

Notice of Prop 218 Public Hearing: Proposed Water Rate Restructuring and Rate Increase and Wastewater Rate Revenue Adjustments

This notice is being sent to inform you that the San Lorenzo Valley Water District (District) is proposing to change its rates over the next five years. This will include increases to water rates and, for Bear Creek Estates customers, to wastewater rates. The District will hold a community meeting to share information about the proposed rates:

Date: Saturday, January 20, 2024
Time: 10 a.m. to 12 p.m.
Place: Highlands Park Senior Center, 8500 Hwy 9, Ben Lomond, CA 95005

The Board of Directors will hold a public hearing to review and vote on approval of proposed rates:

Date: Thursday, February 15, 2024
Time: 6:30 p.m.
Place: San Lorenzo Valley Water District Conference Room, 12788 Hwy 9,
Boulder Creek, CA 95006

Understanding This Notice

Why is the District proposing a rate increase?

The San Lorenzo Valley Water District Board of Directors is considering an increase in rates to address impacts from the CZU Lightning Complex Fire, COVID, the destructive storms of winter 2022/2023 and increased costs to provide service for customers.

The District depends on income from ratepayers for 85% of its total revenue. This revenue funds both ongoing operating costs and major infrastructure improvements (essential maintenance, critical upgrades, and storm/fire repairs and replacements). Expenses over the past decade have been increasing faster than inflation due to rising cost of operations and maintenance and state-mandated expenses beyond the District's control.

Why did the District conduct a rate study?

Pursuant to California Government Code, public water agencies must demonstrate a nexus between the cost of providing services and benefits received. Rates have to reflect the costs of providing water at each tier. At the direction of the Board, the rate study process began in Spring 2023. The goals of the study include determining the District's cost-of-service requirements, conducting a cost-of-service analysis, and creating rate models that show a clear connection between the District's costs and customer rates.



WATER RATE SCHEDULE

Current FY 2023 Proposed FY 2024 Proposed FY 2025 Proposed FY 2026 Proposed FY 2027 Proposed FY 2028

Monthly Service Charges

Meter Size

Meter Size	Unit	Current FY 2023	Proposed FY 2024	Proposed FY 2025	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028
5/8"	per month	\$35.34	\$48.04	\$52.85	\$56.55	\$60.51	\$64.75
3/4"	per month	\$35.34	\$48.04	\$52.85	\$56.55	\$60.51	\$64.75
1"	per month	\$52.97	\$72.56	\$79.82	\$85.41	\$91.39	\$97.79
1.5"	per month	\$97.05	\$133.85	\$147.24	\$157.55	\$168.58	\$180.39
2"	per month	\$149.94	\$207.39	\$228.13	\$244.10	\$261.19	\$279.48
3"	per month	\$290.97	\$403.51	\$443.87	\$474.95	\$508.20	\$543.78
4"	per month	\$449.64	\$624.15	\$686.57	\$734.63	\$786.06	\$841.09

Monthly Capital Charges

Meter Size

Meter Size	Unit	Current FY 2023	Proposed FY 2024	Proposed FY 2025	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028
5/8"	per month	\$0.00	\$7.65	\$8.42	\$9.01	\$9.65	\$10.33
3/4"	per month	\$0.00	\$7.65	\$8.42	\$9.01	\$9.65	\$10.33
1"	per month	\$0.00	\$12.75	\$14.03	\$15.02	\$16.08	\$17.21
1.5"	per month	\$0.00	\$25.49	\$28.04	\$30.01	\$32.12	\$34.37
2"	per month	\$0.00	\$40.79	\$44.87	\$48.02	\$51.39	\$54.99
3"	per month	\$0.00	\$81.57	\$89.73	\$96.02	\$102.75	\$109.95
4"	per month	\$0.00	\$127.45	\$140.20	\$150.02	\$160.53	\$171.77

