funding Davis' portion of the regional water supply project, the rate increases provide funds for necessary additional capital improvements, operations and maintenance and to fully recover increases in the costs of providing water services.

The Water Rate Cost of Service Study update prepared by Bartle-Wells Associates is available at City Hall and available for download at water.cityofdavis.org/rates

If adopted, the proposed rate increases will become effective November 1, 2014, and will increase each January 1, thereafter, starting in 2016, through and including, January 1, 2019. To find out more visit water.cityofdavis.org/rates

PUBLIC HEARING

Any property owner of record whose property is subject to the proposed new rates for the City's water service fees may submit a written protest to the proposed rate increases. Only one written protest will be counted per identified parcel. Any written protest must:

- State that the identified property owner is in opposition to the proposed rate increases;
- Provide the location of the identified parcel (by assessor's parcel number, street address, or customer account);
- Include the name and signature of the property owner submitting the protest; and
- If the person protesting was not shown on Yolo County's last equalized assessment roll as the property owner of record, provide written evidence that the person is the property owner (example: current copy of city services bill).

Written protests may be submitted by mail or in person to: City Clerk, City of Davis, 23 Russell Blvd. Suite 4, Davis, CA 95616-3896. Any protest submitted via e-mail or other electronic means will not qualify as a written protest.

Written protests may also be submitted at the public hearing (date and time noted above). All written protests must be submitted to the City prior to the conclusion of the public comment portion of the public hearing. At the public hearing, the City Council will accept and consider all written protests and hear all oral comments to the proposed rate increases. Oral comments at the public hearing will not qualify as formal protests unless accompanied by a written protest. Upon the conclusion of the public hearing, the City Council will consider the adoption of the proposed increases to the rates for water service fees as described below. If written protests against the proposed rates are not presented by a majority of the property owners of the identified parcels subject to the proposed rate increases, the City Council will be authorized to adopt the rate increases.

If you have questions regarding this notice or how it may affect your property, call (530) 757-5686 Monday through Friday from 8 a.m. to 5 p.m. or visit water.cityofdavis.org/rates for answers to frequently asked questions. If you would like City staff to make a presentation to your organization or group regarding the proposed rate increases, please call (530) 757-5686 to schedule a presentation.

COMMUNITY MEETINGS

Community meetings will be held across Davis to enable property owners and residents to learn more about the Davis Woodland Water Supply Project and the proposed water rate increases.

- Community Meeting #1:** Thursday, August 7, Patwin Elementary MPR (2222 Shasta Drive) at 7 p.m.
Community Meeting #2: Thursday, September 4, Davis Senior Center Valente Room (646 A Street) at 7 p.m.
Community Meeting #3: Monday, September 8, Korematsu Elementary MPR (3100 Loyola Drive) at 7 p.m.

PROPOSED RATE INCREASES

The City's water service fees are billed on a monthly basis. The proposed rate structure for the water service fees has four customer classes: (1) single-family residential (SFR); (2) multi-family residential (MFR), which includes apartments, triplexes, multiplexes and mobile homes; (3) commercial, which includes industrial and institutional customers; and (4) irrigation. The fees are comprised of two components: (1) a base charge; and (2) a metered water charge. The base charge is a fixed charge established on the basis of the size of the water meter size serving a property, and is calculated to recover a portion of the City's fixed costs, such as the costs of billing and collections and customer service. The proposed metered water charge has a uniform rate per hundred cubic feet (ccf) of water usage individualized for each class of customer and is based on customer consumption for a billing period. The charge is structured to include a portion of the fixed cost of the utility, pumping water, a portion of the surface water rights, managing the City's water resources and encouraging efficient water use. The metered water charge recovers revenue intended to cover all costs not recovered in the base charge. Together, the two components of the City's water service fees are structured to recover the proportionate costs of providing water service to each customer class.

| TABLE 1 – CURRENT AND PROPOSED RATES FOR BASE CHARGES (\$/METER SIZE) | | PROPOSED | | | | | |
|---|--|----------|----------|----------|----------|----------|----------|
| | | Current* | 1-Nov-14 | 1-Jan-16 | 1-Jan-17 | 1-Jan-18 | 1-Jan-19 |
| TOTAL MONTHLY BASE RATE CHARGE | | | | | | | |
| 5/8" or 3/4" | | \$11.50 | \$8.88 | \$9.87 | \$10.97 | \$12.20 | \$13.07 |
| 1" | | \$16.20 | \$13.48 | \$15.00 | \$16.66 | \$18.53 | \$19.86 |
| 1-1/2" | | \$27.90 | \$23.85 | \$26.66 | \$29.71 | \$33.15 | \$35.57 |
| 2" | | \$42.00 | \$37.75 | \$42.15 | \$46.91 | \$52.28 | \$56.06 |
| 3" | | \$80.00 | \$68.36 | \$76.81 | \$85.95 | \$96.25 | \$103.49 |
| 4" | | \$122.00 | \$104.43 | \$117.47 | \$131.59 | \$147.49 | \$158.65 |
| 6" | | \$238.00 | \$201.43 | \$227.15 | \$254.96 | \$286.31 | \$308.27 |
| 8" | | \$379.00 | \$316.57 | \$357.45 | \$401.67 | \$451.53 | \$486.41 |

| TABLE 2 – CURRENT RATES FOR METERED WATER CHARGES (\$/CCF) | | |
|--|----------------------|--------|
| CUSTOMER CLASS | TIERS | RATES |
| SFR (use per dwelling unit) | Tier 1: 0 - 18 ccf | \$1.50 |
| | Tier 2: over 18 ccf | \$1.90 |
| MFR (use per dwelling unit) | Tier 1: 0 - 7 ccf | \$1.42 |
| | Tier 2: over 7 ccf | \$1.90 |
| Small Commercial/Industrial (use per account) | Tier 1: 0 - 58 ccf | \$1.41 |
| | Tier 2: over 58 ccf | \$1.90 |
| Large Commercial/Industrial (use per account) | Tier 1: 0 - 310 ccf | \$1.51 |
| | Tier 2: over 310 ccf | \$1.90 |
| Irrigation (use per acre) | Tier 1: 0 - 182 ccf | \$1.41 |
| | Tier 2: over 182 ccf | \$1.90 |
| Municipal Water Usage | All consumption | \$1.41 |

