

Linda County Water District

Prop 218 Public Hearing FAQ

Responses to District customers questions and comments on Proposed Water Rate Increase from the Linda County Water District's Proposition 218 public hearing, held 12 August 2019, related to a proposed increase of water service within the District:

1. Why does the latest Consumer Confidence Report (CCR) have sample data from previous years?

- The State of California sets the monitoring frequency for the contaminants listed in the CCR, some contaminants have a sampling frequency greater than a year because the concentrations of these contaminants do not change frequently. This results in some of our data, though representative, being more than a year old and will be updated when that contaminants next sampling cycle occurs.

2. Why is our water quality so poor?

- The District's only source of drinking water is groundwater. Groundwater has a higher concentration of minerals than surface water, and many customers from outside the area may be accustomed to the low-mineral content of surface water sources such as lakes or rivers. Potable drinking water provided by our District is extracted through wells and then treated at the wellhead prior to distributing the water to our customers. Groundwater is drawn from the South Yuba Groundwater Basin. Although plentiful, the quality of the water does have elevated levels of naturally occurring iron, manganese, hydrogen sulfide, methane, and carbon dioxide. At each well site, groundwater is pumped through a ventilated aeration tower to remove volatile contaminants (primarily hydrogen sulfide, methane, and carbon dioxide). Oxidation with free chlorine and filtration is used for the removal of iron and manganese. The District follows all state mandated sampling schedules and all sampling information is reported to the state for review against safe drinking water standards. The District's potable water supply has been and continues to be in compliance with both state and federal safe drinking water standards.

3. Does the monthly service charge paid by customers pay for watering parks and the park strips located in front of homes?

- County tax revenues pay the cost of maintaining and watering local parks. The District sends the County monthly service charges for the water used to irrigate the parks, just like any other customer. The County is also not exempt from paying connection fees. The County's planning department establishes development requirements in the unincorporated areas of the County. Landscaped parking strips located in front of some District customer properties were required by the County Planning department as part of the subdivision approval process. The County is in charge of maintaining these park strips. The District only provides the water necessary to irrigate these areas and has no say in their maintenance and watering schedule.

4. Should we be concerned with over drafting our aquifer?

- The Yuba Water Agency is the acting groundwater sustainability agency (GSA) for the County and was formed in response to the Sustainable Groundwater Management Act (SGMA) adopted by the State of California. The Yuba Water Agency works cooperatively with irrigation districts and water purveyors to manage groundwater resources in the north and south Yuba sub-basins. Management includes carefully monitoring groundwater levels. Through careful stewardship of groundwater resources and supplementing demands with surface water to correct previous over-drafting, Yuba County's groundwater basin has recovered to historically high levels and continues to remain within that range. For more information visit the Yuba Water Agency website.

5. What should we expect to see as a result of this rate increase?

- The rate increase will help fund necessary capital improvement projects that will enhance the District's groundwater treatment and distribution system's reliability and resiliency. This in turn will provide the continued confidence in the system's ability to meet fire flows and system demands by adding additional sources of groundwater. Capital improvement projects will also focus on the protection of existing infrastructure through preventative maintenance and rehabilitation projects that extends the useful life our District assets.

6. What is the basis for the rate study?

- The District retained the services of an engineering consulting firm to develop a comprehensive plan that enables the District to accommodate future growth and continue to cost effectively provide a reliable supply of water to its customers. The purpose of this plan, known as the 2019 Water System Master Plan (Master Plan) is to serve as a guide for the development of new facilities that will meet future capacity needs and comply with current and future regulatory requirements. Within the Master Plan is a capital improvement plan (CIP) that lists numerous capital projects and their estimated construction cost. The CIP serves as the foundation for the proposed capital program included in the rate study.
- In addition to capital improvements a rate study fully examines the operation and maintenance costs related to the District's water infrastructure. These costs include electricity, staffing, chemicals, water sampling and compliance costs and a myriad of other regularly incurred costs related to keeping the infrastructure performing as desired. Also, other incidental costs such as accounting, billing of customers, taxes and insurance etc. need to be accounted for in the calculations that make up a rate study for a utility.