Volumetric Charges

Customer Class

Single Family Residential

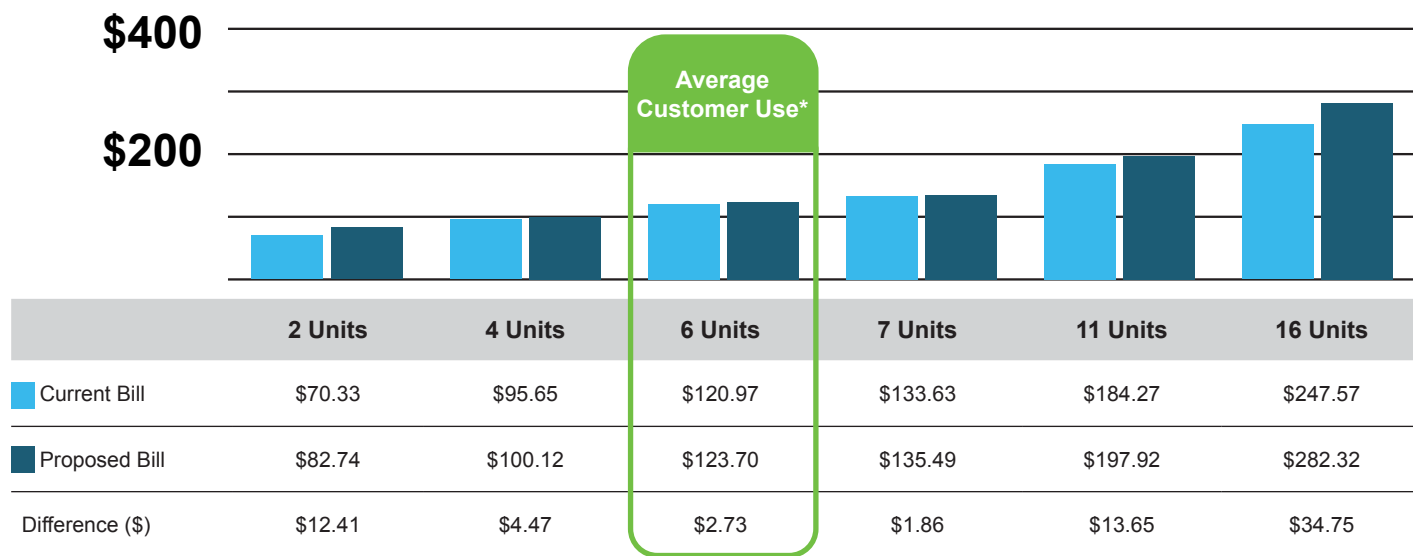
Customer Class	Unit	Current FY 2023	Proposed FY 2024	Proposed FY 2025	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028
Tier 1 (0-4 Units)	per Unit	\$12.66	\$8.69	\$9.56	\$10.23	\$10.95	\$11.72
Tier 2 (5-8 Units)	per Unit	\$12.66	\$11.79	\$12.97	\$13.88	\$14.86	\$15.91
Tier 3 (>8 Units)	per Unit	\$12.66	\$16.88	\$18.57	\$19.87	\$21.27	\$22.76
Commercial	per Unit	\$12.66	\$10.29	\$11.32	\$12.12	\$12.97	\$13.88
Industrial	per Unit	\$12.66	\$12.03	\$13.24	\$14.17	\$15.17	\$16.24
Irrigation	per Unit	\$12.66	\$20.10	\$22.11	\$23.66	\$25.32	\$27.10
Hauled Water	per Unit	\$17.99	\$22.43	\$24.68	\$26.41	\$28.26	\$30.24

Private Fire Service

Fire Connection Size

Fire Connection Size	Unit	Current FY 2023	Proposed FY 2024	Proposed FY 2025	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028
1"	per month	\$0.00	\$1.97	\$2.17	\$2.33	\$2.50	\$2.68
1.5"	per month	\$0.00	\$5.72	\$6.30	\$6.75	\$7.23	\$7.74
2"	per month	\$0.00	\$12.20	\$13.42	\$14.36	\$15.37	\$16.45
3"	per month	\$0.00	\$35.43	\$38.98	\$41.71	\$44.63	\$47.76
4"	per month	\$0.00	\$75.51	\$83.07	\$88.89	\$95.12	\$101.78

Single Family Water Bill Impacts FY 2024



* One Unit equals 748 gallons of water. The specific water rate increase for each customer would depend on meter size, amount of water used — including seasonal variations in water use — and user category (e.g., residential vs. industrial).

How would the potential rate increase affect my bill?

The District is proposing a rate increase spread over a 5-year period for water service.

The specific water rate increase for each customer would depend on their meter size, the amount of water used, and their user category (e.g., residential vs. industrial). Typical residential water customers would see their monthly bill increase by a few dollars in 2024, with a similar increase in each succeeding year through year 5. Residential water customers who use exceptionally large quantities of water would experience larger annual increases (possibly 20% or more).

What is the anticipated impact to a single-family household?

A single-family household is pays \$121 a month for water service, based on an average of 6 units (4,500 gallons) used in a month. Under the proposed increases, the household’s monthly bill is expected to be \$124 in 2024, an increase of \$3. Rates will continue to increase annually through the 5-year period.

Is there financial assistance available?

