



Financial Analysis Prepared for the Clear Creek Community Services District



Prepared by: Rodney Page
January 2020

Rural Community Assistance Corporation
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January 2, 2020

Andrew Lawrence
State Water Resources Control City Council - Division of Financial Assistance
1001 I St. 16th Floor
PO Box 944212
Sacramento, CA 95814

Subject: Clear Creek CSD Water Financial Analysis
AR 5976

Dear Andrew,

Enclosed please find the printed final report for Clear Creek CSD Water Financial Analysis.

The report will be presented to the community on July 22, 2020. RCAC will continue to support the Community through the Prop 218 process.

If you have any additional questions, feel free to contact Rodney Page at (530) 782-0339.

Sincerely,

Ari Neumann

Ari Neumann
RCAC, Director
Community & Environmental Services

Enclosure: Clear Creek CSD Water Financial Analysis
CC: Kurt Born General Manager, Clear Creek Community Services District

1. Clear Creek CSD

Community

Clear Creek is a community services district within Shasta County that covers approximately 21,000 acres of land south of the Whiskeytown-Shasta-Trinity National Recreation Area. It is located in southwestern Shasta County in a rural development area west of Anderson, California also known as the Happy Valley-Olinda area.

The community has a population of 6,250¹. There is no expectation of population growth in the area. The Median Household Income (MHI) of Clear Creek is estimated to be \$35,659².

Water System

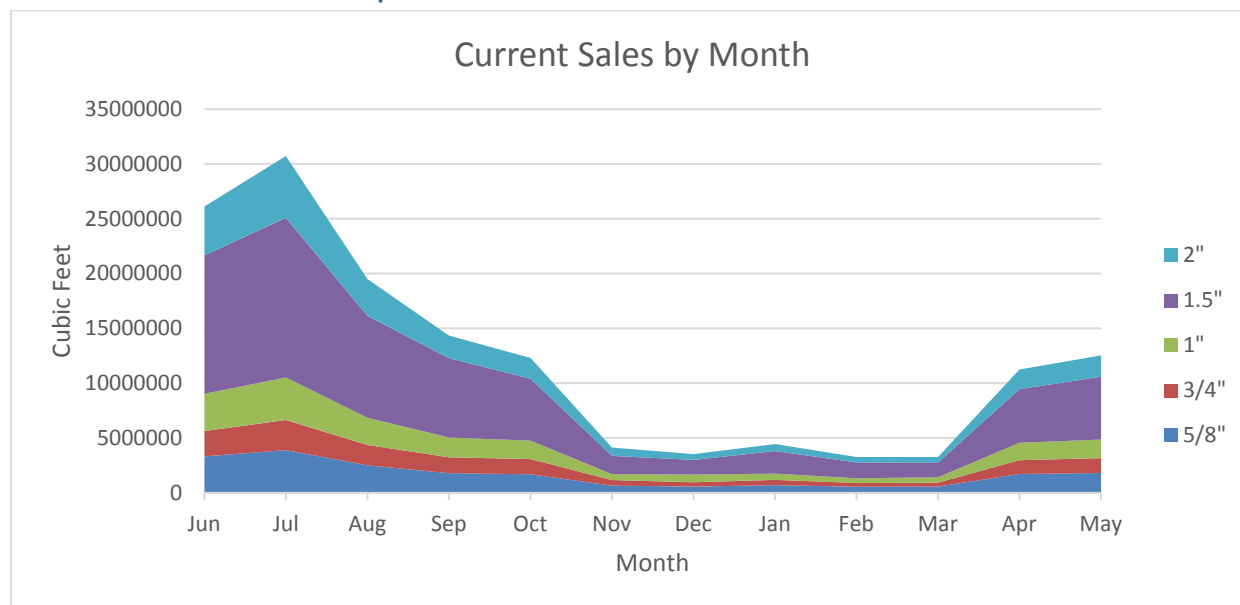
The Clear Creek Community Services District (CSD) serves the communities of Happy Valley-Olinda and surrounding agricultural properties, which has a population of about 6,250 through 2252 current service connections.

The district was originally intended to serve large tracts of agricultural lands, providing water from the Bureau of Reclamation's Whiskeytown Unit. Water for the community is purchased from the Bureau of Reclamation, which flows from Whiskeytown Lake. The system does have three wells at the south end of its district boundary but rarely uses them because of the cost to operate. The system is a gravity-fed system save for six accounts who require a booster station to lift the treated water to them incurring an additional cost for PG&E power charges. The district treatment system is capable of 45 MGD, a chlorination station, three backwash ponds, a one-million gallon tank, and eight miles of 42 inch and 45 inch supply conduit. In addition, a second community services district, Centerville CSD is served via three turn-outs on the conduit. The distribution system encompasses more than 150 miles with a range of piping between 2 inch to 42 inch conduits, four-million gallon tank, 350,000 gallon reservoir, and five PRV-stations.

¹ U.S. Census 2010. (American Fact Finder)

² ACS MHI 2017, Anderson, CA.

Current Production & Consumption



In Clear Creek, due to seasonal changes, there is a clear change in water usage among the residential and agricultural customers. There is a significantly higher water usage during the summer months from June to September. However, water usage declines primarily from October to March.

Current Rates

The current water rates are shown in the Clear Creek CSD *Schedule of Rates & Fees*. It has an effective date of September 2019 and is attached as Exhibit 7.

Clear Creek currently uses a multi-class tiered block rate and has six classes with multiple sub-classes: Residential (in-district), Residential (out-of-district), Agricultural (5-sub-classes), and Industrial/Fire hydrant, Additional-Unit per parcel and In-Service Mobile Home Park. The agricultural sub-classes charge different rates depending on the property's acreage. This also includes a 200cf volume of free water.

While this rate schedule was appropriate considering the tiered rate schedule the Bureau of Reclamation sold the water to the district for, it currently does not comply with the latest interpretation of Prop 218 because of the unjustifiable customer classes. The same treated water is served to all customers regardless of residential, agricultural or industrial. The justification for a separate customer class is a small group of six connections that have an additional power charge to be accounted for because a booster pump is required to lift the water to these customers' properties.

Additional Fees

Currently, Clear Creek CSD has the following fees in addition to base and usage rates:

- Trinity PUD Assessment
 - 0.03¢/100cf
- CVP Restoration Fee
 - 0.05¢/100cf
- Filtration Plant Repayment Fee
 - \$7.55/month
- Backwash Recycle Project Fee
 - 0.38¢/month
- Water Meter Installation Fees
 - ¾ inch meter \$12,051.00
 - 1 inch meter \$20,087.00
 - 1.5 inch meter \$40,174.00
 - 2 inch meter \$65,372.00
 - 3 inch meter \$192,836.00

This analysis does not include a review of the following fees: Trinity PUD, CVP Restoration, Filtration Plant, and Backwash Recycle. However, these fees were included in the revenue calculations under the proposed rate structure.

Proposed Rate Structure

While Clear Creek CSD currently bills customers based on a tiered block rate, customer classes and water usage, we recommend that the utility move to uniform block rates. Based on those uniform block rates, all customers are charged the same rates per cubic foot purchased, and the same base rate, depending on the customer's meter size. The base rate does not include any base volume of water as it does now.

2. Guiding Principles of this Rate Study

Sustainability

Water rates should cover the costs to the water utility to allow it to provide water services for the foreseeable future.

Fair

Water rates should be fair to all ratepayers. No single ratepayer or group of ratepayers should be singled out for different rates. Therefore, the proposed rates do not make any distinction between residential/standard, commercial/industrial, and agricultural users.

The company should not charge more for water than the cost to provide the water. However, the costs should include: operations, repairs, reserves, and all other costs related to the production, treatment, and distribution of potable water now and in the foreseeable future.

Conservation

Water rates can and should promote conservation, water is a valuable and limited resource and should be conserved.

Justifiable

Water rates must be based on the actual financial needs of the company. Revenue's generated from water rates can't be used for anything else but to pay for the costs of procuring, treating, and distributing water within its service area, plus any administrative costs and required reserves.

Therefore, the proposed rates are based on Clear Creek CSD's Budget, Capital Replacement Program, and a Sales Forecast.

Purpose of this Study

The purpose of this study is to provide Clear Creek CSD with recommended rates to prepare for funding applications. The water system must be able to build the necessary reserves to cover the inevitable need to replace all components of the operation.

Board Decision

While this document recommends certain rates, the ultimate decision rests with the Clear Creek CSD Board of Directors. However, the board has a fiduciary responsibility to set the rates at such a level that the company will be able to continue to operate in the future, including providing funds to replace all parts of the system as they reach their life expectancy and wear out.

Disclaimer

The recommendations contained in this rate study are based on financial information provided to RCAC by Clear Creek CSD. Although every effort was made to ensure the reliability of this information, no warranty is expressed or implied as to the correctness, accuracy or completeness of the information contained herein.

