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HIDDEN VALLEY LAKE, CA
Permit NO. 12

Hidden Valley Lake CSD
19400 Hartmann Road
Hidden Valley Lake, CA 95467

How to Protest the Proposed Changes

As the owner or customer of record of a parcel subject to the imposition of the proposed rate changes, you may submit a written protest against the proposed rate changes. Provided, however, if the identified parcel has more than one owner and/or customer of record, only one written protest will be counted.

Each protest must (1) be in writing; (2) state the specific rate changes for which the protest is being submitted; (3) provide the location of the identified parcel (by assessor's parcel number or street address); and (4) include the original signature of the owner or customer of record submitting the protest. Protests submitted by e-mail, facsimile or other electronic means will not be accepted. Written protests may be submitted by mail to **General Manager Roland Sanford, Hidden Valley Lake CSD, 19400 Hartmann Road, Hidden Valley Lake, CA 95467**, or in person at the public hearing, so long as they are received prior to the conclusion of the public hearing. Please identify on the front of the envelope for any protest, whether mailed or submitted in person to the General Manager, that the enclosed letter is in regards to the April 21, 2015 Public Hearing on the proposed sewer and water rate changes.

If you would like more information about the proposed water/wastewater rate increases visit www.hiddenvalleylakecsd.com and click on "Rate Study", or call 707-987-9201.



Mark your calendar! Monthly bill payments will be **due on the 20th** of each month unless the 20th falls on a weekend, in which case payments will be due the following Monday.

Hidden Valley Lake Community Services District

"The mission of the Hidden Valley Lake Community Services District is to provide, maintain and protect our community's water"



Proposition 218 Notification NOTICE OF PUBLIC HEARING ON PROPOSED SEWER AND WATER RATES

HEARING DATE: April 21, 2015

TIME: 7:00 p.m.

LOCATION: Hidden Valley Lake CSD
Administration Office
19400 Hartmann Road
Hidden Valley Lake, CA

The Hidden Valley Lake Community Services District (District) is proposing to establish new sewer and water rate structures to more equitably distribute the cost of providing sewer and water services among the various residential and commercial user classes, and to increase sewer and water rate charges to finance the maintenance and repair of aging sewer and water infrastructure, upgrade existing facilities to comply with new unfunded state and federal mandates, and restore reserve funds that have been drawn down and in some cases depleted during the recent economic recession. If adopted, the proposed rate changes will become effective on or after July 1, 2015.

Why are you receiving this notice? You are receiving this notice because you are either a District sewer and/or water customer or you own property that is receiving District sewer and/or water service. The purpose of the public hearing is to consider all written protests against the proposed rate changes. As the owner or customer of record of a parcel subject to the imposition of the proposed rate changes, you may submit a written protest against the proposed rate changes.



What do sewer and water rates fund? The District provides sewer and water utility services to residential and commercial customers. The operation and maintenance of these two utilities are financially independent of each other. All revenue generated from customer sewer and water bills is used to pay for the ongoing operation, maintenance, repair and replacement of the existing sewer and water systems. The cost of system expansions, to serve new development, is recovered through connection or demand fees imposed on the developer requesting District service. By State law, the District may not collect more revenue than is necessary to recover the costs of providing services.

Billing Changes

The District is switching from a bimonthly to monthly sewer and water billing cycle. The District is proposing to switch from the current bimonthly billing cycle (one bill every two months) to a monthly residential sewer and water billing cycle. Shortening the billing cycle will provide more timely information for the customer, with regard to water usage and the detection of costly water leaks, and enhance the District's ability to comply with state mandated water conservation measures.

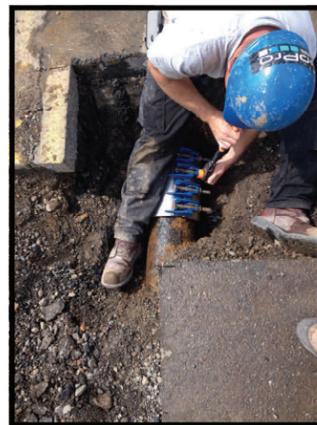
An informational Meeting will be held on Tuesday April 7, 2015 in the Coyote Valley Elementary School Multipurpose Room at 18950 Coyote Valley Road, Hidden Valley Lake, from 6:30 p.m. to 8:00 p.m. All residents are encouraged to attend and learn more about proposed sewer and water rates.