Yes. Customers who need assistance to pay their water bills can apply for help through the District’s Low-Income Rate Assistance Program.

The Program currently provides eligible customers a \$15/month discount on their monthly bill. The Board will consider increasing this amount in 2024. Details on how to apply can be found here: www.slwvd.com/customer-service/webforms/rate-assistance-program

What would the rate increase pay for and how would it improve my water service?

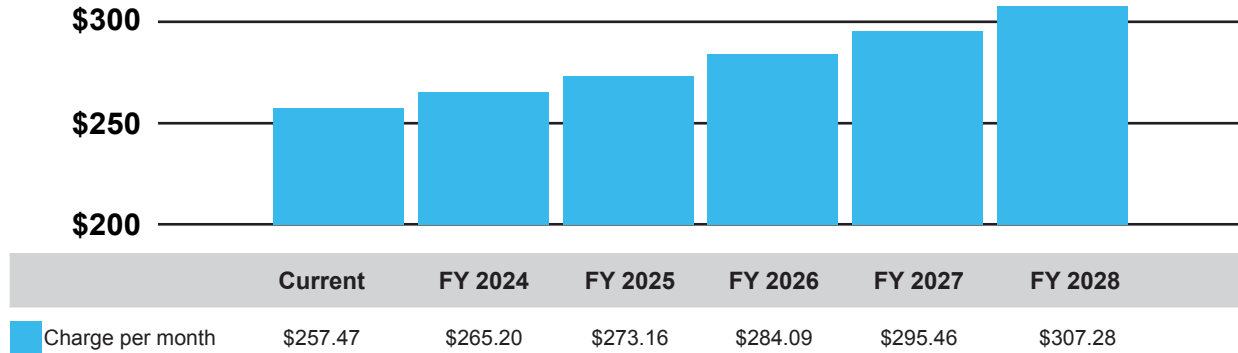
The rate increase would generate \$3.4 million in revenue annually to support crucial infrastructure projects that provide safe, reliable, high-quality water service to District customers.

The District has a backlog of essential infrastructure improvements. Current Capital Improvement Projects underway are already improving service for customers by improving the flow of water and replacing outdated infrastructure. Future projects funded by customers would continue to update aging and fire-damaged infrastructure.

The District’s projects are funded in part by a mix of previous loans, FEMA reimbursements, the special CZU Fire Surcharge, and grants secured by the District. However, an additional loan of \$19 million is needed to adequately cover all costs associated with these projects. The proposed rate increase would in part help cover costs related to such a loan. Funds also could support the installation of smart water meters that allow customers to track their usage and watershed stewardship, including salmon habitat improvements.

Wastewater Revenue Adjustments for Bear Creek Estates

Proposed Rates



Will wastewater rates go up?

The only impacted wastewater customers are those 56 single-family homes the District serves in Bear Creek Estates. The proposed change in rates is the same as the required revenue adjustment, equating to a 3% annual increase in FY 2024 and 2025 and 4% annually each year thereafter.

Will funds from the proposed rate increase be used to acquire or help Big Basin Water Company?

No. The District is a public agency, funded primarily by rates paid by its customers. The District is not a “for-profit” private company and does not have the ability to use existing customer rates to purchase neighboring private water districts.

When would the new rates go into effect?

If the proposed rates are approved by the Board on February 15, 2024, they would go into effect on March 1, 2024.

How can I submit a written protest?

Property owners and customers may file written protests against the proposed rate increase. Pursuant to California law, all written protests must be received by the District prior to the close of the Public Hearing on February 15, 2024. Protests must:

1. Identify the affected property or properties, by address, Assessor’s Parcel Number, or customer account number,
2. Include the name and signature of the customer or property owner submitting the protest, and
3. Clearly state opposition to the proposed rate increases.

The proposed rates cannot be adopted if written protests are received from a majority of affected parcels, with one written protest counted per parcel. Protest ballots are included in the notice mailed to all SLVWD customers. Written and signed protests can be mailed to:

San Lorenzo Valley Water District
Water Rate Protest
13060 Highway 9
Boulder Creek, CA 95006
or emailed to Prop218@slvwd.com

For additional information regarding the proposed water rate restructuring and increase, please call SLVWD at (831) 338-2153.

Additional FAQs can be found online at www.slvwd.com/prop218



Senate Bill (SB) 323: 120-Day Statute of Limitations for New or Increased California Water and Sewer Rates

With the enactment of SB 323, customers must bring a civil action legally challenging the new or increased water rates within 120 days of the effective date or date of final passage, adoption or approval of the ordinance or resolution adopting the applicable rate(s).