7. Why do we need to fix our wells?

- It is not uncommon for wells to undergo rehabilitation efforts to improve flow characteristics resulting from degradation over time. Degradation of a well can take place for multiple reasons, but in all cases pose a threat to production. The District's Well 15 has been rehabilitated twice since being constructed. The first rehabilitation restored the Well to nearly full production capacity; however, the most recent

rehabilitation only restored the Well to 60 percent of its original production capacity. It is anticipated that rehabilitation (likely within 5 years) will demonstrate the need for a new replacement well to be drilled.

8. Has the Proposition 218 process been completed?

- Linda County Water District has complied with the requirements of Prop. 218. A Water Rate Study was completed that analyzes anticipated revenues and projected expenses of the District. The final report is available for review at the District Office. Basic assumptions used in developing the Rate Study were discussed with the Board of Directors prior to completing the study and holding the public hearing. Water Customers and property owners were both notified through the US Postal Service. Each property owner served by the District was sent a notice and if a different name was attached to the customer account they were also notified. A total of 6,033 Public Hearing notices were prepared and mailed by a mailing service in Sacramento. Addresses of the owners/customers were supplied by the District to the mailing service.
- The Public Hearing was held on August 12, 2019. A total of 374 protest votes were received which falls short of the 51% opposition vote identified in the law to overturn the proposed action. Protest votes were counted by the Board Secretary of the District and her staff. Common practice is to have either the City or County Clerk (if the City or County owns a utility) count the number of protests. Special Districts, like LCWD use their Board Secretary. It is not a common practice for Prop. 218 protests to use an outside entity to count the protest received.
- Noted at the Hearing, the opposition vote is now closed. The Board did table their vote on the proposed rate increase until its September 9th Board Meeting pending additional information from staff related to the ability of the District to spread the increase out over a 5-year period.

9. When was the last Water Rate Study Conducted?

- The last Water Rate Study was completed in 2008 in conjunction with the last Wastewater Rate Study. At that time, Staff recommended an increase of the water rates but the Board did not support that recommendation with the caveat that the *“Wastewater Rate Increase was significant, and they did not want to compound that by adding on a Water Rate increase as well.”*
- The current water rate study covers a 5-year period. Formal water rates studies will be conducted every 5 years from this point moving forward. Part of the current rate study entailed developing a rate model which enables the District to do interim checks during the 5-year rate horizon using more up to date information.

10. Why wasn't a Ballot Measure used instead of using the Proposition 218 Process?

- The timing of a ballot measure makes it difficult to implement rate increases that coincide with fiscal year budgeting. Developing a ballot measure and scheduling for an election is very expensive and doesn't negate the requirement for the District to comply with Proposition 218. Proposition 218 was developed with the intent of providing

transparency to the rate setting process and give property owners the opportunity to protest the proposed rate setting action.

11. Can connection fees from new development be used to augment rates?

- In California AB 1600 strictly prohibits the use of connection or impact fees to balance operating budgets. Fees received from new development should not be comingled with operating revenues, but should be dedicated to funding capital improvement projects required to serve new development.

12. What are Developers required to do to obtain service for parcels they are developing?

- Developers are required to submit their proposed subdivision to the District for review and comment. During the review process, the District in conjunction with the developer identify what infrastructure is required to serve the proposed area. The developer is then required to construct the local infrastructure required for service. Examples include pipelines, valves, hydrants, services and more.
- If the existing distribution system needs to be extended and/or upsized to provide service to the new area, District Staff works with the developer to identify costs sharing opportunities for system expansions. It is the developer's responsibility to provide system capacity to serve the proposed development. Connection Fees are collected prior to water metering services being provided by the District and that revenue received is used to construct system wide infrastructure like new wells and treatment facilities, transmission pipelines, storage tanks, etc.

13. Does the District have a financial Audit?

- A financial audit is currently underway. The findings of the audit will be presented to the Board of Directors at an upcoming Board Meeting. The most up to date District financial information is contained in the Water Rate Study. The District has a printed version of the Rate Study and it is available for public review at the District Office.

14. Why doesn't the District issue Bonds?

- Issuing bonds is one financing mechanism used to acquire debt by public entities to fund capital projects. The District is actively pursuing grants and low interest loans from the State Department of Water Resources to fund District capital projects. The choice to use bonds is primarily a cost issue - if bonds can be sold at a cheaper interest rate than what a low interest loan can be obtained from by the State, then use of bonds would be the financial method of choice. The District takes into consideration multiple financing methods, but in the end, it is the cheaper financing method that is used.

