



Water and Sewer Rate Setting Process Frequently Asked Questions

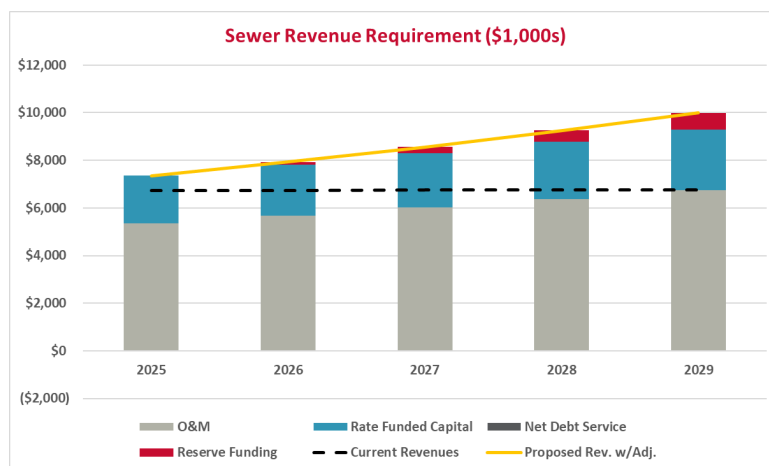
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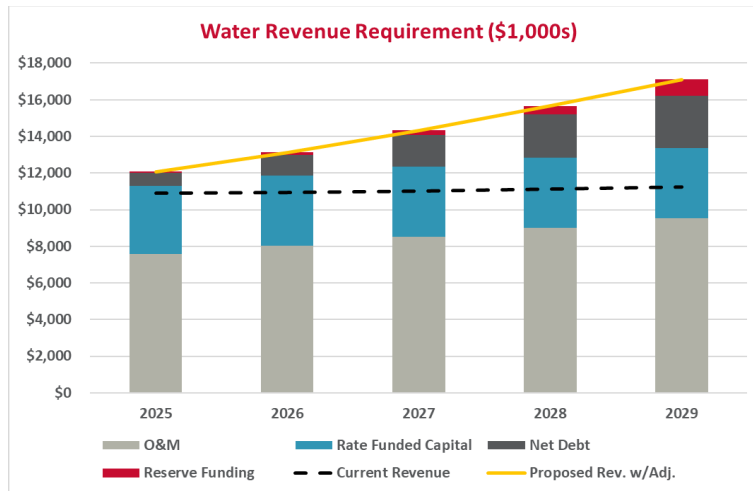
Why is TCPUD considering water and sewer rate increases?

TCPUD’s current water and sewer rate structure expires at the end of 2024. As part of TCPUD’s commitment to sustainable long-term financial planning, we initiated the 2024 Water & Sewer Rate Study (2024 Rate Study) for the next five-year period. The 2024 Rate Study is designed to reflect a **proportional** and **cost-based** water and sewer rate structure, and to ensure sufficient revenues are available to fund water and sewer operations and capital infrastructure needs throughout our service area.

Without the proposed rate increases, TCPUD will not generate enough revenue to meet the costs of operations, maintenance, and essential capital projects. The charts below highlight this;

The black dotted line illustrates TCPUD’s current revenue for sewer and water projected over the next 5 years, and the combined grey, blue, and red bars represent TCPUD’s projected Operations & Maintenance, Rate-funded Capital projects, and Reserve funding respectively. The gold line shows TCPUD’s projected revenue with the proposed rate adjustments.





I am a second homeowner in Lake Tahoe, why do I have to pay the same as customers who live in Tahoe full time?

Our water and sewer systems serve our customers 24 hours a day, 7 days a week throughout the year, and these critical services are funded by water and sewer rates.

The water rate is based on a cost-of-service analysis that includes fixed costs and variable costs. Fixed costs cover non-consumption expenses such as customer service and administration, operation and maintenance of the water systems, and public fire protection that benefit all our customers. This fixed cost, also called a base rate, is the same every month, regardless of consumption and funds the services that provide every customer with on demand access to their water service

Variable costs, which are a function of the quantity of water consumed, are included in the consumption rate.

The sewer rate is a flat base rate for service and does not include a consumption rate.

What is Proposition 218 and how does it affect TCPUD proposed water and sewer rate increases?

