



## RUNNING SPRINGS WATER DISTRICT

31242 Hilltop Boulevard • P.O. Box 2206  
Running Springs, CA 92382

### **NOTICE OF PUBLIC HEARING ON PROPOSED WATER AND WASTEWATER RATE ADJUSTMENTS**

The Board of Directors of the Running Springs Water District (District) will be holding a public hearing on June 19, 2019 at 6:00 p.m. at the District office, 31242 Hilltop Blvd., Running Springs to consider adjusting the rates of its water and wastewater service charges. If adopted, the rates will be in effect beginning July 1, 2019, and will be adjusted each July 1 thereafter through and including July 1, 2023.

#### **REASONS FOR THE PROPOSED RATE ADJUSTMENTS**

The District is committed to providing the highest quality water and wastewater services at the lowest possible rates for our customers. To meet this commitment, the District engaged an independent rate consultant to perform a water and wastewater rate study that evaluates the infrastructure, programs and operations and maintenance costs of the District's water and wastewater services and the rates necessary to recover the costs of those services for the next five years. A cost of service and rate study demonstrates what it costs the District to provide these services and the appropriate rates to fairly and appropriately allocate the costs of providing them to our customers. The District's 2019 Rate Study, Cash Reserve Policy, Facilities Master Plans, as well as the draft fiscal year 2019/2020 and 2020/2021 District budgets were used as the basis upon which the proposed rates and charges were calculated. The rate adjustments were not the only measures used to generate a balanced budget. Other measures required to balance the budget included reductions in operating expenses where possible and deferral of nonessential activities and projects.

The results of the rate study demonstrate that adjustments in the water and wastewater rates are needed to recover increases in the costs of providing water and wastewater services. These costs include, among others, the costs of needed repairs and replacements of aging water and wastewater infrastructure, increased water purchase and electricity costs and the costs of developing additional local groundwater supplies.

#### **PROPOSED RATES AND THE BASIS UPON WHICH THEY ARE CALCULATED**

The proposed water rate structure has four customer classes - residential, commercial, schools, and irrigation - and is comprised of three components - a fixed monthly base charge, a variable volumetric rate, and a fixed monthly private fire service water meter base charge. The base charge is determined on the basis of the size of the water meter serving a property (in inches) and is designed to recover a portion of the District's fixed costs of operating and maintaining the water system, such as billing and collection, and repair and replacement of infrastructure. The volumetric rate is the same for all customer classes and is imposed per unit of delivered water, with one unit equal to one cubic foot (cf) or 7.48 gallons. The volumetric rate is calculated to recover a portion of the District's fixed costs and its variable costs of purchasing and providing water service. The private fire service water meter base charge is only imposed on customers who have private fire suppression systems. It is designed to recover the proportionate share of the costs of sizing the water system necessary to provide private fire suppression service and the costs of managing and inspecting backflow prevention devices for these private systems.

Under the current water rate structure, a different rate for the base charge is imposed on landscape irrigation customers than is imposed on all other customers, and a different rate for the consumption charge is imposed on customers who are served by but are located outside of the District's boundaries. Under the proposed rate structure, the same base charge and volumetric rate will be applicable to all customers. The current water rate structure also imposes a fixed monthly infrastructure repair and replacement charge to fund water infrastructure projects. This charge is proposed to be eliminated from the District's water rate structure. As proposed under the new rate structure, the costs of repairing and replacing water infrastructure will be recovered from the District's base charge.

The proposed wastewater rate structure has two customer classes - commercial and residential - and is comprised of two components - a fixed monthly wastewater base charge and a variable wastewater volumetric rate. The wastewater base charge is determined on a per equivalent dwelling unit (EDU) basis and is designed to recover a portion of the District's fixed costs of operating and maintaining the wastewater system. The wastewater volumetric rate is based on a customer's estimated monthly wastewater discharge and is designed to recover a portion of the District's fixed costs and

its variable costs of providing wastewater services. The method for estimating customers' wastewater discharge is proposed to be revised under the new wastewater rate structure from a percentage of the billed monthly water usage.

