

LELAND MEADOW WATER DISTRICT

C/O MARVIN PALMER, 10454 HENSHAW DRIVE, STOCKTON, CA 95219

marvin-palmer@sbcglobal.net

209-951-0573

GENERAL MANAGER REPORT

Resolutions to establish the Schedule of Water and Sewer Rates effective July 1, 2019

RECOMMENDED ACTION: Approve Resolutions 2019-08 & 2019-09 to approve the Water and Sewer Rates as presented in the Bartle Wells Water & Sewer Rate Study pursuant to Proposition 218.

BACKGROUND: Leland Meadow Water District provides water and wastewater services to the Customers in the District. The current user fees for water and wastewater services are insufficient to meet both the current financial requirements of the District as well as future financial requirements of the District.

Pursuant to Proposition 218, during a Special Meeting January 2, 2019, the District Board approved hiring Bartle Wells Associates, a public finance consulting firm to conduct a Rate Study under direction of General Manager to recommend rates designed to provide adequate funding for ongoing operating and capital costs to support long-term financial stability in compliance with the legal requirements of Proposition 218. Bartle Wells Associates prepared a Rate Study March 7, 2019. The Board accepted the Rate Study during a Special Meeting March 13, 2019 and approved distribution of the required Proposition 218 notice to all Customers March 16, 2019 and the scheduling of a Public Hearing to be held during the May 25, 2019 LMWD Board Meeting.

During the duly noticed Special Meeting of March 13, 2019, the Board reviewed the Bartle Wells Water & Sewer Rate Study and accepted the report and directed the Secretary to distribute notices of a Public Rate Hearing to all Customers. The notices were mailed to every customer (60 total) March 16, 2019 (Attachment 3) describing the following proposed increases to water and sewer rates:

| Monthly Fixed Rates | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <i>Rates Effective Date</i> | 7/1/2019 | 1/1/2020 | 1/1/2021 | 1/1/2022 | 1/1/2023 | 1/1/2024 |
| Water Rates | \$100.00 | \$103.00 | \$106.09 | \$109.28 | \$112.56 | \$115.94 |
| Sewer Rates | \$100.00 | \$103.00 | \$106.09 | \$109.28 | \$112.56 | \$115.94 |

Under the provisions of Proposition 218, if LMWD receives written protests from a majority of affected ratepayers (written protests from more than 30 Customers), the Board cannot approve the proposed rate increase. As of May 16, 2019, the LMWD has received no written protests.

The proposed water rates would provide sufficient funds to recover operating costs and continue to support capital projects for the rehabilitation and maintenance of the LMWD water system.

The proposed sewer rates would provide sufficient funds to recover operating costs and continue to support capital projects for the rehabilitation and maintenance of the LMWD wastewater system.

The proposed water and sewer rates would increase the monthly bill for a Customer to \$200 per month starting July 1, 2019 with 3% increases each January 1 starting with 2020.

GENERAL MANAGER RECOMMENDS THAT THE BOARD:

- Open the public hearing, hear testimony and accept all written protests against the water and sewer rate increases from affected ratepayers;
- Close the public hearing;
- Tabulate the written protests
- If there are fewer than a majority of written protests, Adopt Resolutions 2019-08 and 2019-09 (Attachment 1 and 2) to establish the Schedule of Water Service Rates and Schedule of Sewer Service Rates with changes effective July 1, 2019.

FISCAL IMPACT: If the proposed rates are adopted, water and sewer rates will meet the annual operating costs and capital needs as more fully described in the Rate Study (Attachment 4).

OPTIONS: The Board can adopt this Resolution, reject this Resolution or modify the rates included in the resolution.

PUBLIC NOTIFICATIONS: A Notice of Public Hearing was mailed to every customer March 16, 2019.

ATTACHMENTS:

- #1 - Resolution No. WD 2019-08 Resolution to adopt water rates beginning July 1, 2019 pursuant to Proposition 218.
- #2 – Resolution No. WD 2019-09 Resolution to adopt sewer rates beginning July 1, 2019 pursuant to Proposition 218.
- #3 - Proposition 218 Notice.
- #4 - Bartle Wells Rate Study.

Marvin Palmer
5/16/19