New Sewer and Water Rates

Capital projects a major reason for raising water and sewer rates. Portions of the District’s wastewater collection system are over 50 years old. Many sewer lines are partially blocked with tree roots and/or have cracks and holes that allow excessive amounts of groundwater and storm water runoff to seep into the collection system, occasionally at rates that exceed the maximum design capacity of the District’s sewer collection system and wastewater treatment plant. The District has been able to avoid sewage spills and the discharge of partially or even untreated sewage, but at considerable cost. If not corrected, the leaky collection system will result in sewage spills and expensive regulatory fines.

The District’s water distribution system is also aging, as demonstrated by the number of “mainline” breaks experienced in recent years. Furthermore, there are long-standing deficiencies within the water distribution system that need correction. More recently, the State of California passed the nation’s first drinking water standard for hexavalent chromium. The District’s raw water supply has naturally occurring hexavalent chromium at concentrations that occasionally exceed the new 10 parts per billion drinking water standard and therefore, the District must construct new facilities within the next five years to remain in compliance. In addition to water treatment improvements, the District has initiated a multi-year project to secure water rights to the District’s existing water supply – an expensive and time consuming project that involves a number of technical studies.

To minimize the fiscal impact to ratepayers, the District anticipates completing most capital improvements by securing low interest loans that would be paid off over time. In order to reduce the cost of borrowing money, the District must demonstrate it possesses good credit. The District’s credit rating is determined in part by the ability to maintain fiscal reserves. The District’s reserve funds have been drawn down and in some cases were depleted during the recent economic recession. In conjunction with the anticipated capital improvements, the District is seeking to restore reserve funds.



Proposed sewer rate charges: Residential sewer customers currently pay a bimonthly flat rate of \$100.36, regardless of the volume of wastewater generated. The proposed residential sewer rate consists of two components, a “fixed charge” and a “volumetric charge”. All residential customers pay the same fixed charge, regardless of household size, while the volumetric charge is determined by the average monthly water usage for the months of December through April. As a general rule, a household’s average monthly water use for the months of December through April provides a reasonable estimate of the wastewater produced by the household each month of the year. Households generating less wastewater will pay less for sewer service than households producing larger volumes of wastewater. Sewer charges will be adjusted on July 1 of each year. The volumetric charge will be based on actual average monthly water usage for the preceding months of December through April.

Commercial and government customers currently pay a monthly flat rate of \$50.18 per “household equivalent unit” (HEU). The proposed sewer rate consists of two components, a “fixed charge” and a “volumetric charge”. All commercial and government customers pay the same fixed charge per HEU, while the volumetric charge is determined by actual monthly water use.

The proposed sewer rate charges for the next five years are presented in detail in the chart below. In the first year, the average monthly residential sewer bill is estimated to be \$50.95. Annually, the average cost of sewer service for a single family residential customer will increase by approximately \$9.24 in the first year, from \$602.16 to \$611.40.

PROPOSED MONTHLY SEWER RATES

“Fixed” Charge by Meter Size	Current Monthly Rate	FY 2015/2016	FY 2016/2017	FY 2017/2018	FY 2018/2019	FY 2019/2020
Residential*	\$50.18	\$38.92	\$42.03	\$45.39	\$49.02	\$51.96
Commercial & Government (per HEU)	\$50.18	\$38.92	\$42.03	\$45.39	\$49.02	\$51.96
“Volumetric” Charge per 100 cubic feet of monthly water use						
Residential*	-	\$2.07	\$2.23	\$2.41	\$2.60	\$2.76
Commercial & Government	-	\$2.25	\$2.43	\$2.62	\$2.83	\$3.00

*Includes single and multifamily; multifamily assessed per HEU

Proposed water rate changes: The current residential water rate schedule consists of a bimonthly base rate of \$74.26 for the first 3,000 cubic feet of water used, and a flat rate of \$2.48 for every 100 cubic feet of water used in excess of 3,000 cubic feet. The proposed water rate consists of two components, a “fixed charge” and a “volumetric charge”. All residential customers pay the same fixed charge, regardless of household size, while the volumetric charge is determined by the amount of water used each month.