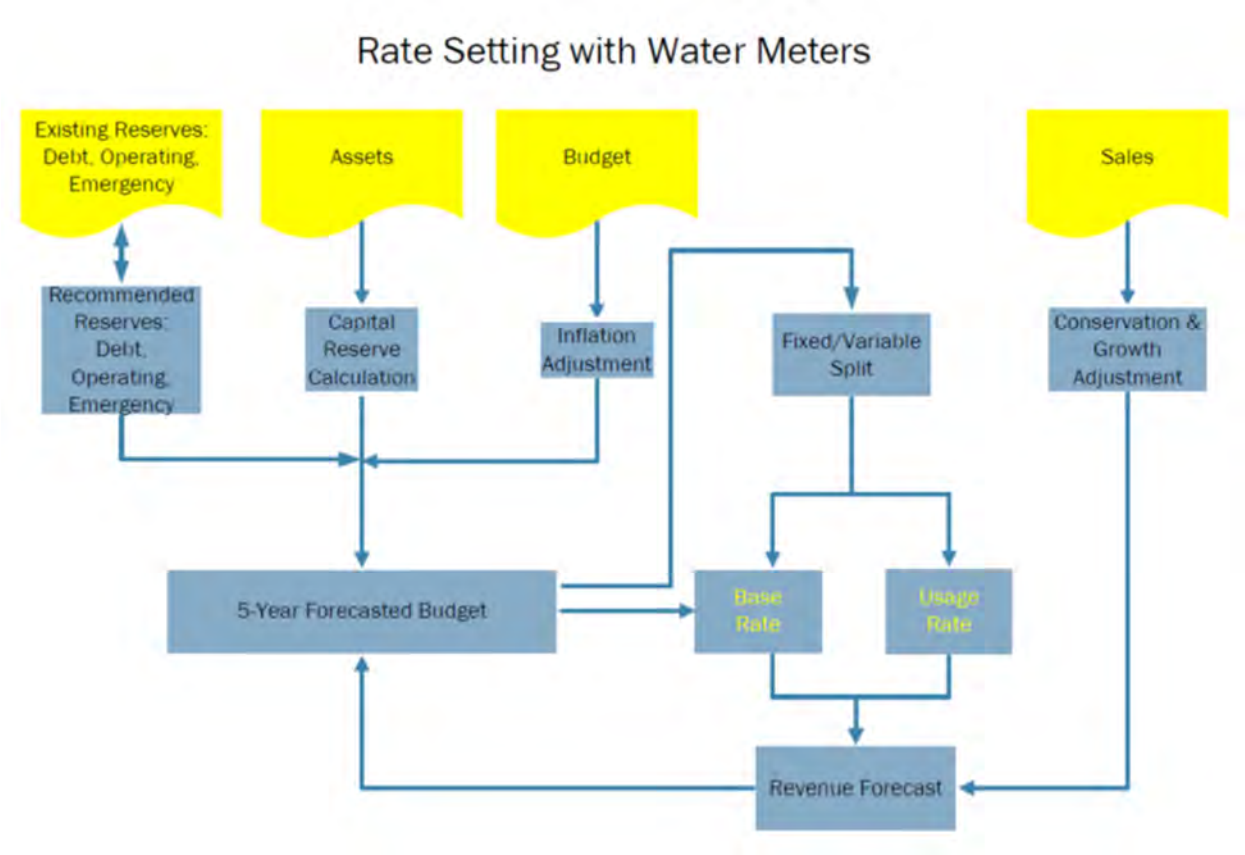
Any opinions, findings, and conclusions or recommendations expressed in this material are solely the responsibility of the authors and do not necessarily represent the official views of SWRCB, who funded this rate study.

For accounting advice, a CPA should be consulted. For legal advice, the company should seek the advice of an attorney.

3. Rate Study Process

The figure³ below explains the process of setting rates.

We begin with the list of all capitalized assets, the current budget, and the current sales history as provided by the administration from Clear Creek CSD.



From the list of assets the required reserves are calculated (Section 4 of this report) and fed into a five-year budget projection (Section 5).

The budget is adjusted for inflation, estimated to be 2.4 percent per year.

The rate model adjusts for the number of customers, for unpaying customers, undeveloped lots and future water conservation, and community growth.

³ All yellow fields and cells in the figures and exhibits of this report are based on external data. All blue fields or cells are calculated.

The budgeted expenses are split between fixed and variable costs, which lead to a recommended base rate and usage charges.

The calculated rates are then applied to the forecasted sales, to arrive at a revenue estimate.

This process was repeated several times to arrive at an acceptable rate that would balance the forecasted budget.

On February 19, RCAC met with Clear Creek CSD and reviewed the data and discussed the rate options. RCAC provided guidance to Clear Creek CSD stakeholders, which arrived at the rates proposed in this report and intends to implement them.

4. Capital Replacement Program

Source of the Data

The data in the Capital Replacement Program (CRP) comes from the data supplied by Clear Creek CSD and American Water Works Association (AWWA) standards. It is shown on attached Exhibit 1.

The components list, their installation date, and their original costs were all supplied or estimated by the utility.

The normal estimated life is based on AWWA or industry standards.

The estimated remaining life is based on the best judgment of the general manager, district staff, and RCAC.

Sources of Funding

Funding for the replacement of components can only come from the cash saved by the company, a grant, or a loan.

The possibility of Clear Creek CSD obtaining a grant in the near future is high, but due to changing funding streams, access to grants may change in the future.

With the current funding information, Clear Creek CSD may qualify for grants provided by various governmental agencies, and will also need to utilize cash reserves. It is assumed that the replacement of smaller capital assets valued less than \$100,000 will be 100 percent funded with cash and the replacement of capital assets from \$100,000 and above will be funded by cash and grant.

Should the Clear Creek CSD request grant funding, RCAC recommends that a MHI study be done as the currently-available data may not reflect the true MHI of the community.

CRP Description

The CRP provides us with a detail of the reserves needed to replace the existing, funded, and future unfunded capital assets. The total line of the CRP table (Asset Inventory, \$802,459) is the amount Clear Creek CSD must put aside each year to be able to replace the assets listed when they reach the end of their life expectancy. This amount varies every year as older equipment is replaced, generally reducing each year.

There is a group of future unfunded assets that require purchase in 2021 or sooner based on current life cycle and condition. One Dynaweld double-axle trailer, one International Workstar dump truck, one Ditch Witch, one 24 inch and 33 inch valves. The total estimated cost for these being \$99,263.

The capital reserve calculations (Exhibit 1) also provide for refurbishing costs (incurred over the next five years) including the rebuild of both chlorine pumps (\$24,000), four chemical pumps (\$8,000), four chlorinators (\$4,000), two vacuum regulators (\$1,800), two automated chlorine shut-off valves (\$16,000), ten turbidity meters (\$25,000), two chlorine analyzers (\$8,000) and two recycle backwash pumps (\$20,000), total \$107,800.

Alternative

If Clear Creek CSD decides not to fund the annual capital reserve requirement, the system will have to come up with these amounts from other sources, or steeper rate increases in future years. The system can't and shouldn't count on the future generosity of the state or other government sources to provide any substantial grants.

It will require an effort of Clear Creek CSD to obtain these grants. The amount of grants obtained for future projects has a very substantial impact on the water rates. Therefore, this study recommends a new rate study every five years.

5. Budget

Source

All expenses shown in Exhibit 2 (five-year forecasted budget sheet) were provided by Clear Creek CSD as their current approved budget.

The Capital Replacement Reserves were calculated in the previous section.

The Cash Revenue shown is a calculated number based on:

- Water rates entered on the rates sheet
- The number of paying customers
- An annual inflation factor of 2.4 percent
- A conservation factor and growth factor

Reserve Funding

As of January 13, 2020, Clear Creek CSD holds approximately \$70,880 in unrestricted cash and cash equivalents.

AWWA standards recommend a review of four types of reserves:

1. Debt Reserve: Clear Creek CSD has one debt reserve for the fiscal year 2020, the FMHA #1 of \$243,216. The district has enough funds set aside for this debt reserve.
2. Operating Reserve: Operating reserves are established to provide the utility with the ability to withstand short term cash-flow fluctuations. The industry standard calls for 1.5 times the revenue collected during a billing cycle. The target operating reserve is \$230,719 and the utility has only \$33,869 in operating reserves at this time. The deficit of \$196,850 in the operational reserve will need to be added to the budget each year over three years (\$65,617 per year).
3. Emergency Reserve: Emergency reserves are intended to help utilities deal with short-term emergencies, such as mainline breaks or pump failures. An emergency reserve is intended to fund the immediate replacement or reconstruction of the system's single most critical asset. Your emergency reserve should be set at the replacement cost of the most expensive component that could fail. In the case of Clear Creek CSD, it was determined that \$500,000 in emergency reserves would be sufficient. Currently, there is only \$37,011 in the emergency reserve account, requiring \$92,598 to be deposited yearly over three years.
4. Capital Replacement Reserve (CRP): This reserve is strictly to be used to fund the company portion of any replacement of capital assets that are worn out. Clear Creek CSD currently has \$136,004 available mostly in CD's or other investments. This amount is assumed to be used for capital reserves only. The calculation of the CRP is shown in the previous section of this report.

