



**Notice to Property Owners of Public Hearing
Regarding Proposed Water and Sewer Rate Changes**

**Hearing Date & Time: July 21, 2016 at 3:00 p.m.
Hearing Location: Tulare Public Library and Council Chambers
475 North M Street, Tulare, CA 93274**

Why are you receiving this notice?

The City of Tulare (the “City”) is mailing this notice to you because you are a water and/or sewer customer directly liable for payment of water and/or sewer service fees, or are the owner of record of a property that receives one or both of the services. This notice describes proposed **rate changes** to be assessed to recover cost of providing water and sewer service to City customers, and provides a notice of a public hearing to be held on **July 21** regarding these proposed changes.

Monthly water and sewer service fees are the primary source of revenue used to pay for all aspects of the water and sewer systems that provide services to customers. Expenses for those services include, but are not limited to, operations and maintenance, debt service, major and minor capital improvements, administration, as well as costs related to prudent long-term operational, capital planning and financial management of the systems. Financial management would include maintaining adequate fund reserves and planning for contingencies.

Presently, the average single-family residential customer in Tulare has a 1-inch meter and uses approximately 13,000 gallons of water a month. Based on that average usage, the current total monthly water cost is \$25.47. Assuming the customer’s usage remains the same, the proposed rate adjustment will result in a \$5.38 increase in the monthly bill to \$30.85, beginning with the bill received in November 2016.

Sewer rate for a Tulare residential customer described above is a flat rate of \$42.00 a month. The proposed sewer rate adjustment will result in a \$1.60 increase in the monthly bill to \$43.60 for a single-family residence. The table below shows the projection of the proposed monthly sewer rates over the next five years.

RESIDENTIAL CUSTOMER BILL WITH 1” METER AND USING 13,000 GALLONS OF WATER						
	In Effect* 2016-17	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Water Bill						
Fixed Monthly Charge						
Varies by meter size						
1 inch shown	\$17.14	\$20.52	\$22.98	\$24.82	\$26.31	\$27.89
Volume Rate						
0 – 9,000	0.564	0.664	0.744	0.803	0.852	0.903
9,001 – 30,000	0.813	1.088	1.218	1.316	1.395	1.478
> 30,001	1.625	1.452	1.627	1.757	1.862	1.974
Total Water Bill	\$25.47	\$30.85	\$34.55	\$37.32	\$39.56	\$41.93
Sewer Bill						
Flat Rate	\$42.00	\$43.60	\$47.53	\$51.80	\$52.84	\$53.90

**In Effect is based on the adopted January 2017 water rates.*

Why are Rate Increases needed?

The City of Tulare is committed to providing high quality, reliable water service at the lowest possible rates for our customers. It is critically important for the City to continually maintain, repair and improve the assets it holds and keep pace with ever increasing operating costs. In recent years, the City has been forced to use cash reserves to pay for operating costs and expenses. These costs include operating, maintaining, repairing and replacing infrastructure such as water wells and storage, pipes, pumps, treatment plant and other essential facilities. The proposed water and sewer rates will ensure that the utilities collect sufficient revenue to cover fixed expenses, fund capital improvements through revenue bonding, and build up cash reserves to fund ongoing repair and replacement of the water and sewer systems to maintain reliable service in future years.

Over the next five years, the City has planned capital improvements to the water system to restore system's capacity, to operate in compliance with the City's volume and pressure standards, and to meet current demands. Planned improvements include the addition of seven (7) new water wells, three (3) water storage tanks, replacement/repair of five (5) miles of water pipe per year, funding for groundwater sustainability mandated by State law, and other infrastructure improvements (existing well site upgrades, electrical panels, SCADA, etc). In addition, the City has planned capital improvements to the City's Wastewater Treatment Facility (WWTF) and sewer system. Planned improvements include major operations and maintenance projects to the WWTF, regulatory improvements to maintain compliance with State and Federal mandates, replacement/repair of five (5) miles of sewer pipe per year and other infrastructure upgrades (lift stations, pumps, electrical panels, SCADA, etc.). The water and sewer line projects will be done in conjunction with the five year streets projects.

The proposed rates are calculated using the costs associated with providing the service to each customer class (see next page for description of customer classes). These costs include, but are not limited to operations, maintenance, required repairs and/or replacement and system expansion. Since some costs are fixed in nature and some costs fluctuate based on system demands, there are two types of revenue rates: fixed costs and variable/volumetric costs.

The fixed monthly service charge recovers the fixed costs of providing water services, which are allocated based on number of accounts and the size of a customer's water meter. The volume rate recovers the variable costs of providing water treatment and the costs associated with the delivery of water which are allocated based on the demand (amount of base & peak usage) that each customer class places on the water utility. Sewer rates are designed to recover the cost of collection and treatment of sewer flows and maintains the existing rate structure of a monthly fixed charge for residential customers and a flow based rate for non-residential customers.

What do the new rates look like?

The tables below identify the "customer classes" and the Fixed and Volume (variable) Rates that are currently set to be assessed on January 2017 water consumption with no further legislative action, and the proposed rates which, if approved, will be implemented annually on the first day of the same month for every fiscal year after the first rate goes into effect (presently proposed by staff for October 1, 2016 but subject to approval during the hearing process).

