



**PRSRT STD
ECRWSS
U.S. POSTAGE PAID
EDDM Retail**

*******ECRWSS*******

**LOCAL
POSTAL CUSTOMER**

**City of Rio Dell
Notice of Public Hearing**

PROPOSED NEW/INCREASED WATER RATES

**City of Rio Dell
675 Wildwood Ave.
Rio Dell, CA 95562
City Hall (707) 764-3532**



675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532
(707) 764-5480 (fax)



**NOTICE OF PUBLIC HEARING
ON PROPOSED NEW/INCREASED WATER RATES**

WHEN: December 1, 2015 @ 5:30pm

WHERE: Rio Dell City Hall Chambers
675 Wildwood Avenue
Rio Dell, California 95562

PURPOSE: To receive public comment on a proposal for the City Council to consider adopting new/increased water rates. If approved, the new/increased rates will begin appearing on utility bills arriving in January of 2016. At the public hearing, the City Council will accept oral testimony as well as written protests regarding the water rates.

Notice is hereby given that at the date, time and place shown above, the City Council of the City of Rio Dell will hold a public hearing to consider a proposed increase to the rates the City charges water customers. The funds for these rates provide water service that includes operating costs, capital costs and debt service payments. The customer's water bill is calculated using a monthly base rate and an additional unit charge based on the amount of water used, as shown on Table 1. Water charges are billed monthly.

If approved by the City Council, the rate increase will be reflected on bills arriving in January of 2016 to the amounts shown in Table 1 and will increase in January of 2017 as shown in Table 1. Annual increases thereafter are a result of automatic inflation adjustments in place since 2005.

How do I protest this Increase?

Written protests to the proposed rates may be submitted by Water Customers or Property Owners before the closing of the public hearing. Written protests will be accepted and tabulated according to procedures that the City Council adopted on October 6, 2015. Pursuant to California Government Code Section 53755(b), only one written protest will be counted per parcel. If protests are received from property owners or customers in an amount exceeding 50% of the parcels served by the City's water utility, then the City Council cannot approve the proposed rate increase.

To be included in the protest count, the protest letter must:

- INCLUDE A LEGIBLE NAME AND BE SIGNED; AND
- INCLUDE THE ADDRESS OF THE OWNER OR CUSTOMER SUBMITTING THE PROTEST; AND
- BE RECEIVED (BY MAIL OR HAND DELIVERY) BEFORE THE END OF THE PUBLIC HEARING ON DECEMBER 1, 2015; AND

Next Page

Otherwise the new rates will be based on the following monthly formula:

$$\text{Base Rate} + (\# \text{ of Units Used} \times \text{Rate Per Unit})$$

Example 1: *"I checked and I do not live in the Dinsmore Zone. I live on Second Avenue and use two (2) units of water each month:"*

$$\begin{aligned} &\text{Base Rate} + (\# \text{ of Units Used} \times \text{Rate Per Unit}) \\ &40.06 + (2 \times 2.61) = \$45.28 \text{ per month} \end{aligned}$$

Example 2: *"I checked and I live in the Dinsmore Zone. I live on Monument road up the hill about 2 miles and use five (5) units of water each month."*

$$\begin{aligned} &\text{Dinsmore Surcharge} + \text{Base Rate} + (\# \text{ of Units Used} \times \text{Rate Per Unit}) \\ &\$39.13 + 40.06 + (5 \times 2.61) = \$92.24 \text{ per month} \end{aligned}$$

Why am I receiving this Notice?

You are receiving this notice because our records indicate that you are listed as an account holder and/or as the owner of a parcel receiving water service from the City of Rio Dell. The purpose of this notice is to give you information about proposed new/increased water rates and how you can participate in the rate setting process.

Rate History

The last major change to the water rates occurred in 2005. At that point in time major upgrades were underway to increase water quality by moving the source of the City's water to the Eel River and also building a new filtration plant. The City incurred 0% interest loans from the State of California to pay for these upgrades. While the 2005 rate adjustment took into account these new debt payments, they did not set aside funds for the replacement of other components of the system.