The benefit of splitting the reserves into four types are:

1. These reserves have different time horizons: The debt reserve can be invested for a long period—as long as the debt is on the books. Operating reserves and emergency reserves should be readily available. While CRP funds can be invested with different maturity dates to coincide with the planned need for capital replacements.
2. These four different reserves require different policies related to:
 - a. Investment terms and vehicles
 - b. What the funds can be used for
 - c. Who can access the funds
 - d. What procedure has to be followed to access the funds

RCAC recommends that Clear Creek CSD develop a reserve policy.

Existing Reserves	Amount	
Debt Reserve	\$271,909	As per lending agreement(s)
Operating Reserve	\$33,869	To be placed in checking account
Emergency Reserve	\$37,011	To be placed in savings account
Capital Reserve	\$125,000	Often in CD or Investment account
Total	\$467,789	

Reserve Targets	Amount	First Year Reserve Addition	Excess funds to be transferred to CIP	Goal
Debt Reserve	\$260,905	-\$11,004	\$11,004	As per lending agreement(s)
Operating Reserve	\$230,719	\$65,617	\$0	45 days of expenses
Emergency Reserve	\$500,000	\$92,598	\$0	Critical equipment replacement cost
Capital Reserve	\$136,004			

Sales Adjustments

Higher water rates cause a reduction in the quantity of water sales as customers adjust their consumption to the new rates.

Sales adjustment over base year	Year 1	Year 2	Year 3	Year 4	Year 5
Conservation Factor	-3.0%	-2.0%	-1.0%	0%	0%
Community Growth Factor	0%	0%	0%	0%	0%
Total Sales Adjustment	-3.0%	-2.0%	-1%	0%	0%

The proposed increase is relatively small and RCAC is not expecting a significant drop in consumption. Clear Creek CSD is expecting minimal growth over the next five years.

The graph on page 17 shows that most customers with meters of 2 inch or larger are not needing such a large meter. Since the base rate will be charged according to meter size, we expect that many customers with large meters will switch to smaller meters to reduce their base charges.

Clear Creek CSD staff reviewed all customers with 2 inch and larger meters and guessed that certain customers will change to smaller meters. Our sales and revenue forecast for the model has adjusted accordingly.

Alternatives

If Clear Creek CSD does not fund its budget by setting appropriate water rates, it does not mean that the company can't pay its bills. It simply means that the company is not providing for future replacement of the capital assets and will not be able to guarantee the continuous operation of the water system.

The board of directors has a fiduciary responsibility to set rates to a level where the company can continue to operate and provide clean water for the foreseeable future.

6. Fixed Versus Variable Expenses

Exhibit 3 shows the split between fixed and variable expenses.

Source

The data comes from the budget as shown in Exhibit 2.

Description

Some expenses vary by the volume of water sold. For example, electricity costs will go up when more water is processed.

Other expenses are fixed. For example, insurance costs remain the same whether water is sold or not. Most costs are somewhere in between.

In Clear Creek CSD's case, 61 percent of all expenses are fixed and only 39 percent are variable. This is not unusual for smaller water systems to have a higher percentage of fixed costs.

Alternatives

While fixed expenses should be covered by the base rate (the same every month), variable cost should be covered by the usage rate (based on the quantity sold). Should fixed costs not be covered by the base rate, but by variable income (usage charges), there may be seasonal shortfalls in cash-flow of the company, and the company will have to dip into its operating reserves. This is the case with Clear Creek CSD in the winter months, sometimes struggling to make the payroll obligations.

The split between fixed and variable expenses is not relevant to the overall balancing of the budget. It is only relevant to cover seasonal cash flows of the utility.

7. Rate Calculation

A. Theoretical Base Rate Calculation

In theory, fixed expenses should be covered by fixed income (base charges) and variable expenses should be covered by variable income (usage charges). \$2,691,367 (Fixed expenses are shown in Exhibit 3) should be covered by fixed revenue (base charges).

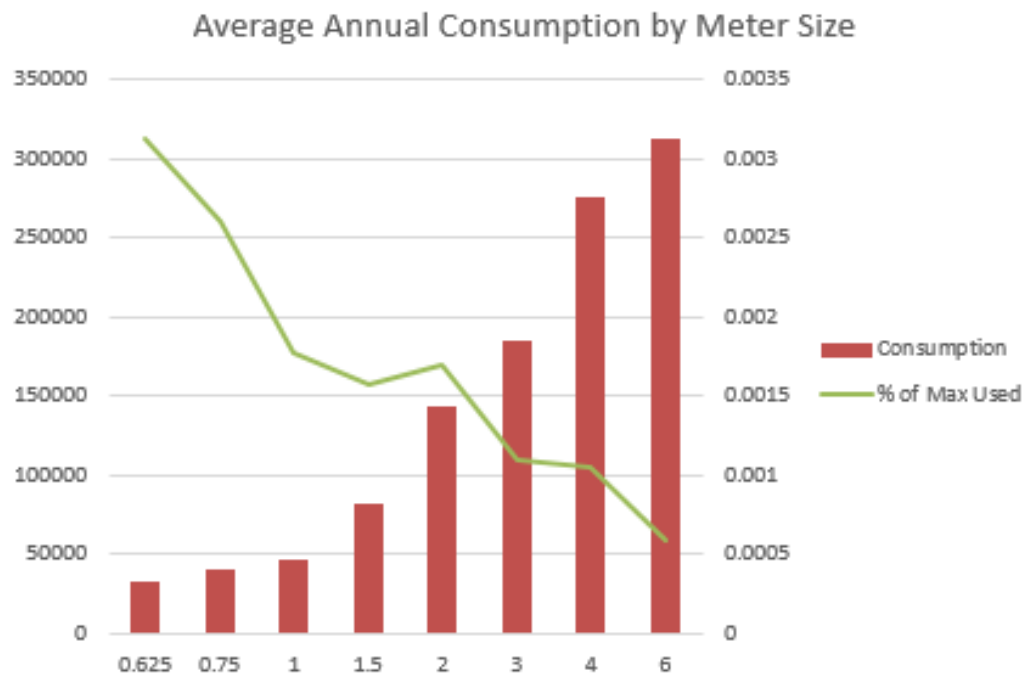
The fixed expenses should be collected from 2,252 customers and should be based upon the customer's meter size. The maximum theoretical base rate is calculated by determining the maximum demand for each meter according to the AWWA Safe Maximum Operating Capacity, multiplying by the number of meters by that size in the system, and determining the percentage of total fixed costs that are allocated by meter size. This calculation results in the following:

METER SIZE IN "	DECIMAL SIZE	NUMBER OF METERS	AWWA SAFE MAXIMUM OPERATING CAP. (GPM)	MAX DEMAND (GPM)	% OF MAX DEMAND BY METER SIZE	TOTAL FIXED COSTS ALLOCATED BY METER SIZE	THEORETICAL BASE RATE BY METER SIZE PER M
A	B	C	D	E= D * C	F= % of total	G= % * total	H=G/C/12
5/8"	0.625	599	20	11,980	9.05%	\$243,469	\$33.87
3/4"	0.750	501	30	15,030	11.35%	\$305,454	\$50.81
1"	1.000	416	50	20,800	15.71%	\$422,717	\$84.68
1.5"	1.500	661	100	66,100	49.91%	\$1,343,347	\$169.36
2"	2.000	52	160	8,320	6.28%	\$169,087	\$270.97
3"	3.000	10	320	3,200	2.42%	\$65,033	\$541.95
4"	4.000	12	500	6,000	4.53%	\$121,938	\$846.79
6"	6.000	1	1000	1,000	0.76%	\$20,323	\$1,693.58
#N/A	0.000	0	#N/A				
#N/A	0.000	0	#N/A				
TOTAL		2252		132,430	100.00%	\$2,691,367	

Notes:

1. Safe maximum meter capacity for 5/8 inch through 6 inch meters (column D) based on AWWA C700 displacement meters.
2. Safe maximum meter capacity for 3 inch through 8 inch meters based on AWWA C702 compound meters.

Many Clear Creek CSD customers have large meters but don't need the full capacity of these large meters. The green line in the graph below shows that people with a 0.625 inch meter (5/8 inch) use about 0.32 percent of their meter capacity, while customers with a 6 inch meter use about 0.05 percent of their meter capacity. In other words, people with large meters don't need to have large meters. Hence, Clear Creek CSD is not expected to be able to provide all the water a large meter indicates it could be required to provide.



Therefore, RCAC recommends that the fixed costs of the system be allocated among the different meter sizes based on the HISTORICAL water purchased by each meter size.

When the historical usage data was entered into the model we were able to calculate actual base rates to cover the base rate charges. This is that data:

Size in "	Size	Meters	Safe	(GPM)	Demand	Fixed	Base Rate
A	B	C	D	E	total	total	H=G/C/
5/8"	0.625	599	20	19,657,300	13.48%	\$362,899	\$50.49
3/4"	0.750	501	30	14,443,000	9.91%	\$266,637	\$44.35
1"	1.000	416	50	19,286,100	13.23%	\$356,046	\$71.32
1.5"	1.500	661	100	54,801,806	37.59%	\$1,011,712	\$127.55
2"	2.000	52	160	24,159,300	16.57%	\$446,012	\$714.76
3"	3.000	10	320	5,248,300	3.60%	\$96,890	\$807.42
4"	4.000	12	500	7,270,000	4.99%	\$134,214	\$932.04
6"	6.000	1	1000	918,500	0.63%	\$16,957	\$1,413.06
#N/A	0.000	0	#N/A				
#N/A	0.000	0	#N/A				
Total		2252		145,784,306	100.00%	\$2,691,367	

B. Base Rate Calculation

On December 30, 2019, Clear Creek CSD management decided not to accept the above theoretical base rates but settled on a compromise: lower base rate, but a higher usage rate.