Under the current wastewater rate structure, a different rate for the volumetric rate is imposed on commercial customers than is imposed on residential customers. Under the proposed rate structure, the same wastewater volumetric rate will be applicable to all customers. The current wastewater rate structure also imposes a fixed monthly infrastructure repair and replacement charge to fund wastewater infrastructure projects. This charge is proposed to be eliminated from the District's wastewater rate structure. As proposed under the new rate structure, the costs of repairing and replacing wastewater infrastructure will be recovered from the District's monthly wastewater base charge. The proposed water and wastewater rate adjustments are identified in the tables below.

<b>CURRENT RESIDENTIAL, COMMERCIAL, AND IRRIGATION CUSTOMERS' MONTHLY WATER BASE CHARGE RATES (\$/METER SIZE)</b>			
<b>Meter Size</b>	<b>Residential and Commercial</b>	<b>Monthly Infrastructure Repair and Replacement Charge</b>	<b>Irrigation</b>
5/8" X 3/4"	\$31.42	\$1.88/EDU	\$13.13
1"	\$70.77	\$1.88/EDU	\$32.78
1 1/2"	\$136.29	\$1.88/EDU	\$65.54
2"	\$214.95	\$1.88/EDU	\$104.87
3"	\$463.97	\$1.88/EDU	-

<b>PROPOSED RESIDENTIAL, COMMERCIAL, AND IRRIGATION CUSTOMERS' MONTHLY WATER BASE CHARGE RATES (\$/METER SIZE)</b>					
<b>Meter Size</b>	<b>7/1/2019</b>	<b>7/1/2020</b>	<b>7/1/2021</b>	<b>7/1/2022</b>	<b>7/1/2023</b>
5/8" x 3/4"	\$34.19	\$35.22	\$36.28	\$37.36	\$38.49
1"	\$79.01	\$81.38	\$83.82	\$86.33	\$88.93
1 1/2"	\$153.70	\$158.31	\$163.06	\$167.95	\$172.99
2"	\$243.33	\$250.63	\$258.15	\$265.89	\$273.87
3"	\$482.34	\$496.81	\$511.72	\$527.07	\$542.88

<b>CURRENT AND PROPOSED PRIVATE FIRE SERVICE WATER METER BASE CHARGE (\$/METER SIZE)</b>						
<b>Meter Size</b>	<b>Current</b>	<b>7/1/2019</b>	<b>7/1/2020</b>	<b>7/1/2021</b>	<b>7/1/2022</b>	<b>7/1/2023</b>
1" and smaller	\$15.75	\$3.20	\$3.30	\$3.40	\$3.50	\$3.60
1 1/2"	\$26.21	\$5.40	\$5.56	\$5.73	\$5.90	\$6.07
2"	\$43.58	\$9.18	\$9.46	\$9.74	\$10.03	\$10.34
3"	\$60.95	\$22.77	\$23.45	\$24.16	\$24.88	\$25.63
4"	\$78.32	\$46.20	\$47.59	\$49.02	\$50.49	\$52.00
6"	\$95.65	\$130.30	\$134.21	\$138.24	\$142.39	\$146.66
8"	\$113.02	\$275.36	\$283.62	\$292.13	\$300.89	\$309.92

<b>CURRENT AND PROPOSED WATER VOLUMETRIC RATES (\$/CF)*</b>					
<b>Current Inside the District</b>	<b>7/1/2019</b>	<b>7/1/2020</b>	<b>7/1/2021</b>	<b>7/1/2022</b>	<b>7/1/2023</b>
\$0.0469	\$0.0483	\$0.0498	\$0.0513	\$0.0528	\$0.0544
<b>Current Outside the District**</b>					
\$0.0519	\$0.0483	\$0.0498	\$0.0513	\$0.0528	\$0.0544

\*One cubic foot (CF) = 7.48 gallons.

