

**NOTICE OF PUBLIC HEARING
PROPOSED WATER RATE INCREASE**

**July 11, 2023 at 5:00 pm
Humboldt Community Services District
5055 Walnut Drive
Eureka, CA 95503**

Notice is hereby given that at the date, time, and place shown above, the Board of Directors of the Humboldt Community Services District will hold a public hearing to consider proposed increases to water rates for the next five (5) years (Fiscal Years 2023/24 through 2027/28). If approved by the Board of Directors, rates will increase effective August 1, 2023.

The District charges water rates to fund its costs to provide water service, including operating costs and the cost to purchase water from the Humboldt Bay Municipal Water District and the City of Eureka. The increases will enable the District to continue delivering safe and reliable water service and to perform needed capital improvements such as drilling new well(s), replace pump stations, refurbish tanks, conduct a system-wide leak survey, and replace water lines, among other important system sustaining projects.

Customers pay water bills based on a monthly fixed service charge (\$/month) and a volumetric charge for the amount of water consumed (\$/hundred cubic feet (HCF) which is 748 gallons), as shown in the rate table below. The “*Projected Increase in Rate Revenue per Financial Plan*” shown in this table are percentage increases in total annual District rate revenues. Water charges are billed monthly.

Water Rate Schedule	Current Rates	Proposed Rates (40% Fixed/60% Variable)				
		FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28
<i>Projected Increase in Rate Revenue per Financial Plan</i>		13.00%	13.00%	13.00%	13.00%	13.00%
Fixed Service Charge (by Meter Size)						
Monthly Fixed Service Charges:						
Residential 5/8-, 3/4-, and 1-inch ¹	\$26.46	\$23.55	\$26.61	\$30.07	\$33.98	\$38.40
5/8 inch	\$26.46	\$23.55	\$26.61	\$30.07	\$33.98	\$38.40
3/4 inch	\$38.42	\$33.90	\$38.30	\$43.28	\$48.91	\$55.27
1 inch	\$62.34	\$54.59	\$61.68	\$69.70	\$78.76	\$89.00
1 1/2 inch	\$122.13	\$106.32	\$120.14	\$135.76	\$153.40	\$173.35
2 inch	\$193.89	\$168.39	\$190.28	\$215.02	\$242.97	\$274.56
3 inch	\$385.23	\$333.93	\$377.34	\$426.39	\$481.82	\$544.46
4 inch	\$600.49	\$1,037.45	\$1,172.32	\$1,324.72	\$1,496.93	\$1,691.53
6 inch	\$1,198.44	\$1,658.20	\$1,873.77	\$2,117.36	\$2,392.61	\$2,703.65
Volumetric Charges for All Water Consumed						
Uniform Rate (per hcf)	\$4.06	\$5.31	\$6.00	\$6.78	\$7.66	\$8.66

1. Fixed charges for 5/8-, 3/4-, and 1-inch *single-family residential* meters are the same.

The Board of Directors will also consider approving a pass-through charge of increased wholesale costs in future years (these adjustments may vary from year-to-year). If approved, the District may adjust volumetric rates (\$/hcf) until June 30, 2028¹ based on the following formula:

New Volumetric Surcharge = Volumetric Rate (from table) * (A/B – 1) * A/C * 1.67, where

A = Prior Year actual Water purchase costs, including increases adopted by wholesalers

B = Prior Year water purchase costs used in rate study calculations

C = Total Annual District Water System Costs

1.67 = adjustment factor reflecting that 60% of revenue is collected through volumetric charges

If the Board of Directors approves this formula, it will not need to hold additional public hearings to adjust rates under the formula over the next five years, although approvals will occur at noticed District Board meetings.

Written protests from water customers or property owners may be submitted in writing before the closing of the July 11, 2023 public hearing. Protests may be mailed to the District, hand-delivered to the District office, or brought to the public hearing. Protests will be accepted and counted using procedures the Board of Directors adopted on May 12, 2009, a copy of which are posted to the District’s website at www.humboldtcsd.org and can be reviewed in the District office. Under California Government Code section 53755(a)(3)(b), only one written protest will be counted per parcel. If protests are received from property owners or customers with respect to a majority of the affected parcels (50 percent plus one), then the Board cannot approve the proposed rate increases. To be counted, a protest must be signed, include the address of the owner or customer submitting the protest, be timely submitted, state that it is protesting the proposed water rate increase, and otherwise comply with the District’s protest procedures. Protests must be received by the District before the close of the July 11, 2023 Public hearing. You may contact the District at 707-443-4550 or by email at ratestudy@humboldtcsd.org if you have any questions about this notice or the proposed water rate increase.

Address written protests as follows: **HCSD – Water Rate Protest**
Post Office Box 158
Cuttien, Ca 95534

¹ Although the District intends to adjust rates as of July 1, 2023, adjustment may occur at other times in some years if water purchase costs are increased after July 1.

Why are rate increases necessary?

Periodic increases are necessary due to increases in energy, equipment, supplies, and transportation costs; compliance with State and Federal regulations; increases in contractual obligations with other agencies; and to be proactive with regard to maintaining more than water pipelines, water storage tanks, water pumping stations, and sewer conveyance systems, over a 15 square-mile area to provide a water and sewer system with a minimum of disruptions to our customers and a high level of reliability.

As a water and sewer system continues to age, replacement of pipelines and equipment becomes a priority beyond day-to-day maintenance. The District's system has entered the stage of necessity for replacement.

Outside factors that affect the rates

Except for the District-owned water wells near Humboldt Hill, the District purchases the majority of the approximately 620 million-gallons of water per year distributed to customers from either the Humboldt Bay Municipal Water District or the City of Eureka.

The District collects wastewater from District customers and sends it to the City of Eureka's wastewater treatment plant. By contract, the District is obligated to pay a minimum of 32.1% of expenses at the treatment plant in addition to other costs associated with the City's Capital Improvement Projects and administrative expenses.

What do Ratepayers get for increased rates?

(Water)

- Continued reliable/high quality water service.
- System improvements such as:
 - Update water pump station pumps
 - Clean/rehabilitate water storage tanks
 - Replace aging mains and other infrastructure
- Maintain adequate reserves to cover emergency water distribution system repairs.

(Sewer)

- Continued safe and reliable sewer collection service.
- System improvements
 - Update Sewer lift stations
 - Replace aging sewage conveyance systems
- Maintain adequate reserves to cover emergency sewer related repairs.