Since the 2005 water rate adjustment, the City has been largely unsuccessful in securing grant dollars to fund replacement of the distribution (piping) system. Other components are aging and will eventually need to be replaced. Water Tanks, meters, filtration systems and other components all eventually need to be replaced. Instead of building up capital replacement dollars over the past ten years, the city has gone in the opposite direction. There has been a deficit in the water funds for each of the past four years and the fund balance by the end of this year is projected to be zero. The City has been warned by both the Federal and State governments that revenues into the water fund are insufficient to meet the long-term needs of the system.

The City of Rio Dell works each day with increasingly limited resources to ensure that the residents and businesses receive clean, safe, and reliable water service. To do this, the system must be maintained to all required standards.

New Water Rate Structure Methodology

The City was able to save upward of \$30,000 in consulting fees for this rate adjustment study by using experts from the Rural Community Assistance Corporation (RCAC) who recommended these changes to the fee structure at no cost to the City.

Since the passage of Proposition 218 in 1996, there have been major changes in how cities are allowed to set rates for water services. To comply with State law, this proposed rate adjustment means that everyone will be charged for strictly the cost of the water services provided to you. By law, your water rates can only be used to cover the cost of providing this service. Therefore, the new rate structure eliminates the "free unit" included in the base charge of your current water bill. The new rate also divides the water system into pressure zones to avoid any subsidy of rural water users by the urban core of the City. (See Dinsmore Zone, page 6)

On August 4, 2015 the City Council discussed long-term goals for the water system. The Council eventually adopted a measured plan to accumulate 20% of the cost of repairing several high priority items within the water system. Under this scenario, the Council is hoping to use these funds to help acquire state or federal grant dollars to cover the remaining 80% of costs. The City Council unanimously adopted a revenue plan that called for \$1,105,151 in annual funding to achieve this plan.

Many costs of the water system are fixed; they do not change with the changes in water usage. Under the current proposal, 75% of the water system's revenue will be a fixed monthly charge, and 25% will be based off of volume; the amount of water you use. All volumetric charges will be assigned a fixed dollar amount based on units of water (748 gallons equal one unit). This 75%/25% split under the proposed water rates resembles the current way the rate is divided.

Addition of Metropolitan Wells Costs

Since 2014, the City has been pursuing an emergency water supply at the old well site in Metropolitan. The project has received large allocations of state and federal dollars and is currently scheduled for completion in 2016. The new rates will include funds to maintain this new piece of infrastructure for use during emergency events or high river turbidity. Initial operating costs are expected to be around \$13,550 in the first year.

Automatic Adjustments to Water Rates

Current water rates are adjusted 3% annually to cover the costs associated with inflation. Under the new proposal, only the rates associated with operations and the Metropolitan Well Site will be adjusted 3% annually for inflation. Debt service and capital funds will not be used to calculate the annual increase for inflation since these costs are typically not associated with inflationary pressures. The Council must readopt any inflationary increase at least once every five years.

Next Page

- STATE THAT THE OWNER OR CUSTOMER PROTESTS THE PROPOSED WATER RATE INCREASE;
AND
- OTHERWISE COMPLY WITH THE CITY'S ADOPTED PROTEST PROCEDURES

Written protests must be submitted by the close of the hearing on December 1, 2015 or mailed to the following address:

City of Rio Dell Water Rate Protest
675 Wildwood Avenue
Rio Dell, California 95562

If you have any questions about this notice of the proposed water rate increases please contact Brooke Woodcox at 707.764.3532, or by email bwoodcox@riodellcity.com.

What are the proposed rates?

The table below shows the water increase rate schedule.

