



Tahoe City
Public Utility District

September 30, 2014

TAHOE CITY PUBLIC UTILITY DISTRICT Proposition 218 Notice to Property Owners of Public Hearing on Proposed Water and Sewer Rates

The TCPUD Board of Directors invites the public to attend a public hearing on *Friday, November 21, 2014 at 9:00am*, to consider adoption of a 5-year schedule of maximum water and sewer rates. The hearing will be held at 221 Fairway Drive, Tahoe City. If adopted, new 2015 rates will go into effect on January 1, 2015. The proposed rates are shown in more detail below under the caption "Proposed Rate Schedules".

The purpose of the hearing is to consider all oral testimony and written protests of the proposed rates. As a record owner you may submit a written protest to the proposed rates.

BASIS FOR THE PROPOSED RATES

In 2008, TCPUD retained HDR Engineering, Inc. (HDR) to perform a water and sewer rate study and adopt a 5-year rate schedule based on that study. TCPUD has again retained HDR to prepare a rate study (2014 Rate Study) to support a new 5-year rate schedule. The purpose of this updated study is to ensure that TCPUD's rates continue to comply with Prop. 218 which requires rates to correspond with the costs associated with each type of service, and that customers within each rate classification pay their fair share of the total costs.

The 2014 Rate Study has used generally accepted water and sewer rate setting principles to allocate TCPUD's operating, capital improvement, and debt costs equitably among water and sewer services and develop appropriate rate structures for each customer classification. On July 1 and July 18, 2014, the TCPUD Board held public meetings on the 2014 Rate Study's findings, conclusions, and recommendations to solicit public comment.

SOURCES FOR ADDITIONAL INFORMATION

All materials presented at the meetings, as well as the Draft Comprehensive Water and Sewer Rate Study report, are posted on the District's website at www.tahoecitypubd.com and available for review at the District office located at 221 Fairway Drive, Tahoe City, CA. You may also contact District Chief Financial Officer Ramona Cruz with questions at 530 580-6047 or rcruz@tcpud.org.

PUBLIC WORKSHOP

The District staff will hold two additional public workshops to review the Rate Study and proposed rates: Thursday, October 16, 2014 from 6:00pm – 7:30pm and Friday, October 17, 2014 from 12:00pm - 1:00pm at the District office.

PREVIOUS MAXIMUM RATES NEVER FULLY CHARGED

Due to significant efforts to control costs, TCPUD has never charged the 2009 approved maximum water or sewer rates. The following summarizes rate roll backs and the results that have

allowed lower rates while still accomplishing important capital infrastructure projects:

- Current water rates – 21.1% below maximum approved*
- Current sewer rates – 24.2% below maximum approved*
- Controlled Operating Costs – 22.6% below rate study projection*
- Secured \$5.5 million in grants for capital projects*
- Completed Projects – Completed \$17.5 million in capital infrastructure projects*
- Increased reserves for capital replacement – \$8.6 million above targets*

