



PICO WATER DISTRICT • 4843 S. CHURCH STREET PICO RIVERA, CA 90660

## PROPOSITION 218 NOTIFICATION

### NOTICE OF PUBLIC HEARING ON WATER RATE CHANGES

**February 15, 2024, at 5:30 p.m.**

**Pico Park Community Center, 9528 Beverly Blvd., Pico Rivera, CA 90660**

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## Important Information About Your Water Rates

This notice is being furnished to you by Pico Water District pursuant to California Constitution Article XIID (also known as “Proposition 218”). Under the terms of Proposition 218, Pico Water District is required to notify the property owners of record of proposed changes to property-related fees, such as for water service.

This serves as notice that the Pico Water District Board of Directors will conduct a public hearing at the time, date and location specified above to consider recommended adjustments to Pico Water District’s water service charges. If approved, the proposed adjustments will be implemented on March 1, 2024. Each element of the proposed action is explained in this document.

All members of the public are invited to attend the public hearing. Additionally, under California state law, all property owners and customers of record may submit a written protest to the proposed rate changes. Only one protest per parcel is permitted. Please refer to the “**How Can I Participate?**” section of this document for instructions on submitting a formal written protest against the proposed action.

All written protests will be verified. You may also appear at the public hearing at the date and time specified above to provide comments and register your written protest.

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## Why Are Rate Increases Are Needed?

Pico Water District (District) provides water services to ratepayers within its boundaries within the City of Pico Rivera. The District strives to keep its rates as low as possible. In 2020, the District engaged an independent consultant to prepare a rate study to determine the appropriate user rates for services from Fiscal Year (FY) 2021 through FY 2025. The third year of the adopted rate schedule is currently in effect. However, unanticipated and increasing costs over the past few years revealed that an updated rate study was necessary, as the District was not generating sufficient revenue and was rapidly spending down its accumulated reserve funds. The District therefore engaged a consultant, Water Resources Economics, to prepare an updated 2023 rate study. That rate study has confirmed that current revenue is not sufficient to cover the District’s costs of providing water to customers for the remaining two years under the rate schedule adopted in 2020. Costs continue to rise due to inflation, with operation and maintenance costs expected to increase 6% annually through the next five years. The District faces substantial capital expenses for the replacement of aging infrastructure and the installation and operation of new treatment systems to remove per- and poly-fluoroalkyl substances (PFAS), the collective term for a group of synthetic chemicals detected in some of the District’s wells.

The 2023 Water Rate Study outlines a new five-year proposed rate schedule for FY 2024 through FY 2028. If adopted, the new rates would replace the final two years of the currently adopted rate schedule. It is important to note that under Proposition 218, rates must be proportional to and may not exceed the cost of providing water service. The proposed rate increases are necessary to enable the District to (1) recover current and projected increases in the costs of operating and maintaining the water system; (2) maintain the operational and financial stability of the District; (3) continue to meet contractual debt coverage requirements; (4) avoid operational deficits and depletion of reserves; (5) construct capital infrastructure improvements needed to repair, replace and update the District’s aging systems; and (6) comply with state and federal regulatory requirements.

For more information regarding the proposed rates and cost-of-service analysis, please refer to the 2023 Water Rate Study, which is available on the District’s website at [PicoWaterDistrict.net](https://www.picowaterdistrict.net) or by request. Please contact the District Office at (562) 692-3756 with any questions.

## Proposed Water Rates and Charges

Currently, a water customer is charged a **monthly fixed service charge** per metered water connection. Single-family residential customers are all subject to the same charge regardless of meter size, while other customers are subject to charges that increase with meter size. Potable water customers are also charged a **fixed monthly infrastructure charge** per metered water connection that currently is the same regardless of meter size. In addition, potable and recycled water customers are charged a **volumetric** rate per billing period based on how much water passes through the meter, per one hundred cubic feet (CCF).

Potable water customers with a separate dedicated private fire protection connection (such as a fire-suppression sprinkler system) are also subject to a **fixed monthly private fire charge** based on the size of the lateral connection.

**The 2023 Water Rate Study recommends one rate structure change to the current rates.** The proposed change would adjust the fixed monthly infrastructure charge to be differentiated by meter size. The fixed infrastructure charge is designed to recover existing debt service associated with potable water system infrastructure improvements. Since the benefit to customers from these system improvements is proportional to water use, it is more equitable for these charges to increase with meter size.

The proposed rate changes also include annual revenue adjustments of 35% in 2024, 20% in 2025, and 12% in years 2026, 2027 and 2028.

