



NOTICE OF PUBLIC HEARING

Proposed Adjustments in Water and Sewer Rate Structure and Rates

Date: Tuesday November 1, 2016

Location: RCSD Board Room

Time: 7:00 PM

3179 35th Street West Rosamond, CA. 93560

Please take notice: The Board of Directors of Rosamond Community Services District (RCSD) will conduct a public hearing to consider implementing an adjusted water and sewer rate structure and a schedule of increases to the agency's water and sewer rates over the next five years. The consideration of these adjusted rates is based on a Sewer and Water Utility Rate Analysis prepared by GEI Consultants, Inc. and provides the substantive basis upon which the proposed rates have been calculated .

The public hearing will be conducted pursuant to Article XIID of the California Constitution. This notice is being sent to all property owners, who may submit a written protest to the proposed rate changes.

All members of the public are invited to attend the public hearing.

SUMMARY OF THIS CIRCULAR:

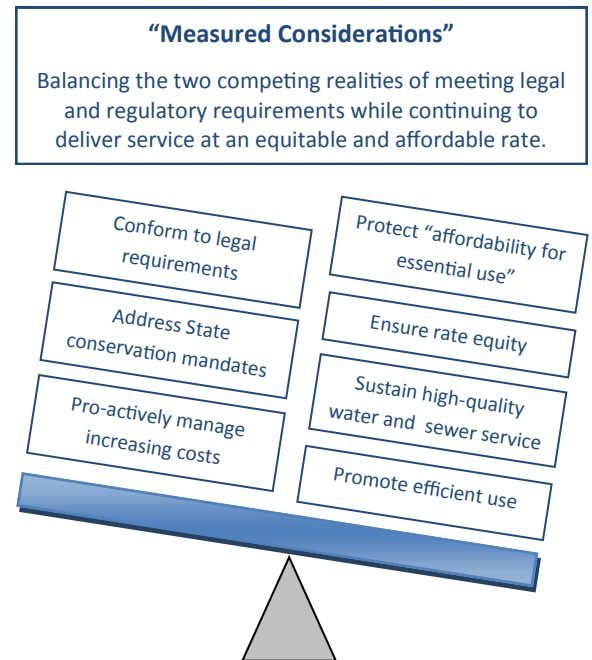
- *Why is RCSD considering rate changes?*
- *How will my monthly water and sewer bills be affected?*
- *What are the significant cost drivers for the new rates?*
- *How do my rates compare to my neighboring agencies?*
- *Procedures for filing a written protest*

WHY IS RCSD CONSIDERING RATE CHANGES?

As a government agency, RCSD is required by law to charge its customers the specific costs associated with providing water and sewer services to that specific customer or customer class (e.g., single-family residential).

The District's decision to propose rate changes to its customers is based on the following measured considerations (see adjacent illustration of definition).

1. **Legal compliance**—The District is mandated to evaluate and document its adherence to “cost-of-service” principles as detailed by Proposition 218. All costs and their uses were evaluated, and the District determined that it should a) align fixed costs with base rate revenues b) increase both the base rate and the usage charge for water c) increase the usage cost for sewer d) decrease the base rate for sewer.
2. **Sustaining high-quality water delivery and customer service**—The District has worked hard to keep rates the lowest it can by maintaining lean staff levels, minimizing operational costs, using reserves, and pro-actively managing capital improvements to increase the life of assets. However, the costs continue to increase, and the District's ability to continue delivering high-quality water and sewer services will be impaired if it continues to draw on its reserve funds, which were exhausted in the water fund earlier this year.



HOW WILL MY MONTHLY WATER BILL BE AFFECTED?

- Fixed costs are equally apportioned to each metered customer and remain “fixed” regardless of usage.
- Fixed costs increase in year one and then by approximately 1.65% over the next 4 years.
- The first three (3) units are included in the base rate.
- Variable charges decrease in year one and increase slowly over 4 years.
- Net increase to the average water bill will be \$11.70.
- Watering times and days will not change as a result of this study.

FIXED CHARGES - BASE RATE						
Existing		Proposed Adjustments				
Meter	Current	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
5/8"	\$ 20.00	\$ 33.02	\$ 33.53	\$ 34.06	\$ 34.63	\$ 35.16
3/4"	\$ 20.68	\$ 33.02	\$ 33.53	\$ 34.06	\$ 34.63	\$ 35.16
1"	\$ 31.20	\$ 46.59	\$ 47.33	\$ 48.10	\$ 48.92	\$ 49.69
1.5"	\$ 51.16	\$ 80.23	\$ 81.53	\$ 82.87	\$ 84.33	\$ 85.67
2"	\$ 82.49	\$ 120.75	\$ 122.73	\$ 124.77	\$ 126.99	\$ 129.03
3"	\$ 210.46	\$ 215.36	\$ 218.93	\$ 222.61	\$ 226.60	\$ 230.28
4"	\$ 225.09	\$ 350.29	\$ 356.13	\$ 362.14	\$ 368.66	\$ 374.67
6"	\$ 247.68	\$ 688.03	\$ 699.53	\$ 711.37	\$ 724.23	\$ 736.07

CONSUMPTION CHARGES - VARIABLE RATE						
Existing		Proposed Adjustments				
Tier	Current	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Tier 15	\$ 2.24	\$ 2.13	\$ 2.16	\$ 2.19	\$ 2.42	\$ 2.91
Tier 30	\$ 2.37	\$ 2.49	\$ 2.55	\$ 2.80	\$ 3.08	\$ 3.40
Tier 50	\$ 2.55	\$ 2.83	\$ 2.91	\$ 3.11	\$ 3.34	\$ 3.59
Tier >50	\$ 2.74	\$ 3.32	\$ 3.45	\$ 3.58	\$ 3.72	\$ 3.88

HOW WILL MY MONTHLY SEWER BILL BE AFFECTED?

