



COUNTY OF LAKE
SPECIAL DISTRICTS ADMINISTRATION
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Lakeport, California 95453
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NOTICE OF PUBLIC HEARING REGARDING SEWER RATE INCREASE

Public Hearing Date: December 6, 2022
Public Hearing Time: 9:15 a.m.
Public Hearing Location: Lake County Board of Supervisors Chambers
255 North Forbes Street
Lakeport, CA 95453

WHY ARE YOU RECEIVING THIS NOTICE?

Pursuant to Article XII (D) of the California Constitution, the Lake County Sanitation District (LACOSAN) is proposing to increase current sewer rates for the Middletown Sewer. The District is dedicated to keeping rates as low as possible but the costs involved in maintaining the sewer system, in implementing necessary improvements to the system, and in responding to regulatory demands have risen. The proposed rate structure 1) will recover costs prudently borne in providing essential services; 2) is equitable and proportionate to all customer classes; and 3) is practical and easy to implement and understand. If adopted, the increases for the sewer service fees will be effective on or after February 16, 2023 and each year thereafter in the five-year planning period with no additional required action or notice by the District.

COMPLIANCE WITH PROPOSITION 218

In 1996, California voters approved Proposition 218, which amended the state constitution as it relates to the passage of property-related fees. Proposition 218 requires that local governments follow a strictly defined process for setting fees such as water or sewer bills.

Generally speaking, in order to increase sewer charges and fees for the Middletown Sewer, the District must 1) inform ratepayers that a proposed rate increase is being considered 2) clearly demonstrate the basis on which these fees are calculated and 3) hold a public hearing at least 45 days after noticing property owners, at which time the District hears all protests to the rate increase. These rates are subject to "majority protest," meaning they cannot be passed if a majority of property owners submit written, signed, and timely protests opposing the increase as is more particularly described herein below.

California Environmental Quality Act (CEQA)

This Ordinance is exempt from the California Environmental Quality Act (CEQA), Public Resources Code Section 21000 et seq., because it can be seen with certainty that there is no possibility that the enactment of this Ordinance would have a significant effect on the environment (Pub. Resources Code Section 21065; CEQA Guidelines Sections 15378(b)(4), 15061(b)(3)) and because the Ordinance involves the approval of government revenues to fund existing services (Pub. Resources Code Section 21080(b)(8); CEQA Guidelines Section 15273(a)(4).

BACKGROUND and REASON FOR INCREASE

Although the District strives for cost reductions in operating expenses and improvements on the sewer system assets, it must also keep pace with inflation and other cost increases and also maintain the system to meet customer service requirements. LACOSAN has secured outside funding for major capital projects; however, day-to-day operating costs alone currently exceed operating revenues*. District customers have not experienced rate restructuring since the approval of the rate structure in 1995 and the proposed rates are needed to continue to deliver high-quality service. Additionally, the effects of the Valley Fire produced a major impact on the ability of the District to service its customers. In order to counteract the effects of the Valley Fire and maintain sufficient cash balances in case of future emergencies, the proposed rates were designed to allow the District to build emergency reserve funding. **(A-4. Disclosure "Funding has been provided in full or in part through an agreement with the State Water Resources Control Board using funds from Proposition 1. The contents of this document do not necessarily reflect the views and policies of the foregoing, nor does mention of trade names or commercial products constitute endorsement or recommendation for use.")*

BASIS ON WHICH INCREASE IS CALCULATED

The basis for the increase in monthly charges and fees is to provide adequate funding for the general operation and maintenance of the sewer system, develop a revenue stream to fund capital improvements and major repairs. Additionally, Middletown Sewer has secured a grant with the State Water Resources Control Board and a rate increase is necessary to complete construction on improvements to the treatment plant. The proposed sewer rate adjustments are necessary for Middletown Sewer to: 1) recover current and projected cost increases to operate the sewer system, 2) maintain the operational and financial stability of the sewer system, 3) avoid operating deficits and depletion of reserves, and 4) comply with state and federal regulatory requirements. The proposed rate adjustments were developed through multi-level analyses of the District's budget and financial information by an independent rate consultant. This information became the basis for a study that calculated the proposed rates.

