



PROPOSED RATE INCREASES TO SEWER SERVICE CHARGES

DATE AND TIME OF PUBLIC HEARING: August 15, 2018 at 6:00PM

LOCATION: Groveland Community Hall, 18720 Hwy 120, Groveland, CA 95321

More Information Can be Viewed at www.gcsd.org

SEWER RATES PROPOSED TO PROVIDE RESERVES AND CASH FOR SYSTEM REPLACEMENTS

The Groveland Community Services District (GCS D) has determined that in order to replace and upgrade failing sewer system infrastructure, it must immediately begin to invest an additional \$300,000 per year in its equipment, pumps, pipes, treatment plant and other expensive assets. To accomplish this, the GCS D sewer charges are proposed to increase an average of \$13.42 per month for each of the next three years, beginning in September 2018. For less than 50 cents per day, your money will leverage at minimum \$10 million in sewer system improvements over the next ten years. Please carefully review this public notice to learn more about the cost of sewer service, how your rates will be spent, how the rate increase specifically applies to your property, and how you go about submitting a formal protest to the rate increase.

YOUR SEWER SYSTEM

The GCS D sewer system serves approximately 1,500 properties in Groveland, Big Oak Flat, and Pine Mountain Lake. The system consists of a **Sewer Collection System**:

- ⇒ **35 miles** of pipes that collect the sewage from homes and businesses and transports the sewage by gravity to the District wastewater treatment plant;
- ⇒ **16 sewer pumping (lift) stations** to move sewage uphill away from Big Oak Flat and Pine Mountain Lake to the treatment plant on Ferretti Road,
- ⇒ **7 miles of sewer force mains**—pressurized pipes that transport sewage from the pump station uphill toward the treatment plant

A Wastewater Treatment and Disposal System:

- ⇒ a wastewater treatment plant that produces high quality recycled water meeting strict state standards
- ⇒ 2 treated wastewater storage reservoirs, and
- ⇒ 15 acres approximately of recycled water spray fields.

The monthly sewer service charges for all customers



Left: Interior of manhole in proper condition

Right: GCS D manhole with corroded concrete and debris

receiving sewer service is in place to support the continued safe and legally compliant operation and maintenance of the Sewer Collection, Treatment and Disposal systems.

The responsibility of District management and its Board of Directors is to protect the public health and safety of our community 24 hours per day, seven days per week. We must understand the true cost of compliance with regulations, system operation and maintenance, improvement and replacement; and to ensure that all benefitting customers pay their proportional share of the associated costs; for the long term.

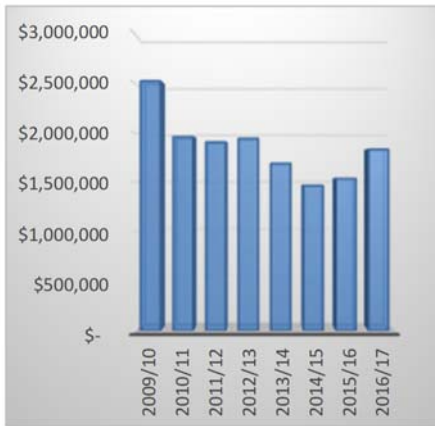
WHY ARE YOU RECEIVING THIS NOTICE?

You are being notified because your property is located in the GCSD service area and is provided sewer service, and thus you pay the rates that are proposed to be increased. The purpose of the public hearing is to consider all comments and protests for and against the proposed sewer rate increase. As the owner or customer of record of a parcel subject to the proposed rate increase, you may submit a written protest against the proposed rate increase. If, before the end of the public hearing a majority of the properties affected by the increase submit a written protest, the increased fee cannot go into effect.

WHAT HAS GCSD DONE TO CONTROL COSTS?

GCSD has gone through significant restructuring and budget cuts to minimize the cost impact to its sewer customers. As

Figure 1—Sewer Operating Expenses



shown in the Figure 1 graph, in an effort to balance its budget, GCSD has greatly reduced its payroll expense as well as its operating expenses.

WHY IS AN INCREASE NEEDED?

The rate increase is necessary to keep up with the cost of efficiently operating, maintaining and improving the system. The rate increase will allow us to leverage \$6 million in state grant funds for sewer system replacement work beginning in 2019. The increase will pay the expense of complying with increasing mandatory state permits, federal clean water regulations, and to fund general operations and sewer system breakdowns. GCSD's regular sewer rates **have not been increased in over 8 years**, which has reduced funding available for system replacements to nearly \$0. The GCSD sewer system was installed in the early 1960's and is beginning to rapidly deteriorate and regularly malfunction, which can result in disastrous effects such as sewer overflows. Investing the rate increases in system replacements will avoid

system malfunction and reduce maintenance expenses in the long term.

WHAT WILL THE RATE INCREASE FUND?

