



NOTICE OF PUBLIC HEARING AVILA BEACH COMMUNITY SERVICES DISTRICT

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: May 12, 2020
TIME: 1:00 PM
PLACE: District Meeting Room
100 San Luis 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, 2020 and each year thereafter in 2021, 2022, 2023 and 2024, subject to the District Board confirmation.

Multi-year approach to setting rates

In May 2019 the District retained Tuckfield and Associates to conduct a comprehensive Water and Wastewater Rate Study (Study) for the District's water and wastewater enterprise systems. The major components of the Study consist of developing forward-looking financial plans for each enterprise, performing analyses to determine the cost of providing service and designing updated water and wastewater rates for implementation. The Study applied a five-year approach to rate-setting in order to meet long-term infrastructure repair and improvement needs, as well as, delivering day-to-day services. The five-year approach will prepare the District for the future, allow for smaller incremental annual rate increases and avoid significant unexpected rate increases.

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 studies and notices to all its customers.

What are the Proposed Rate Increases?

Analysis of the Water and Wastewater revenues and revenue requirements of the respective Financial Plans indicated that revenue increases of 3% per year beginning July 1, 2020 and each July 1 thereafter are required to meet the projected revenue requirements. The impacts of the 3% revenue increases to the Water and Sewer Rates are detailed below.

Water Rates

The recommended water rates include modifying the current rate structure such that the monthly customer fixed charge is retained but decreased 16% from the current fixed charge. Additionally, the current two-tiered variable charge is modified such that customers will now pay for the water they actually use in the first tier, as well as, in the second tier. The current structure charges customers that use between 0 – 5 units of water the same fixed charge regardless of the water consumed. The District

Board believes the proposed rate structure is consistent with State and Federal guidelines, more equitable to customers and provides a greater incentive for water conservation. The proposed Fixed and Variable charges for the water system for the next five years are provided below.

Proposed Water Fixed and Variable Charges

	Current Rate	July 1, FY 20-21	July 1, FY 21-22	July 1, FY 22-23	July 1, FY 23-24	July 1, FY 24-25
Fixed Charges						
	Fixed Charge (\$ per month)					
All Customers	\$57.00	\$47.88	\$49.32	\$50.80	\$52.33	\$53.90
Variable Charge (\$ per HCF)						
All Customers						
Tier 1 - 0 to 5 units	\$0.00	\$4.05	\$4.18	\$4.31	\$4.44	\$4.58
Tier 2 - Over 5 units	\$11.40	\$11.67	\$12.02	\$12.39	\$12.77	\$13.16

Comparison of Current Single-family Residential Monthly Water Bill with Proposed Bill Using July 1, 2020 Water Rates

Description	Use (HCF)	Current Bill			Proposed FY 20-21 Bill				
		Service Charge	Volume Charge	Current Bill	Service Charge	Volume Charge	Proposed Bill	Dollar Difference	Percent Change
	0	\$57.00	\$0.00	\$57.00	\$47.88	\$0.00	\$47.88	(\$9.12)	-16.0%
	1	\$57.00	\$0.00	\$57.00	\$47.88	\$4.05	\$51.93	(\$5.07)	-8.9%
Median	2	\$57.00	\$0.00	\$57.00	\$47.88	\$8.10	\$55.98	(\$1.02)	-1.8%
Average	3	\$57.00	\$0.00	\$57.00	\$47.88	\$12.15	\$60.03	\$3.03	5.3%
	4	\$57.00	\$0.00	\$57.00	\$47.88	\$16.20	\$64.08	\$7.08	12.4%
	5	\$57.00	\$0.00	\$57.00	\$47.88	\$20.25	\$68.13	\$11.13	19.5%
	10	\$57.00	\$57.00	\$114.00	\$47.88	\$78.60	\$126.48	\$12.48	10.9%
	15	\$57.00	\$114.00	\$171.00	\$47.88	\$136.95	\$184.83	\$13.83	8.1%
	20	\$57.00	\$171.00	\$228.00	\$47.88	\$195.30	\$243.18	\$15.18	6.7%

Wastewater Rates

The goal of the wastewater rate design is to achieve fairness while ensuring that each customer class (Single-Family, Multi-family, Commercial, Hotels, Restaurants and Industrial) pays its fair share of the costs for the collection, treatment and disposal of their wastewater. Similar to other utility rate structures, there is a fixed and variable component of the wastewater rates. The monthly fixed charge for all customers will be \$9.50. The volume charge will be based on the customer class and ranges from \$13.07 per unit of water used for multifamily to \$39.25 per unit of water used for restaurants. The range in the cost per unit is based on the relative costs to treat the wastewater generated from the varying classes. The current and proposed wastewater fixed and variable charges are shown in the table below.

