

# **AMADOR WATER AGENCY**

## **NOTICE OF PUBLIC HEARING ON PROPOSED ADJUSTMENTS TO RATES AND CHARGES FOR WATER SERVICE**

**DATE & TIME OF PUBLIC HEARING:** Tuesday, August 15, 2017 at 6:30 p.m.

**LOCATION:** Amador County Admin. Center – Board Chambers  
810 Court Street, Jackson, California

You are receiving this notice because you are either an Amador Water Agency water customer or you own or rent property that is receiving water service from the Agency. At a public hearing to be held on Tuesday, August 15, 2017, the Agency's Board of Directors will consider a proposal to adjust water rates and charges for water service. The public hearing will be held in the Amador County Administration Center – Board Chambers, 810 Court Street, Jackson, California. The hearing will start at 6:30 p.m. or as soon thereafter as matters allow.

### **Amador Water Agency Water Service**

The Amador Water Agency provides water service to about 7,200 residential, commercial, industrial, and irrigation customers, as well as to several public agencies. The Agency delivers about 1.4 billion gallons of water per year through a water distribution system that includes 230 miles of pipelines, as well as water production, treatment and transmission facilities.

The Agency's water system operation is funded mainly through water rates and service charges. Those revenues are used to pay for the ongoing operation, maintenance, repair, and replacement of the existing water system, including administrative costs and debt service payments. The Agency continues to make every effort to keep costs down while maintaining the high level of service that customers have come to expect. Over past years, the Agency reduced the number of staff positions from 66 to 41, reorganized staff, and implemented labor concessions. In addition, the Agency has increased operational efficiency by installing a new financial and utility billing system; outsourcing billing, collections, and auto-pay functions; implementing a new vehicle lease program; adding radio-read technology to water meters; and installing hydroelectric generators at the Tanner Water Treatment Plant and is planning a second generation station at the reservoir serving the Lone Water Treatment Plant. Because of conditions during the recent drought, the Agency has also deferred needed maintenance and capital projects, and utilized much of its limited financial reserves due to reduced revenues from mandated cutbacks in water use.

### **Reasons for the Proposed Water Rates and Charges**

The proposed water rates and charges are necessary to cover the ongoing and increasing cost of providing services including operation and maintenance costs, debt service obligations, and water system replacement and rehabilitation needs, as well as to establish and maintain prudent financial reserves consistent with established policies. These costs include labor costs, energy, fuel and chemical costs; water production and treatment costs; water distribution costs; administrative and customer service costs; and costs related to facilities replacement, rehabilitation, and upgrade of the water system. Critical factors necessitating additional water rate and service charge revenue at this time include:

- Ensuring that existing long-term debt service costs and related obligations are met.
- Providing funding for planned replacement, rehabilitation, and upgrades to water facilities.
- Replenishment of critically low financial reserves, as required by debt covenants and established financial policies.
- Offsetting the effects of reduced water sales resulting from the recent drought and reduced water usage.
- Improving revenue stability through adjustments to the rate structure.

The proposed water rates and charges are supported by a five-year financial plan. The financial plan determined that current water rates and charges are insufficient to cover operating and maintenance costs, meet debt service obligations, adequately support the capital improvement program, and meet reserve policy goals. In light of the current and estimated future needs of the water system, it is recommended that the Agency adjust its water rates and charges in each of the next five years in order to: (1) cover all operating and maintenance costs, (2) meet debt service obligations, included debt service coverage requirements, (3) provide adequate funding to support the capital improvement program, and (4) reach minimum Operating Reserve and Capital Replacement Reserve targets by the end of the five-year planning period.