If approved, the rate schedule below would take effect March 1, 2024, and thereafter on each January 1 through 2028.

MONTHLY CHARGES	CURRENT	PROPOSED FIVE-YEAR WATER RATE SCHEDULE				
Meter Size	2023	Effective Mar 1, 2024	Effective Jan 1, 2025	Effective Jan 1, 2026	Effective Jan 1, 2027	Effective Jan 1, 2028
<b>FIXED WATER SERVICE CHARGES</b> (All water meters)						
Single Family Residential	\$18.23	\$28.39	\$34.07	\$38.16	\$42.74	\$47.87
5/8-inch meter	\$18.23	\$28.39	\$34.07	\$38.16	\$42.74	\$47.87
1-inch meter	\$40.35	\$61.21	\$73.46	\$82.28	\$92.16	\$103.22
1.5-inch meter	\$77.20	\$115.91	\$139.10	\$155.80	\$174.50	\$195.44
2-inch meter	\$121.44	\$181.55	\$217.86	\$244.01	\$273.30	\$306.10
3-inch meter	\$224.66	\$334.71	\$401.66	\$449.86	\$503.85	\$564.32
4-inch meter	\$372.12	\$553.51	\$664.22	\$743.93	\$833.21	\$933.20
6-inch meter	\$740.74	\$1,100.51	\$1,320.62	\$1,479.10	\$1,656.60	\$1,855.40
<b>FIXED MONTHLY INFRASTRUCTURE CHARGES</b> (Potable water meters only)						
Single Family Residential (all meter sizes)	\$6.50	\$4.35	\$5.22	\$5.85	\$6.56	\$7.35
5/8-inch meter	\$6.50	\$4.35	\$5.22	\$5.85	\$6.56	\$7.35
1-inch meter	\$6.50	\$10.86	\$13.04	\$14.61	\$16.37	\$18.34
1.5-inch meter	\$6.50	\$21.72	\$26.07	\$29.20	\$32.71	\$36.64
2-inch meter	\$6.50	\$34.75	\$41.70	\$46.71	\$52.32	\$58.60
3-inch meter	\$6.50	\$65.16	\$78.20	\$87.59	\$98.11	\$109.89
4-inch meter	\$6.50	\$108.60	\$130.32	\$145.96	\$163.48	\$183.10
6-inch meter	\$6.50	\$217.19	\$260.63	\$291.91	\$326.94	\$366.18
<b>VOLUMETRIC RATES PER CCF*</b>						
Potable Water	\$2.12	\$2.72	\$3.27	\$3.67	\$4.12	\$4.62
Recycled Water	\$2.39	\$2.57	\$3.09	\$3.47	\$3.89	\$4.36
<b>FIXED MONTHLY PRIVATE FIRE CHARGES</b> (Dedicated private fire connections only)						
1.5-inch connection	\$14.75	\$11.16	\$13.40	\$15.01	\$16.82	\$18.84
2-inch connection	\$23.60	\$15.12	\$18.15	\$20.33	\$22.77	\$25.51
4-inch connection	\$44.25	\$53.85	\$64.62	\$72.38	\$81.07	\$90.80
6-inch connection	\$73.74	\$141.85	\$170.22	\$190.65	\$213.53	\$239.16
8-inch connection	\$147.46	\$293.63	\$352.36	\$394.65	\$442.01	\$495.06
10-inch connection	\$339.16	\$521.94	\$626.33	\$701.49	\$785.67	\$879.96

\*One hundred cubic feet

## Pass-Through Rate Adjustments

### For WRD Groundwater Assessment Increases:

The proposed volumetric rates for potable water assume that the Water Replenishment District of Southern California (WRD) will charge the following rates for WRD assessments (includes both Replenishment Assessments and PFAS Assessment Fees): \$1.02 per hundred cubic feet (CCF) through June 30, 2024, \$1.08 per CCF through June 30, 2025, \$1.14 per CCF through June 30, 2026, \$1.20 per CCF through June 30, 2027, and \$1.27 per CCF through June 30, 2028.

Pursuant to California Government Code 53756, the District may pass through any additional increases in the WRD assessments above the projected rates listed above. Future pass-through adjustments will be implemented by increasing the District's volumetric rate for potable water by an amount not to exceed the level of WRD assessment rate increases (in cents per CCF) in excess of the projected WRD assessment rates listed above. For example, if WRD increases its assessment rate to \$1.10 per CCF on July 1, 2024, the District's water volumetric rate could be increased by up to an additional \$0.02 per CCF, equal to the difference between \$1.10 and the projected rate of \$1.08 shown above. Before initiating any pass-through adjustment, the District will notify all customers at least 30 days prior to implementation.