California voters adopted Proposition 218 (Prop 218) in November 1996, amending the State Constitution to establish a process by which public agencies can raise service fees. Under Prop 218, a rigorous, multi-step process is required by local governments to identify the cost of service and provide written notice of proposed changes, including holding a public hearing(s) to all affected property owners and customers. Additionally, Prop 218 ensures that proposed fees are acceptable to property owners. If a majority of property owners whose property receives service submit protests, new rates cannot be adopted.



TCPUD has retained HDR Engineering, Inc. to prepare a Prop 218 compliant water and sewer rate study to ensure rates correspond with costs associated with each type of service, and that customers within each rate classification pay their fair share of total water and sewer costs.

Will water and sewer rates automatically be increased every year for the next five years?

No. The TCPUD Board of Directors must first consider adopting the new 5-year schedule of **maximum** allowable water and sewer rates. The Public Hearing for the 2024 Rate Study is scheduled for November 15, 2024.

Annual water and sewer rates are adopted by the TCPUD Board of Directors during the annual budget cycle where they review the draft water and sewer operating and capital budgets for the following year. Based on approval of these annual budgets, the TCPUD Board of Directors adopts annual water and sewer rates to achieve the revenue necessary to meet the budget goals, subject to the maximums established during the Prop 218 process.

What is the timeline for this rate setting process?

On August 16 and September 20, 2024, the TCPUD Board held public meetings on the 2024 Rate Study. TCPUD staff will host public workshops to share details and answer questions about the Rate Study on October 29 from 5:30 p.m. to 7:00 p.m. and October 30 from 11:30 a.m. to 1:00 p.m.

The TCPUD Board will hold the official Public Hearing to consider the adoption of the 2025-2029 maximum water and sewer rates. All property owners impacted by either or both of the proposed water and sewer rate changes were notified in writing of the date, time and location of the Public Hearing, the proposed maximum rates for the next 5-year period, and the basis for those rates in a Proposition 218 Notice mailed on September 23, 2024. See a copy of the [Proposition 218 Notice online here](#) or at www.tcpud.org/ratestudy.

If adopted, new water and sewer rates will go into effect on January 1, 2025.

What can I do if I oppose the water and sewer rate increase?

Any property owner whose property will be subject to the proposed rates, or tenant of the property, may submit a written protest and/or come to the Public Hearing and provide oral

testimony. Protests must be in writing to be counted and only one protest per identified property will be counted. You may submit a written protest against either proposed rate increase (water or sewer), or both.

If a majority of property owners and/or the tenants of the property whose property receives water service or if a majority of property owners or the tenants of the property whose property receives sewer service file valid written protests by the end of the Public Hearing on November 15, 2024, the corresponding water and/or sewer rates will not be approved.

To learn more about filing a protest, [read the Proposition 218 notice](#).

What is the Combined Fire Service (CFS) Rate?

The Combined Fire Service Rate only applies to customers who have a water connection that supplies domestic/commercial water service and Private Fire Protection Service through a single water meter. This rate typically only applies to customers with a fire sprinkler system in their residence/building.

Conversely, some customers have private fire protection and/or private hydrant(s) provided by a separate service line and these base rates (per inch diameter) are added to the standard water base rate.

Are there other strategies besides raising rates?

TCPUD holds operations of our water and sewer systems to high standards and believes in taking responsibility for our infrastructure now, rather than pushing the burden into the future. As shown in the graphs above, without the proposed rate increases, the costs of operations, maintenance, and essential capital projects will exceed the revenue generated by existing rates.

Deferring these improvements will only make projects more costly in the future.

What if I can't afford the rate increases?

TCPUD offers a Water Rate Assistance Program that provides a 50% reduction to the current ¾-inch monthly residential water base rate. *This equals financial assistance of \$47.28 when calculated using the 2024 approved water rate.* Applicants must also be enrolled in the Liberty Utilities CARE program at the same service address to be eligible.



Additional eligibility criteria apply. Learn more and apply at: www.tcpud.org/rate-assistance.

How can I find out more information?

For more information, visit www.tcpud.org/ratestudy. For additional questions, please contact Aaron Hussmann, Public Affairs Specialist at 530.580.6291 or ahussmann@tcpud.org