## Proposed Schedule of Water Rates and Charges

**Exhibit 1  
Amador Water Agency  
Proposed Schedule of Water Rates and Charges**

	Oct. 2017	July 2018	July 2019	July 2020	July 2021
<b>Water Usage Rates (\$/CCF)</b>					
General Water Service (1)	\$ 2.44	\$ 2.44	\$ 2.44	\$ 2.44	\$ 2.44
Untreated Water Service	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.11
Mule Creek State Prison	\$ 1.95	\$ 1.95	\$ 1.95	\$ 1.95	\$ 1.95
Wholesale Customers	\$ 1.35	\$ 1.35	\$ 1.35	\$ 1.35	\$ 1.35
<b>Monthly Water Service Charges (2)</b>					
5/8" meter	\$ 18.18	\$ 20.75	\$ 23.47	\$ 26.34	\$ 29.37
3/4" meter	\$ 25.08	\$ 28.63	\$ 32.38	\$ 36.34	\$ 40.52
1" meter	\$ 38.87	\$ 44.37	\$ 50.18	\$ 56.32	\$ 62.80
1 1/2" meter	\$ 73.36	\$ 83.73	\$ 94.70	\$ 106.29	\$ 118.53
2" meter	\$ 114.75	\$ 130.98	\$ 148.13	\$ 166.26	\$ 185.40
3" meter	\$ 225.12	\$ 256.95	\$ 290.60	\$ 326.17	\$ 363.72
4" meter	\$ 349.28	\$ 398.67	\$ 450.88	\$ 506.07	\$ 564.34
6" meter	\$ 694.18	\$ 792.35	\$ 896.13	\$ 1,005.82	\$ 1,121.62
Mule Creek State Prison	\$ 18,882.08	\$ 21,552.25	\$ 24,374.99	\$ 27,358.53	\$ 30,508.45
	<b>AWS Treated</b>	<b>AWS Untreated</b>	<b>CAWP</b>	<b>Lake Camanche</b>	<b>Le Mel Heights</b>
<b>Monthly Debt Water Service Charges (3)</b>					
5/8" meter	\$ 13.29	\$ 1.27	\$ 13.29	\$ 6.99	\$ 13.29
3/4" meter	\$ 19.94	\$ 1.90	\$ 19.94	\$ 10.48	\$ 19.94
1" meter	\$ 33.23	\$ 3.17	\$ 33.23	\$ 17.47	\$ 33.23
1 1/2" meter	\$ 66.45	\$ 6.34	\$ 66.45	\$ 34.93	
2" meter	\$ 106.32	\$ 10.14	\$ 106.32	\$ 55.89	
3" meter	\$ 212.64	\$ 20.27	\$ 212.64		
4" meter	\$ 332.25	\$ 31.68	\$ 332.25		
6" meter	\$ 664.50	\$ 63.35	\$ 664.50		
Mule Creek State Prison	\$ 10,632.07				

**Notes:**

- (1) General water service includes all residential, commercial, public agency, and irrigation accounts receiving treated retail water service.
- (2) Monthly service charges, by meter size, apply to all general water service and untreated water service customer connections.
- (3) Monthly debt service charges will remain fixed for the five-year rate plan period, unless reduced by the early retirement of existing debt.

**Exhibit 1** presents the proposed schedule of water rates and charges covering a five-year period. Proposed water rates and charges follow the existing structures, and have been adjusted to reflect revenue requirements and cost of service analyses, with consideration of other rate-setting objectives. The water rates and charges include separate uniform water usage rates for general water service customers, untreated water service customers, and Mule Creek State Prison. Also included are fixed monthly service charges based on the size of the water meter for general water

service and untreated water service customers, and fixed monthly debt service charges that vary by the both size of the water meter and by service area. Mule Creek State Prison is subject to separate monthly service charges and monthly debt service charges, as indicated in Exhibit 1.

**Effective Date of Proposed Water Rates and Charges**

If adopted, the proposed changes to the water rates and charges would become effective on October 1, 2017, and on July 1 of each year from 2018 through 2021.

**How Much Will My Water Bill Be?**

**Exhibit 2** provides a summary of the change in the typical single family water bills, for each service area, based on average water usage over the five-year period covered by the proposed rate plan. Once the new rates and charges are implemented in October 2017, water bills will be the same across service areas, except that the Lake Camanche service area will have a smaller debt service charge than other areas, and therefore lower water bills. With each adjustment from July 2018 through July 2021, only the monthly service charge will be modified. Both the water usage rates and the monthly debt service charges will remain the same for each customer class. As a result, changes in bill amounts with each adjustment will be identical across service areas for a give meter size. This is illustrated for single family homes in Exhibit 2. In addition, because the water usage rates will remain constant from October 2017 through July 2021 the change in monthly bills associated with each adjustment will be independent of water usage. For other customer classes, the specific impacts of the proposed water rates and charges on bill amounts will depend on water service area, customer class, meter size, and water usage.