The goal was to set a uniform block rate in such a way that it generates enough revenue to balance the budget, and not cause seasonal cashflow issues

Clear Creek Standard: Base Rate Calculation

Meter Size	Proposed Base Charge for Year 1	Year 2	Year 3	Year 4	Year 5
	Future Increase	5.00%	5.00%	5.00%	5.00%
5/8"	\$34.48	\$36.20	\$38.01	\$39.91	\$41.91
¾"	\$34.48	\$36.20	\$38.01	\$39.91	\$41.91
1"	\$52.07	\$54.67	\$57.40	\$60.27	\$63.29
1.5"	\$93.11	\$97.77	\$102.65	\$107.79	\$113.18
2"	\$521.78	\$547.87	\$575.26	\$604.02	\$634.22
3"	\$589.42	\$618.89	\$649.83	\$682.32	\$716.44
4"	\$680.39	\$714.41	\$750.13	\$787.63	\$827.02
6"	\$1,031.53	\$1,083.11	\$1,137.26	\$1,194.13	\$1,253.83

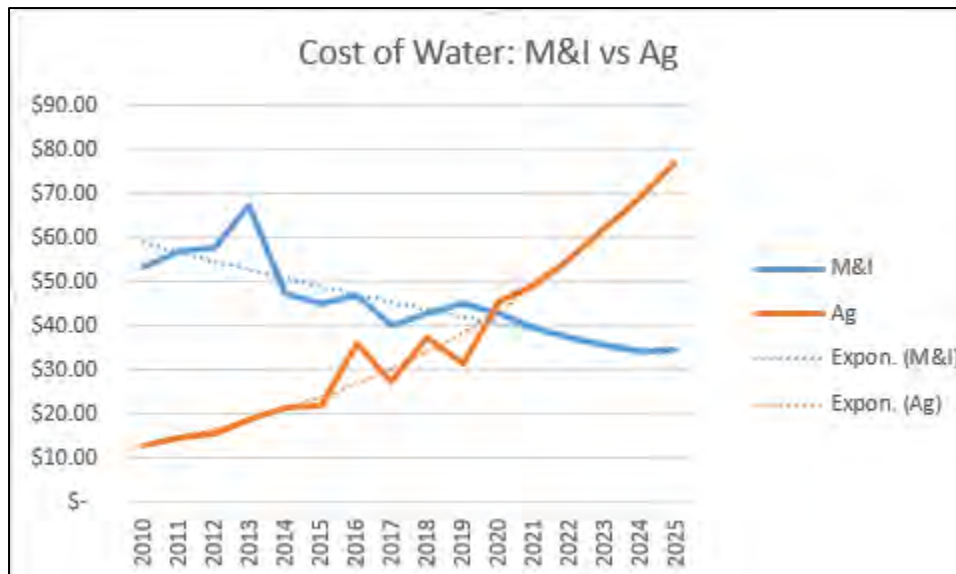
The base rate selected is 73 percent of the theoretical amount. This will be followed by an annual increase of 5 percent during the next five years. This will result in a reasonable increase for residential customers and a substantial increase for customers with larger meters in the first year.

Customers with large water meters could potentially draw a substantial volume of water (see the table on page 16). Therefore, they should pay a proportionally higher share of the fixed costs of the system, hence the larger increase. In prior years, customers with large meters have not paid their fair share of the fixed costs of the system.

C. Usage Rate Calculation

According to Prop 218, the rate of water has to be based on cost.

The table below shows the cost of M&I (residential) and Ag water charged and planned to be charged by the Bureau of Reclamation.



When we extrapolate the past costs into the future, it appears that the ag water will cost MORE than residential water.

In the past, ag water was less expensive, however, the average future SURCHARGE charged for ag water by the Bureau of Reclamation over the next five years is estimated to be 3.78 percent. (See chart above.) Since COSTS are higher for ag water, Prop 218 requires us to pass on this added cost to ag customers.

The usage rate for Clear Creek CSD will be converted to a uniform usage rate for residential and agricultural customers, instead of the previous tier rate structure. Currently, for residential customers, the base rate includes the first 200 cubic feet of water. Between 201 and 9,000 cubic feet, the current usage rate is \$0.71 per 100 cubic feet. Between 9,001 and 15,000 cubic feet, the usage rate goes up to \$0.73 per 100 cubic feet. At 15,001 cubic feet and above the rate is \$0.77 per 100 cubic feet.

According to Proposition 218, the system is not allowed to have tiered rates, unless it can justify the need for a tiered rate structure based on costs, this isn't the case for Clear Creek CSD. Therefore, the current tiered rate structure is recommended to convert to a uniform rate structure.

While relying heavily on the usage rate to balance the budget, it provides a little more control to the property owner by allowing them to reap the financial benefits of conserving water. This benefit has been taken into consideration through the conservation factors applied to the estimated future quantities of water sold.

Growth of consumption over base year
Conservation Factor

Year 1	Year 2	Year 3	Year 4	Year 5
-3%	-2%	-1%	0%	0%

Because of Prop 218, we recommend eliminating the consumption tiers and the customer classes. Prop 218 allows us to have zone pricing for customers that require additional pumping, because of the cost differential.

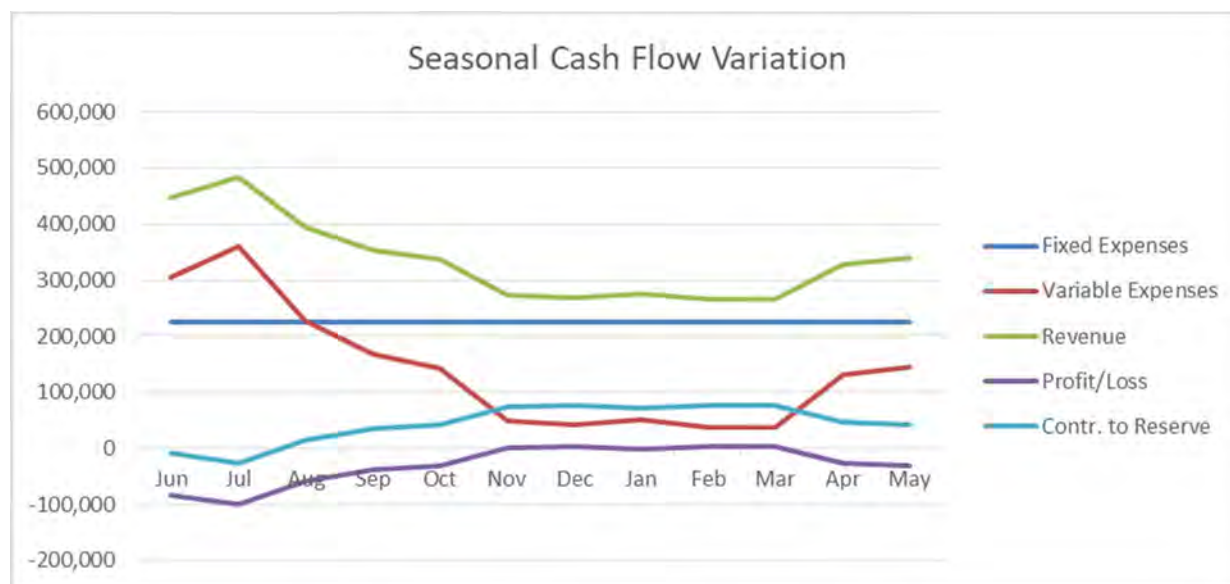
Additional pumping cost for Zone 2 was \$3,439 last year. The total variable cost was \$1,697,308 (Exhibit 3). The additional pumping cost was therefore 0.2 percent of the total variable cost, hence Prop 218 allows us to charge 0.2 percent more for water in Zone 2.

The new usage charge per 100 cubic feet is \$0.81 for Zone 1 residential and \$0.841 for Zone 1 agricultural customers. The new usage charge per 100 cubic feet is \$0.812 for Zone 2 residential and \$0.842 for Zone 2 agricultural customers, this reflects the minimal difference in the electrical costs of pumping Zone 2 water. However, there is no “free” water included in the base rate; the usage rate applies for all water purchased. This is keeping with the requirements for Prop 218.

D. Seasonal Cash Flow

By setting the base rate to less than the theoretical rate, and relying on usage charges to balance the budget, seasonal cash flow issues may appear.

An analysis of the annual cash flow over the next five years indicates there is a short in reserves in the first year.



As this chart points out the occurrence of cash flow shortages (light blue line labeled “Contribution to Reserve”) in June and July of the first year will be mitigated by the positive cashflow in the other months.

E. Estimated Profit

While the table below shows a loss in the first two years, the revenue estimated in the next years will balance the budget (\$8,049 profit) over the five year period.