### For CBMWD Recycled Water Wholesale Rate Increases

The proposed volumetric rates for recycled water assume that Central Basin Municipal Water District (CBMWD) will charge the following wholesale rates for recycled water: \$1.81 per hundred cubic feet (CCF) through June 30, 2024, \$1.91 per CCF through June 30, 2025, \$2.02 per CCF through June 30, 2026, \$2.13 per CCF through June 30, 2027, and \$2.25 per CCF through June 30, 2028.

Pursuant to California Government Code 53756, the District may pass through any additional increases in the CBMWD wholesale recycled water rate above the projected rates listed above. Future pass-through adjustments will be implemented by increasing the District's volumetric rate for recycled water by an amount not to exceed the level of the CBMWD wholesale recycled water rate increases (in cents per CCF) in excess of the projected rates listed above. For example, if CBMWD increases its wholesale recycled water rate to \$1.93 per CCF on July 1, 2024, the District's volumetric rate for recycled water could be increased by up to an additional \$0.02 per CCF, equal to the difference between \$1.93 and the projected rate of \$1.91 shown above. Prior to initiating any pass-through adjustment, the District will notify all affected customers at least 30 days prior to implementation.

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## How Can I Learn More?

Information about the proposed rate adjustments, including the rate study, can be found online at [PicoWaterDistrict.net](https://www.picowaterdistrict.net).

Pico Water District will also hold a community meeting to provide details on the proposed rate changes on **Thursday, January 18, 2024, at 5:30 p.m.** People can participate in person at the **Pico Park Community Center, 9528 Beverly Blvd., Pico Rivera, CA 90660** or by using the same Zoom meeting ID, Passcode and/or phone number listed below.

For more information or any questions regarding the proposed rate increases, please contact the District Office at **(562) 692-3756** and ask to speak with **Joe D. Basulto, General Manager**.

## How Can I Participate?

We invite you to join in the conversation and make your voice heard as part of a collaborative process between Pico Water District and its customers to determine the best way forward.

### LOG ON OR CALL

More information, including access to a copy of the rate study, can be found on our website at [picowaterdistrict.net](http://picowaterdistrict.net). You may call the District office at **(562) 692-3756** with any concerns.

### WRITE

Customers directly responsible for the payment of the rates and/or property owners, if different, may submit a written protest against the proposed rate changes; however, only one protest will be counted per identified parcel. Any written protest must (1) specifically identify what is being protested; (2) provide the location of the identified parcel (by assessor's parcel number or street address); and (3) include the printed name and signature of the person who is listed on the utility account and is responsible for paying the utility bill and/or the property owner. Written protests must be submitted by mail to the District Secretary at **P.O. Box 758, Pico Rivera, CA 90660-0758**, (protests submitted by e-mail or other electronic means do not count as a formal written protest) or in person by utilizing the drop box located at **4843 S. Church St., Pico Rivera, CA 90660-2102**, or during the public hearing, provided they are received prior to the conclusion of the public comment portion of the public hearing. For any protest, please identify on the front of the envelope, "Attn: Public Hearing on Rate Increases," whether mailed or submitted in person to the District Secretary. If a majority of property owners or customers of record submit written protests, the proposed rate and charge adjustments will not be adopted. There is a 120-day statute of limitations for challenging any new, increased or extended fee or charge.

### ATTEND

The public is welcome to attend a public hearing with the Board of Directors on **Thursday, February 15, 2024, at 5:30 p.m.** at the Pico Park Community Center, located at **9528 Beverly Blvd., Pico Rivera, CA 90660-2102**. Members of the public can participate in person or by Zoom meeting.

#### **JOIN THE LIVE ZOOM MEETING:**

<https://us06web.zoom.us/j/9521779948?pwd=dGNxcXh3YitEc2NlVVdrUzVvNm4rZz09>

**Meeting ID:** 952 177 9948

**Passcode:** 421745

Or listen in using this information and dialing (669) 900-6833

At the public hearing, all members of the public will have an opportunity to speak and give testimony regarding the proposed water rate adjustments; however, only written protests will count towards a majority protest. Oral comments at the public hearing will not qualify as formal protests unless accompanied by a written protest. If there is no majority protest upon the conclusion of the public hearing, the Board will consider and may adopt the increased rates.