

**Proposition 218 Notification  
NOTICE OF PUBLIC HEARING  
ON PROPOSED WATER RATES**



City of Colusa  
425 Webster Street  
Colusa, CA 95932

**Hearing Date & Time: May 4, 2010 at 7:00 PM or as soon thereafter as possible**  
**Hearing Location: City of Colusa**  
**City Council Chambers**  
**425 Webster Street, Colusa, CA 95932**

**Why a Rate Adjustment is Needed**

**Cost of Service** Water rates have not increased since 2002. During that time expenses have increased while revenues have remained about the same. At times the water utility was subsidized by the General Fund. The water utility needs to collect revenue sufficient to cover the costs of operating the water system. These costs include electricity, equipment and supplies, ongoing maintenance and replacements, treatment chemicals, salaries and benefits for water staff, and capital improvement projects.

**Capital Improvement Projects** The City of Colusa Master Plan (February 2009) identifies \$14.5 – 18.9 million of capital improvements needed to correct existing deficiencies for current users. Over the next five years, the City will implement a capital improvement plan with approximately \$7 million of projects to improve water quality and meet regulatory requirements. These projects include:

- Replacement of 50 year old wells
- Pipeline replacements
- Removing naturally occurring salts, as mandated by California State DPH
- Removing naturally occurring manganese and sulfates that discolor the water and have an unpleasant odor

Note: It is expected that these capital projects will result in much improved water quality, taste, and reduced odors.

**Basis of Proposed Rates**

The City needs to collect revenues sufficient to cover the costs of operating the water system. These costs include electricity, equipment and supplies, ongoing maintenance and replacements, treatment chemicals, and salaries and benefits for water enterprise staff. Additionally, revenue generated from these water rates will be used to meet the City of Colusa Master Plan capital improvement projects to correct existing deficiencies in the water system and improve the water quality.

A study by an independent consulting firm working closely with a Citizens Advisory Committee concluded that the proposed rates will provide enough funds for the City to recover the cost of operation, maintenance, administration, and capital improvement projects.

**Water Rates**

The City currently charges customers a minimum monthly service charge based on the size of the water meter which includes a water consumption allowance that increases with meter size. Water consumption over the allowance is billed on a four-tier schedule based on the amount of water consumed. The monthly consumption rate is an inclining block, but the price increase per tier is so small that it does not provide a substantial incentive to conserve water.

**Have questions, attend a Town Hall meeting:**

Meetings will be held at City of Colusa City Hall  
425 Webster Street on March 25th at 10am,  
March 30th at 6pm, and on April 8th at 2pm

**Current Water Rates**

Minimum monthly service charge and water allowance			Consumption Charges for water used above allowance				
Meter Size	Minimum Monthly Service Charge	Maximum Consumption before excess usage is charged	Excess Usage Rates 4-tiers:				
			Inside City Limits		Outside City Limits		
5/8" or 3/4"	\$11.45	10 HCF	Tier 1	\$0.40 per HCF		Tier 1	\$0.50 per HCF
1"	\$20.47	25 HCF	Tier 2	\$0.45 per HCF		Tier 2	\$0.55 per HCF
1 1/2"	\$35.50	50 HCF	Tier 3	\$0.50 per HCF		Tier 3	\$0.60 per HCF
2"	\$60.16	100 HCF	Tier 4	\$0.55 per HCF		Tier 4	\$0.65 per HCF
3"	\$95.62	150 HCF	Usage tiers, shown in HCF, for each meter size:				
4"	\$155.74	250 HCF	Meter Size	Tier 1	Tier 2	Tier 3	Tier 4
6"	\$306.04	500 HCF	5/8" or 3/4"	10 - 60	61 - 110	111 - 160	160 and over
			1"	25 - 75	76 - 125	126 - 175	175 and over
			1 1/2"	50 - 100	101 - 150	151 - 200	200 and over
			2"	100 - 150	151 - 200	201 - 250	250 and over
			3"	150 - 200	201 - 250	251 - 300	300 and over
			4"	250 - 300	301 - 350	351 - 400	400 and over
			6"	500 - 550	551 - 600	601 - 650	650 and over

1 HCF = one hundred cubic feet = 750 gallons of water

### **Inside City Proposed Water Rates**

Starting in May 2010, the proposed rate increases would modify the existing tier structure for single family residential customers. Customers would continue to be billed a monthly service charge based on meter size plus a three-tier monthly consumption charge for all water consumed over three HCF. All non-single family water customers (multi-family, commercial, industrial) will be billed a monthly service charge based on meter size plus a uniform consumption charge for all water consumed over three HCF.

<b>Proposed Water Rates Effective Every May 2010 through 2014</b>					
<b>Inside City</b>	2010/11	2011/12	2012/13	2013/14	2014/15
<b>Monthly Meter Charge</b>					
5/8" or 3/4"	\$15.11	\$18.14	\$21.76	\$25.03	\$28.78
1"	27.02	32.42	38.91	44.75	51.46
1 1/2"	46.86	56.23	67.48	77.60	89.24
2"	79.41	95.29	114.35	131.50	151.23
3"	126.22	151.46	181.75	209.02	240.37
4"	205.58	246.69	296.03	340.44	391.50
6"	403.97	484.77	581.72	668.98	769.33
<b>Single Family Residential Usage Tiers (per HCF consumed)</b>					
Keep Colusa Green Landscaping Allocation					
0 -3 HCF	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Tier 1					
4 - 10 HCF	0.24	0.41	0.51	0.59	0.68
Tier 2					
11 - 32 HCF	0.63	1.07	1.34	1.54	1.77
Tier 3					
over 32 HCF	1.19	2.02	2.53	2.91	3.35
<b>Multi-family Residential &amp; Commercial Usage Tiers (per HCF consumed)</b>					
Keep Colusa Green Landscaping Allocation					
0 -3 HCF	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Over 3 HCF	0.64	1.08	1.36	1.56	1.79

### **Calculating Your Single Family Residential Water Bill**

A single family residence inside the City with a 5/8" or 3/4" meter consuming 21 HCF of water per month would have a monthly bill of \$23.72, with the proposed water rates effective May 2010.