Proposed Monthly Water Fixed Charges						
Meter Size	Adopted FY 2016-17	16-17	17-18	18-19	19-20	20-21
5/8-inch	\$13.94	\$12.29	\$13.76	\$14.87	\$15.76	\$16.70
3/4-inch	13.94	12.29	13.76	14.87	15.76	16.70
1-inch	17.14	20.52	22.98	24.82	26.31	27.89
1 ½-inch	25.14	40.93	45.84	49.51	52.48	55.63
2-inch	34.74	65.51	73.37	79.24	84.00	89.04
3-inch	57.13	131.13	146.87	158.61	168.13	178.22
4-inch	89.13	204.87	229.45	247.81	262.68	278.44
6-inch	169.11	409.63	458.79	495.49	525.22	556.73
8-inch	265.10	655.43	734.08	792.81	840.38	890.80
10-inch	377.08	942.27	1,055.34	1,139.77	1,208.16	1,280.65

Proposed Water Volumetric Rates						
Customer Class	Rate per 1,000 Gallons of Water Use					
	Adopted FY 2016-17	16-17	17-18	18-19	19-20	20-21
Residential (gallons per month)						
0 – 9,000	\$0.564	\$0.664	\$0.744	\$0.803	\$0.852	\$0.903
9,001 – 30,000	0.813	1.088	1.218	1.316	1.395	1.478
> 30,000	1.625	1.452	1.627	1.757	1.862	1.974
Multifamily (gallons per month)						
All Use	0.630	0.539	0.603	0.652	0.691	0.732
Commercial (gallons per month)						
All Use	0.747	0.541	0.606	0.655	0.694	0.736
Industrial (gallons per month)						
All Use	0.630	1.168	1.308	1.413	1.498	1.587
Institutional (gallons per month)						
All Use	0.871	1.013	1.135	1.226	1.299	1.377

The table below illustrates the proposed Sewer Rates by customer class:

Proposed Sewer Rates						
Customer Class	In Effect 2016-17	16-17	17-18	18-19	19-20	20-21
Residential (flat rate per month)						
Single Family	\$42.00	\$43.60	\$47.53	\$51.80	\$52.84	\$53.90
Multi Family (per unit)	32.34	33.57	36.59	39.89	40.69	41.50
Mobile Home Parks (per space)	33.31	26.63	29.02	31.63	32.27	32.91
Senior	21.00	21.80	23.76	25.90	26.42	26.95
Commercial (rate per 1,000 gals)						
Class I	3.75	2.79	3.04	3.31	3.38	3.45
Class II	3.59	2.67	2.91	3.17	3.23	3.30
Class III	3.55	2.64	2.88	3.13	3.20	3.26
Class IV	5.46	4.06	4.42	4.82	4.92	5.02
Industrial						
All Use (per 1,000 gals)	2.54	2.79	3.04	3.31	3.38	3.45
Total BOD (per 100 lbs.)	15.11	16.05	17.49	19.07	19.45	19.84
Total SS (per 100 lbs.)	19.54	23.44	23.44	25.54	26.06	26.58
Schools						
Per Student per Month	1.48	0.771	0.841	0.917	0.935	0.954

How do you file a protest or participate in the public hearing?

Any property owner of a parcel subject to City water and/or sewer service fees or any tenant directly responsible for the payment of water and/or sewer service fees (i.e., a customer of record) may submit a written protest to the proposed rate changes. Only one protest will be counted per identified parcel. Should there be property owners who own multiple properties and wish to submit a protest letter, they may list those properties with the respective parcel number on one letter and each parcel will be counted provided there were no other letters received for that parcel.

Every written protest MUST include ALL of the following to be counted:

- (1) State that the identified property owner or customer of record is in opposition to the proposed rate changes;**
- (2) Provide the location of the identified parcel by including the street address or assessor’s parcel number (APN);**
- (3) Include the name and signature of the property owner or customer of record submitting the protest.**

Written protests may be submitted by mail to the City Clerk at 411 East Kern Avenue, Tulare, CA 93274, in person to the City Clerk, or at the Public Hearing (date and time noted above). Regardless of how the written protest is submitted, it must be received by the City prior to the conclusion of the public comment portion of the Public Hearing. Any protest submitted via e-mail or other electronic means will not be accepted. Please identify on the front of the envelope for any written protest, whether mailed or submitted in person to the City Clerk, that the enclosed protest is for the Public Hearing on the Proposed Rate Changes - Water and Sewer Service Fees.

The Board of Public Utilities Commissioners will hear and consider all written and oral protests to the proposed rate changes at the Public Hearing. Oral comments at the Public Hearing will not qualify as formal protests unless accompanied by a written protest. Upon the conclusion of the Public Hearing, there will be no more written protests accepted and no more testimony taken and the Commissioners of the Board will consider adoption of the proposed rates for water and sewer service described in this notice. If written protests against the proposed rates, as outlined above, are not presented by a majority of property owners or customers of record, the Board of Commissioners of the Public Utilities will be authorized to impose the proposed rates. If adopted, the rates for water and sewer will be in effect beginning October 1, 2016, and would be reflected in the bill you receive in November 2016.

If you have any questions about the proposed rate changes or would like to see more information about data used for the study, please contact René Miller at (559) 684-4264 8:00 a.m. to 5:00 p.m. Monday through Thursday. Additional information and documents related to the proposed rate changes can be found on the City of Tulare’s website at www.tulare.ca.gov.