



BELLA VISTA WATER DISTRICT

11368 E. STILLWATER WAY • REDDING, CALIFORNIA 96003-9510
TELEPHONE (530) 241-1085 • FAX (530) 241-8354

NOTICE CONCERNING PROPOSED WATER RATE INCREASE AND PUBLIC HEARING

Date: January 29, 2018
Location: Shasta College, Room 802, 11555 Old Oregon Trail, Redding, CA 96003
Time: 5:30 PM

NOTICE IS HEREBY GIVEN that on January 29, 2018, at 5:30 pm., or as soon thereafter as the business of the District permits, a public hearing will be held at Shasta College, 11555 Old Oregon Trail, Room 802, Redding, California 96003 to consider proposed increases in the District's water rates and charges. If approved by the Board of Directors, the proposed rate increases will be effective for the billing commencing on or after March 1, 2018.

PUBLIC HEARING AND PROTEST PROCEEDINGS

Pursuant to State law, protests may be provided by any District customer, or owner of property subject to the proposed rate changes, against any or all of the proposed rate changes described in this Notice. Written protests may be submitted in person to the Board of Directors at the Public Hearing. Written notices may also be submitted by mail or delivered in person to Bella Vista Water District 11368 E. Stillwater Way, Redding, CA 96003. **Written protests must be received prior to the close of the public hearing on January 29, 2018.** Each written protest must clearly identify the property or account (by assessor's parcel number or street address), reference the proposed water rate increases and must include the signatures of the property owner or tenant, as applicable. Due to the inability to verify the authenticity of each individual protest, protests received by telephone, electronic mail (e-mail), or via social media sites, including, but not limited to, Facebook or Twitter or through the District's website or oral comments on the proposed rate increase referenced herein shall **NOT** be accepted. Oral comments made at the public hearing will qualify as formal protests of the proposed rate increases only if accompanied by a written protest form setting forth the required information (as set forth above). If written protests are submitted by a majority of the affected property owners or customers, the proposed increase(s) will not be imposed.

WHY IS THE DISTRICT PROPOSING RATE INCREASES?

Bella Vista Water District is subject to the California Water Code and Proposition 218 and therefore is required by law to charge its customers only what is necessary to provide water services.

The District is dedicated to keeping rates low by maintaining lean staffing levels and using reserves when necessary. The District has reduced its staffing levels over the term of the previous rate study. However, like other utilities (wastewater, electricity and gas) the costs involved to purchase, pump, treat and deliver

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water; comply with regulatory requirements and revised drinking water standards as well as to maintain and replace the water system infrastructure continue to rise.

The District is proposing rate adjustments due to the increasing costs of operating, maintaining and replacing the District's public water systems; and the increasing costs of purchasing, treating and delivering safe and reliable water. The District's cost to provide water service include: (1) operations and maintenance; (2) repair and rehabilitation of the water system; and (3) water supply expenses. Water supply expenses are based on the District's main suppliers of water: the Bureau of Reclamation, the Anderson-Cottonwood Irrigation District (through a long-term transfer agreement) and operating costs for the District's groundwater wells. Additionally, the statewide drought and mandatory water use restrictions have altered customer water demands.

For the past several months, the District has engaged in an extensive analysis of its water costs, revenues and rates. The District's Engineer and staff conducted a lengthy analysis to determine the true cost of water service and their corresponding impacts to customers. This analysis identified a number of key drivers that resulted in the proposed rates. The District is proposing water rate and charge adjustments because:

1. The existing rates are based on a rate study that was performed in 2010. The new rates reflect District expense and revenue experience over the most recent five years.
2. Changes to the existing rates and charges are needed to cover the water system's fixed costs which do not vary with water sales.
3. Major components of the District's water system are now more than 50 years old and approaching the end of their original design life. Higher rates fund the extraordinary operations, maintenance and repairs (EOMR) to the District's aging infrastructure required to maintain system reliability and water quality.
3. The higher rates fund prudent contingency reserves to avoid large rates increases.
4. The District's wholesale water costs continue to rise.

EXPLANATION OF PROPOSED WATER RATE INCREASE

The District is proposing an increase in the total revenue it receives from customers through its water service charges and rates over the next five years. The Cost of Service Rate Study is available on the District's website including how to calculate your bimonthly water bill utilizing the proposed water rates.

The total revenue increase per year results in the rate increases shown in the enclosed tables. The District's water rate structure has three components: (1) the bimonthly service charge, (2) the consumption rate, and (3) the Water Treatment Fee which repays a portion of the required debt service. The following tables show both the proposed service charge and consumption rates for the next five fiscal years. The rates were developed using the cost of service principles as set forth in the American Water Works Association M1 Manual - Principles of Water Rates, Fees, and Charges.

The proposed rates are set forth on the Tables enclosed herewith.