Monthly meter charge: 5/8" or 3/4"					\$15.11
Monthly water consumption: 21 HCF	Keep Colusa Green (0-3 HCF)	3 HCF * \$0.00 per HCF			0.00
	Tier 1 (4 - 10 HCF)	7 HCF * \$0.24 per HCF			1.68
	Tier 2 (11 - 32 HCF)	11 HCF * \$0.63 per HCF			6.93
		Monthly Water Bill			\$23.72

Each year a single family residence inside the City with a meter 5/8" or 3/4" meter consuming 21 HCF of water per month would see approximately a \$6.00 to \$9.00 increase in their monthly bill.

	Current	2010/11	2011/12	2012/13	2013/14	2014/15
Monthly Single Family Residential Water Bill	\$15.85	\$23.72	\$32.78	\$40.07	\$46.10	\$53.01
Monthly Increase		\$7.87	\$9.05	\$7.30	\$6.02	\$6.91

### **Calculating Your Non-Single Family Water Bill**

A non-single family water customer (multi-family, commercial, industrial) inside the City with a 5/8" or 3/4" meter consuming 25.0 HCF of water per month would have a monthly water bill of \$29.19, with the proposed water rates effective May 2010.

Monthly meter charge: 5/8" or 3/4"					\$15.11
Monthly water consumption: 25 HCF	Keep Colusa Green (0-3 HCF)	3 HCF * \$0.00 per HCF			0.00
	Over 3 HCF	22 HCF * \$0.64 per HCF			14.08
		Monthly Water Bill			\$29.19

## Outside City Proposed Water Rates

<b>Proposed Water Rates Effective Every May 2010 through 2014</b>					
<b>Outside City</b>					
Monthly Meter Charge	2010/11	2011/12	2012/13	2013/14	2014/15
5/8" or 3/4"	\$18.89	\$22.67	\$27.21	\$31.29	\$35.98
1"	33.78	40.53	48.64	55.93	64.32
1 1/2"	58.58	70.29	84.35	97.00	111.55
2"	99.26	119.12	142.94	164.38	189.04
3"	157.77	189.33	227.19	261.27	300.46
4"	256.97	308.37	370.04	425.54	489.38
6"	504.97	605.96	727.15	836.22	961.66
<b>Single Family Residential Usage Tiers (per HCF consumed)</b>					
Keep Colusa Green Landscaping Allocation					
0 -3 HCF	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Tier 1					
4 - 10 HCF	0.30	0.51	0.64	0.74	0.85
Tier 2					
11 - 32 HCF	0.79	1.34	1.68	1.93	2.22
Tier 3					
over 32 HCF	1.49	2.53	3.16	3.63	4.17
<b>Multi-family Residential &amp; Commercial Usage Tiers (per HCF consumed)</b>					
Keep Colusa Green Landscaping Allocation					
0 -3 HCF	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Over 3 HCF	0.80	1.36	1.69	1.95	2.24

### Drought Rates

If the City Council declares water consumption cutbacks due to a drought, a drought surcharge will be implemented equal to the cutback. E.g. if the City implements a 15% cutback, a corresponding 15% drought surcharge would be charged.

### Compliance with Proposition 218

In 1996 California voters approved Proposition 218, which amended the state constitution as it relates to the passage of property related fees. Today, "Prop 218" requires that local governments follow a defined process when setting fees such as water bills. The City must 1) inform property owners and/or rate payers who are responsible for the bill that a proposed rate increase is being considered, 2) clearly demonstrate the basis on which these fees are calculated (the rate study), and 3) hold a public hearing at least 45 days after notice where the City hears all protests to the rate increase. Water rates are subject to "majority protest" meaning they **cannot be passed** if a majority of property owners or rate payers impacted by the rate change submit written protests opposing the increase.

### Concerns, Please Contact Us

If you have questions or comments about the proposed water rate increases or wish to protest, you may:

**Attend a Town Hall Meeting:** Meetings will be held at City of Colusa City Hall 425 Webster Street on March 25, 2010 at 10am, March 30, 2010 at 6pm, and April 8, 2010 at 2pm.

**Write:** Written protests against the proposed rate change have to identify the address or the parcel number of the impacted property, and include the signature(s) of the owner of record or utility ratepayer. Written protests must be received by the City at 425 Webster Street Colusa, CA 95932 before the time set for the public hearing. If the City receives written protests against the proposed water rates by a majority of the affected property owners or ratepayers prior to the end of the hearing, the Council will not approve the change. Only one protest for each property will be counted.

**Address the Council:** Attend the Public Hearing on May 4, 2010

**Questions:** If you have any question about this notice, please call the City at (530) 458-4740 during regular business hours.