



# NOTICE OF PUBLIC HEARING

## PROPOSED CHANGES TO WATER RATES/WATER RATE STRUCTURE OF THE PORTOLA HILLS SERVICE AREA OF THE TRABUCO CANYON WATER DISTRICT

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**PUBLIC HEARING** – AT 7:00 P.M. ON OCTOBER 17, 2018, THE TRABUCO CANYON WATER DISTRICT (DISTRICT) BOARD OF DIRECTORS WILL HOLD A PUBLIC HEARING AT THE DISTRICT ADMINISTRATION FACILITY (BOARD ROOM), LOCATED AT 32003 DOVE CANYON DRIVE, TRABUCO CANYON CALIFORNIA TO CONSIDER PROPOSED CHANGES TO THE DISTRICT’S WATER RATES AND WATER RATE STRUCTURE AFFECTING THE PORTOLA HILLS SERVICE AREA OF THE DISTRICT AS FURTHER DESCRIBED IN THIS NOTICE.

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### WHY AM I RECEIVING THIS NOTICE?

District records indicate you are a District customer and/or the owner of a parcel receiving water service from the District in the District’s Portola Hills Service Area. This Notice is furnished to provide you with information about proposed water rate/water rate structure changes that the District’s Board of Directors will consider adopting following the October 17, 2018 Public Hearing. This Notice also outlines how you can participate in the rate-setting process. The District provides potable (drinking) water to the **Portola Hills Service Area** of the District which is depicted in shaded areas outlined in the red border of the map on the last page of this notice

### WHY IS THE DISTRICT CONSIDERING A CHANGE TO THE WATER RATES & RATE STRUCTURE?

The District is a public agency which, by law, cannot charge its customers more than the cost of providing potable (drinking) water service, which includes the associated costs of ensuring the reliability of such water service, safeguarding public health and safety, meeting the District’s customer service costs and the District’s services costs and financial obligations. The District works to ensure that its residents, customers and businesses receive clean, safe and reliable drinking water supplies in as efficient and cost-effective manner as possible. The District maintains its water production, treatment, transportation and distribution systems to meet all regulatory standards to meet our customer’s needs, protect our community’s health and safety and the environment. Based on updated financial reviews, the District’s fiscal year 2018/19 budget, as adopted by the

District’s Board of Directors, the District’s capital (facilities) funding requirements and other factors, the District has completed a review of the potable (drinking) water rates and rate structure for water service within the boundaries of the District’s Portola Hills Service Area. The completed review is in the form of a report provided by an independent consultant (Raftelis Financial Consultants, Inc.) provided to the District’s Board of Directors and entitled “**Portola Hills Service Area – Potable Water Rate Review**” dated as of August 10, 2018 (Report). The Report is available for public review on the internet at [tcwd.ca.gov](http://tcwd.ca.gov) and is available for public review upon request at the District offices located at 32003 Dove Canyon Drive, Trabuco Canyon, California 92679. The Report considered various factors, including the District’s source of supply for drinking water provided in the Portola Hills Service Area of the District, the District’s fiscal status, capital needs requirements, revenue obligations, service reliability allocations and other related factors as stated in the Report. The District’s Fiscal Year 2018/19 budget, as adopted by the Board of Directors in June 20, 2018, can be viewed on the online at [tcwd.ca.gov/transparency/finance](http://tcwd.ca.gov/transparency/finance).

The Report sets forth the proposed new water rates and water rate structure which would be effective for the Portola Hills Service Area portion of the District. The Report also describes the proposed termination of imposition and collection of the Water Reliability Emergency Storage Charge (WRESC) for the Portola Hills Service Area for the reasons set forth in the Report.

The revised rates and rate structures are necessary in order for the District to be able to provide continued high quality drinking water to the Portola Hills Service Area and (1) maintain and improve the District's financial stability, (2) meet District required debt service obligations, (3) maintain Board adopted financial reserve levels, (4) meet all applicable regulatory and water quality requirements, and (5) meet District customer service needs and costs.

**PROPOSED NEW WATER RATES & RATE STRUCTURE**

Subject to approval by the Board of Directors, the proposed rates/rate structure for the Portola Hills Service Area would include a separate potable (drinking) water rate structure for the Portola Hills Service area that would consist of:

1. a single uniform commodity rate of \$2.35/100 cubic feet of water (ccf\*); and
2. a fixed monthly meter charge (Monthly Charge).

The term "uniform" is used in rate setting to mean that it is a single rate applied to all water use. The proposed water rate structure for the Portola Hills Service Area would not include or involve a "tiered" rate structure (i.e. the volumetric rate would not change based on consumption/usage). The resulting proposed rate structure is shown in the table below and consists of a uniform commodity rate for all classes and a Monthly Charge.