PROPOSED WATER RATES

1. Rates for M&I Water customers (Residential, Commercial, Rural and Public/Institutional Service)

a. Water Usage Charges (for all M&I Customer Classifications) per 100 cubic feet (HCF):

Current Rate	Proposed Water Usage Charges (\$/HCF)				
	2018	2019	2020	2021	2022
\$0.50	\$0.55	\$0.57	\$0.60	\$0.62	\$0.65

b. Bimonthly Base Rates:

Meter Class	Meter Size	Meter Type	Current Rate	Proposed Bimonthly Base Rates				
				2018	2019	2020	2021	2022
20	5/8"	Disc	\$ 37.05	\$ 39.06	\$ 40.66	\$ 42.33	\$ 44.06	\$ 45.87
30	3/4"	Disc	\$ 39.39	\$ 41.86	\$ 43.58	\$ 45.36	\$ 47.22	\$ 49.16
50	1"	Disc	\$ 44.05	\$ 46.20	\$ 48.09	\$ 50.07	\$ 52.12	\$ 54.26
100	1 1/2"	Disc	\$ 53.39	\$ 53.93	\$ 56.14	\$ 58.44	\$ 60.84	\$ 63.33
160	2"	Disc	\$ 62.73	\$ 60.73	\$ 63.22	\$ 65.81	\$ 68.51	\$ 71.32
200	2"	Compound	\$ 62.73	\$ 64.50	\$ 67.14	\$ 69.90	\$ 72.76	\$ 75.75
300	2"	Turbine or Mag	\$ 62.73	\$ 72.40	\$ 75.37	\$ 78.46	\$ 81.68	\$ 85.02
450	3"	Compound	\$ 81.40	\$ 81.87	\$ 85.23	\$ 88.72	\$ 92.36	\$ 96.15
450	3"	Turbine	\$ 81.40	\$ 81.87	\$ 85.23	\$ 88.72	\$ 92.36	\$ 96.15
900	3"	Mag	\$ 81.40	\$ 102.66	\$ 106.87	\$ 111.25	\$ 115.81	\$ 120.56
900	4"	Compound	\$ 100.07	\$ 102.66	\$ 106.87	\$ 111.25	\$ 115.81	\$ 120.56
1200	4"	Turbine	\$ 100.07	\$ 113.39	\$ 118.04	\$ 122.88	\$ 127.92	\$ 133.16
1500	4"	Mag	\$ 100.07	\$ 122.72	\$ 127.75	\$ 132.99	\$ 138.44	\$ 144.12
2000	6"	Compound	\$ 137.42	\$ 136.21	\$ 141.79	\$ 147.61	\$ 153.66	\$ 159.96
2500	6"	Turbine	\$ 137.42	\$ 147.96	\$ 154.03	\$ 160.34	\$ 166.92	\$ 173.76
3300	6"	Mag	\$ 137.42	\$ 164.31	\$ 171.05	\$ 178.06	\$ 185.36	\$ 192.96
4500	8"	Compound	\$ 174.77	\$ 185.16	\$ 192.75	\$ 200.65	\$ 208.88	\$ 217.45
4500	8"	Turbine	\$ 174.77	\$ 185.16	\$ 192.75	\$ 200.65	\$ 208.88	\$ 217.45
6000	8"	Mag	\$ 174.77	\$ 207.29	\$ 215.79	\$ 224.64	\$ 233.85	\$ 243.43

2. Rates for Irrigation Water Customers (Agriculture Service)

a. Water Usage Charges (for all Agricultural Customers) per Acre-Foot (AF):

Current Rate	Proposed Water Usage Charges (\$/AF)				
	2018	2019	2020	2021	2022
\$61.17	\$64.73	\$67.38	\$70.15	\$73.02	\$76.02

b. Bimonthly Base Rates:

Meter Class	Meter Size	Meter Type	Current Rate	Proposed Bimonthly Base Rates				
				2018	2019	2020	2021	2022
50	1"	Disc	\$ 63.81	\$ 63.50	\$ 66.10	\$ 68.81	\$ 71.64	\$ 74.57
100	1 1/2"	Disc	\$ 73.15	\$ 71.24	\$ 74.16	\$ 77.20	\$ 80.37	\$ 83.66
160	2"	Disc	\$ 82.49	\$ 78.04	\$ 81.24	\$ 84.57	\$ 88.04	\$ 91.65
200	2"	Compound	\$ 82.49	\$ 81.81	\$ 85.16	\$ 88.66	\$ 92.29	\$ 96.07
300	2"	Turbine or Mag	\$ 82.49	\$ 89.70	\$ 93.38	\$ 97.21	\$ 101.19	\$ 105.34
450	3"	Compound	\$ 101.16	\$ 99.17	\$ 103.24	\$ 107.47	\$ 111.87	\$ 116.46
450	3"	Turbine	\$ 101.16	\$ 99.17	\$ 103.24	\$ 107.47	\$ 111.87	\$ 116.46
900	3"	Mag	\$ 101.16	\$ 119.97	\$ 124.89	\$ 130.01	\$ 135.34	\$ 140.89
900	4"	Compound	\$ 119.85	\$ 119.97	\$ 124.89	\$ 130.01	\$ 135.34	\$ 140.89
1200	4"	Turbine	\$ 119.85	\$ 130.69	\$ 136.05	\$ 141.63	\$ 147.43	\$ 153.48
1500	4"	Mag	\$ 119.85	\$ 140.02	\$ 145.76	\$ 151.74	\$ 157.96	\$ 164.43
2000	6"	Compound	\$ 157.19	\$ 153.52	\$ 159.81	\$ 166.37	\$ 173.19	\$ 180.29
2500	6"	Turbine	\$ 157.19	\$ 165.26	\$ 172.04	\$ 179.09	\$ 186.43	\$ 194.08
3300	6"	Mag	\$ 157.19	\$ 181.61	\$ 189.06	\$ 196.81	\$ 204.88	\$ 213.28
4500	8"	Compound	\$ 194.54	\$ 202.47	\$ 210.77	\$ 219.41	\$ 228.41	\$ 237.77
4500	8"	Turbine	\$ 194.54	\$ 202.47	\$ 210.77	\$ 219.41	\$ 228.41	\$ 237.77
6000	8"	Mag	\$ 194.54	\$ 224.59	\$ 233.80	\$ 243.38	\$ 253.36	\$ 263.75

- c. The agricultural base rates on the preceding page include the costs for the purchase and treatment of 0.5 acre-foot of M&I water per year. Agricultural accounts that have no domestic use (NDU) will receive a \$13.37 “NDU Credit” bimonthly to offset the inclusion of these costs in their base rate.

3. PRIVATE FIRE PROTECTION SYSTEMS – Bimonthly Charge

Size of Fire Service Line	Current Rate	Proposed Bimonthly Fire Service Rates				
		2018	2019	2020	2021	2022
2	\$ 20.91	\$ 25.00	\$ 26.00	\$ 27.00	\$ 28.00	\$ 29.00
3	\$ 27.13	\$ 34.00	\$ 57.00	\$ 59.00	\$ 62.00	\$ 64.00
4	\$ 33.36	\$ 48.00	\$ 50.00	\$ 52.00	\$ 54.00	\$ 57.00
6	\$ 45.81	\$ 66.00	\$ 69.00	\$ 71.00	\$ 74.00	\$ 77.00
8	\$ 58.26	\$ 83.00	\$ 86.00	\$ 90.00	\$ 94.00	\$ 97.00
10	\$ 70.73	\$ 104.00	\$ 109.00	\$ 113.00	\$ 118.00	\$ 123.00

- 4. WATER TREATMENT PLANT IMPROVEMENT LOAN REPAYMENT** – The charge per account will remain at \$14.00 bimonthly for all customers.

5. ANNUAL ADJUSTMENTS TO WATER RATES

- a. Annually, upon receipt of notice from the U.S. Bureau of Reclamation (USBR) and Anderson Cottonwood Irrigation District (ACID) regarding the rates and charges that they will charge Bella Vista Water District under their respective contracts for water deliveries starting on March 1 of each year, the usage charges shall be adjusted by an amount equal to the increase or decrease in charges by USBR and ACID. The water usage charges shown above reflect an annual increase of 4.1%; however, the actual rate will also pass through the annual changes (increases and decreases) in the water charges under the District’s contracts with USBR and ACID.
- b. On March 1 of each year the Base Rates, Usage Charges (excluding wholesale water costs), and Fire Service Charges shall be adjusted by the 12-month increase or decrease in the Consumer Price Index – All Urban Consumers (CPI-U) U.S. city average for the preceding December plus up to 2%. Over the past 20 years the 12-month increase in the CPI-U has ranged between 0.1 and 4.1 percent and has averaged 2.1 percent. The above tables of proposed base rates and fire service rates show what the base rates will be at an annual adjustment of 4.1% (based on a CPI-U increase of 2.1% plus an additional 2%. Note: the actual rates may be higher or lower than the listed rates depending on the annual change in the CPI-U and the additional adjustment of up to 2.0%.
- c. The proposed usage rates for Agriculture water service for 2018 through 2022 includes \$10.00 per acre-foot (AF) to pay towards the accumulated USBR O&M Deficit for Irrigation water, as well as any USBR O&M Deficits incurred during the 2018 through 2022 water years.
- d. These rates will be reviewed annually by the District’s Board of Directors and may be reduced or increased from the rates shown based on the cost factors and adjustments referred to in paragraphs 5.a. and 5.b (above).