

**Lower Lake County Waterworks District No. 1  
Proposition 218 Notification  
Notice of Public Hearing  
Water Rate Adjustments**

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**Hearing Date and Time: November 26<sup>th</sup>, 2024, 3:30 PM**

**Hearing Location: 16374 Main Street Lower Lake, Ca 95457 (The Brick Hall)**

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This letter is to advise you that the Lower Lake County Waterworks District No. 1 is proposing a five-year water rate program adjustment for all residential and commercial customers. The proposal will be considered by Lower Lake County Waterworks District No. 1 Board of Directors at a Public Hearing on November 26<sup>th</sup>, 2024. You are receiving this notice in compliance with California Proposition 218 requirements that all impacted property owners are mailed notice of proposed rate changes at least 45 days prior to a public hearing.

If you have any questions regarding this notice, please email [office@llcwg.com](mailto:office@llcwg.com)

**BASIS OF PROPOSED RATES**

The Lower Lake County Waterworks District No. 1 is required by State law 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 the Lower Lake County Waterworks District No. 1 to protect public health and safety, and reliably deliver clean, safe drinking water to all connections. By State law, the Lower Lake County Waterworks District No. 1 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. Please note that the rates we are proposing will only recover seventy-five percent of the district's fixed cost. The Water Rate Study was prepared by Rural Community Assistance Corporation (RCAC) and provides a detailed explanation of the projected inflationary impact on operating costs and is available for review by the public at 16254 Main Street, Lower Lake, CA 95457.

**WHY Lower Lake County Waterworks District No. 1 WATER RATES MUST BE ADJUSTED**

Customer water rates are the primary source of revenue to operate the Lower Lake County Waterworks District No. 1 water system. These rates generate the revenue to operate the system and invest in necessary upgrades. To continue the Lower Lake County Waterworks District No. 1 water system's ability to provide reliable water services to our customers, rate increases are necessary to cover increasing operational costs. This decision, while challenging, is essential for ensuring the continued delivery of reliable and safe water services to our community. Here are the primary reasons for this necessary adjustment:

**Inflationary Pressures** - Over the past years, inflation has significantly impacted operational costs across all sectors, including utilities. The costs for essential materials, equipment, and labor have all increased substantially. Without a corresponding adjustment in water rates, the district faces severe financial strain, jeopardizing its ability to maintain and improve water services. District reserve accounts have not been replenished for a number of years and are now subsidizing operating cost. If the district continues to operate in this manner, reserves may be depleted within one to two years leaving no emergency funds available.

**Outdated and Failing Infrastructure** - Much of the infrastructure supporting our water system is outdated and in a state of disrepair. Pipes, pumps, and treatment facilities that have been in service for decades are now failing more frequently and require costly repairs or replacements. Investing in modern, efficient infrastructure is crucial to prevent service interruptions and ensure the long-term reliability of our water supply.

**Long-Term Rate Stability** – Rates and the rate structure have not been evaluated since 2009. Over the past 15 years, the financial landscape and operational costs have evolved significantly. This prolonged period without a rate adjustment has created a gap between revenue and expenditure, making it difficult to sustain the high-quality services our community expects. Regular, incremental rate reviews and adjustments are necessary to align with current economic conditions and operational needs.

**WHAT STEPS DID THE Lower Lake County Waterworks District No. 1 TAKE TO REDUCE COST BEFORE CONSIDERING INCREASING CUSTOMER RATES?**

The Lower Lake County Waterworks District No. 1 conducted a comprehensive line by line review of the budgetary expenditures to maximize available resources and reduce operational costs to a minimum. Some of the cost cutting measures include reducing the recommended annual replacement reserves to a minimum and performing a comprehensive evaluation of general overhead expenses, improving billing accuracy and the collection process, evaluating outsourcing contract services for more in house operations, and evaluating staff levels and managing overtime hours. The district has also evaluated and postponed essential and non-essential projects and district staff is diligently seeking grant opportunities to make the major repairs and improvements that need immediate attention and will continue to seek grant opportunities for all future projects.

Addressing these challenges is crucial for maintaining the high standards of water quality and service that our residents deserve. The proposed rate increase is a strategic step towards safeguarding our water system's future, enabling the district to manage inflation impacts, upgrade aging infrastructure, and stabilize finances for the long term. We appreciate your understanding and support as we navigate this essential transition to secure a reliable water future for our community.