NEED: \$34.9 MILLION FOR CAPITAL IMPROVEMENTS AND REHABILITATION

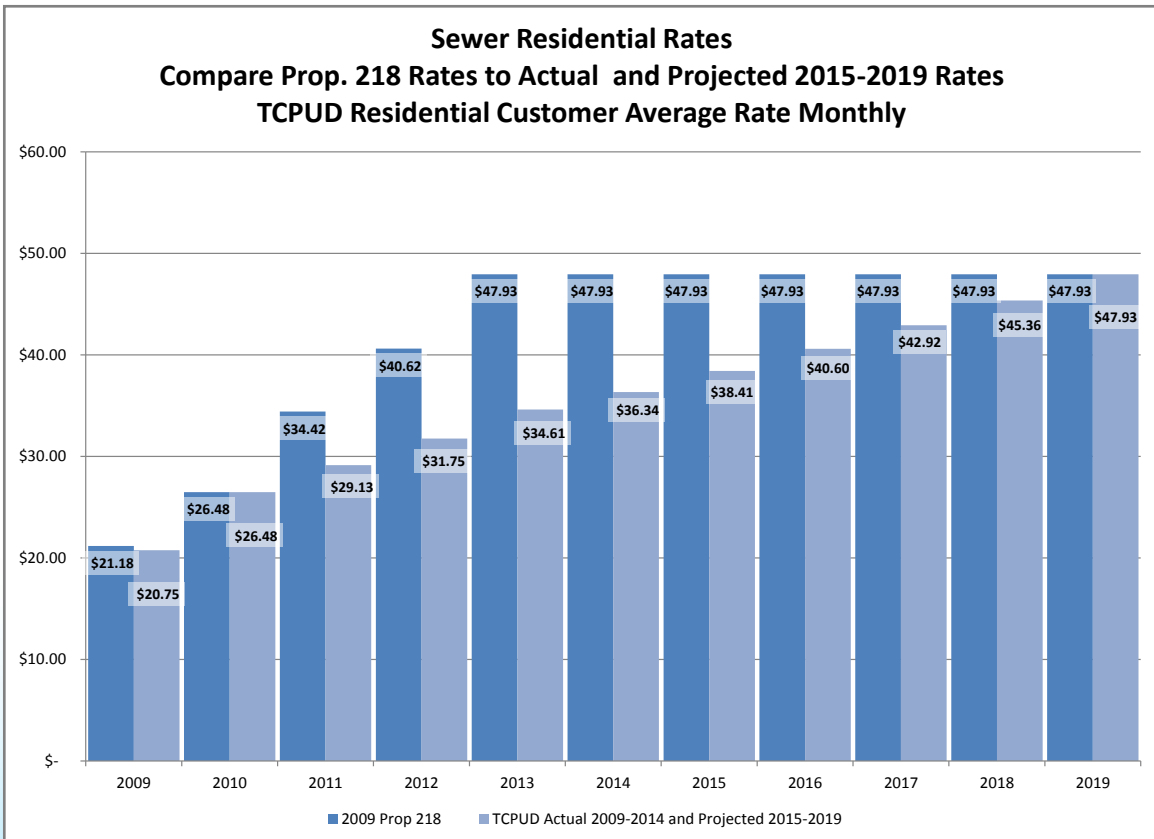
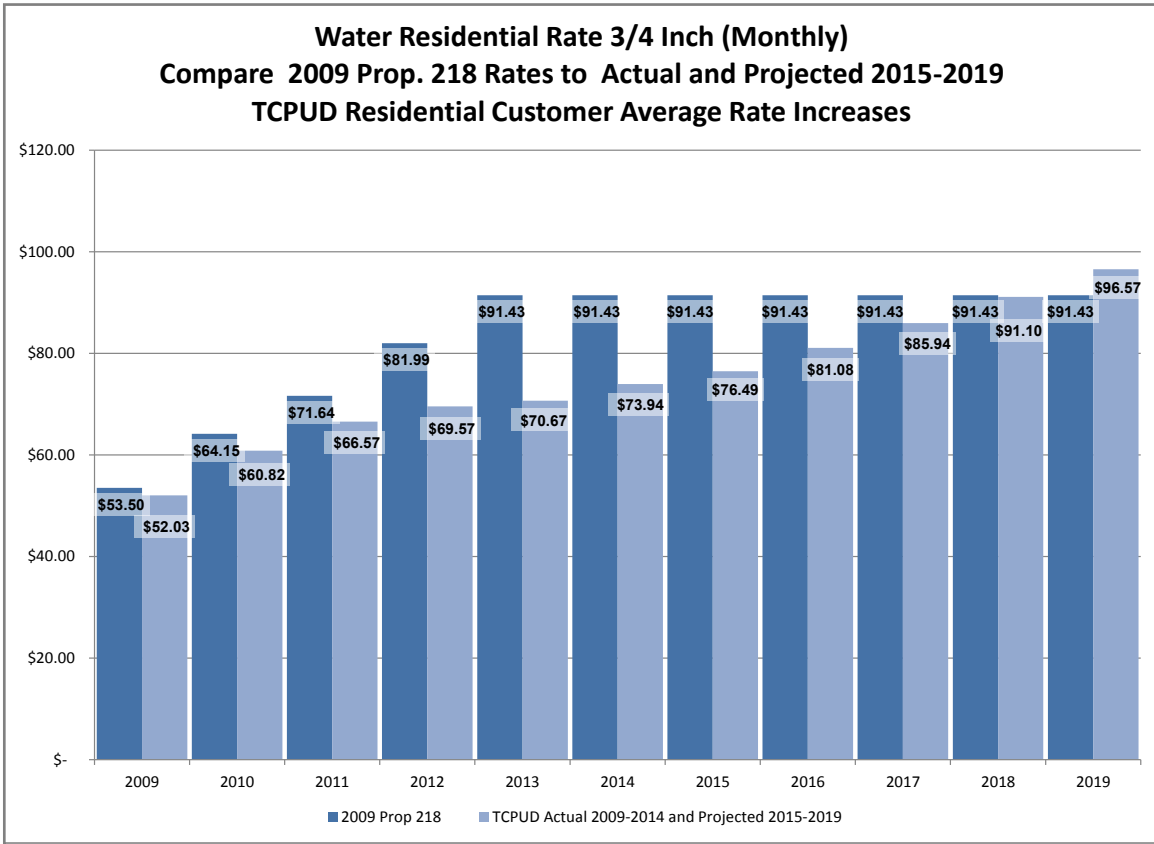
The primary reasons for the proposed 5-year rate plan are to: cover modest operating cost increases; undertake new capital improvements to meet current standards; and continue the District's rehabilitation of its aging infrastructure. The District projects \$22.6 million in water capital projects and \$12.3 million in sewer capital projects over the next five years. The detailed 5-year water and sewer capital plans are available on the TCPUD's website (www.tahoecitypubd.com). The proposed rates will only fund approximately ½ of these amounts. The rest will come from a mix of grants, property tax revenues, reserves, and financing.