**Exhibit 2  
Amador Water Agency  
Typical Monthly Single Family Water Bills with Proposed Water Rates and Charges (1)**

	<b>AWS</b>	<b>CAWP</b>	<b>Lake Camanche</b>	<b>La Mel Heights</b>
<b>Current Rates</b>	\$ <b>46.68</b>	\$ <b>46.68</b>	\$ <b>39.54</b>	\$ <b>64.99</b>
Increase -->	\$ 4.31	\$ 4.31	\$ 5.15	\$ (14.00)
<b>Oct. 2017</b>	\$ <b>50.99</b>	\$ <b>50.99</b>	\$ <b>44.69</b>	\$ <b>50.99</b>
Increase -->	\$ 2.57	\$ 2.57	\$ 2.57	\$ 2.57
<b>July 2018</b>	\$ <b>53.56</b>	\$ <b>53.56</b>	\$ <b>47.26</b>	\$ <b>53.56</b>
Increase -->	\$ 2.72	\$ 2.72	\$ 2.72	\$ 2.72
<b>July 2019</b>	\$ <b>56.28</b>	\$ <b>56.28</b>	\$ <b>49.98</b>	\$ <b>56.28</b>
Increase -->	\$ 2.87	\$ 2.87	\$ 2.87	\$ 2.87
<b>July 2020</b>	\$ <b>59.15</b>	\$ <b>59.15</b>	\$ <b>52.85</b>	\$ <b>59.15</b>
Increase -->	\$ 3.03	\$ 3.03	\$ 3.03	\$ 3.03
<b>July 2021</b>	\$ <b>62.18</b>	\$ <b>62.18</b>	\$ <b>55.88</b>	\$ <b>62.18</b>

**Notes:**

(1) Assumes a 5/8" meter and 8 CCF per month.

**Rescinding the Automatic Inflationary Adjustment to Water Rates and Charges**

In July 2015, the Agency’s Board of Directors extended a schedule for automatically adjusting water usage rates and monthly service charges for changes in inflation. Under that schedule, on July 1 of each year from 2016 through 2020 the Agency would adjust all water usage rates and monthly service charges using a specified procedure. With the adoption of the proposed schedules of water rates and charges shown in Exhibit 1 the automatic inflationary adjustments will not be necessary, and the schedule for automatic adjustments will be rescinded. The inflation adjustment made on July 1, 2017 will remain in effect.

**Additional Information on Proposed Changes to Water Rates and Charges**

Further information on the proposed water rates and charges, including the *Amador Water Agency Water System Financial Plan and Rate Update Study* report prepared by The Reed Group, Inc., is available for review during business hours at the Amador Water Agency, 12800 Ridge Road, Sutter Creek, or on the Agency’s website at [www.amadorwater.org](http://www.amadorwater.org). If you would like additional information on how the proposed changes will affect your water bill, please contact the Agency’s Customer Service Office at 209-223-3018.

**How to Protest the Proposed Water Rates and Service Charges**

All owners and tenants of property receiving water service, all water service customers, and interested persons are invited to attend the public hearing and be heard about the proposed changes to the Agency’s water rates and service charges. An owner or tenant of property receiving water service may protest the proposed water rates and service charges by submitting a written protest by mail or in person to the General Manager, Amador Water Agency, 12800 Ridge Road, Sutter Creek, CA 95685. Written protests must be received (*not postmarked*) by the General Manager before the close of the public hearing to be held on August 15, 2017 at 6:30 p.m. Any protest submitted by e-mail or other electronic means will not be accepted.

To be valid, a protest must be signed by the property owner or tenant and must include the assessor’s parcel number, the address of the parcel served, the customer’s account number for the parcel served, and a statement that the protestant is protesting the Agency’s proposed water rates and charges to be considered by the Agency Board of Directors at the public hearing set for August 15, 2017. If a tenant protests, the tenant need not state the assessor’s parcel number on the protest form. Only one written protest per identified parcel will be counted for purposes of determining whether there is a majority protest. The form below may be used, for your convenience, but any written protest form that includes all the required information will be accepted. The Clerk of the Board, or her designee, will tabulate the protests, and any member of the public may observe the tabulation. All protest forms will be considered public records.

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**Amador Water Agency      Proposed Adjustments to Rates and Charges for Water Service**

Public Hearing Date & Time: Tuesday, August 15, 2017 at 6:30 p.m.  
Location: Amador County Administration Center – Board Chambers  
810 Court Street, Jackson, California

I hereby protest the proposed adjustments to rates and charges for water service to be considered by the Agency Board of Directors at the public hearing set for August 15, 2017.

Reason(s) (optional): \_\_\_\_\_

Assessor Parcel Number of parcel served (optional for tenant): \_\_\_\_\_

Address of parcel served: \_\_\_\_\_

AWA customer account number of parcel served: \_\_\_\_\_

I declare that I am the owner of the above listed parcel, or a tenant at the above listed property.

Property owner or tenant name: \_\_\_\_\_

Property owner or tenant signature: \_\_\_\_\_

Protests may be presented during the public hearing or may be mailed or hand delivered to the Clerk of the Board, Amador Water Agency, 12800 Ridge Road, Sutter Creek, CA 95685. All protests must be received (*not postmarked*) before the close of the public hearing on August 15, 2017.