	2020	2021	2022	2023	2024	5 Years
TOTAL EXPENSES	\$4,627,037	\$4,322,490	\$4,291,171	\$4,304,728	\$4,397,953	\$21,943,378
TOTAL REVENUE	\$4,025,368	\$4,199,908	\$4,383,602	\$4,576,935	\$4,765,615	\$21,951,428
NET LOSS OR GAIN: (Short/Over to Reserves)	-\$601,669	-\$122,583	\$92,431	\$272,208	\$367,662	\$8,049
NET CASH FLOW (Contribution to Reserves)	\$447,263	\$514,731	\$636,647	\$739,049	\$830,896	\$3,168,586

These losses in the first two years do not impact cash flows, but only impact the amount put in reserves. Lastly, an annual increase of 5 percent across is recommended to reduce the need for drastic rate changes in the future and to keep up with increasing costs of operating the system.

F. Affordability Index

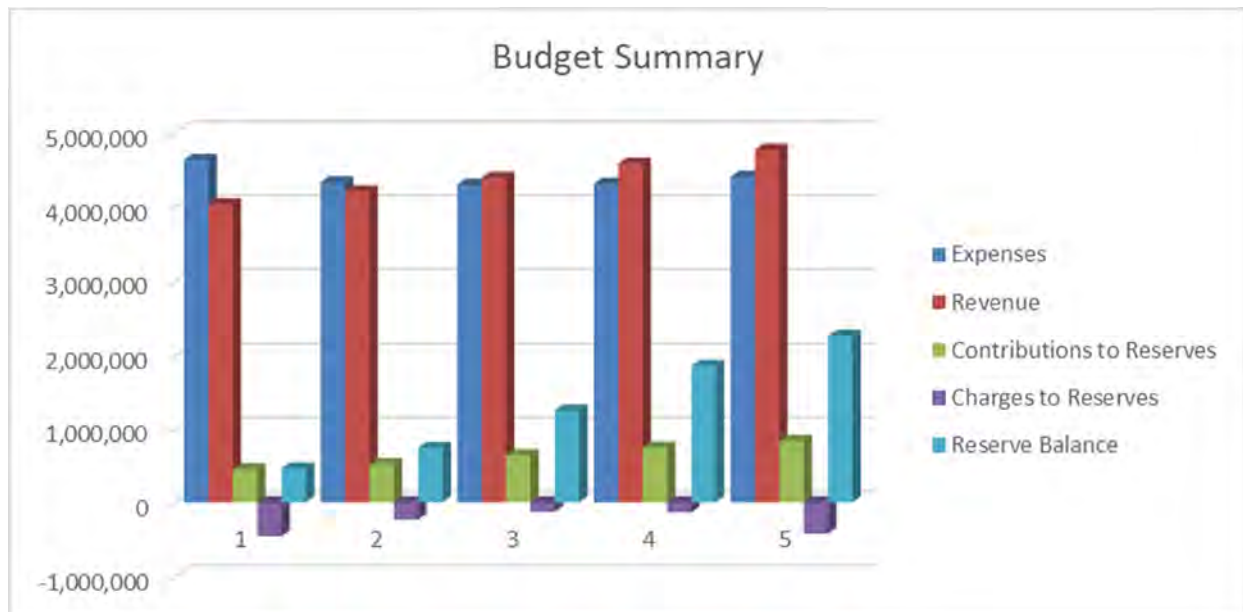
		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
AFFORDABILITY INDEX	\$35,656.00	3.55%	3.74%	3.94%	4.16%	4.36%
MHI OF						

The MHI of Clear Creek CSD's service area (from ACS 2017) is estimated at \$35,656. The "affordability index" was calculated by dividing the average annual water bill of all residences by the MHI.

Any number below 4 percent is considered "affordable" and any number below 1.5 percent is considered too low and any replacement project may not be eligible for certain funding.

If the proposed rates are too low for certain state funding sources, additional rate increases may be required to make Clear Creek CSD eligible for grants.

G. Impacts of the Proposed Rates



- Expenses (blue bar) shows a steady expense for five years for capital asset replacements.
- Revenue (red bar) gradually climbs each year starting the first year as Clear Creek CSD continues to contribute a fixed revenue to the existing CRP for asset replacement.
- Contributions to reserves (green bar) remain relatively steady for five years.
- Charges to reserves (purple bar) are the replacement costs of certain assets, according to the CRP.
- The reserve balance⁴ (light blue bar) is the amount available to replace the system in future years. After the first year, the reserve balance shows an increase in reserve balance due to continuous contribution to the revenue for the CRP.
- A new rate study should be done in five years or when a grant or loan is obtained.

⁴ Total Reserves (Capital Replacement Reserves, Emergency Reserves, Debt Reserves, etc.)

H. Estimated monthly bill(s)

Average Bill Every Month by Meter Size, Zone & Class

Zone 1 Standard

Count	Meter Size	Current	Year 1	Year 2	Year 3	Year 4	Year 5
599	5/8"	\$37.73	\$55.97	\$59.00	\$62.19	\$65.56	\$68.84
494	3/4"	\$43.61	\$64.08	\$67.61	\$71.32	\$75.24	\$79.01
412	1"	\$43.13	\$81.13	\$85.51	\$90.11	\$94.96	\$99.71
640	1.5"	\$54.41	\$144.86	\$152.67	\$160.89	\$169.55	\$178.03
38	2"	\$239.98	\$736.06	\$775.18	\$816.38	\$859.75	\$902.74
9	3"	\$185.93	\$906.74	\$955.52	\$1,006.90	\$1,061.03	\$1,114.08
8	4"	\$104.73	\$963.90	\$1,015.17	\$1,069.15	\$1,125.99	\$1,182.29
1	6"	\$585.43	\$1,632.92	\$1,721.08	\$1,813.97	\$1,911.84	\$2,007.43

Zone 1 Agriculture

Count	Meter Size	Current	Year 1	Year 2	Year 3	Year 4	Year 5
0	5/8"						
6	3/4"	\$57.78	\$91.26	\$96.44	\$101.91	\$107.68	\$113.07
3	1"	\$61.85	\$226.34	\$239.54	\$253.50	\$268.25	\$281.66
20	1.5"	\$60.23	\$230.03	\$243.01	\$256.72	\$271.19	\$284.75
13	2"	\$91.24	\$778.71	\$820.43	\$864.37	\$910.65	\$956.19
1	3"	\$65.36	\$733.54	\$771.78	\$812.00	\$854.32	\$897.04
3	4"	\$97.59	\$966.12	\$1,017.52	\$1,071.64	\$1,128.63	\$1,185.06

Zone 2 Standard

Count	Meter Size	Current	Year 1	Year 2	Year 3	Year 4	Year 5
0	5/8"						
0	3/4"						
0	1"						
0	1.5"						
1	2"	\$195.45	\$581.61	\$611.34	\$642.59	\$675.43	\$709.20
0	3"						
1	4"	\$1,709.50	\$1,678.81	\$1,773.55	\$1,873.58	\$1,979.17	\$2,078.13

Zone 2 Agriculture

Count	Meter Size	Current	Year 1	Year 2	Year 3	Year 4	Year 5
0	5/8"						
1	3/4"	\$30.61	\$48.03	\$50.58	\$53.26	\$56.08	\$58.89
1	1"	\$158.75	\$205.66	\$217.61	\$230.23	\$243.58	\$255.76
1	1.5"	\$69.30	\$218.52	\$230.80	\$243.77	\$257.45	\$270.32

As shown in the above table, all customers will see an increase in their **monthly** billing with the adoptions of new uniform rate model.

8. Next Steps

Start the process at a board meeting

Clear Creek CSD must follow Proposition 218 (Exhibit 4) in implementing the water rates. The board must have a hearing and pass a resolution that includes:

1. The selected rates.
2. Approve of the wording of the Prop 218 notice (Sample in Exhibit 5 and emailed to the general manager for editing. Make sure the public notice reflects the rates, tiers and fees approved by the board).
3. Set a date for the notices to be mailed to all the property owners and renters within the Clear Creek CSD. (No need to send them registered mail. Send the notices to all “property owners of record.” Your county tax collector or assessor can provide you with a list of addresses and address labels.) Notices must be mailed to owners of vacant parcels also.
4. Set the effective date of the rate increase.
5. Set a due date for the protest votes to be received, at least 45 days after the notices are mailed.
6. At the second meeting, the board must plan to take testimony. You may want to set multiple hearing dates or “educational meetings⁵” to explain the rate increases to the public.
7. Set an effective date for the proposed rates and fees.

Second Hearing

At the protest votes due date, tally the protest votes. If more than half of the parcels protest (one vote per property, either by the renter or the owner); then the board cannot adopt the rates proposed in step 1, but must:

- Keep the rates unchanged
- Or repeat the process starting with step 1

If less than half of the property owners protest, the board can adopt the rates and fees. At that time in the process, the board can only accept or reject the proposed rates and fees—they cannot change them (unless steps 1-7 are repeated).

Implementation

The accounting system needs to be updated with the new rates.

Proposed Schedule

7/8/20	RCAC will deliver six hard copies and one electronic copy of the Clear Creek CSD Rate Study
7/22/20	RCAC will make a presentation to the full board and the public

⁵ “Hearings” imply the presence of the Board and require an agenda and the appropriate notices. “Education Meetings” can be presented by staff, without the presence of Board members or an agenda.