Increasing water use will result in a higher volumetric charge, not only because more water is used, but also because the unit cost (cost per 100 cubic feet of water) increases with increasing usage. Under the proposed water rate structure, the first 700 cubic feet of water used each month will cost the least (\$1.50 per 100 cubic feet, in the first year). Additional water usage in excess of 700 cubic feet but less than 1,100 cubic feet will be charged at a higher unit cost rate (\$1.88 per 100 cubic feet, in the first year), usage in excess of 1,100 but less than 2,400 cubic feet will be charged at a still higher unit cost rate (\$2.35 per 100 cubic feet, in the first year), while usage in excess of 2,400 cubic feet per month will be charged the highest unit cost rate (\$2.93 per 100 cubic feet, in the first year). This approach to water billing is commonly referred to as a “tiered water rate structure” because the unit cost of water increases in a series of steps or “tiers”. The District is proposing a tiered water rate structure to incentivize water conservation and enhance the District’s ability to comply with state mandated water conservation measures.



The current commercial water rate schedule consists of a monthly base rate of \$37.13 for the first 1,500 cubic feet of water used, and a flat rate of \$2.48 for every 100 cubic feet of water used in excess of 1,500 cubic feet. The proposed water rate consists of two components, a “fixed charge” and a “volumetric charge”. All commercial customers pay the same fixed charge, while the volumetric charge is determined by the amount of water used each month.

The proposed water rate charges over the next five years are presented in detail in the chart below. The total amount of your water bill will depend on the amount of water used. In the first year, the average monthly water bill for a single family residential customer is estimated to be \$41.59. Water bills will be noticeably higher in the summer months, when water usage is highest. Annually, the average cost of water service for a single family residential customer will increase by approximately \$53.52 in the first year, from \$445.56 to \$499.08.

PROPOSED MONTHLY WATER RATES

“Fixed” Charge by Meter Size	Current Monthly Rate	FY 2015/2016	FY 2016/2017	FY 2017/2018	FY 2018/2019	FY 2019/2020
5/8-inch (*)	\$37.13	\$27.54	\$30.57	\$33.93	\$36.65	\$39.58
3/4-inch	\$37.13	\$40.37	\$44.81	\$49.74	\$53.72	\$58.02
1-inch	\$37.13	\$66.04	\$73.30	\$81.37	\$87.88	\$94.91
1 1/2-inch	\$37.13	\$130.20	\$144.52	\$160.42	\$173.25	\$187.11
2-inch	\$37.13	\$207.19	\$229.99	\$255.28	\$275.71	\$297.76
“Volumetric” Charge per 100 cubic feet of water used						
Residential Accounts:	\$2.48 (**)					
Tier 1: (0 - 7 hcf)		\$1.50	\$1.67	\$1.85	\$2.00	\$2.16
Tier 2: (7.01 - 11 hcf)		\$1.88	\$2.08	\$2.31	\$2.50	\$2.70
Tier 3: (11.01 - 24 hcf)		\$2.35	\$2.60	\$2.89	\$3.12	\$3.37
Tier 4: (above 24 hcf)		\$2.93	\$3.26	\$3.61	\$3.90	\$4.21
Commercial Accounts	\$2.48 (**)	\$1.86	\$2.07	\$2.30	\$2.48	\$2.68

Notes:

*Most common single family residential meter size

**\$2.48 per every 100 cubic feet used in excess of 1,500 cf/month

 Sign up for e-statements and automated notifications at www.hiddenvalleylakesd.com or contact our District Office at (707) 987-9201.