City of Rio Dell
WATER RATE INCREASE SCHEDULE
TABLE 1

CURRENT RATES		PROPOSED RATES					
FY 2015-2016			Jan. 1	Jan. 1	Jan. 1	Jan. 1	Jan. 1
THRU 12/31/15			2016	2017	2018	2019	2020
→ BASE RATE In City	27.84	BASE	40.06	46.63	47.57	48.50	49.48
BASE RATE Out City	41.79	BASE CHARGE IS THE SAME FOR ALL ZONES					
COST PER UNIT OF WATER USED. One unit of water is equal to 100 cubic feet or 748 gallons.							
→ Unit 1	-	UNIT	2.61	3.04	3.10	3.17	3.23
Unit 2-9	2.51	UNIT CHARGE IS THE SAME FOR ALL ZONES AND TIERS					
Unit 10 +	3.78						
Unit 2-9 Out City	3.78						
Unit 10 + Out City	5.67						
→ Dinsmore Zone	-	CHARGE	39.13	65.21	65.36	65.51	65.66

How do you calculate the new rate?

The effect of the new rates on your water bill will depend on how much water you use and where you live. There are about 29 water customers who will be charged the additional "Dinsmore Zone" surcharge in addition to the regular rate. To see if the Dinsmore Zone Surcharge is applicable to you, see the list of Dinsmore customers on page 6.

How Will Our Water Rates Compare with Other Communities in the Area?

COMPARISON BY CITY - CURRENT RATE			
	Base	5 Units	Total Bill
1 McKinleyville	15.80	5.80	21.60
2 Fortuna	23.04	Included	23.04
3 Redway	20.00	9.23	29.23
4 Blue Lake	25.01	8.91	33.92
5 Rio Dell	27.84	10.04	37.88
6 Cloverdale	20.50	18.30	38.80
7 Eureka	35.10	10.30	45.40
8 Ukiah	32.25	13.65	45.90
9 Ferndale	22.30	24.05	46.35
10 Willits	26.46	25.26	51.72
11 Healdsburg	38.02	22.45	60.47
12 Arcata	47.00	15.15	62.15
13 Trinidad	42.67	20.85	63.52
14 Garberville	60.22	3.50	63.72
15 Brooktrails-N of Willits	109.19	10.75	119.94

COMPARISON BY CITY - PROPOSED RATE			
	Base	5 Units	Total Bill
1 McKinleyville	15.80	5.80	21.60
2 Fortuna	23.04	Included	23.04
3 Redway	20.00	9.23	29.23
4 Blue Lake	25.01	8.91	33.92
5 Cloverdale	20.50	18.30	38.80
6 Eureka	35.10	10.30	45.40
7 Ukiah	32.25	13.65	45.90
8 Ferndale	22.30	24.05	46.35
9 Willits	26.46	25.26	51.72
10 Rio Dell	40.06	13.05	53.11
11 Healdsburg	38.02	22.45	60.47
12 Arcata	47.00	15.15	62.15
13 Trinidad	42.67	20.85	63.52
14 Garberville	60.22	3.50	63.72
15 Brooktrails-N of Willits	109.19	10.75	119.94

40% Inc.

(75/25 Split)

How Quickly will the Rates be Established?

The City Council has directed that the new rates be phased in over time. The first increase would be received by customers in January 2016 for the December 2015 billing period. This would raise rates 60% of the way towards the new goal. One year after this initial rate increase, the rate would be raised to the full amount.

The New Dinsmore Zone Surcharge

The new rates also include major changes for customers on the western and southwestern areas of the water system. Currently, all customers outside of City limits are charged an additional 50% to receive water. The new rate eliminates this system and replaces it with a structure based on actual projected costs. The water system is divided into two major pressure zones. The "Main Zone" is fed and pressurized by the Douglas and Painter street tanks. The "Dinsmore Zone" is pressurized by the Dinsmore Tank which is fed by the Main Zone water supply. In order to lower the costs of providing

water to the Main Zone customers, this current rate proposal separates the Dinsmore Zone from the Main Zone, and adds a separate surcharge for Dinsmore Zone customers. This Dinsmore Surcharge is dedicated to the maintenance of the Dinsmore Zone.

Currently, there are 29 Dinsmore Zone customers. To see if you are subject to the Dinsmore Zone surcharge, see the below list of Dinsmore Zone Customers to see if either your name, address or subdivision water district is listed.