8/19/20	Board starts the Prop 218 process with a motion (RCAC will attend)
8/26/20	Staff mails the notice to all parcel owners
10/3/20	RCAC will provide an “informational meeting” on a Saturday, to explain the rates and protest procedures
10/12/20	Protest letters are due. Final board resolution to adopt the rates (or not)
11/1/20	Implementation of new rates

9. Exhibits

1. Capital Replacement Program

[illegible]

Clear Creek CSD Financial Analysis: Prepared by RCAC

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3. Fixed vs Variable Expenses

[illegible]

0	0	100%	0	0
0	0	100%	0	0
0	0	100%	0	0
0	0	100%	0	0
0	0	100%	0	0
0	0	100%	0	0
0	0	100%	0	0
0	0	100%	0	0
0	0	100%	0	0
Total General and Administrative Expenses:		2,436,803	1,047,391	1,389,412
Total All Expenses		4,388,676	2,691,367	1,697,308
Fixed-Variable as % of all Expenses			61%	39%

4. Prop 1 Text

Exhibit 4

Proposition 218 Certification

CALIFORNIA CONSTITUTION
ARTICLE 13C (VOTER APPROVAL FOR LOCAL TAX LEVIES)

SECTION 1. Definitions. As used in this article:

- (a) "General tax" means any tax imposed for general governmental purposes.
- (b) "Local government" means any county, city, city and county, including a charter city or county, any special district, or any other local or regional governmental entity.
- (c) "Special district" means an agency of the State, formed pursuant to general law or a special act, for the local performance of governmental or proprietary functions with limited geographic boundaries including, but not limited to, school districts and redevelopment agencies.
- (d) "Special tax" means any tax imposed for specific purposes, including a tax imposed for specific purposes, which is placed into a general fund.

CALIFORNIA CONSTITUTION
ARTICLE 13C (VOTER APPROVAL FOR LOCAL TAX LEVIES)

SEC. 2. Local Government Tax Limitation. Notwithstanding any other provision of this Constitution:

- (a) All taxes imposed by any local government shall be deemed to be either general taxes or special taxes. Special purpose districts or agencies, including school districts, shall have no power to levy general taxes.
- (b) No local government may impose, extend, or increase any general tax unless and until that tax is submitted to the electorate and approved by a majority vote. A general tax shall not be deemed to have been increased if it is imposed at a rate not higher than the maximum rate so approved. The election required by this subdivision shall be consolidated with a regularly scheduled general election for members of the governing body of the local government, except in cases of emergency declared by a unanimous vote of the governing body.
- (c) Any general tax imposed, extended, or increased, without voter approval, by any local government on or after January 1, 1995, and prior to the effective date of this article, shall continue to be imposed only if approved by a majority vote of the voters voting in an election on the issue of the imposition, which election shall be held within two years of the effective date of this article and in compliance with subdivision (b).
- (d) No local government may impose, extend, or increase any special tax unless and until that tax is submitted to the electorate and approved by a two-thirds vote. A special tax shall not be deemed to have been increased if it is imposed at a rate not higher than the maximum rate so approved.

CALIFORNIA CONSTITUTION
ARTICLE 13C (VOTER APPROVAL FOR LOCAL TAX LEVIES)

SEC. 3. Initiative Power for Local Taxes, Assessments, Fees and Charges. Notwithstanding any other provision of this Constitution, including, but not limited to, Sections 8 and 9 of Article II, the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge. The power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments and neither the Legislature nor any local government charter

shall impose a signature requirement higher than that applicable to statewide statutory initiatives.

CALIFORNIA CONSTITUTION

ARTICLE 13D (ASSESSMENT AND PROPERTY-RELATED FEE REFORM)

SECTION 1. Application. Notwithstanding any other provision of law, the provisions of this article shall apply to all assessments, fees and charges, whether imposed pursuant to state statute or local government charter authority. Nothing in this article or Article XIIIIC shall be construed to:

- (a) Provide any new authority to any agency to impose a tax, assessment, fee, or charge.
- (b) Affect existing laws relating to the imposition of fees or charges as a condition of property development.
- (c) Affect existing laws relating to the imposition of timber yield taxes.

CALIFORNIA CONSTITUTION

ARTICLE 13D (ASSESSMENT AND PROPERTY-RELATED FEE REFORM)

SEC. 2. Definitions. As used in this article:

- (a) "Agency" means any local government as defined in subdivision (b) of Section 1 of Article XIIIIC.
- (b) "Assessment" means any levy or charge upon real property by an agency for a special benefit conferred upon the real property. "Assessment" includes, but is not limited to, "special assessment," "benefit assessment," "maintenance assessment" and "special assessment tax."
- (c) "Capital cost" means the cost of acquisition, installation, construction, reconstruction, or replacement of a permanent public improvement by an agency.
- (d) "District" means an area determined by an agency to contain all parcels which will receive a special benefit from a proposed public improvement or property-related service.
- (e) "Fee" or "charge" means any levy other than an ad valorem tax, a special tax, or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service.
- (f) "Maintenance and operation expenses" means the cost of rent, repair, replacement, rehabilitation, fuel, power, electrical current, care, and supervision necessary to properly operate and maintain a permanent public improvement.
- (g) "Property ownership" shall be deemed to include tenancies of real property where tenants are directly liable to pay the assessment, fee, or charge in question.
- (h) "Property-related service" means a public service having a direct relationship to property ownership.
- (i) "Special benefit" means a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large. General enhancement of property value does not constitute "special benefit."

CALIFORNIA CONSTITUTION

ARTICLE 13D (ASSESSMENT AND PROPERTY-RELATED FEE REFORM)

SEC. 3. Property Taxes, Assessments, Fees and Charges Limited. (a) No tax, assessment, fee, or charge shall be assessed by any agency upon any parcel of property or upon any person as an incident of property ownership except:

(1) The ad valorem property tax imposed pursuant to Article XIII and Article XIII A.

(2) Any special tax receiving a two-thirds vote pursuant to Section 4 of Article XIII A.

(3) Assessments as provided by this article.

(4) Fees or charges for property related services as provided by this article.

(b) For purposes of this article, fees for the provision of electrical or gas service shall not be deemed charges or fees imposed as an incident of property ownership.

CALIFORNIA CONSTITUTION

ARTICLE 13D (ASSESSMENT AND PROPERTY-RELATED FEE REFORM)

SEC. 4. Procedures and Requirements for All Assessments. (a) An agency which proposes to levy an assessment shall identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed. The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the property related service being provided. No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel. Only special benefits are assessable, and an agency shall separate the general benefits from the special benefits conferred on a parcel. Parcels within a district that are owned or used by any agency, the State of California or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit.

(b) All assessments shall be supported by a detailed engineer's report prepared by a registered professional engineer certified by the State of California.

(c) The amount of the proposed assessment for each identified parcel shall be calculated and the record owner of each parcel shall be given written notice by mail of the proposed assessment, the total amount thereof chargeable to the entire district, the amount chargeable to the owner's particular parcel, the duration of the payments, the reason for the assessment and the basis upon which the amount of the proposed assessment was calculated, together with the date, time, and location of a public hearing on the proposed assessment. Each notice shall also include, in a conspicuous place thereon, a summary of the procedures applicable to the completion, return, and tabulation of the ballots required pursuant to subdivision (d), including a disclosure statement that the existence of a majority protest, as defined in subdivision (e), will result in the assessment not being imposed.

(d) Each notice mailed to owners of identified parcels within the district pursuant to subdivision (c) shall contain a ballot which includes the agency's address for receipt of the ballot once completed by any owner receiving the notice whereby the owner may indicate his or her name, reasonable identification of the parcel, and his or her support or opposition to the proposed assessment.

(e) The agency shall conduct a public hearing upon the proposed assessment not less than 45 days after mailing the notice of the proposed assessment to record owners of each identified parcel. At the public hearing, the agency shall consider all protests against the proposed assessment and tabulate the

ballots. The agency shall not impose an assessment if there is a majority protest. A majority protest exists if, upon the conclusion of the hearing, ballots submitted in opposition to the assessment exceed the ballots submitted in favor of the assessment. In tabulating the ballots, the ballots shall be weighted according to the proportional financial obligation of the affected property.

(f) In any legal action contesting the validity of any assessment, the burden shall be on the agency to demonstrate that the property or properties in question receive a special benefit over and above the benefits conferred on the public at large and that the amount of any contested assessment is proportional to, and no greater than, the benefits conferred on the property or properties in question.

(g) Because only special benefits are assessable, electors residing within the district who do not own property within the district shall not be deemed under this Constitution to have been deprived of the right to vote for any assessment. If a court determines that the Constitution of the United States or other federal law requires otherwise, the assessment shall not be imposed unless approved by a two-thirds vote of the electorate in the district in addition to being approved by the property owners as required by subdivision (e).

