



INVERNESS PUBLIC UTILITY DISTRICT

FIRE DEPARTMENT ❖ WATER SYSTEM

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PUBLIC HEARING ON CHANGES IN WATER RATES AND CHARGES

- PURPOSE:** Receive public comment on and consider (act on) adopting changes in water rates and charges
- WHEN:** Wednesday, May 27, 2020, 7:00 p.m.
- WHERE:** Inverness Firehouse, 50 Inverness Way North, Inverness

The Board of Directors of the Inverness Public Utility District is proposing changes to the Water System's rates and charges in order to increase the Water System's revenues by 15.6%, effective July 1, 2020. One feature of the proposed new rates structure would be to include within each customer's Basic Charge a subsistence amount of water (approx. 50 gallons a day) at no additional charge.

REASONS FOR THE PROPOSED INCREASE IN REVENUE

A two-stage increase in water rates was put into effect beginning in January 2018, the revenue from which was dedicated primarily to critical infrastructure needs, such as replacement of aging storage tanks and water mains in Seahaven. The last increase in rates and charges that provided additional revenue for ordinary operating expenses was in July 2009. The Water System can no longer sustain its day-to-day operating costs with a revenue flow based on rates and charges adopted 11 years ago.

The need for an approx. 15% increase in revenue is based on a three-year budget projection that takes into account both operating budget and infrastructure budget needs. Major operating budget factors include inflation and increased personnel costs. The need for additional revenue for capital expenditures is based principally on the opportunity to finance a significant portion of the Water System's next major capital project, replacement of the storage tanks at the critical Tenney Tank Site, by participating in the Drinking Water State Revolving Fund. This funding (provided by U.S. EPA and state water bonds) will enable us to jumpstart a project that otherwise would be beyond our capability to finance in a timely manner on a pay-as-you-go basis (our preferred method). The District will borrow from the State Water Board up to \$800,000 to replace the Tenney site's two aging (and badly leaking) redwood tanks with state-of-the-art bolted-steel tanks (one holding 52,700 gallons, and the other holding 43,700 gallons, replacing a 60,000-gallon tank and a 10,000-gallon tank). The 30-year loan will be repaid at the low annual interest rate of 1.4% (over 30 years, the interest component will account for approx. 16.7% of total payments). The annual loan payment, including a mandatory reserve factor, will be approx. \$39,600, a portion of which will need to be funded from the increase in rates being requested at this time.

Except for a small amount of water that is treated at our Third Valley treatment plant, all water in the system goes through the main treatment plant at the top of Perth Way and then into the Tenney tanks, from where it flows directly into distribution mains and to four other tank sites. Thus, the Tenney tanks are the critical link in both our storage system and our distribution system: We cannot allow aging infrastructure at the Tenney site to deteriorate to the point of a potentially catastrophic failure. The Board of Directors has determined that it is prudent to proceed immediately to replace the Tenney tanks by accessing the very-low-cost financing available to us at this time from the State Water Board. This also means that, without having to incur additional debt, our normal reserves that are funded from customer revenue will remain available for other smaller projects that will need to be addressed on an on-going

BOARD OF DIRECTORS: **KENNETH EMANUELS**, PRESIDENT • **DAKOTA WHITNEY**, VICE PRESIDENT
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basis over the years (the Water System has no existing debt; the Fire Department has an annual \$12,000 obligation as its share of the Marin Emergency Radio Authority's bonded indebtedness).

Please be advised that, pursuant to Sec. 6 of Article XIII D of the Constitution of the State of California, notice is hereby given that the parcels upon which the proposed water rates and charges are to be imposed are all parcels in Marin County served by a customer connection to the Inverness Public Utility District Water System. The amounts of the charges shall be determined on the basis of the Basic Charge and the volume of water used by each served parcel in each bimonthly billing period using the schedule of rates and charges shown on Page 3 of this notice. These rates and charges were determined on the basis of a three-year budgeting projection.

HOW WILL THE AVERAGE BILL BE AFFECTED?

The proposed changes would add an average of \$7.85 per month (\$15.70 per bimonthly bill) to the cost of water service for a typical single-family residence, beginning in July 2020. A typical single-family residential customer is one that is billed for 9 units of water (approximately 6,700 gallons) per billing period.

For the 43% of residential customers whose bimonthly water usage is in the broader range of 4-12 units (approximately 3,000 to 9,000 gallons per billing period), the total bill will increase by 10.8%.

NOTEWORTHY DETAILS OF THE PROPOSED CHANGES

- Each customer will be entitled to use of up to 4 ccf of water (approximately 50 gallons per day over the typical two-month billing period) at no charge; this base allotment of water will be included in the Basic Charge.
- The bimonthly "Cross Connection Charge" applies currently to 18 customers who have a water storage tank or other source of water (such as a well) on their property. This charge will increase from \$10 to \$12, to reflect increased costs of inspecting and maintaining the installed cross connection prevention devices that are required by this State-mandated program.