15. Water Conservation throughout the District?

- The District encourages wise use of water for landscaping, interior use, and for commercial purposes. Reducing the amount of water used is one way customers can reduce their monthly bill, especially during summer months when water use is at its highest point. In many cases, customers unknowingly overwater their landscape.

Suggested tips for outdoor water use are available from the District, County and various sources on the web.

16. What are the proposed capital projects over the next five years?

- There are nearly a dozen Capital Improvement Projects (CIPs) to be constructed over the next five years. Major projects include the construction of a new groundwater treatment and distribution pumping facility, known as the Well 17 Project, a backwash tank recoating project, rehabilitation of existing pressure filters, pipeline replacement projects and upgrades to existing on-site sodium hypochlorite generation systems used for the production of chlorine for oxidation and disinfection of groundwater contaminants. The projects listed above, and others can be found in the District's Draft Master Plan, which is available for public review at the District's office.

17. How is the Board of Directors for the Linda County Water District Selected?

- There are five directors that comprise the LCWD Board of Directors. The directors are publicly elected and serve terms of 4-years. On even numbered years, corresponding with national elections either two or three of the director seats on the board are up for re-election. To run for a board director position the candidates register with the Yuba County elections office prior to the election, as the County administers the elections at the local level. The County informs the District on the number of candidates applying for the available director positions. If there are the same number of applicants applying for director positions as there are seats, the election is considered unopposed and not listed on the ballot. The last several years the District has had the same number of applicants as available director positions and the seats have not been listed on the ballot. The District's last contested election for board positions was in 2014, and the prospective candidates for that election were all listed on the ballot for that general election.
- In order to hold a seat on the District's board the director must live within the District boundaries and receive water/sewer service from the District. Directors are paid about \$120 per month for board meeting attendance and receive no other financial consideration from the District. All the board members pay the same water and sewer rates as the rest of the District's customers.

18. Why are there so many difficulties with customers receiving their water/sewer bills?

- The District sends out water/sewer bills for delivery to the customers through the bulk mailing process at the Marysville Post Office. The District makes this bulk delivery to the post office by the end of each month anticipating delivery by the fifth day of the following month. If a customer has not received a bill by the tenth of the month, we ask that they call our office for their billing information. We understand that in recent years the bulk mail process for the post office has changed and may not be handled in Marysville but sent to a central processing location. We have been aware that in recent years the District's utility bills have seen an increased number of irregular delivery times. At this time, our options for delivering the utility bills to the customers are limited to the US Mail service.

- The District is in the process of modernizing and updating its billing software. Our primary reason for going through this transition is to move to a billing software package that will allow customers to pay their water/sewer bills online. The new software does also give the District the option to produce a much more informative bill to send to our customers utilizing a more streamlined process. This should give us additional options to have access to a more reliable interface with the US Mail service and will likely allow access to a better way of mailing out our bills than the bulk mail process as it currently operates.

19. Has the District looked into State or Federal grants to help meet its capital improvement needs?

- In the last twelve months the District has received \$1.4 million in grants from state and federal sources. These grants were awarded to the District only after being pursued by Staff members and are not automatically allotted by public funding agencies. The District received a \$400,000 grant from the state Department of Water Resources (DWR) to replace water valves throughout the District that had exceeded their useful life. This project was successfully completed earlier this year. The District also received a \$1,000,000 grant from DWR to begin the design and construction of Well 17, which is anticipated to have a total cost of thirteen to fourteen million dollars. Additionally, the District works with the Yuba Water Agency to find funding opportunities for District projects and is aware of the availability of grants from YWA.
- The District is looking at some significant infrastructure costs over the next five-year planning cycle as well as over the longer term twenty-year plan. The District is actively seeking additional grant monies to offset these costs to the District's customers.

20. What is the Linda County Water District?

- The Linda County Water District is a special service utility district providing water and sewer services to its customers within the community of Linda, California. The name of the district denotes that it has been formed as a "County Water District", a specific type of special services district described by California state code, serving the community of Linda. We know that the county is not named "Linda", we get that question a lot from people visiting the District or calling from out of the area.
- As a special service district providing water and sewer services, the District is a stand-alone entity and not part of the Yuba County administrative structure, although we do coordinate and communicate regularly with Yuba County staff. The LCWD does not govern planning, watering of parks, new subdivisions etc. Those services are provided by Yuba County. Yuba County purchases water to water the parks and County facilities within the District and they pay the same service rates as the rest of the District's customers.