BASE WATER CHARGES VERSUS CONSUMPTION CHARGES

The majority of homes in TCPUD are not occupied year-round, yet the water systems must be sized and staffed to accommodate year-round peak demands. Typical of most water agencies, approximately 91% of TCPUD's cost for water services are "fixed" and only 9% are "variable". In other words, it costs about the same each year to operate, maintain and secure water sources, tanks, pipelines and treatment plants; regardless of how much water customers use. The proposed water rate structure will provide 75% of the revenue from base rates and 25% from consumption. This allows for a conservation incentive without destabilizing water revenues necessary for operations and capital investment.

HOW WOULD THE RATES CHANGE?

The proposed rates are the **maximum** that can be charged to our customers. As described previously, TCPUD has not fully implemented the maximum rates approved in 2009. This is due to the efforts of the Board and staff to control costs and secure grant funding. The following charts compare the average actual (2009-2014) and projected (2015-2019) residential water and sewer charges to the previously approved rate schedule. With the proposed rate schedule, TCPUD will be extending the timeline to reach the previous targets – providing for slower and steadier increases. If the new water rates are approved, we will not reach the **maximum** water rates we anticipated reaching in 2013 until 2018. If the new sewer rates are approved, we will not reach the **maximum** sewer rates we projected for 2013 until 2019.




PROPOSED RATE SCHEDULES

The following are the proposed consumption tiers and water base rate schedules shown on a monthly basis. The following table shows how to estimate your water bill (base rate + consumption).

$$\boxed{\text{Base Rate by meter size}} + \boxed{\text{(Tier 1 consumption)}} + \boxed{\text{(Tier 2 consumption)}} + \boxed{\text{(Tier 3 consumption)}} + \boxed{\text{(Tier 4 consumption)}} = \boxed{\text{Est Monthly Water Bill}}$$

**The Following Rates Represent
The Maximum Monthly Residential Water Rates That Can Be Charged**

RESIDENTIAL CONSUMPTION RATE SCHEDULE							
		<u>Present</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Consumption by tier - per 1,000 gallons							
Tier 1	0 - 8,000	\$1.75	\$1.91	\$2.09	\$2.29	\$2.48	\$2.68
Tier 2	8,001 - 20,000	2.50	2.61	2.87	3.15	3.38	3.64
Tier 3	20,001 - 40,000	3.65	3.88	4.27	4.61	4.93	5.32
Tier 4	40,001 and above	8.25	8.25	8.25	8.25	8.25	8.25