PUBLIC HEARING

A public hearing will be held in the District's meeting room at the Inverness Firehouse (50 Inverness Way North, Inverness) at 7:00 p.m. on Wednesday, May 27, 2020, to consider enactment of the proposed changes. You are cordially invited to attend and testify at the hearing or to mail your comments in advance to P.O. Box 469, Inverness, CA 94937. For more information, visit the District's website (invernesspubd.org) or phone (415) 669-1414.

If you wish to protest against the proposed changes in fees and charges, you must submit your protest in writing prior to the close of the public hearing portion of the May 27, 2020, meeting. A written protest must legibly identify and be signed by the owner of (or the Water System customer of record for) the affected property, and must include a description of the property (Assessor's Parcel Number or Water System account number). Protests may be mailed, faxed, emailed (if appropriately signed), or delivered to the applicable address shown at the top of Page 1 of this notice. Protests must be received prior to the close of the public hearing portion of the May 27, 2020, meeting. If written protests are submitted by a majority of the affected property owners or customers, the proposed changes will not be imposed (you must submit your protest in writing even if you testify at the public hearing).

If the number of protests received does not meet the threshold that requires withdrawal of the proposal to change the rates and charges, the Board of Directors may immediately adopt an ordinance enacting the proposed changes in rates and charges to go into effect no earlier than July 1, 2020.

SCHEDULE OF CURRENT RATES AND PROPOSED NEW RATES

CURRENT RATES (as of 7/1/2019)	
<u>Basic Charge</u> (bimonthly)	
Regular	121.00
Lifeline: Very low income	60.50
Lifeline: Extremely low income	30.25
<u>Usage Rates</u> (per ccf)	
1-12 ccf	2.70
13-36 ccf	4.20
37-48 ccf	5.90
49-60 ccf	8.10
61 & up*	24.40
1 ccf = 748 gallons	
<u>Cross Connection Charge</u> (bimonthly)	
Each cross connection	10.00

PROPOSED RATES (to become effective 7/1/2020)	
<u>Basic Charge</u> (bimonthly)	
Regular	146.00
Lifeline: Very low income	73.00
Lifeline: Extremely low income	36.50
<u>Usage Rates</u> (per ccf)	
1-4 ccf	---
5-12 ccf	3.00
13-24 ccf	5.00
25-36 ccf	6.00
37-48 ccf	10.00
49-60 ccf	12.00
61 & up*	28.00
1 ccf = 748 gallons	
<u>Cross Connection Charge</u> (bimonthly)	
Each cross connection	12.00

* This tier is not applicable to nonresidential customer accounts, for which the top tier is 49 & up.

Note: The Cross Connection Charge currently applies to 18 customers who have a water storage tank or other source of water (such as a well) on the property.

Under the Proposed Rates, each customer will be entitled to use of up to 4 ccf of water (approximately 50 gallons a day over the two-month period) at no charge.

Please see Page 4 for examples of water bills under the current and the proposed rates.

EXAMPLES OF RESIDENTIAL WATER BILLS UNDER CURRENT AND PROPOSED RATES

Number of units used in bimonthly billing period*	Current Rates			Proposed Rates			Percent increase
	Usage Charge	Basic Charge	Total bill	Usage Charge	Basic Charge	Total bill	
0	0.00	121.00	121.00	0.00	146.00	146.00	20.7%
1	2.70	121.00	123.70	0.00	146.00	146.00	18.0%
3	8.10	121.00	129.10	0.00	146.00	146.00	13.1%
4	10.80	121.00	131.80	0.00	146.00	146.00	10.8%
5	13.50	121.00	134.50	3.00	146.00	149.00	10.8%
9	24.30	121.00	145.30	15.00	146.00	161.00	10.8%
12	32.40	121.00	153.40	24.00	146.00	170.00	10.8%
24	82.80	121.00	203.80	84.00	146.00	230.00	12.9%
36	133.20	121.00	254.20	156.00	146.00	302.00	18.8%
48	204.00	121.00	325.00	276.00	146.00	422.00	29.8%
50	220.20	121.00	341.20	300.00	146.00	446.00	30.7%
60	301.20	121.00	422.20	420.00	146.00	566.00	34.1%
72	594.00	121.00	715.00	756.00	146.00	902.00	26.2%
100	1,277.20	121.00	1,398.20	1,540.00	146.00	1,686.00	20.6%

* 1 unit = 1 ccf = 748 gallons

The water bill for the average residential customer is for 9 units.

43% of residential customers use between 4 and 12 units on a typical water bill. The total charge for a bill with usage within this range will increase by 10.8%.

Please monitor the IPUD website, www.invernesspud.org, for updates on any changes that may have to be made affecting the May 27 public hearing due to coronavirus considerations.