

**Proposition 218 Notification
Notice of Public Hearing
Water Rate Adjustment**

Hearing: December 20, 2022 6:30 PM

Hearing Location: Mad River Grange-110 Hatchery Road, Blue Lake

This letter is to advise you that the City of Blue Lake is proposing a water rate adjustment for all users connected to the Blue Lake System. The proposal will be considered by the City Council at a Public Hearing on December 20th at 6:30 PM. You are receiving this notice in compliance with the California Proposition 218 requirement that all impacted property owners be mailed notice of proposed rate changes at least 45 days prior to a public hearing.

If you have any questions regarding this notice, please call the City Office Monday through Friday, between the hours of 9:00 am – 12:00 noon, or 1:00 pm – 4:00 pm at 707-668-5655

BASIS OF PROPOSED RATE ADJUSTMENT

The City of Blue Lake is required to collect revenues sufficient to fund current and future costs of operating, maintaining, and administering the existing water facilities as well as to fund the capital improvements and infrastructure replacement program. These revenues allow Blue Lake to protect public health and safely and reliably convey and treat water. Blue Lake may not collect more revenue than is necessary to recover the costs of providing services. The proposed rates were developed through a comprehensive Water Rate Study designed to meet all legal requirements and fairly and equitably recover the required revenue. The Water Rate Study, which provides an explanation of the projected inflationary impact on operating costs, was prepared by Rural Community Assistance Corporation (RCAC) and will be available for review by the public on the City of Blue Lake's Website at www.bluelake.ca.gov after November 7, 2022.

WHY THE CITY OF BLUE LAKE'S WATER RATE MUST BE ADJUSTED

Customer rates are the primary source of revenue to operate the water system. These rates generate the revenue to operate the system and invest in necessary upgrades. The system has made inflationary adjustments to the water systems rates over the past several years but has not engaged in a comprehensive analysis in close to a decade. The city has been setting aside reserves, but the city is projected to fall short of covering operations in the next several years. Additionally, the proportional use rule associated with Proposition 218 is difficult to justify under the current rate structure.

WHAT STEPS DID THE CITY OF BLUE LAKE TAKE TO REDUCE COST BEFORE CONSIDERING INCREASING CUSTOMER RATES?

The City of Blue Lake makes every effort to keep costs affordable, including maximizing the life of the assets of the City. Blue Lake's largest expenses are purchased water and the turbidity reduction fees from the Humboldt Bay Municipal Water District. The City has created a cost allocation methodology to

split costs of shared expenses, such as insurance, shared vehicles, salaries, and office expenses. The water system’s revenue must cover their fair share of these shared expenses.

RATE ADJUSTMENT HEARING PROCEDURE

All property owners, water customers of Blue Lake and other interested persons are invited to attend the hearing and present written and/or oral comments. As an owner of record of a parcel subject to the imposition of the proposed rate adjustments, and/or the tenant directly liable to the City of Blue Lake for the proposed fee, you may submit a written protest against the proposed rate changes. Only one written protest will be counted per identified parcel.

Written protests must include:

- Your signature and date
- Your name typed or printed under the signature
- The assessor’s parcel number or street address of the property; and
- An affirmation that you are the owner or water customer of record of the property
- Only one protest will be allowed per parcel

Written protests will not be accepted by e-mail or fax. Verbal protests will not be counted. Protests must be received (not postmarked) prior to the close of the public hearing. Written protests may be submitted to:

Delivered in Person

*Blue Lake City Hall
111 Greenwood Rd
Blue Lake, CA 95525*

Submitted by Mail

*PO Box 458
Blue Lake, CA 95525-0458*

The City Council of the City of Blue Lake, after the close of the public hearing, and provided that written protests from a majority of properties subject to the increased rates has not been received, will vote to adopt the rates. The rates will not exceed the increases set forth herein. The adoption may not take place at the December 20, 2022, meeting if time is needed to verify and count the letters of protest. It may occur at a subsequent Council meeting.

PROPOSED MONTHLY RATE SCHEDULE

The water base rate will be increased as set forth on the following table effective on January 20, 2023 and will increase by **4%** for four subsequent years. Any subsequent rate adjustments that increase rates will be subject to a Proposition 218 hearing.

PROPOSED MONTHLY RATE SCHEDULES

Current Base Rates:

| Meter Size | Inside the City | Inside the City TRF | Current Combined Charge | Outside the City | Outside the City TRF | Current Combined Charge |
|------------|-----------------|---------------------|-------------------------|------------------|----------------------|-------------------------|
| 5/8" | \$27.48 | \$1.00 | \$28.48 | \$41.22 | \$1.50 | \$42.72 |
| 3/4" | \$27.48 | \$1.11 | \$28.59 | \$41.22 | \$1.67 | \$42.89 |
| 1" | \$45.48 | \$1.33 | \$46.81 | \$68.82 | \$2.00 | \$70.82 |
| 1-1/2" | \$91.48 | \$1.44 | \$92.92 | \$137.22 | \$2.17 | \$139.39 |
| 2" | \$146.41 | \$1.67 | \$148.08 | \$219.63 | \$2.51 | \$222.14 |
| 3" | \$320.57 | \$3.89 | \$324.46 | \$480.86 | \$5.84 | \$486.70 |
| 4" | \$576.86 | \$5.56 | \$582.42 | \$865.30 | \$8.33 | \$873.63 |
| 6" | \$1,282.02 | \$11.11 | \$1,293.13 | \$1,923.03 | \$16.67 | \$1,939.70 |

Current Usage Rates:

| Tier in CF | Inside of City | Outside of City |
|------------|----------------|-----------------|
| 0-200 | \$1.87 | \$2.81 |
| 201-400 | \$1.97 | \$2.98 |
| 401-1,200 | \$2.10 | \$3.15 |
| 1,201+ | \$2.05 | \$3.05 |

Proposed Base Rates: Effective January 20th of each year

| Meter Size | 2023 | 2024 | 2025 | 2026 | 2027 |
|------------|------------|------------|------------|------------|------------|
| 5/8" | \$41.07 | \$42.71 | \$44.42 | \$46.20 | \$48.05 |
| ¾" | \$61.61 | \$64.07 | \$66.63 | \$69.30 | \$72.07 |
| 1" | \$102.68 | \$106.79 | \$111.06 | \$115.50 | \$120.12 |
| 1-1/2" | \$205.36 | \$213.57 | \$222.12 | \$231.00 | \$240.24 |
| 2" | \$328.57 | \$341.72 | \$355.38 | \$369.60 | \$384.38 |
| 3" | \$657.15 | \$683.43 | \$710.77 | \$739.20 | \$768.77 |
| 4" | \$1,026.79 | \$1,067.86 | \$1,110.58 | \$1,155.00 | \$1,201.20 |

Proposed Usage Charge

\$1.90 per 100 cubic feet.

The turbidity reduction fee from the Humboldt Bay Municipal Water District (HBMWD) will be passed directly to the customer in the form of a fee. This will be determined by the HBMWD and indicated on the customer's bill.

In an effort to provide transparency, information will be available as noted at the City of Blue Lake Offices, as well as online at www.bluelake.ca.gov