<b>CURRENT RESIDENTIAL AND COMMERCIAL WASTEWATER RATES AND CHARGES</b>			
<b>Customer Class</b>	<b>Monthly Base Charge</b>	<b>Wastewater Volumetric Rate</b>	<b>Monthly Infrastructure Repair and Replacement Charge</b>
<b>Residential</b>	\$44.49	15% of Monthly billed Water Consumption Charge	\$5.25/EDU
<b>Commercial</b>	\$44.49	1/3 of Monthly billed Water Consumption Charge	\$5.25/EDU

<b>PROPOSED RESIDENTIAL AND COMMERCIAL WASTEWATER RATES AND CHARGES</b>					
	<b>July 1, 2019</b>	<b>July 1, 2020</b>	<b>July 1, 2021</b>	<b>July 1, 2022</b>	<b>July 1, 2023</b>
<b>Monthly Base Charge (\$/EDU)*</b>	\$50.98	\$52.51	\$54.08	\$55.71	\$57.38
<b>Wastewater Volumetric Rate (\$/CF)**</b>	\$0.0099	\$0.0102	\$0.0105	\$0.0109	\$0.0112

\*One EDU is the flow associated with a typical single family dwelling. The District can reassess EDUs for each customer to properly estimate sewer flow. \*\*Sewer use (CF) = Water use (CF) x 90%.

The District purchases wholesale water from Crestline-Lake Arrowhead Water Agency (CLAWA) and Arrowbear Park County Water District (APCWD). These costs are recovered through the proposed water volumetric rate. In developing its rates, the District included projected increases in these wholesale water costs as part of its long-range financial plan. To ensure that there are sufficient revenues to provide water services to our customers, the District is also proposing to annually pass through to our customers: (1) any increases in the rates for wholesale water and any other charges that either CLAWA or APCWD imposes on the District that are greater than those projected in the District's long-range financial plan (each a "Pass Through Adjustment"). A Pass Through Adjustment will only impact the rates of the water volumetric rate set forth in the tables above. If approved by the Board of Directors, the District may implement a Pass Through Adjustment for either CLAWA or APCWD rate increases for a five-year period commencing July 1, 2019, and at any time through and including June 30, 2024. Provided, however, that: (1) any increase in the water volumetric rate described above as a result of any Pass Through Adjustment for either a CLAWA rate increase or a APCWD increase shall not exceed 8% per year; and (2) in no event shall the rates be increased as a result of a Pass Through Adjustment by more than the cost of providing water service. Prior to implementing any Pass Through Adjustment, the District will provide written notice to customers not less than 30 days prior to their effective date.

#### **WHAT THIS MEANS TO OUR AVERAGE CUSTOMERS WATER & WASTEWATER BILL**

If approved, after July 1, 2019, for an average District customer who uses 500 cubic feet (3,740 gallons) of water per month, the monthly impacts would be as follows:

<b>CURRENT RATES &amp; CHARGES (7/1/2018-6/30/2019)</b>		<b>PROPOSED RATES &amp; CHARGES (7/1/2019-6/30/2020)</b>	
<b>Water Rates</b>			
Monthly Water Base Charge	\$31.42	Monthly Water Base Charge	\$34.19
Monthly Water Volumetric Rate	\$23.45	Monthly Water Volumetric Rate	\$24.15
Infrastructure Repair/Replacement Charge	\$1.88		
Total Monthly Water Charges:	\$56.75	Total Monthly Water Charges:	\$58.34
<b>Wastewater Rates</b>			
Monthly Wastewater Base Charge	\$44.49	Monthly Wastewater Base Charge	\$50.98
Monthly Wastewater Volumetric Rate	\$3.52	Monthly Wastewater Volumetric Rate	\$4.46
Infrastructure Repair/Replacement Charge	\$5.25		
Total Monthly Wastewater Charges:	\$53.26	Total Monthly Wastewater Charges:	\$55.44
<b>Total Monthly Water &amp; Wastewater Charges</b>			
<b>Total Current Water &amp; Wastewater Charges:</b>	<b>\$110.01</b>	<b>Total Proposed Water &amp; Wastewater Charges:</b>	<b>\$113.78</b>
			<b>Total Proposed Monthly Adjustment:</b>
			<b>\$3.77</b>