Proposed Wastewater Fixed and Variable Charges

Classification	Current July 1, 2017	July 1, FY 20-21	July 1, FY 21-22	July 1, FY 22-23	July 1, FY 23-24	July 1, FY 24-25
Fixed Charge (\$ per month)						
All Customers	\$61.75	\$9.50	\$9.79	\$10.08	\$10.38	\$10.69
Variable Charge (\$ per HCF)						
Single-family						
0 to 5 HCF	\$0.00	\$13.46	\$13.86	\$14.28	\$14.71	\$15.15
Over 5 HCF	12.35	13.46	13.86	14.28	14.71	15.15
Multifamily						
0 to 5 HCF	0.00	13.07	13.46	13.86	14.28	14.71
Over 5 HCF	13.05	13.07	13.46	13.86	14.28	14.71
Commercial						
0 to 5 HCF	0.00	16.41	16.90	17.41	17.93	18.47
Over 5 HCF	16.64	16.41	16.90	17.41	17.93	18.47
Hotels						
0 to 5 HCF	0.00	18.13	18.67	19.23	19.81	20.40
Over 5 HCF	16.64	18.13	18.67	19.23	19.81	20.40
Restaurants						
0 to 5 HCF	0.00	39.25	40.43	41.64	42.89	44.18
Over 5 HCF	17.78	39.25	40.43	41.64	42.89	44.18
Industrial						
0 to 5 HCF	0.00	14.98	15.43	15.89	16.37	16.86
Over 5 HCF	\$18.98	\$14.98	\$15.43	\$15.89	\$16.37	\$16.86

Comparison of Current Single-family Residential Monthly Wastewater Bill with Proposed Bill Using July 1, 2020 Wastewater Rates

Water Use	Current Bill			Proposed FY 20-21 Bill				
	Service Charge	Volume Charge	Current Bill	Service Charge	Volume Charge	Proposed Bill	Dollar Difference	Percent Change
0	\$61.75	\$0.00	\$61.75	\$9.50	\$0.00	\$9.50	(\$52.25)	-84.6%
1	\$61.75	\$0.00	\$61.75	\$9.50	\$13.46	\$22.96	(\$38.79)	-62.8%
2	\$61.75	\$0.00	\$61.75	\$9.50	\$26.92	\$36.42	(\$25.33)	-41.0%
3	\$61.75	\$0.00	\$61.75	\$9.50	\$40.38	\$49.88	(\$11.87)	-19.2%
4	\$61.75	\$0.00	\$61.75	\$9.50	\$53.84	\$63.34	\$1.59	2.6%
5	\$61.75	\$0.00	\$61.75	\$9.50	\$67.30	\$76.80	\$15.05	24.4%
10	\$61.75	\$61.75	\$123.50	\$9.50	\$134.60	\$144.10	\$20.60	16.7%
15	\$61.75	\$123.50	\$185.25	\$9.50	\$201.90	\$211.40	\$26.15	14.1%
20	\$61.75	\$185.25	\$247.00	\$9.50	\$269.20	\$278.70	\$31.70	12.8%

Combined Water and Sewer Bill

The table below provides a comparison of the combined water and wastewater monthly bill for a Single-Family Residence (SFR) at various levels of water consumption. For an SFR customer using the average consumption of 3 units of water (2,245 gallons) per month, the bill will decrease from \$118.75 to \$109.91.

**Combined Single-family Residential Monthly Water and Wastewater Bill
at Current and Proposed July 1, 2020 Water and Wastewater Rates**

Water Use	Current Bill			Proposed FY 20-21 Bill				
	Service Charge	Volume Charge	Current Bill	Service Charge	Volume Charge	Proposed Bill	Dollar Difference	Percent Change
0	\$118.75	\$0.00	\$118.75	\$57.38	\$0.00	\$57.38	(\$61.37)	-51.7%
1	\$118.75	\$0.00	\$118.75	\$57.38	\$17.51	\$74.89	(\$43.86)	-36.9%
2	\$118.75	\$0.00	\$118.75	\$57.38	\$35.02	\$92.40	(\$26.35)	-22.2%
3	\$118.75	\$0.00	\$118.75	\$57.38	\$52.53	\$109.91	(\$8.84)	-7.4%
4	\$118.75	\$0.00	\$118.75	\$57.38	\$70.04	\$127.42	\$8.67	7.3%
5	\$118.75	\$0.00	\$118.75	\$57.38	\$87.55	\$144.93	\$26.18	22.0%
10	\$118.75	\$118.75	\$237.50	\$57.38	\$213.20	\$270.58	\$33.08	13.9%
15	\$118.75	\$237.50	\$356.25	\$57.38	\$338.85	\$396.23	\$39.98	11.2%
20	\$118.75	\$356.25	\$475.00	\$57.38	\$464.50	\$521.88	\$46.88	9.9%

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. 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 writing and received by the General Manager at or before the Public Hearing either by mail or personal delivery at 100 San Luis 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.

If you should have questions, please contact the District Office at avilacsd@gmail.com or (805) 595-2664.