City of Rio Dell 		
Public Works - Water		
DINSMORE ZONE CUSTOMERS, August 18, 2015		
CUSTOMER NAME	LOCATION	In/Out of City Limits
DELGADO, PEDRO	622 MONUMENT RD	IN
WATERS, A. DUNN & N.	624 MONUMENT RD	IN
GILBERT, JAMIE	628 MONUMENT RD	IN
STADTER, LINDA M	926 MONUMENT RD	OUT
BATTAGLIA, KAREN	1020 MONUMENT RD	OUT
FLEMING, JOHN	1042 MONUMENT RD	OUT
ANDERSON, MELVIN J.	1054 MONUMENT RD	OUT
PEAVEY(1), BARBARA	1110 MONUMENT RD	OUT
HARRISON, STEPHEN	1118 MONUMENT RD	OUT
YAPLE, ARYN	1154 MONUMENT RD	OUT
CHANG, DAVID & BEVERLY	1172 MONUMENT RD	OUT
MEGAZZI, MIKE	1180 MONUMENT RD	OUT
MOORE, MYRNA	1208 MONUMENT RD	OUT
CROZIER, DENNIS	1264 MONUMENT RD	OUT
TATUM, BONNIE	1330 MONUMENT RD	OUT
BROWNELL, GARY	1390 MONUMENT RD	OUT
STURDEVANT, SETH	1401 MONUMENT RD	OUT
COLOSIO, JANELLE & MARK	1412 MONUMENT RD	OUT
CIDONI, LINDA	1555 MONUMENT RD	OUT
BRAVO, LARRY	1600 MONUMENT RD	OUT
LOMMORI, MIKE	1615 MONUMENT RD	OUT
MONUMENT SUB. WATER DIST.	1789 MONUMENT RD (4 TOTAL LOCATIONS ON THIS METER)	OUT
HAGEMANN, DAVID	2020 MONUMENT RD	OUT
MELCHOR, CAGUANA	720 DINSMORE RANCH ROAD	IN
DENNING, JOEL	1150 DINSMORE RANCH ROAD	IN
HALL, BRYAN	1200 DINSMORE RANCH ROAD	IN

The Dinsmore Zone is a separate pressure zone in the Rio Dell Water system. If your name (or water billing address, or Subdivision Water District) appears on this list, it means you and your property are within the Dinsmore pressure zone and will be charged the Dinsmore Zone rate. This zone begins from the Douglas Booster Station that services the Dinsmore Tank and piping to your water meter.

How much will my rate increase?

Use the chart below to calculate your cost increase. For example, if your average water use is 5 units per month, your water bill will go from \$37.88 to \$53.11 per month. That's an increase of \$15.23 per month.

The new base rate you will receive in January of 2016 would be \$40.06 per month, and the per unit consumption charge is \$2.61 per unit used.

PROPOSED WATER RATE INCREASE CHART

* Dinsmore Zone Customers Subject to Additional Charge

 CURRENT		2016		2017	
UNITS USED	Current Bill	Year 1 Bill	YEAR 1 INCREASE	Year 2 Bill	YEAR 2 INCREASE
0	27.84	40.06	12.22	46.63	6.57
1	27.84	42.67	14.83	49.67	7.00
2	30.35	45.28	14.93	52.71	7.43
3	32.86	47.89	15.03	55.75	7.86
4	35.37	50.50	15.13	58.79	8.29
5	37.88	53.11	15.23	61.83	8.72
6	40.39	55.72	15.33	64.87	9.15
7	42.90	58.33	15.43	67.91	9.58
8	45.41	60.94	15.53	70.95	10.01
9	47.92	63.55	15.63	73.99	10.44
10	54.09	66.16	12.07	77.03	10.87
11	57.75	68.77	11.02	80.07	11.30
12	61.41	71.38	9.97	83.11	11.73
13	65.07	73.99	8.92	86.15	12.16
14	68.73	76.60	7.87	89.19	12.59
15	72.39	79.21	6.82	92.23	13.02
16	76.05	81.82	5.77	95.27	13.45
17	79.71	84.43	4.72	98.31	13.88
18	83.37	87.04	3.67	101.35	14.31
19	87.03	89.65	2.62	104.39	14.74
20	90.69	92.26	1.57	107.43	15.17