

Arrowbear Park County Water District

P. O. Box 4045

Arrowbear Lake, CA 92382-4045

(909) 867-2704



NOTICE OF PROPOSED RATE ADJUSTMENT - WATER & SEWER CHARGES

Dear Customer,

OUR GOAL Arrowbear Park County Water District (APCWD) is dedicated to providing reliable water and sewer collection services in a cost-effective manner while protecting the District's resources and the public's health.

BACKGROUND To ensure that this goal is met, it is imperative to accurately account for the costs to provide for these services, currently, as well as into the future. Periodically it is necessary to adjust the rates for services in order to cover these costs. Lately, rising costs like: electricity, fuel, insurance, materials, supplies, equipment, labor, regional wastewater treatment plant's operations and capital improvement costs, state-mandated water testing, and system maintenance costs have outpaced the revenues generated by the current rates charged. APCWD strives to keep its costs as low as possible, however many of these costs are beyond the District's control. Additionally, future infrastructure and capital asset replacements need to be factored into current rates. Proposition 218's cost-recovery requirement specifies that rates cannot exceed the cost of providing a service (current operating expenses plus projected future infrastructure and equipment replacement costs). In order to properly adjust the rates charged for services and comply with Proposition 218 requirements, a rate study should be done. Through a grant from the State Water Resources Control Board (SWRCB) a rate study was performed by Rural Community Assistance Corporation (RCAC) in coordination with District management. When finalized, the complete rate study will be available to be viewed on the District's website at: <http://www.arrowbearwater.org/rates---fees.html>.

RATE STUDY METHODOLOGY The ultimate purpose of a rate study is to determine whether operating revenues are sufficient to meet expenses (current operating expenses plus projected future infrastructure and equipment replacement costs). Determining future costs is accomplished by creating an inventory of the District's equipment and infrastructure, determining the effective lifespan of the equipment and infrastructure, and projecting the cost of replacement at the end of this lifespan.

SUMMARY OF RATE STUDY FINDINGS

- Inflation - current rates do not account for inflationary pressures to operating expenses.
Recommendation: Adopt a 5-year rate plan that would adjust for inflation each year.
- Projected future infrastructure and equipment replacement costs - current rates do not adequately factor in these future costs.
Recommendation: Increase rates sufficient to cover operating costs *plus* projected future infrastructure and equipment replacement costs.
- Rate structure - current rate structures were not fully Proposition 218 compliant.
Recommendation: Proposition 218's cost-recovery requirement specifies that rates cannot exceed the cost of providing a service and that a utility supplier must also be able justify its rate structure. For instance, rate structures must not charge one customer a different rate than another for the same amount of water, unless the water supplier can show that the costs to provide the service are different for each customer. For this reason, APCWD is proposing a change in how water rates are structured. Currently each customer receives an allotment of 600 cubic feet of water (4,488 gallons) each month. This method has some inherent fairness issues when it comes to properly allocating the cost of providing services to those who are using the services. In our current rate structure, those who use less are charged the same as those who use more. For example: a customer who uses 200 cubic feet (CuFt) of water (1,496 gallons) in a month and pays the current monthly base rate of \$30.50 is paying about \$0.02 per gallon while another customer that uses the allotted 600 cubic feet (CuFt) of water (4,488 gallons) in a month and pays the current monthly base rate of \$30.50 is paying only about \$0.008 per gallon. In order to comply with Proposition 218's requirements, water utilities are moving away from this

type of cost allocation to a fairer structure that charges a base rate that covers basic operational and capital improvement costs, plus a water usage rate charge based on the amount of water a customer actually uses. The proposed usage rate will initially be reduced from the current \$0.07 per cubic foot to \$0.05 per cubic foot in order to minimize the impact this change has on the District's customers. Additionally, when water resources are at a premium, APCWD wants to provide an incentive for those who conserve and use less. APCWD is also proposing a simplification to the drought pricing which will eliminate the current tiered structure and replace it with a simple \$0.02 per cubic foot surcharge when the three conditions exist for drought pricing. The drought pricing policy can be viewed on the District's website at: <http://www.arrowbearwater.org/rates---fees.html>.

For commercial sewer rates, APCWD is proposing a change in the rate structure. Commercial accounts will be assessed an Equivalent Dwelling Unit or "EDU" which is the unit of measure by which the user fees shall be imposed upon the commercial property, which shall be deemed to constitute the estimated equivalent amount of sanitary sewage discharge by a typical single-family dwelling unit. An initial EDU assessment of each commercial property will be done to determine that property's base sewer rate prior to proposed rates going into effect. The proposed policy and EDU table by commercial type is attached for commercial customers and can also be viewed on the District's website at: <http://www.arrowbearwater.org/rates---fees.html>.

PROPOSED RATES

The following tables show our current rates and the proposed rates.

Base Water	Current	July 2022	July 2023	July 2024	July 2025	July 2026
3/4" Meter	\$ 30.50	\$ 33.55	\$ 36.91	\$ 40.60	\$ 44.66	\$ 49.12
1" Meter		\$ 71.05	\$ 78.16	\$ 85.97	\$ 94.57	\$ 104.02
1 1/2" Meter		\$ 142.10	\$ 156.31	\$ 171.94	\$ 189.14	\$ 208.05
2" Meter		\$ 227.36	\$ 250.10	\$ 275.11	\$ 302.62	\$ 332.88
6" Meter		\$ 376.00	\$ 413.60	\$ 454.96	\$ 500.46	\$ 550.50
Usage Rate per CuFt (7.48 Gallons)	\$ 0.070	\$ 0.050	\$ 0.0513	\$ 0.0525	\$ 0.0538	\$ 0.0552

Base Sewer	Current	July 2022	July 2023	July 2024	July 2025	July 2026
Per Equivalent Dwelling Unit (EDU)	\$ 41.00	\$ 44.28	\$ 47.27	\$ 50.46	\$ 53.87	\$ 57.50

PUBLIC HEARING

A public hearing to consider the proposed rate increases will be held at a regular meeting of the APCWD Board of Directors on June 16, 2022 at 6:30 p.m. at the District Office, 2365 Fir Drive, Arrowbear Lake, CA. At the hearing, the APCWD Board will consider adoption of a resolution that adjusts water and sewer rates and fees as shown in the table on this notice effective for the July 2022 - 2026 billing periods.

Customers may protest the proposed rate increases prior to the public hearing in writing. A valid protest must contain a description of the property (address or assessor's parcel number) sufficient to identify the property, the signature of the property owner of record as shown on the last equalized assessment roll used by the County of San Bernardino for assessing taxes, or signature accompanied by written evidence that the signer is the owner if he or she is not identified as the owner of record on the last tax roll.

Protests may be mailed,
Arrowbear Park County Water District
P.O. Box 4045
Arrowbear Lake, CA 92382-4045

or personally delivered to:
Arrowbear Park County Water District
2365 Fir Dr.
Arrowbear Lake, CA 92382

All protests must be received by the District before the June 16, 2022 public hearing is closed. If written protests are received on behalf of a majority of the affected properties, the proposed rate changes will not be put into effect.

Sincerely,
 Your Board of Directors
 Arrowbear Park County Water District