RESIDENTIAL WATER BASE RATE SCHEDULE							
<i>(To determine water bill select the water base rate that applies to you + consumption from above)</i>							
		<u>Present</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Standard base rate by meter size							
3/4"	 <i>Most Common</i>	\$55.00	\$59.00	\$62.50	\$66.25	\$70.25	\$74.50
1"		83.00	89.00	94.25	100.00	106.00	112.25
1 1/4"		107.00	114.75	121.75	129.00	136.75	145.00
1 1/2"		127.00	136.25	144.50	153.25	162.50	172.25
2"		171.00	183.50	194.50	206.25	218.75	232.00
3"		259.00	277.75	294.50	312.25	331.00	350.75
4"		341.00	365.75	387.75	411.00	435.75	462.00
6"		512.00	549.25	582.25	617.25	654.25	693.50
<i>Unmetered Rate</i>		N/A	\$77.42	\$82.69	\$88.39	\$94.14	\$100.28
OR							
Combined Fire Service (CFS) base rate by meter size							
CFS - 3/4"		\$76.00	\$81.25	\$86.10	\$91.25	\$96.75	\$102.60
CFS - 1"		83.00	\$88.70	\$94.00	\$99.65	\$105.65	\$112.00
CFS - 1.5"		125.00	\$133.50	\$141.40	\$150.00	\$159.00	\$168.45
CFS - 2"		139.00	\$148.35	\$157.15	\$166.65	\$176.65	\$187.15
>2"		Service classification size determined by TCPUD					

PRIVATE FIRE PROTECTION AND / OR PRIVATE FIRE HYDRANT BASE RATE SCHEDULE							
<i>(Only applies to customers with an approved private fire protection service or a private fire hydrant)</i>							
<i>(If applicable, add to standard base rate)</i>							
		<u>Present</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Private Fire Protection ¹	(per inch diameter)	\$28.00	\$29.70	\$31.50	\$33.40	\$35.40	\$37.50
Private Fire Hydrant	(per inch diameter)	\$28.00	\$29.70	\$31.50	\$33.40	\$35.40	\$37.50

¹ Add to Standard Base Rate where fire protection service provided by separate service line.
Not to be added to Combined Fire Service Base Rate.

**The Following Rates Represent
The Maximum Monthly Commercial Water Rates That Can Be Charged**

COMMERCIAL CONSUMPTION RATE SCHEDULE							
		<u>Present</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Consumption by tier - per 1,000 gallons							
Tier 1	0 - 8,000	\$5.00	\$5.63	\$5.81	\$5.99	\$6.35	\$6.74
Tier 2	8,001 and above	5.70	5.73	5.86	5.99	6.35	6.74
Temporary Water Usage Charge (Hydrant meter)		5.70	5.73	5.86	5.99	6.35	6.74

COMMERCIAL WATER BASE RATE SCHEDULE							
<i>(To determine water bill select the water base rate that applies to you + consumption from above)</i>							
		<u>Present</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Base rate by meter size							
3/4"		\$67.00	\$71.00	\$75.25	\$79.75	\$84.50	\$89.50
1"		107.00	113.50	120.25	127.50	135.25	143.25
1 1/4"		130.00	137.75	146.00	154.75	164.00	173.75
1 1/2"		156.00	165.25	175.25	185.75	197.00	208.75
2"		209.00	221.50	234.75	248.75	263.75	279.50
2 1/2"		261.00	276.75	293.25	310.75	329.50	349.25
3"		313.00	331.75	351.75	372.75	395.00	418.75
4"		414.00	438.75	465.00	493.00	522.50	553.75
6"		620.00	657.25	696.75	738.50	782.75	829.75
8"		830.00	879.75	932.50	988.50	1,047.75	1,110.50
OR							
Combined Fire Service (CFS) base rate by meter size							
CFS - 3/4"		\$88.00	\$93.25	\$98.85	\$104.75	\$111.00	\$117.60
CFS - 1"		95.00	100.70	106.75	113.15	119.90	127.00
CFS - 1.5"		149.00	158.00	167.40	177.50	188.25	199.45
CFS - 2"		163.00	172.85	183.15	194.15	205.90	218.15
>2"		Service classification size determined by TCPUD					

PRIVATE FIRE PROTECTION AND / OR PRIVATE FIRE HYDRANT BASE RATE SCHEDULE							
<i>(Only applies to customers with an approved private fire protection service or a private fire hydrant)</i>							
<i>(If applicable, add to standard base rate)</i>							
		<u>Present</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Private Fire Protection ¹	(per inch diameter)	\$28.00	\$29.70	\$31.50	\$33.40	\$35.40	\$37.50
Private Fire Hydrant	(per inch diameter)	\$28.00	\$29.70	\$31.50	\$33.40	\$35.40	\$37.50
¹ Add to Standard Base Rate where fire protection service provided by separate service line. Not to be added to Combined Fire Service Base Rate.							