**Proposed Portola Hills Service Area Rate Structure and Rates**

Customer Class	Use Rate (\$ / CCF)	Meter Size (inch)	Monthly Charge
All Classes	\$2.35	5/8	\$15.11
		3/4	\$15.11
		1	\$21.76
		1 1/2	\$39.77
		2	\$58.99
		3	\$121.56
		4	\$211.50
		6	\$525.81
		10	\$1,372.71

\* 1 ccf = 100 cubic feet of water = 748 gallons

The uniform volumetric rate reflects the District's cost to purchase wholesale water (at the current contract rate) subject to necessary surcharges for pumping and energy recovery costs. The Monthly Charge recovers District costs for reading and maintains meters, billing and providing other customer services.

For the reasons set out in the Report, the District's Water Reliability Emergency Storage Charge (WRESC) would cease to be imposed or collected to customers in the Portola Hills Service Area effective as of November 1, 2018.

As currently proposed, and if adopted by the Board of Directors, the changed water rates and water rate structure would go into effect for water and water service on and after **November 1, 2018**.

**HOW THE PROPOSED CHANGES TO THE WATER RATES/RATE STRUCTURE MAY AFFECT YOU**

The Report has estimated the average water billing impact for Portola Hills Service Area customers assuming 17 ccf\* of water use, presuming a 5/8-inch water meter size for average use for Single Family residential customers within the District. This is shown in the following table:

**PORTOLA HILLS SERVICE AREA AVERAGE CUSTOMER BILL IMPACT**

*(based on proposed revised water rates and rate structure)*

	Fixed Charge	Volumetric Charge	Total Water Bill
Current Charge	\$31.61	\$43.57	\$75.18
Proposed Charge	\$15.11	\$39.87	\$54.98
Difference			\$20.21

This shows that the average single-family customer (based on water use referenced above) using a 5/8-inch water meter within the Portola Hills Service Area would see a **reduction of \$20.21 in their monthly potable (drinking) water billing from the District**. However, it should be noted that this projection is based upon average customer use and a presumed meter size and change in use by an individual District customer, or use of a different size meter, may affect this projected savings

## AUTOMATIC PASS-THROUGH ADJUSTMENTS

The District purchases potable (drinking) water for the Portola Hills Service Area from a wholesale water provider. Those wholesale water purchase costs are subject to future adjustments by the provider under the existing contractual arrangement. Should such cost changes occur, and the wholesale provider imposes water cost changes to the District, the District may automatically recalculate its rates to include the pass-through amount. If this occurs, the District rate adjustment process will not require a public hearing proceeding. At least 30 days before the effective date of any such pass-through adjustment, the District will provide its affected customers with the expected adjustment(s), which will generally be calculated as the total projected cost increase divided by the projected annual water consumption.

## PUBLIC HEARING AND PARTICIPATION

All members of the public are invited to submit comments about this proposal and/or attend the public hearing on **October 17, 2018**, at 7:00 p.m. at the District's Administration Facility (Board Room) located at 32003 Dove Canyon Drive, Trabuco Canyon California. An owner or tenant of property receiving District retail water service within the Portola Hills Service Area may protest the proposed water rates/rate structure by submitting a written protest by mail or in person to the District's Secretary. Written protests must be received (*not postmarked*) by the District Secretary before the close of the public hearing to be held on October 17, 2018 at 7:00 p.m. **Any protest submitted by electronic means including, but not limited to, fax, e-mail or social media post will not be accepted.**

To be valid, a protest must include the printed name of the protesting party, be signed by the customer, property owner or tenant, as applicable, and must include the assessor's parcel number or the street address of the parcel served, the customer's account number for the parcel/address served, and a statement that the protestant is protesting the District's proposed water rates/rate structure to be considered by the District Board of Directors at the public hearing set for October 17, 2018. If a tenant protests, the tenant need not state the assessor's parcel number on the protest form. **Only one written protest per identified parcel/address will be counted**

**for purposes of determining if there is a majority protest.** The District Secretary, or the Secretary's designee(s), will tabulate the protests, and any member of the public may observe the tabulation. All protest forms will be considered public records and retained for two years from the date of the hearing. Protests sent through the mail are subject to the potential failure of the U. S. Postal Service to deliver them to the District by the noticed deadline. **Any protest that is received after the deadline will not be counted.** The Board will accept and consider all written protests timely submitted and oral comments to the proposed rates and rate structure. Although there will be an opportunity to speak at the public hearing, verbal comments alone do not qualify as formal protests. If a majority of affected customers/parcel owners file written protests to the proposed water rates and rate structure, the Board of Directors may not approve them. If there is not a majority protest, the Board of Directors will deliberate and may change the water rates/rate structure to a maximum equal to the amounts described in this Notice. Other service areas within the District are not affected by these proceedings.

## HOW CAN I GET MORE INFORMATION?

The District's website address is [tcwd.ca.gov](http://tcwd.ca.gov). The District's adopted 2018/19 fiscal year budget can be viewed online at [tcwd.ca.gov/transparency/finance](http://tcwd.ca.gov/transparency/finance). The Report can be viewed online at [tcwd.ca.gov/your-water/portola-hills-service-area](http://tcwd.ca.gov/your-water/portola-hills-service-area). Questions concerning the proposed rates/rate structure can be directed to Michael Perea, Interim General Manager at (949) 858-0277.