CALIFORNIA CONSTITUTION

ARTICLE 13D (ASSESSMENT AND PROPERTY-RELATED FEE REFORM)

SEC. 5. Effective Date. Pursuant to subdivision (a) of Section 10 of Article II, the provisions of this article shall become effective the day after the election unless otherwise provided. Beginning July 1, 1997, all existing, new, or increased assessments shall comply with this article. Notwithstanding the foregoing, the following assessments existing on the effective date of this article shall be exempt from the procedures and approval process set forth in Section 4:

(a) Any assessment imposed exclusively to finance the capital costs or maintenance and operation expenses for sidewalks, streets, sewers, water, flood control, drainage systems or vector control. Subsequent increases in such assessments shall be subject to the procedures and approval process set forth in Section 4.

(b) Any assessment imposed pursuant to a petition signed by the persons owning all of the parcels subject to the assessment at the time the assessment is initially imposed. Subsequent increases in such assessments shall be subject to the procedures and approval process set forth in Section 4.

(c) Any assessment the proceeds of which are exclusively used to repay bonded indebtedness of which the failure to pay would violate the Contract Impairment Clause of the Constitution of the United States.

(d) Any assessment which previously received majority voter approval from the voters voting in an election on the issue of the assessment. Subsequent increases in those assessments shall be subject to the procedures and approval process set forth in Section 4.

CALIFORNIA CONSTITUTION

ARTICLE 13D (ASSESSMENT AND PROPERTY-RELATED FEE REFORM)

SEC. 6. Property Related Fees and Charges. (a) Procedures for New or Increased Fees and Charges. An agency shall follow the procedures pursuant to this section in imposing or increasing any fee or charge as defined pursuant to this article, including, but not limited to, the following:

(1) The parcels upon which a fee or charge is proposed for imposition shall be identified. The amount of the fee or charge proposed to be imposed upon each parcel shall be calculated. The agency shall provide written notice by mail of the proposed fee or charge to the record owner of each identified parcel upon which the fee or charge is proposed for imposition, the amount of the fee or charge proposed to be imposed upon each, the basis upon which the amount of the proposed fee or charge was calculated, the reason for the fee or charge, together with the date, time, and location of a public hearing on the proposed fee or charge.

(2) The agency shall conduct a public hearing upon the proposed fee or charge not less than 45 days after mailing the notice of the proposed fee or charge to the record owners of each identified parcel upon which the fee or charge is proposed for imposition. At the public hearing, the agency shall consider all protests against the proposed fee or charge. If written protests against the proposed fee or charge are presented by a majority of owners of the identified parcels, the agency shall not impose the fee or charge.

(b) Requirements for Existing, New or Increased Fees and Charges a fee or charge shall not be extended, imposed, or increased by any agency unless it meets all of the following requirements:

(1) Revenues derived from the fee or charge shall not exceed the funds required to provide the property related service.

(2) Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed.

(3) The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel.

(4) No fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Fees or charges based on potential or future use of a service are not permitted. Standby charges, whether characterized as charges or assessments, shall be classified as assessments and shall not be imposed without compliance with Section 4.

(5) No fee or charge may be imposed for general governmental services including, but not limited to, police, fire, ambulance or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Reliance by an agency on any parcel map, including, but not limited to, an assessor's parcel map, may be considered a significant factor in determining whether a fee or charge is imposed as an incident of property ownership for purposes of this article. In any legal action contesting the validity of a fee or charge, the burden shall be on the agency to demonstrate compliance with this article.

(c) Voter Approval for New or Increased Fees and Charges. Except for fees or charges for sewer, water, and refuse collection services, no property related fee or charge shall be imposed or increased unless and until that fee or charge is submitted and approved by a majority vote of the property owners of the property subject to the fee or charge or, at the option of the agency, by a two-thirds vote of the electorate residing in the affected area. The election shall be conducted not less than 45 days after the public hearing. An agency may adopt procedures similar to those for increases in assessments in the conduct of elections under this subdivision.

(d) Beginning July 1, 1997, all fees or charges shall comply with this section.

5. Sample Public Notice

NOTICE OF PUBLIC HEARING ON PROPOSED DRINKING WATER RATES FOR THE CLEAR CREEK COMMUNITY SERVICES DISTRICT

Public Hearing, October 12, 2020, at 6 PM at the District Office, 5880 Oak St, Anderson, CA

WHY ARE YOU RECEIVING THIS NOTICE?

This notice is being furnished to you by The Clear Creek Community Services District [CCCSD] pursuant to the California Constitution Article XIII Section D (also known as "Proposition 218"). Under terms of Proposition 218, the District is required to notify property owners of proposed changes to property related fees such as water services. This letter serves as notice that the CCCSD will hold a public hearing to consider changes to its current water rates.

WHAT DO WATER RATES FUND?

The CCCSD provides water services to about 2700 customers. These services must be financially self-sufficient.

Monthly rates paid by users of the system are the primary sources of revenue. All revenue generated from your utility bill is used to maintain and operate the water system. These revenues must meet all costs, such as electricity, chemicals, maintenance, licensing, fees, repairs, staff salaries, and build up reserves for emergency repairs and future replacement of the system when it is time to be replaced. The CCCSD is committed to responsible financial management of our public water system.

WHY ARE RATE CHANGES REQUIRED?

A complete budget review and analysis was done by an independent consultant. This rate study was funded by a grant from the State of California. This analysis examined the cost to provide water services with the objective of striking a better balance between fixed and variable revenues while continuing to promote a fair and equitable rate structure for all utility customers. Rates need to be adequate to recover the expenses while ensuring that costs are equitably allocated so that rates are fair and in proportion to the services received by each user.

The CCCSD also recently completed an analysis of the capital replacement requirements. All the capital assets of the CCCSD were reviewed and an estimated replacement timeframe and cost were assigned. These replacements will be funded with grants and the proposed rate adjustments.

NEW RATES

Water rates will adjust over a five-year period to move each customer to proportionality by July 2024.

Meter Size	Proposed Base Charge November 2020	Base Charge December 2021	Base Charge December 2022	Base Charge December 2023	Base Charge December 2024
5/8"	\$34.48	36.20	38.01	39.91	41.91
3/4"	\$34.48	36.20	38.01	39.91	41.91
1"	\$52.07	54.67	57.40	60.27	63.29
1 1/2"	\$93.11	97.77	102.65	107.79	113.18
2"	\$521.78	547.87	575.26	604.02	634.22
3"	\$589.42	618.89	649.83	682.32	716.44
4"	\$680.39	714.41	750.13	787.63	827.02
6"	\$1,031.53	1,083.11	1,137.26	1,194.13	1,253.83

Over a five-year period, the CCCSD will have a balanced budget that covers the expenses and the required reserves. These rates are the absolute minimum that can be justified as being prudent and necessary.

HOW ARE RATES CALCULATED?

The proposed rate structure for water service fees has two components: (1) a fixed monthly base charge; and (2) a variable (water consumption-based) usage rate. The first component is a fixed amount calculated to

**NOTICE OF PUBLIC HEARING
ON PROPOSED DRINKING WATER RATES FOR
THE CLEAR CREEK COMMUNITY SERVICES DISTRICT**

recover CCCSD's fixed costs of operating and maintaining the water system and is based on the potential volume of water a customer could draw, as determined by the size of their water and any special equipment required for their service. The variable component of the rate structure is based on water consumption. The variable usage rate will be charged from the first gallon of water used.

MEETING & PROTEST

The purpose of the public hearing is for the CCCSD Board of Directors to consider all comments about the rate adjustments to be imposed on parcels within the District. As the record owner or renter of a parcel identified to be subject to the imposition of the proposed rate adjustments, you may submit a **written protest** against the proposed rate adjustments. Provided, however, **if the identified parcel has more than one record owner or renter, only one written protest will be counted.** Each protest must (1) be in writing, (2) state that you are against the proposed water rates, (3) provide the parcel APN or CCCSD account #, and (4) include the **original signature of the record owner or renter submitting the protest.** Protests submitted by e-mail, fax, or other electronic means will not be accepted.

Written protests must be submitted by mail to CCCSD, District Office, 5880 Oak St, Anderson, CA 96007, or in person at the public hearing on October 12, 2020, so long as they are received prior to the start of the public hearing. CCCSD staff will not accept protest letters as they all must be mailed to the address above or delivered in person at the October 12, 2020 public hearing before 6 PM. Please identify on the front of the envelope of any protest, whether mailed or submitted in person, that the enclosed letter is for the Proposed Adjustments of the Water Rates.

During the October 12, 2020 public hearing the written protests will be tallied by an impartial person. At the conclusion of the public hearing on October 12, 2020, the CCCSD Board of Directors will consider adopting the proposed rate changes. Oral comments at the public hearing will not qualify as formal protests unless accompanied by a written protest and delivered as stated above. If, at the beginning of the October 12, 2020 public hearing, written protests against the rate adjustments are not presented, as outlined above, by a **majority of the owners or renters of the identified parcels** upon which the new rates are proposed to be imposed, the CCCSD Board of Directors will be authorized to impose the rate adjustments as presented here.

The CCCSD staff encourages questions regarding this proposal, and appointments will be accepted to review estimated future monthly water bills for concerned customers (**these individual calculations cannot be done at the public hearing**). Questions or comments can be directed to Cary Brown at 530-357-2121.

