



Notice of Public Hearing on Proposed Increases to Water, Sustainable Water Facility, and Sewer Rates

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Cambria Community Services District (CCSD) is proposing to increase water and sewer rates on July 1, 2020 as illustrated on the reverse side of this notice. The rate increases are authorized by CCSD Resolution 27-2018, adopted on October 4, 2018 in accordance with Proposition 218.

The Board of Directors will consider final approval for the July 1, 2020 increase at the regular meeting of May 21, 2020 at 2:00 p.m. via webinar. Please visit CCSD website www.cambriacsd.org to access the webinar link.

Rate Increases Needed to Fund Investment in Aging Infrastructure

CCSD's water and sewer utilities rely primarily on revenues from service charges to fund the costs of providing service. As such, water and sewer rates must be set at levels adequate to fund the costs of operating and maintaining CCSD's water and sewer systems to support safe and reliable service. This includes costs for repairing and replacing aging infrastructure. Many of CCSD's facilities are approaching the end of their useful operating lives and are in need of rehabilitation and replacement. These facilities include old water and sewer pipelines, water pump stations, sewer lift stations, and CCSD's aging wastewater treatment facilities.

Additional infrastructure improvements are needed to comply with regulatory requirements, including capital improvements to CCSD's Sustainable Water Facility and wastewater treatment plant. The proposed rates are designed to phase in funding for capital improvements over the next three years, with the goal of supporting an ongoing funding stream adequate to gradually address CCSD's infrastructure needs.

Proposed Water Rates

CCSD's water rates include both 1) fixed charges levied on each account regardless of water use, and 2) water quantity charges billed based on metered water use in each billing period. Residential customers pay a uniform fixed charge per account plus water quantity charges billed via three graduating rate tiers, with water purchased first in Tier 1 and then subsequently in higher tiers that are more expensive as water use increases. Commercial rates include fixed charges that vary by meter size – with higher charges for customers with larger meter sizes that place more demand on the water system – plus a uniform volumetric rate for all water use. Quantity charges are billed in units of one hundred cubic feet (ccf), with 1 ccf equal to approximately 748 gallons.

Proposed Sustainable Water Facility Rates

In 2014, CCSD adopted Emergency Water Supply Charges designed to fund the costs of financing and operating CCSD's Sustainable Water Facility (SWF), a brackish groundwater desalination system built to provide a supplemental water supply during periods of water supply shortages. The rates included ongoing charges levied throughout the year as well as additional operating surcharges authorized to be levied only during periods when the SWF is operating to provide a supplemental water supply.

The proposed charges include both 1) fixed charges levied on each account regardless of water use, and 2) quantity charges billed based on metered water use in each billing period. Residential customers pay a uniform fixed charge per account. Commercial and other non-residential customers pay fixed charges that vary by meter size. SWF quantity charges are billed via three graduating rate tiers, with water purchased first in Tier 1 and then subsequently in higher tiers that are more expensive as water use increases. Quantity charges are billed in units of one hundred cubic feet (ccf), with 1 ccf equal to approximately 748 gallons.

Proposed Sewer Rates

CCSD is proposing to adopt sewer rate increases. The proposed rates include both 1) fixed charges levied on each account regardless of usage, and 2) sewer quantity charges billed based on metered water use in each billing period. Sewer quantity charges for commercial customers vary based on wastewater class and strength, with lower charges for customers with lower-strength wastewater and higher charges for customers with higher-strength wastewater, which costs more to process and treat in order to comply with CCSD's wastewater discharge permit requirements.

Class 1 includes lower strength accounts including professional offices, retail stores, laundromats, & schools.

Class 2 includes all other commercial accounts (with standard/domestic strength wastewater) that are not classified as either Class 1 or Class 3.

Class 3 includes accounts with moderate to high wastewater strength including restaurants, hotels with restaurants, bakeries, mortuaries, markets with meat/seafood/food prep/garbage grinders, and mixed-use accounts with an estimated 30% or more sewer discharge from higher strength wastewater flow.

WATER			SEWER			SWF		
	Current Rates	July 1 2020		Current Rates	July 1 2020		Current Rates	July 1 2020
Rate Increase %			Rate Increase %			Target Overall Rate Increase %		
5%			12%			12%		
FIXED WATER SERVICE CHARGES			FIXED SEWER SERVICE CHARGES			FIXED BI-MONTHLY METER CHARGES		
Residential			Residential			Single Family Residences		
Monthly Charge	\$17.45	\$18.32	Monthly Charge	\$41.10	\$46.03	Monthly Charge	\$9.04	\$10.13
Bi-Monthly Charge	34.90	36.65	Bi-Monthly Charge	82.20	92.06	Bi-Monthly Charge	18.08	20.25
Commercial			Commercial			All Other Accounts		
<u>Monthly Charge per Meter Size</u>			Monthly Charge			<i>Monthly charge based on water meter size</i>		
5/8" or 3/4"	\$17.45	\$18.32	Monthly Charge	\$41.10	\$46.03	<u>Meter Size</u>	<u>Water Demand Ratio</u>	
1"	43.63	45.81	Bi-Monthly Charge	82.20	92.06	5/8" or 3/4"	1.00	\$9.04 \$10.13
1-1/2"	87.25	91.61				1"	2.50	22.60 25.31
2" or Larger	174.50	183.23				1-1/2"	5.00	45.20 50.63
WATER QUANTITY CHARGES			SEWER QUANTITY CHARGES			SWF QUANTITY CHARGES		
<i>Billed based on meter use (\$/ccf)</i>			<i>Billed based on meter use (\$/ccf)</i>			Charge per unit (ccf) of metered water use		
Residential Charges			Residential			SWF Quantity Charge		
<u>Tier</u>	<u>Bi-Monthly</u>	<u>Monthly</u>		\$4.75	\$5.32	For SWF facility cost recovery		
Tier 1	First 4 ccf	First 2 ccf				<u>Rate Tier</u>	<u>Bi-Monthly Use</u>	
Tier 2	4.01 - 16 ccf	2.01 - 8 ccf				Tier 1	1-4 ccf	\$1.99 \$2.23
Tier 3	>16 ccf	>8 ccf				Tier 2	5-16 ccf	3.99 4.47
						Tier 3	>16 ccf	5.98 6.70
Commercial Charges			Commercial					
Rate per each ccf used			Rate per each ccf used					
	\$11.63	\$12.21	<u>Wastewater Class</u>					
			Class 1	\$4.16	\$4.66			
			Class 2	4.75	5.32			
			Class 3	7.31	8.19			

Note: 1 ccf = 100 cubic feet, or approximately 748 gallons.

CCSD reserves the right to assign commercial customers to the class that best matches their wastewater strength.