The revenue generated from the proposed rate increase will fund the following:

- **\$100,000** set aside in a restricted reserve fund for sewer main, manhole and force main replacements and to fund treatment plant improvements for regulatory compliance
- **\$300,000** allocated annually for system replacements to improve reliability and increase operating efficiency; replace equipment, pumps, valves and vehicles
- **\$61,394** in new annual loan payments needed to receive a \$6 million state grant for major sewer system replacements planned to start construction in 2019
- Pay for comprehensive sewer master plan study to evaluate sewage collection and treatment system and identify deficiencies and set replacement priorities and schedules

HOW WERE THE RATE INCREASES CALCULATED?



The first step in calculating revenue requirements for the Wastewater (Sewer) Enterprise Fund is to establish a time frame for the revenue requirements analysis. For this study, the revenue requirements were developed for a five-year projected time period (FY 2018/19 – FY 2022/23). Fiscal year 2018/19 is the current budget period, while FY 2019/20 and beyond were projected from this budgeted period. A [Sewer Rate Study](#) was completed by an Independent Public Finance Consulting Firm, dated June 2018. This rate

study is publicly available and provides the analysis and data used in determining the revenue necessary to meet the cost of operating the sewer utility. The rate increases proposed are based on the cost of service, are fair to customers, and meet the substantive requirements of Proposition 218. The proposed rates for September 1, 2018 through June 30, 2023 are shown below. The GCSB Board of Directors will be considering approval of the rates as proposed below following the August 15, 2018 public hearing.

TO PROTEST THESE CHANGES

If you have questions or comments about the proposed rate increases or wish to protest, you may:

Address the Board of Directors: Attend the Public Hearing on August 15, 2018 at 6:00PM at the Groveland Community Hall, 18720 Highway 120 Groveland, CA 95321.

Write: Written protests against the proposed rate increase must be received by the District by the close of the public hearing on August 15, 2018 and must identify an owner of the property, the parcel (APN) number or address of the affected property, and include the original signature of an owner or renter/lessee (if they are financially responsible for the bill) of the parcel. Only one objection per parcel will be counted in calculating a majority protest to the proposed rate change. A protest form is provided on the back of this page, should you care to complete one.

If the District receives written protests against the proposed rates by a majority of the affected property owners/renters/lessees prior to the end of the hearing, the District cannot approve the rate increase.

Additional information regarding how to protest the rate increase is available on the back of his page.

	Current	Proposed Rates	Proposed Rates	Proposed Rates	Proposed Rates	Proposed Rates
		Effective Septem- ber 1, 2018	Effective July 1, 2019	Effective July 1, 2020	Effective July 1, 2021	Effective July 1, 2022
Residential		17%	17%	15%	3%	3%
Monthly Fixed Charge	\$53.10	\$62.13	\$72.69	\$83.59	\$86.10	\$88.68
Debt Service Charge - PML	\$25.75	**\$20.42	\$20.42	\$20.42	\$20.42	\$20.42
Volume Charge (\$/gal)	\$0.00698	\$0.00817	\$0.00955	\$0.01099	\$0.01132	\$0.01166
Typical Residential Bill (3100 gals) - Groveland/BOF	\$74.74	\$87.44	\$102.31	\$117.66	\$121.18	\$124.82
Typical Residential Bill (3100 gals) - PML	\$100.49	**\$107.86	\$122.73	\$138.08	\$141.60	\$145.24
Commercial		17%	17%	15%	3%	3%
Monthly Fixed Charge	\$53.10	\$62.13	\$72.69	\$83.59	\$86.10	\$88.68
Debt Service Charge - PML	\$25.75	\$20.42	\$20.42	\$20.42	\$20.42	\$20.42
Volume Charge (\$/gal)	\$0.01121	\$0.01312	\$0.01535	\$0.01765	\$0.01818	\$0.01872
Typical Commercial Bill (4000 gals) - Groveland/BOF	\$97.94	\$114.59	\$134.07	\$154.18	\$158.81	\$163.57
Typical Commercial Bill (4000 gals) - PML	\$123.69	\$135.01	\$154.49	\$174.60	\$179.23	\$183.99

* Cost of living increase will be tied to CPI for FY2021 and FY 2022.

** Rate reduction of \$5.33 has been applied to PML customers due to a lower interest rate received on debt refinancing

I am protesting the proposed sewer rates under Prop 218 (check box).

Sewer Service Address: _____

Printed Name: _____

Signature: _____

FOLD ON DOTTED LINES

Mail to:

Board Secretary
18966 Ferretti Road,
Groveland CA 95321
Telephone (209) 962-7161

-OR-

File in Person:

Board Secretary
18966 Ferretti Road,
Groveland CA 95321
Telephone (209) 962-7161

In order for a protest to count as valid, it shall be:

1. Submitted by the owner or customer of record (who is not the property owner) for a parcel subject to the water rates.

2. Submitted on this fully completed form or another form with a statement of what is being protested, service address, printed name, and signature provided.

3. A written protest mailed to the Board Secretary or delivered in person prior to the close of the public hearing on August 15, 2018 at 6:00pm. **Verbal, fax, email or other electronic protests are not valid.**

4. A maximum of one protest per parcel will be counted.