- Fixed costs will decrease in the first year and then increase by 3.8% over the next 4 years.
- Variable charges increase by \$0.10 in year one and then by either \$0.01 or \$0.02 in subsequent years.
- Net decrease to the average sewer bill will be about \$5.70.

FIXED CHARGES - BASE						
Existing		Proposed Adjustments				
	Current	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Residential	\$ 39.80	\$ 33.81	\$ 35.12	\$ 36.47	\$ 37.87	\$ 39.31
Commercial I	\$ 39.80	\$ 33.81	\$ 35.12	\$ 36.47	\$ 37.87	\$ 39.31
Commercial II	\$ 39.80	\$ 33.81	\$ 35.12	\$ 36.47	\$ 37.87	\$ 39.31

CONSUMPTION CHARGES - VARIABLE RATE						
Existing		Proposed Adjustments				
Tier	Current	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Residential	\$ 0.13	\$ 0.23	\$ 0.24	\$ 0.26	\$ 0.28	\$ 0.29
Commercial I	\$ 0.13	\$ 0.23	\$ 0.24	\$ 0.26	\$ 0.28	\$ 0.29
Commercial II	\$ 0.52	\$ 0.92	\$ 0.96	\$ 1.04	\$ 1.12	\$ 1.16

WHAT ARE THE SIGNIFICANT COST DRIVERS FOR THE NEW RATES?

WATER

- Adjudicated water basin resulting in lower pumping supply and higher purchased water requirements
- Groundwater banking water demands
- Capital Improvement and Replacement
- Chromium 6 blending requirements
- Increased economic charges
- Significantly higher electricity costs

SEWER

- Low treatment costs
- Multi-user apportionment base
- Reduced operations at treatment plant
- Capital Improvement and Replacement
- Significantly higher electricity costs

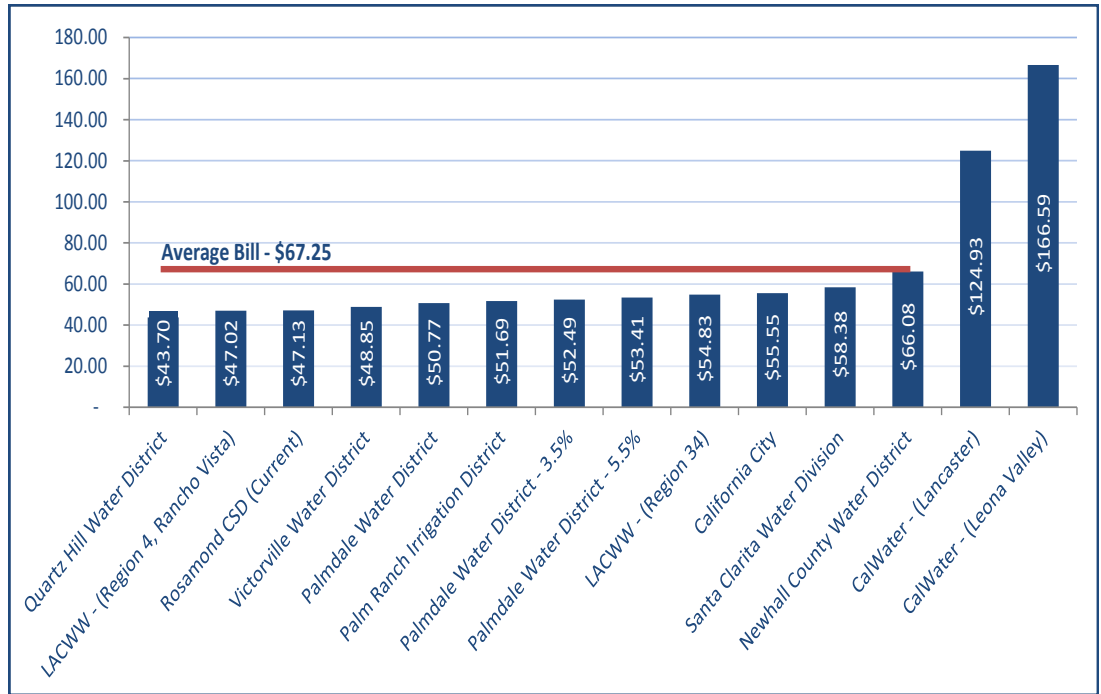


HOW DO MY RATES COMPARE TO MY NEIGHBORING AGENCIES?

The adjacent graph prepared by Palmdale Water District and amended to be RCSD specific, shows a comparison of a typical RCSD single-family residential water bill with similar bills in the neighboring communities.

RCSD's \$47.13 is the third lowest among peers and markedly lower than the regional average of \$67.25.

For all surveyed agencies, the graph accounts for 14,960 gallons of usage.



Some neighboring communities are in the process of preparing to increase rates. Even without the decrease in the proposed new rates for the RCSD service area, the typical residential water bill will be lower than in most neighboring communities.

PROCEDURE FOR FILING A WRITTEN PROTEST

Protests to the proposed water and sewer rates described herein must be received by the District in writing on or before the close of the public hearing on November 1, 2016. Written protest will also be accepted at the public hearing. All written protests must be signed by the owner or tenant and contain a description of each property (address and/or Assessor Parcel Number). You may mail your written protest to:

Rosamond Community Services District
 Attention: Lizette Guerrero, Board Secretary
 RE: Water and Sewer Rate Study
 3179 35th Street West
 Rosamond, CA. 93560

Protests that are mailed or delivered to the District will be accepted, if received by the deadline. Protests that are faxed, emailed or sent in another manner than that described will not be accepted.