SUPPLEMENTAL INFRASTRUCTURE FEE (Commercial customers who do not pay property tax to TCPUD)							
		<u>Present</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Supplemental Infrastructure Fee:							
Water		\$28.00	\$28.00	\$28.00	\$28.00	\$28.00	\$28.00

**The Following Rates Represent
The Maximum Monthly Sewer Base Rates That Can Be Charged**

RESIDENTIAL SEWER BASE RATE SCHEDULE						
<u>Monthly Charge</u>	<u>Present</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Residential	\$36.34	\$38.41	\$40.60	\$42.92	\$45.36	\$47.93
<i>W/O District Water Billing (multiply monthly base rate by 3 for quarterly billing)</i>						

COMMERCIAL SEWER BASE RATE SCHEDULE						
<u>Monthly Charge</u>	<u>Present</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Motel w/o kitchen	\$14.79	\$15.63	\$16.52	\$17.46	\$18.46	\$19.50
Motel w/kitchen	15.76	16.66	17.61	18.61	19.67	20.79
Seating - per 1/2 seat	1.01	1.07	1.13	1.20	1.26	1.33
Seating - per seat	2.02	2.14	2.26	2.39	2.53	2.66
Laundry - per machine	7.39	7.81	8.26	8.73	9.22	9.75
Hotel w/kitchen	14.79	15.63	16.52	17.46	18.46	19.50
Hotel w/o kitchen	9.33	9.86	10.42	11.02	11.64	12.30
Campsite w/sewer	18.33	19.37	20.47	21.64	22.87	24.17
Campsite w/o sewer	15.76	16.66	17.61	18.61	19.67	20.78
Snackbar	54.62	57.73	61.02	64.50	68.18	72.03
Service Station	54.62	57.73	61.02	64.50	68.18	72.03
Beauty/Barber Shop (per chair)	19.69	20.81	22.00	23.25	24.58	25.97
Theater	109.18	115.40	121.98	128.93	136.28	144.01
Boat Pump	54.62	57.73	61.02	64.50	68.18	72.03
Standby Sewer Service	7.15	7.56	7.99	8.45	8.93	9.43
Food Service Estab Lic	24.20	25.58	27.04	28.58	30.21	31.95
Backwash (per filter)	18.33	19.37	20.47	21.64	22.87	24.17
Unclassified Sewer	Calc	Calc	Calc	Calc	Calc	Calc
Unclassified Sewer - w/o Kitchen	Calc	Calc	Calc	Calc	Calc	Calc
.5 Sewer unit (1-10 Fixtures)	18.33	19.37	20.47	21.64	22.87	24.17
1.0 Sewer unit (11-20 Fixtures)	36.34	38.41	40.60	42.91	45.36	47.93
Commercial Non-Restaurant <1,000 sq ft	36.34	38.41	40.60	42.91	45.36	47.93
Commercial Non-Restaurant >1,000 sq ft	18.33	19.37	20.47	21.64	22.87	24.17
Pro-Rated Sewer Charge	0.99	1.05	1.11	1.17	1.24	1.31
<i>W/O District Water Billing (multiply monthly base rate by 3 for quarterly billing)</i>						

SUPPLEMENTAL INFRASTRUCTURE FEE (Commercial customers who do not pay property tax to TCPUD)						
	<u>Present</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Supplemental Infrastructure Fee:						
Sewer	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00

HOW TO PROTEST THE PROPOSED RATES

Any property owner whose property will be subject to the proposed rates may submit a written protest and/or come to the hearing and provide oral testimony. Only one written protest will be counted per identified parcel. If a majority of property owners whose property receives water service or if a majority of property owners whose property receives sewer service file written protests by the end of the public hearing on October 17, 2014, the corresponding water and/or sewer rates will not be approved. Written protests may be submitted by mail or in person to:

The written protest must include your name and a description of the parcel(s) in which you have an ownership interest. A street address and/or assessor's parcel number are sufficient descriptions. If the party signing or presenting the protest is not shown as the parcel owner on the last equalized assessment roll of Placer County or El Dorado County the protest must contain, or be accompanied by, written evidence that such party is the owner.

By Mail:
District Clerk
Tahoe City Public
Utility District
P.O. Box 5429
Tahoe City, CA 96145

In person:
221 Fairway Drive
Tahoe City, CA 96145