



NOTICE OF PUBLIC HEARING

Proposed Water and Sewer Service Rate Increases

A public hearing on proposed rate increases for water and sewer services provided by the Avila Beach Community Services District will be held on:

Date: Tuesday, June 10, 2014

Time: 7:00 PM

Place: Avila Beach Community Center, 191 San Miguel Street, Avila Beach, CA, 93424

The hearing will cover proposed rate increases for the next five years for water and sewer services. This notice is provided to all property owners and customers who currently receive either of these services from the District. If adopted, the proposed rate increases will become effective July 1 of each year in 2014, 2015, 2016, 2017 and 2018.

Multi-year approach to setting rates

By taking a multi-year approach to rate-setting in meeting long-term infrastructure repair and improvement needs as well as delivering day-to-day services, the District can better prepare for the future and avoid significant unexpected rate increases. For this reason, the District is proposing rate increases for the next five years. It is important to note that if subsequent annual reviews of revenues and expenses show that future rate increases are not needed or can be adopted at lower amounts, the Board of Directors can postpone or adopt a smaller increase. However, the Board cannot approve rate increases beyond those proposed in this notice without additional notice to all of its customers.

Why are rates increasing?

Stated simply, these increases are needed to ensure safe, reliable delivery of essential water and sewer services to our customers that meet state and federal quality standards.

Extensive review before proposing rate increases. Water and sewer rates have not been increased for four years. To ensure that water and sewer rates are sufficient to adequately deliver day-to-day services as well as capital projects to maintain and improve key facilities like water and sewer lines, pumps, reservoirs and the wastewater treatment plant, the District contracted with NBS (one of the leading firms in the State that prepare these types of reviews) in 2012 to comprehensively analyze the District's revenue requirements. The NBS study, which was presented to the Board in September 2013, also analyzed the District's rate structure to ensure fairness among different types of water and sewer customers as well as connection fees to ensure that new development pays its fair share of the facilities needed to serve it. (Updated connection fees for new development were adopted by the Board in December 2013.)

Since then, the Board has held a number of workshops and hearings in balancing the need to adequately fund essential water and sewer services while also mitigating rate impacts on the District's customers. Key factors driving the need for rate increases at this time include adequately funding:

- Reasonable reserves to meet unexpected service needs and emergency repairs.
- Day-to-day delivery of services.
- Capital projects for facility maintenance and improvements. This is the most significant factor driving the need for rate increases: while reimbursements from other agencies, low interest loans and fees from new development will pay for most of the projected \$4.4 million in capital project costs over the next five years, revenues from rates are also required.

What are the proposed increases?

As outlined below, effective July 1, 2014, water rates are proposed to increase by 10% each year through July 1, 2018; and sewer rates are proposed to increase by 25% each year, also through July 1, 2018.

Proposed Water and Sewer Rates						
<i>The minimum charge includes 5 billing units of consumption. One billing unit equals 748 gallons.</i>						
<i>The commodity charge is per billing unit in excess of the 5 billing units included in the minimum charge.</i>						
	Existing Rate	Proposed Rates: July 1 of Each Year				
		2014	2015	2016	2017	2018
Monthly Water Rates (Same for All Customer Types)						
Minimum Charge	\$40.70	\$44.75	\$49.25	\$54.20	\$59.60	\$65.55
Commodity Charge	\$8.14	\$8.95	\$9.85	\$10.84	\$11.92	\$13.11
Monthly Sewer Rates (By Customer Type)						
Residential						
Minimum Charge	\$28.70	\$35.90	\$44.90	\$56.15	\$70.20	\$87.75
Commodity Charge	\$5.74	\$7.18	\$8.98	\$11.23	\$14.04	\$17.55
Multi-Family						
Minimum Charge	\$30.35	\$37.95	\$47.45	\$59.30	\$74.15	\$92.70
Commodity Charge	\$6.07	\$7.59	\$9.49	\$11.86	\$14.83	\$18.54
Restaurants						
Minimum Charge	\$41.35	\$51.70	\$64.65	\$80.80	\$101.00	\$126.25
Commodity Charge	\$8.27	\$10.34	\$12.93	\$16.16	\$20.20	\$25.25
Commercial/Public						
Minimum Charge	\$38.70	\$48.40	\$60.50	\$75.65	\$94.55	\$118.20
Commodity Charge	\$7.74	\$9.68	\$12.10	\$15.13	\$18.91	\$23.64
Industrial/Laundry						
Minimum Charge	\$44.15	\$55.20	\$69.00	\$86.25	\$107.80	\$134.75
Commodity Charge	\$8.83	\$11.04	\$13.80	\$17.25	\$21.56	\$26.95

As reflected above, the proposed rate increases, on a percentage basis, are the same for all customers, based on the existing rate structure. While the NBS study identified an alternative rate structure, after considering a wide range of options over the past months at a number of workshops and hearings, the Board has tentatively concluded that the current rate structure best meets community needs in balancing fairness among customer types, revenue stability, encouraging water conservation and being easy for customers to understand.

Why is the proposed sewer rate increase so much larger than the water one? As noted above, facility repairs and improvements are the main reasons for the proposed rate increases. In the case of sewer service, within the next five years the District will need to begin making major improvements to its wastewater treatment plant in meeting state and federal Clean Water Act requirements.

What's the impact on the average customer? In the most recent billing, over 80% of the District's customers paid only the minimum charge. As such, the "average" customer will pay the minimum charges shown in the chart above.

How can I find out more about the proposed rate increases? The District has placed all of the key agenda reports, studies and presentations related to the proposed rate increase on its web site at www.avilabeachcsd.org/proposedrateincrease. Additionally, you can contact us by phone at 805.595.2664 or email at avilacsd@gmail.com.

How do I protest the proposed water or sewer rate increases?

Under Proposition 218, if you are the owner of record for a parcel or parcels or a tenant directly liable for payment of the fees subject to the proposed rate increases, you may submit a written protest against the proposed rate increase for water or sewer. If written protests are filed by a majority of the affected customers, the applicable rate increase will not be imposed. For a protest to be valid, it must: be in legible writing and received by the General Manager at or before the public hearing either by mail, P.O. Box 309, Avila Beach, CA 93424 or personal delivery at 191 San Miguel Street, Avila Beach, CA, 93424; specifically state which rate is being protested (water, sewer or both); contain the service address; and be signed by either the account holder or the property owner of the service address.