RATE PROPOSAL

Customers receive bi-monthly bills which include charges for sewer service. The proposed rates are the maximum rates the District can implement during the five-year rate plan. The board may adopt rates at a lesser amount of the rates included in this notice, but not higher. **If adopted, the increases for the sewer service fees will be effective on or after February 16, 2023 and each year thereafter in the five-year planning period with no additional required action or notice by the District.**

The District's current rate structure for sewer service fees has nine customer classes. The proposed rates were designed to keep up with the District's operations and maintenance costs and renewal and replacement funding needs. The proposed rates are based on a fixed bi-monthly charge and are structured to recover the costs proportionately from customer classes attributed to sewer services. Total costs are divided by each customer class's total flow and strength to determine customer class-specific contributions to ensure individual customer equity.

Proposed Rates:

		Bi-Monthly (Every Two Months)					
	Unit	Current	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
Residential or Dwelling (Base Charge)	Per SFD	\$32.60	\$59.36	\$62.93	\$65.13	\$67.41	\$69.77
Motel (Without Kitchen)	Per Room	\$6.50	\$11.82	\$12.53	\$12.97	\$13.42	\$13.89
Restaurant	Per Restaurant	\$65.20	\$201.01	\$213.07	\$220.53	\$228.25	\$236.23
Laundromat	Per Machine	\$25.60	\$40.19	\$42.60	\$44.09	\$45.63	\$47.23
School	Per Student	\$2.30	\$5.94	\$6.29	\$6.51	\$6.74	\$6.98
Beauty Shop	Per Shop	\$65.20	\$71.22	\$75.50	\$78.14	\$80.87	\$83.71
Service Station	Per Station	\$65.20	\$205.50	\$217.83	\$225.45	\$233.34	\$241.51

*Where individual service differences could not be determined, customer rates were consolidated to reflect average service requirements by class

ACTION

Before taking final action on the proposed ordinance to increase the sewer charges and fees as shown in the table above, the Board of Directors, acting on behalf of Middletown Sewer, will hold a public hearing in the Lake County Board of Supervisors Chambers, 255 North Forbes St., Lakeport, at 9:15 am on December 6, 2022. This hearing will be for final public testimony, hearing protests, tabulation of any protests submitted, and taking final action on the charges and fees increase. The Board of Directors may modify the proposed charges and fees, but may not take action to increase the amounts proposed herein without further notice and public hearing(s). The Board may continue the hearing from time to time without further written notice.

PROTEST PROCEDURE

The Board will consider all written protests submitted and hear and consider all public comments made at the public hearing. Oral comments at the public hearing will not qualify as formal protests unless accompanied by a written protest. At the conclusion of the public hearing, the Board of Directors will determine whether to adopt the proposed rate increases to the sewer service fees. If, after the close of the public hearing, written protests against any of the proposed rate increases as outlined above are not presented by a majority of the record owners of the identified parcels upon which they are proposed to be imposed, the Board of Directors will be authorized to impose the rate adjustments.

Any **property owner** affected by this sewer rate increase may file with the Clerk of the Board of Directors, at or before the end of the public hearing, a written protest against the proposed charges and fees increase. Each property owner is allowed one (1) vote of protest per parcel. The protest **must** identify the parcel (by service address or assessor's parcel number), state that the identified owner opposes the proposed increases to the sewer rates, the record owner's name and be signed by the owner of the parcel. Each parcel is allowed one vote of protest. The written protests may be hand delivered or mailed to the **Clerk of the Board of Directors at 255 North Forbes St. Lakeport, CA 95453**. All votes received by the Clerk will be considered strictly confidential

and the confidentiality will be protected to every extent possible. To be counted, the Clerk of the Board of Directors must receive a written protest no later than the end of the public hearing specified above. A majority protest exists if, upon the end of the public hearing, there are valid written protests submitted by owners of a majority of the properties subject to the proposed charges and fees increase. A majority protest will result in the charges and fees increase not being implemented.

Only submit written documentation if you are **PROTESTING** the rate structure.

For additional information about the proposed sewer charges and fees increase contact Scott Harter, Administrator at the Special Districts office located at 230 North Main St. Lakeport, CA 95453, or call (707) 263-0119. Documents relevant to the Sewer charges and fees increase may be reviewed at the office in Lakeport during regular business hours, 8:00 a.m. to 5:00 p.m., Monday through Friday, excluding holidays.