Key Terms:

SFR - Single-family residential
MFR - Multi-family residential
CCF - 100 cubic feet (748 gallons)

*The current rates shown in these tables are the rates in effect under Ordinance 2364 which went into effect after the passage of Measure P

| TABLE 3 – PROPOSED RATES FOR METERED WATER CHARGES (\$/CCF) | | | | | |
|---|----------|----------|----------|----------|----------|
| | 1-Nov-14 | 1-Jan-16 | 1-Jan-17 | 1-Jan-18 | 1-Jan-19 |
| SFR Rate (\$/ccf) | \$2.92 | \$3.44 | \$3.98 | \$4.61 | \$5.01 |
| MFR Rate (\$/ccf) | \$2.94 | \$3.47 | \$4.02 | \$4.66 | \$5.07 |
| Comm Rate (\$/ccf) | \$2.84 | \$3.34 | \$3.87 | \$4.47 | \$4.88 |
| Irrig Rate (\$/ccf) | \$3.61 | \$4.26 | \$4.93 | \$5.71 | \$6.23 |

HOW TO CALCULATE YOUR BILL

The following formula applies to all customer classes. This example calculation assumes a single family residence with a 3/4" meter under the median usage of 11 ccf/month. See the City's rate calculator at water.cityofdavis.org/rates

| TYPE OF CHARGE | BASE RATE | | METERED WATER CHARGE | | TOTAL |
|------------------|----------------------|---|---|---|--------------------------|
| Formula | Fee for your meter | + | Monthly Use x Metered Rate | = | Total Monthly Water Bill |
| SFR Calculations | 8.88 (3/4" meter) | + | 11 ccf x \$2.92/ccf Monthly use x metered rate | = | Total Monthly Water Bill |
| Example | 8.88 | + | 32.12 | = | 41.00 |

WATER SHORTAGE SURCHARGE

Due to continuing multi-year drought conditions in California, on January 17, 2014, Governor Jerry Brown proclaimed a State of Emergency and directed state officials to take all actions necessary to prepare for existing drought conditions and their impact on water supplies in California. The amount of water available for consumption by customers can be affected by climatic and other environmental conditions, such as the current drought. In such instances, it may become necessary for the City to implement water conservation measures and to establish a surcharge on the rates (water shortage surcharge) for its water service fees.

| TABLE 4 – WATER SHORTAGE SURCHARGE | | | |
|---|---------|---------|----------------|
| | Stage 2 | Stage 3 | Stage 4 |
| Reduction Target | 20% | 30% | 50% or greater |
| Surcharge applied to metered water charge | 25% | 43% | 100% |

The City has developed a 4-stage water shortage contingency plan that may be invoked during declared water shortages. The plan includes voluntary and mandatory goals for reductions in water use, depending on the causes, severity, and anticipated duration of the water supply shortage. The following Water Shortage Contingency Stages result in voluntary or mandatory goals for reductions in water use: Stage 1 - voluntary reduction goal of up to 10%; Stage 2 - voluntary reduction goal of up to 20%; Stage 3 - mandatory reduction goal of up to 30%; and Stage 4 - mandatory reduction goal of up to 50% or greater. Stage 2 may become mandatory in the future by regulatory or legislative action by the State or by the City Council.

The water shortage surcharge is established to ensure the City receives sufficient revenues to recover its costs of providing water service when consumption decreases due to city regulatory water shortage declarations for reductions in water use due to water shortages. In the event of a declared mandatory reduction in water use, the City may implement the water shortage surcharges up to the maximum percentages set forth in Table 4.

The water shortage surcharges are established in blocks of 10% reductions that correlate to the demand reduction in the declared water shortage contingency stage. If the mandatory reduction in water use falls between two blocks, the rates are pro-rated accordingly. At the time of this notice, a water shortage surcharge is not anticipated; however, the water shortage surcharges are included in this notice in the event a water shortage stage is declared and to establish a rate ceiling. If the City determines it is necessary to implement water shortage surcharges, the proposed rates for the metered water charge set forth in Table 3 will increase in accordance with the surcharges set forth in Table 4.

For example, if a stage 2 water shortage is declared with mandatory water use reductions imposed for that stage (up to 20% reduction) then there will be an additional, up to 25%, surcharge imposed on the then current rate for water meter charge. For example, if a median usage (11ccf/month) single family customer achieved a 20% reduction, that customer's usage would be reduced to approximately 9ccf/month. A sample calculation of a 2015 bill with the surcharge for a single family customer based on a 9 ccf/month usage is below:

| TYPE OF CHARGE | BASE CHARGE | | METERED WATER CHARGE | | TOTAL |
|----------------|-------------|---|-----------------------------|---|---------|
| Example | \$8.88 | + | (\$2.92/ccf x 1.25) x 9 ccf | = | \$41.84 |

NOTICE TO PROPERTY OWNERS

PUBLIC NOTICE ABOUT PROPOSED WATER RATE AND FEE INCREASES



City of Davis
23 Russell Blvd
Davis, CA 95616