**PROPOSITION 218 PUBLIC HEARING PROCEDURE**

All property owners and other interested parties are invited to attend the hearing and present written and oral comments. As an owner or customer of record of a parcel subject to the imposition of the proposed rate adjustments, you may submit a written protest against the proposed rate changes. **Only ONE written protest will be counted per identified parcel.** If written protests are presented by a majority of the owners of property that is subject to the rate change prior to the end of the hearing, the Board of Directors cannot approve the change.

**Written protests must include:**

- **Your original signature and date**
- **Your name typed or printed under the signature**
- **The address of the property**
- **An affirmation that you are the owner or customer of record of the property by way of a current tax bill, grant deed, rental agreement, or a district authorization to bill tenant on record with the district; and**
- **Your reasons for protest**

**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:

**PO Box 263 Lower Lake, Ca 95457 or dropped off to 16254 Main Street Lower Lake Ca 95457.**

The Board of Directors, after the close of the public hearing will adopt the rates. The rates will not exceed the increases set forth herein.

**PROPOSED MONTHLY RATE SCHEDULE**

The proposed rate schedule is set forth below. The water rates will be adjusted beginning January 1<sup>st</sup>, 2025, and will adjust by the greater of four percent or the current year’s Consumer Price Index annually for the subsequent four years. The final adjustment under this resolution will be on January 1<sup>st</sup>, 2029. Any subsequent adjustments will be subject to a Proposition 218 hearing.

**MONTHLY RATE SCHEDULES AS ADOPTED IN RESOLUTION NO. 2024-04**

Monthly Base Rates – Most single-family dwellings have a 5/8 or 3/4 Inch Meter						
Meter Size	Current Rate	1st Year Rate	2 <sup>nd</sup> Year Rate	3 <sup>rd</sup> Year Rate	4 <sup>th</sup> Year Rate	5 <sup>th</sup> Year Rate
5/8”	\$69.94	\$77.03	\$80.35	\$83.48	\$86.74	\$90.45
3/4”	\$69.94	\$77.03	\$80.35	\$83.48	\$86.74	\$90.45
1”	\$162.48	\$192.58	\$200.86	\$208.69	\$216.83	\$226.11
1 1/2	\$323.99	\$385.15	\$401.71	\$417.38	\$433.66	\$452.22
2”	\$518.57	\$616.24	\$642.74	\$667.81	\$693.85	\$723.55
3”	\$1,008.97	\$1,232.48	\$1,285.48	\$1,335.61	\$1,387.70	\$1,447.09
4”	\$1,621.92	\$1,925.75	\$2,008.56	\$2,086.89	\$2,168.28	\$2,261.08
6”	\$3,243.07	\$3,851.50	\$4,017.11	\$4,173.78	\$4,336.56	\$4,522.16
Usage Rates						
Per 100 Cu Ft		\$1.70	\$1.77	\$1.84	\$1.91	\$2.00
Current Tier Structure						
401-1,100	\$1.64					
1,101-2,600	\$2.02					
2,601-4,600	\$2.18					
4,601-7,100	\$2.73					
7,101-9,600	\$3.27					
9,601 and up	\$4.36					

Lower Lake County Waterworks District No. 1 currently uses a tiered rate structure which upon passing of this resolution, this type of rate structure will dissolve, and a usage rate structure will be in place. As advised by professional consultants and legal counsel, having a tiered rate structure is not justifiable within our district. Please advise that currently, you have 400 cubic feet allotment of water within the base rate, and you are charged within the tiers for anything over those 400 cubic feet. With this new resolution, your base rate will not include any allotment of water, and you will be charged the base rate plus your usage per 100 cubic feet.

Any judicial action or proceeding to attack, review, set aside, void, validate, or annul an ordinance, resolution, or motion adopting a fee or charge for water service, or modifying or amending an existing fee or charge for water service, shall be commenced within 120 days of the effective date or of the date of the final passage, adoption, or approval of the ordinance, resolution, or motion, whichever is later.

If you have any questions about any of the information within these documents, please contact the office at 707-994-6009. We also invite you to attend the next regular board meeting on October 22<sup>nd</sup>, 2024, for an opportunity to ask questions and get answers prior to this hearing.

Thank you for your understanding in this matter and as always, the mission of Lower Lake County Waterworks District No. 1 is to serve you with safe, reliable, drinking water, and to maintain a system that will sustain our community for years to come.

Lower Lake County Waterworks District No. 1 Board of Directors