As you can see from the information in the table above, for an average use customer with a 3/4-inch water meter, **the proposed rate and fee adjustments for the fiscal year ending 2020 would result in a \$3.77 per month increase in the total bill for water and wastewater services.** The proposed rates and charges being considered for the fiscal years ending 2020-2024 are as indicated in the tables on Pages 2 and 3.

### **PUBLIC HEARING**

**A public hearing to consider the proposed water and wastewater rates and charges will be held at a regular meeting of the Running Springs Water District Board of Directors on June 19, 2019 at 6:00 p.m.** at the District office, 31242 Hilltop Blvd., Running Springs, CA, 92382. At the hearing, the RSWD Board of Directors will consider adoption of a resolution that adjusts the water and wastewater rates and charges as set forth in this notice. Any record owner of a parcel upon which the rates and charges are proposed for imposition, or any tenant directly responsible for the payment of water and/or wastewater service charges (i.e., a customer of record), may submit a written protest to the proposed rate adjustments; provided, however, only one protest will be counted per identified parcel. A valid protest must: (1) be in writing; (2) identify the specific rate increase or increases for which the protest is being submitted; (3) provide the location of the identified parcel (by service address or assessor's parcel number) sufficient to identify the property where service is provided; and (4) provide the name and signature of the property owner of record as shown on the last equalized assessment roll used by the County of San Bernardino for assessing taxes, or the name and signature accompanied by written evidence that the signer is the owner if he or she is not identified as the owner of record on the last tax roll, or the name and signature of the tenant responsible for paying the water and/or wastewater bills for service. All valid written protests must be received by the District prior to close of the June 19, 2019 public hearing, which will occur when all public testimony on the proposed rates has been concluded. Any protest submitted by email or other electronic means will not be counted as a valid written protest. Written protests may be mailed, or personally delivered to:

Running Springs Water District  
P.O. Box 2206, 31242 Hilltop Blvd.  
Running Springs, CA 92382

Written protests may also be delivered at the public hearing. Please identify on the front of the envelope for any protest, whether mailed or submitted in person, that the enclosed letter is for the Public Hearing on Proposed Rate Increases.

The Board of Directors will consider all valid written protests timely submitted and hear and consider all public comments made at the public hearing. Oral comments at the public hearing will not qualify as formal protests unless accompanied by a written protest. At the conclusion of the public hearing, the Board of Directors will determine whether to adopt the proposed rate increases and Pass Through Adjustments described in this notice. If, after the close of the public hearing, written protests against the proposed rate increases and Pass Through Adjustments as outlined above are not presented by a majority of the record owners and customers of record of the identified parcels upon which they are proposed to be imposed, the Board of Directors will be authorized to impose the rate adjustments and Pass Through Adjustments.

### **A WORD ABOUT YOUR WATER BILL**

Please note that in the RSWD rate structure an important impact on your bill is the amount of water you use each day. As our customer, you may lower your bill by reducing the amount of water that you use. District staff is available to talk with you about your specific water conservation needs. Please feel free to contact us at (909) 867-2766 about your conservation needs or any questions you may have regarding the proposed rates.

NOTE: This notice was mailed using information contained on the last equalized assessment roll obtained from the County of San Bernardino. You may receive more than one copy if you own multiple properties or own property under more than one name. While District policy holds property owners responsible for payment of the Districts bills for water and/or wastewater, if the property in question is occupied by a tenant that you hold directly responsible for payment of the District's bills for water and/or wastewater service, please forward this notice to that tenant.