



NOTICE CONCERNING PROPOSED WASTEWATER RATE INCREASES AND PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on **Tuesday, April 7, 2020, at 6:00 p.m.**, or as soon thereafter as the business of the City Council permits, a public hearing will be held at the City of Shasta Lake City Council Chambers located at 4488 Red Bluff Street, Shasta Lake, California 96019 to consider proposed increases in the City's wastewater rates and charges. If approved by City Council, the proposed rate increases will be effective for services provided on or after June 1, 2020.

WHY ARE THE RATE CHANGES BEING CONSIDERED? The City has been required by the State Water Resources Control Board (SWRCB) to upgrade the City's current wastewater sewage treatment facility. The SWRCB determined that the City's existing reclaimed water treatment plant did not meet California's stringent wastewater sewage treatment standards for discharge. In order to meet the requirements, the City has constructed a state-of-the-art UV light direct discharge wastewater treatment facility. The cost to upgrade to the new treatment process was approximately \$21 million. The City applied for a loan to fund the project through the SWRCB and was successful in receiving a \$6 million grant with the balance of the project funded through a low interest loan of approximately \$15 million. The new annual debt service loan payment is approximately \$640,000.

INDEPENDENT ANALYSIS OF WASTEWATER RATES FOR REPAYMENT OF ANNUAL DEBT FOR NEW FACILITY: The city engaged an independent consulting engineering firm to analyze the City's wastewater fund to develop wastewater rates that would fund the new debt service payment requirement for the upgrade to the City's wastewater treatment plant as well as provide continued funding for operational and capital improvements. This analysis identified several key factors that resulted in the proposed rates. These key factors include, but are not limited to:

- Meet the new annual debt service obligation of approximately \$640,000.
- Meet SWRCB required net revenue calculation of 1.10 times the annual debt service obligation
- Impacts of regulation and legislation
- Continued critical upgrades and/or replacement of aging wastewater facilities and infrastructure
- Compliance with California Proposition 218

The PACE Engineering Draft Wastewater Rate Study will be available on the City's website.

EXPLANATION OF PROPOSED WASTEWATER RATE INCREASES: The City is proposing an increase in the total revenue it receives from customers through its wastewater service over the next 5 years. The total revenue increase per year results in the rate increases shown in the following table. The City's wastewater rate structure will also be modified for non-residential customers and now be billed on 90% of their wintertime water consumption. The following table displays the proposed monthly service charges for the next five fiscal years:

| User Class | Existing FY19-20 | Proposed FY20-21 | Proposed FY21-22 | Proposed FY22-23 | Proposed FY23-24 | Proposed FY24-25 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| Residential Flat Rate per Unit | \$67.02 | \$69.63 | \$72.35 | \$75.17 | \$78.03 | \$80.76 |
| Residential Flat Rate per Unit-Lifeline | \$53.62 | \$55.71 | \$57.88 | \$60.14 | \$62.42 | \$64.61 |
| Efficiency Dwelling Flat Rate per Unit | N/A | \$39.69 | \$41.24 | \$42.85 | \$44.48 | \$46.03 |
| Multi-Family Flat Rate per Unit | \$67.02 | \$59.19 | \$61.50 | \$63.89 | \$66.33 | \$68.65 |
| Non-Residential Rate Per SFEC* | Varies | \$69.63 | \$72.35 | \$75.17 | \$78.03 | \$80.76 |
| Industrial Rate Per SFEC* | Varies | \$69.63 | \$72.35 | \$75.17 | \$78.03 | \$80.76 |

*SFEC: Single Family Equivalent Connection.

PUBLIC HEARING AND PROTEST PROCEEDINGS: Pursuant to State law, protests may be provided by any City customer, or owner of property subject to the proposed rate changes, against the proposed rate changes described in this Notice. Written protests may be submitted in person to the City Council at the Public Hearing. They may also be submitted by mail addressed to the City of Shasta Lake City Clerk at P.O. Box 777, Shasta Lake, CA 96019. **Both in person and mailed written protests must be received prior to the close of the public hearing on April 7, 2020.** Each written protest must clearly identify the property or account (by assessor's parcel number or street address), reference the proposed wastewater rate increases and must include the signature of the property owner or tenant/customer, as applicable. Due to the inability to verify the authenticity of each individual protest, protests received by telephone, electronic mail (e-mail), or via social media sites, including, but not limited to, Facebook or Twitter shall **NOT** be accepted. All interested parties are invited to attend the public hearing and present written protests and/or oral comments on the proposed rate increases referenced herein. Oral comments made at the public hearing will qualify as formal protests of the proposed rate increases if accompanied by a written protest setting forth the required information (as set forth above). If written protests are submitted by a majority of the affected property owners or customers, the proposed increase(s) will not be imposed.