Reminder:

Public Hearing, October 12, 2020, at 6 PM at the District Office, 5880 Oak St, Anderson, CA

Thank you,

Clear Creek Community Services District

6. Sample Board Resolution

Clear Creek COMMUNITY SERVICES DISTRICT

RESOLUTION 2020-3

Resolution to Proceed with the Rate Study 2020

BE IT RESOLVED, that the Board of Directors of the Clear Creek Community Services District hereby adopted a resolution to proceed with the following list of recommendations presented with the Water Rate Study completed by Rural Community Assistance Corporation (RCAC) which were presented at the July 22, 2020 Board of Directors Meeting:

1. The Board selects the rates as presented and discussed at the July 22, 2020 special meeting of The Board of Directors;
2. The effective date of the approved rate increase is November 1, 2020;
3. The Board instructs staff to create a Public Notice document, in compliance with Prop 218 which is mailed to all property owners of record in the Clear Creek Community Services District as provided by the Assessor's Office County of Shasta;
4. Information to be included in the Public Notice includes proposed new rates, when the new rates would take effect, how property owners or water customers can protest the rate increase, and what the time frame for protests is, and when the public meeting for protest is scheduled;
5. Set the date by which the protest letters must be received which is by Monday, October 12, 2020;
6. The Board instructs staff to mail out the Public Notice to all property owners in the District postmarked on or before August 26, 2020.

THIS RESOLUTION PASSED AND ADOPTED THIS 19TH Day of August 2020 by the following vote:

AYES:

NAYES:

ABSENT:

?????????,

Clear creek Services District Board President

Attested by ????????,
Secretary to the Board

7. Current Water Rates

Clear Creek Community Services District
5880 Oak Street, Happy Valley, CA 96007
Phone: (530) 357-2121 Fax: (530) 357-3723

Schedule of Rates and Fees
Effective September, 2019 Billing Cycle
Ordinance 2019-04

Class A Service - Domestic ~ Domestic minimum monthly charge of **\$20.55 per unit**, which includes the first 200 cf, per unit. Thereafter, 201-9000 cu ft: .71; 9001-15,000 cu ft: .73; 15,001 cu ft and over: .77. There will be an additional charge of **\$20.55** for each additional unit served on the same meter.

\$20.55 + 7.55 + .38 = \$28.48 (.74, .76, .80 per 100 cf with .03 fee)

Trinity PUD Assessment ~ There will be an additional charge of **.03** per 100 cu. ft. for all water users.

Class B Service - Agricultural ~ No residence on the property with agricultural charge based on the following parcel size, plus **.15 per 100 cubic feet**
2 to 3 acre parcels - \$11.00 per month service charge.

20.55 + 7.55 + .38 + 11.00 = 39.48

3+ to 4 acre parcels - \$14.92 per month service charge.

20.55 + 7.55 + .38 + 14.92 = 43.40

4+ to 5 acre parcels - \$18.30 per month service charge.

20.55 + 7.55 + .38 + 18.30 = 45.91

5+ to 10 acre parcels - \$21.99 per month service charge.

20.55 + 7.55 + .38 + 21.99 = 50.47

10+ acre parcels - \$25.72 per month service charge.

20.55 + 7.55 + .38 + 25.72 = 54.20

CVP Restoration Fee/US Fish & Wildlife ~ The restoration fee for Ag water has been waived by the Bureau of Reclamation; however, Federal Law mandates the fee be charged on M&I deliveries. **The rate is \$.05 per 100 cf.**

Filtration Plant Repayment Fee ~ **\$7.55** will be charged to all active and inactive service connections, including each additional unit. This rate also applies to hydrant meter installations.

"Green" Rate ~ is limited to growing season of May 1st thru November 1st each year (when approved by BOD). Domestic rates of **\$20.55** for each unit serviced on the same meter plus the following fees per 100 cf.

\$20.55 + 7.55 + .38 = \$24.48

201cf - 10900cf = .72 (**.72 + .03 = .75**)

11000cf - 21800cf = .64 (**.64 + .03 = .67**)

21900 cf and over = .56 (**.56 + .03 = .59**)

Backwash Recycle Project Fee ~ **.38** will be billed to all active and inactive service connections, all units on the property will be billed this fee. This fee also applies to hydrant meter installations.

Backflow Devices Testing - Customers with backflow control devices will be charged **\$60.48** annually for testing and inspection. The annual testing fee will be added to the monthly billing at **\$5.04** per month.

Credit Card Convenience Fee—All credit card and/or ATM/debit cards will be subject to a **3%** fee on total transaction.

NSF Check/ACH Fee—There will be a **\$36.41** fee charged for all returned items.

Meter Turn on /Transfer Fee - There will be a **\$53.30** turn on/transfer fee for all new accounts whether the meter is on or off.

Water Deposits - Fees for water deposits are as follows:
Homeowner's \$70.00
Renter's \$120.00

Owners Deposits shall be retained by the District for two (2) years and will be returned, upon the customers request, providing the customer has not had a delinquent account during the two (2) years. **Renters Deposits** are held until the renter moves out, at that time it is credited to the account on their final bill. At the discretion of the Manager, a water user who has proved to be a poor credit risk may be required to deposit a minimum of \$75,00 or more in addition to his/her water deposit to guarantee payment of bills.

Reconnection Fee - Once the District dispatches a service person to disconnect service due to delinquency (whether the services are disconnected or not) the District automatically bills **\$38.17**, if services have been disconnected the total amount due on the account, including disconnection and reconnection fees of **\$38.17** must be paid in full before services will be restored. If the lock put on the meter has been tampered with and/or broken requiring the District to either re-lock or pull the meter, the customer will then be required to pay for the cut lock fee of **\$29.62** and meter pulling fee of **\$35.83** disconnection and reconnection fees in addition to the total balance on the account.

After Hours Reconnection Fee ~ **is \$98.93**, in addition to payment of entire balance and **\$38.17 shut off penalty charge** before restoring service. If the customer attempts to make arrangements to pay the past due bill, a 24 hour grace period will be granted. If the past due amount is not paid within the 24 hour grace period, the service will be disconnected without further notice.

Lot Engineering & Inspection Fees - There will be a charge of **\$98.93 per hour** for engineering and inspections.

Job Estimates—One estimate and one revision will be completed at no charge to the customer. Thereafter, there will be a charge of **\$98.93 per hour** for estimates. Estimates are good for thirty (30) days.

Flow Test Fee - Flow testing a meter shall be charged as follows:

3/4"	\$30.00	2"	\$45.00
1"	\$35.00	3"	\$60.00
1 1/2"	\$40.00	4"	\$60.00

Backflow Prevention—Backflow assemblies shall be installed on the service connection to any premises having (a) internal cross-connections that cannot be permanently corrected and controlled to the satisfaction of the state or local health department and the district, or (b) intricate plumbing and piping arrangements or where entry to all portions of the premises are not readily accessible for inspection purposes, making it impractical or impossible to ascertain whether or not cross-connections exist.

In accordance with District Rules & Regulations, Revision X, all new connections to the District distribution system, including domestic, agricultural and commercial will be required to install a cross-connection device, effective January 1, 2010.

Capacity Charges - The capacity charges for first and subsequent service connections pursuant to Sections 31024, 31042, 31101 of California Water Code are as follows:

METER COSTS	
2	3/4" \$ 12,051.00
3	1" \$ 20,087.00
4	1-1/2" \$ 40,174.00
5	2" \$ 65,372.00
6	3" \$ 192,836.00

Rates for Capacity Charges Effective November 15, 2017

Class C Service - Domestic Service Outside the District Boundary - Domestic minimum monthly charge will be \$30.85 which includes the first 200 cf. Thereafter, 201-9,000 .98; 9,001-15,000 1.01; 15,001 and over 1.04. There will be an additional charge of \$30.85 for each additional unit served by the same meter.
 $30.85 \times 7.55 = 38.40$

Class D Service—Industrial/Fire Hydrant Meters—Customers will be required to pay minimum of **\$98.93** for installation and a **\$1170.51** refundable security deposit for service meter replacement. Customer will be charged at the monthly rate of **\$98.93** plus the cost of water: **\$1.27** per 100 cu. ft. to be billed monthly. If installation of service is impractical or impossible, the rate shall be arrived at by mutual agreement.
 $98.93 \times 7.55 = 106.48$

Class E Service— Rates will be identical to those of Class B service, but with an additional charge of **\$20.55** for each additional service.

Class K Service/Trailer Parks - Rates shall be the same as Class A service, but with an additional charge of **\$20.55** for each additional residence.

Additional Units - All new connections to existing meters requiring a Shasta County Building Permit shall be required to pay capital improvement/capacity charges for each additional unit, based on the cost of a 3/4" service (\$12,051.00) prior to receiving water service.

County Water/Sewer Clearance Forms—There will be a charge of **\$36.41** for research/completion of all County water/sewer clearance forms.

Permit/Will Serve Letter—There will be a charge of **\$98.93 per hour** for all permit/will serve letters.

Annexation Fees - The charge for annexation is time (**\$98.93 per hour**), and materials (**\$388.05 minimum deposit**), plus LAFCO, State Board of Equalization fees and legal description fees.