

CAMBRIA COMMUNITY SERVICES DISTRICT

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Notice of Increases to Water and Wastewater Rates

Dear Property Owner or Customer,

Date: February 22, 2017

This notice is being sent to inform you that the Cambria Community Services District (CCSD) is increasing water and wastewater rates effective March 1, 2017 pursuant to Resolution 01-2016 adopted by the CCSD Board of Directors on February 12, 2016. The rate increases are designed to eliminate annual budget deficits and equitably recover the costs of providing water and wastewater service.

WHY ARE RATE INCREASES NEEDED?

CCSD's water and wastewater utilities rely primarily on revenues from service charges to fund the costs of providing service. As such, water and wastewater rates must be set at levels adequate to fund the costs of operating and maintaining CCSD's water and wastewater systems to support safe and reliable service.

Key factors driving the need for rate increases include:

- **Restore balanced budgets.** In recent years, both water and wastewater utilities experienced annual budget deficits. Rate increases are needed to bring revenues back in line with the costs of providing service, restoring financial stability.
- **Help fund critical improvements to aging infrastructure.** The rate increases help fund CCSD's highest-priority water system capital needs and provide a minimal prudent level of funding for repairs, replacements, and rehabilitation of aging infrastructure. (The increased wastewater rates do not account for potential future regulatory-required upgrades to CCSD's wastewater treatment plant. CCSD plans to pursue grants and low-rate subsidized financing to help fund these infrastructure needs.)
- **Ongoing cost inflation.** Small annual rate increases keep revenues in line with cost inflation, which tends to be higher for utilities such as water and wastewater agencies.

WATER RATES

Water rate increases are shown on the table below. Rates include

- 1) a fixed bi-monthly charge levied on each account regardless of water use, plus
- 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 inclining rate tiers, with water purchased first in Tier 1 and then subsequently in higher tiers 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 set at the rate for the middle Tier 2 residential rate.

	Water Rates Effective On or After			
	on Mar-1 2017	Jan-1 2018	Jan-1 2019	Jan-1 2020
Rate Increase %	4%	4%	4%	4%
FIXED BI-MONTHLY CHARGES				
Residential (fixed charge per account)	\$26.52	\$27.58	\$28.68	\$29.83
Commercial (fixed charge per meter size)				
<u>Meter Size</u>				
5/8" or 3/4"	\$26.52	\$27.58	\$28.68	\$29.83
1"	66.30	68.95	71.70	74.58
1-1/2"	132.60	137.90	143.40	149.15
2" & Larger	265.20	275.80	286.80	298.30
WATER QUANTITY CHARGES				
<i>Billed based on metered wateruse (\$/ccf)</i>				
Residential Charges				
<u>Tier</u>	<u>Bi-Monthly Use</u>			
Tier 1	1 - 4 ccf	\$6.76	\$7.03	\$7.31
Tier 2	5 - 16 ccf	8.84	9.19	9.56
Tier 3	> 16 ccf	9.87	10.25	10.65
Commercial Charges				
Rate per ccf of water use		\$8.84	\$9.19	\$9.56

1 ccf = 100 cubic feet, or approximately 748 gallons

WASTEWATER RATES

Wastewater rate increases are shown on the table below. Rates include

- 1) a fixed bi-monthly charge levied on each account regardless of water use, plus
- 2) wastewater quantity charges billed based on metered water use in each billing period. Wastewater quantity charges for commercial customers are billed according to three customer classes based on wastewater strength. Commercial customers with higher-strength wastewater pay higher quantity charges reflecting the cost of treating their wastewater.

Wastewater Rates Effective On or After				
	on Mar-1 2017	Jan-1 2018	Jan-1 2019	Jan-1 2020
Rate Increase %	4%	4%	4%	4%
FIXED BI-MONTHLY CHARGES				
Applies to All Accounts	\$58.24	\$60.57	\$62.99	\$65.51
WASTEWATER QUANTITY CHARGES				
Billed per unit of metered water use				
(\$/ccf) Residential Rates	\$3.37	\$3.50	\$3.64	\$3.79
Commercial Rates				
<u>Wastewater Class</u>				
Class 1	\$2.95	\$3.07	\$3.19	\$3.32
Class 2	3.37	3.50	3.64	3.79
Class 3	5.18	5.39	5.61	5.83

Class 1 includes accounts with lower wastewater strength including professional offices, retail stores, laundromats, and schools.

Class 2 includes all other commercial accounts (with standard/domestic strength wastewater) that are not classified 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 grinder, and mixed use accounts with an estimated 30% or more wastewater discharge from higher strength wastewater flow.

1 ccf = 100 cubic feet, or approximately 748 gallons

IMPACT TO A TYPICAL RESIDENCE

With the water and wastewater rates effective March 1, 2017, a typical residence using 6 units of water per bi-monthly billing period (approximately 75 gallons per day) will face the impacts shown on the table below. Approximately two-thirds of residential customer bills are at or below this level of use; customers with lower water use will face smaller impacts.

	Water Rate	Wastewater Rate	SWF Rate	Total Bi-Monthly Bill*
Jan/Feb Bi-Monthly Bill	\$68.50	\$75.44	\$25.00	\$168.94
Mar/Apr Bi-Monthly Bill	\$71.24	\$78.46	\$25.00	\$174.70

* Excludes temporary charge only levied during months of operation of the Sustainable Water Facility

Impacts will vary based on customer class and metered water consumption. CCSD appreciates the community's successful efforts to reduce water use and continues to encourage customers to conserve.