

CAMBRIA COMMUNITY SERVICES DISTRICT

TO: Board of Directors

AGENDA NO. **7.A.**

FROM: John F. Weigold IV, General Manager

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Meeting Date: May 19, 2022

Subject: Public Hearing in Accordance with the Requirements of Proposition 218 on the Proposed Increases to Water and Sewer Rates, and Future Annual Inflationary Rate Adjustments to Water, Water Reclamation Facility and Sewer, and Consideration of Adoption of Resolution 32-2022 Establishing Said Rates

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**RECOMMENDATIONS:**

It is recommended that the Board of Directors conduct a public hearing on the proposed increases in water and sewer rates and annual future inflationary rate adjustments to water, water reclamation facility and sewer. The following procedure is recommended:

1. Receive report and presentation by Alex Handlers of Bartle Wells & Associates.
2. Open the public hearing to receive public comment in support of and in opposition to the proposed rate increases and to receive written protests.
3. Close the public hearing and recess (if required) to allow the Protest Official to tabulate the protests that have been mailed or delivered to the Cambria Community Services District to determine if a majority protest to the proposed increases in water and sewer rates and annual future inflationary rate adjustments exists.
4. Receive report of the results of the tabulation from the Protest Official.
5. If no majority protest exists, consider adoption of Resolution 32-2022 establishing the increases in water and sewer rates and annual future inflationary rate adjustments, per Government Code §61115.

**FISCAL IMPACT:**

The proposed water and sewer rate increases, and future annual inflationary rate adjustments are necessary to provide adequate revenue to fund the annual costs of water and sewer operations. The proposed water and sewer rate increases are for a period of three years and the future inflationary rate adjustments are for an additional two years to water, Water Reclamation Facility, and sewer.

**DISCUSSION:**

At its March 17, 2022 meeting, the Board of Directors received and reviewed the Water and Sewer Rate Study that has been prepared by Bartle Wells & Associates. The Board also reviewed and approved a draft Notice of Public Hearing on Proposed Increases to Water and Sewer Rates ("Notice") that had been prepared to comply with the requirements of Proposition

218 and to advise of the public hearing scheduled for May 19, 2022. The Notice was mailed to parcel owners and tenant customers on April 1, 2022.

As outlined at the March 17, 2022 meeting, existing CCSD water and sewer rates are not adequate to fund the normal operating costs of the water and sewer utility systems. As set forth in the Notice (a copy of which is attached), the increases are necessary because the CCSD's water and sewer utilities rely primarily on revenues from service charges to fund the costs of providing service. As such, water and sewer rates must be set at levels adequate to fund the costs of operating and maintaining the District's water and sewer utility systems to support safe and reliable service.

The Notice also indicated that the key factors driving the need for rate increases included: a need to restore balanced budgets to bring revenues back in line with the costs of providing service and restore financial stability, to help fund critical improvements to aging infrastructure, to help fund the District's highest-priority water and sewer system capital needs, to provide a minimal prudent level of funding for repairs, replacements, and rehabilitation of aging infrastructure, and, in years four and five, to provide for small annual rate increases to keep revenues in line with future cost inflation.

Today's public hearing is being conducted in accordance with the requirements of Proposition 218. In order to oppose the proposed increase, written protests must be filed with the District Clerk before the close of today's public hearing. For purposes of determining protests, State law provides for one written protest per parcel. The total number of parcels with the right to protest water rates is 3,949 and the total number of parcels with the right to protest sewer rates is 3,845. To reach a majority protest, 50% + 1 of these parcels, or 1,975 parcels for water rates, 1,923 parcels for sewer rates, and 1,923 parcels for pass-through inflation adjustments are required to protest.

Resolution 14-2009 is attached. It was adopted for the CCSD's 2009 water and sewer rate increases and contains guidelines for submission and tabulation of protests and provides clarification regarding what constitutes a parcel given Cambria's confusing history of subdivision and development, and regarding customers with more than one assessor's parcel number or more than one lot. To the extent it becomes necessary to determine whether a majority protest exists, staff recommends utilizing those adopted guidelines.

If a majority protest does not exist, staff recommends adoption of the attached Resolution 32-2022 establishing the increases in water and sewer rates and authorizing the future annual inflationary rate adjustments, per Government Code §61115.

Attachments: Resolution 32-2022 – AMENDED AS TO RESOLUTION 32-2022 EXHIBIT A –  
5/19/2022  
Notice of Public Hearing on Proposed Increases to Water and Sewer Rates  
Guidelines for Submission and Tabulation of Protests, as Adopted by Resolution  
14-2009