



Information About Proposed Water & Sewer Rates To Fund Water and Sewer Services Over Five Years



NOTICE OF PUBLIC HEARING ON POTENTIAL CHANGE TO WATER AND SEWER CHARGES AND RATES

Tuolumne Utilities District (TUD) is proposing to establish new rate structures to distribute the cost of providing water and sewer services. Consistent with Proposition 218, property owners who own property within the TUD service area are being notified of the proposed changes in rates, as well as any tenants who are directly liable for the payment of water or sewer service.

DATE AND TIME OF PUBLIC HEARING:

Tuesday, November 17, 2015 at 5:30pm

LOCATION: TUD Board Room, 18885 Nugget Blvd., Sonora, CA 95370

Why are you receiving this notice?

The proposed water and sewer rate changes are intended for Tuolumne Utilities District customers. You are being notified because your property falls in the TUD service area. The purpose of the public hearing is to consider all written protests against the proposed rate changes. As the owner or customer of record of a parcel subject to the imposition of the proposed rate changes, you may submit a written protest against the proposed rate changes.

Why is an Increase Needed?

TUD water and sewer rates have not kept up with constantly rising expenses, inflation, and changes in State regulations. Significant segments of TUD's water and sewer pipes are old and in need of repair or replacement. The typical lifespan of water pipes is 50-75 years. Major sections of the water system include pipes that are now 80 years old.

About TUD

The mission of TUD is to provide our customers with clean, safe and reliable water and sewer service.

Of the 15 water treatment plants that TUD maintains, eight of them are in need of improvement. Most of these water treatment plants were acquired when previous water agency providers could not meet State drinking water requirements. As a result, the costs to operate these plants are very high.

Today, the District provides service to approximately 14,000 water connections and has approximately 6,000 sewer connections. Service calls are responded to 24 hours a day, 365 days a year.



80-year-old cast-iron water main pipe – South Washington Street, Sonora. Repair shown at right.

Proposed Changes to Charges and Rates

The changes to the proposed rates and charges presented in this notice are the maximum changes proposed. The Board of Directors may adopt lower rates or charges, or alter the effective start date to a later date. TUD is proposing changes in its rates to begin, if approved, on January 1, 2016, and each January 1st thereafter for five years.

The District Finances – A Shortfall

The largest source of revenue for TUD is water and sewer service fees. The past increases have not been sufficient to cover all of the costs to provide water and sewer services to our customers, meet mandatory regulatory and other legally required work and to replace the District's



aging and inefficient facilities. The District currently has a serious financial shortfall in its water and sewer funds. The shortfall has reached such a critical point that no capital improvements to the water system were budgeted this year, leaving no funding to address critical improvements and facility replacements.

The proposed rate increase is necessary to pay for the operation and maintenance of the water and sewer systems, replace outdated and failing equipment and facilities, comply with State and federal regulations, and to establish a small financial reserve to address future needs and avoid operational deficits and financial instability. As part of the proposed new rates, an average of \$2.8 million per year will be spent to

construct new and replace aging water facilities and an additional \$1.1 million per year to construct new and replace aging sewer facilities. The District continues to seek State and federal grant funding to offset project costs in order to save District customers money.

What Will You Get For Your Money?

The funds will be allocated to address many water and sewer system elements identified by the District that are in critical need of replacement or rehabilitation. During the next five years, significant investment will be made to upgrade and restore your water delivery systems and sewer systems. Capital improvement projects are unique water and sewer construction projects that aim to install new, replace old, or repair existing infrastructure. These projects are listed in a Draft Capital Improvement Plan (DCIP) and address significant needs throughout the entire TUD system. The DCIP is a long-range planning document identifying all individual capital improvement projects and funding sources over the next five years. Rates will also fund operational and maintenance costs, employee expenses, equipment replacement, safety-related costs, and enhance services for our customers.

While still functional, most of the water system is many decades old and things are wearing out. You can think of the water system like an old car; it still runs, but continually requires maintenance and replacements to keep it running smoothly and efficiently. Listed on the next page are just a few of the projects that can be funded if the rates are approved. The complete Draft Capital Improvement Plan (DCIP) and the Draft Rate Study on both the water and sewer systems can be found at the TUD website, www.tudwater.com.

Water and Sewer CIP Projects

Cuesta Heights Tank Consolidation Project

- To improve fire flow, pressure and reliability, the District is proposing to construct the Cuesta Heights Water Tank (600,000 gallon tank) to replace three tanks in poor condition serving the Columbia and Sonora water systems.



**Recently completed tank
near Twain Harte**

- Total estimated project cost: \$2.7 million.

Sonora Pipe Replacement Project

- In 2014, the District responded to over 672 water line breaks throughout the system.

• The City of Sonora has some of the oldest water pipelines (80 years old) in Tuolumne County. The age and the size of the water pipelines indicate the need for replacement in order to reduce water main breaks and service lateral leaks specifically in the area of Bradford, Green and Stewart Streets.

- The goal of this project would be to replace nearly one mile of old water mains within the City of Sonora that have exhibited a high incidence of failure resulting in costly repairs.

- Total estimated project cost: \$1 million.



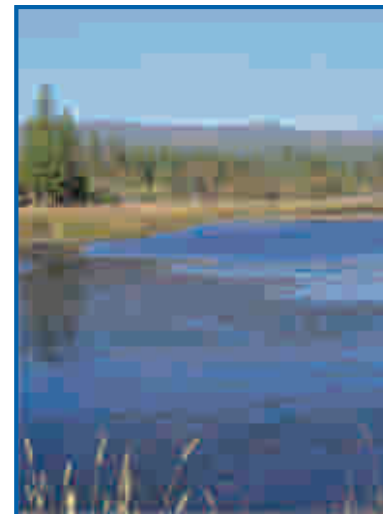
**Green Street, Sonora,
leak repair**

Phoenix Lake Preservation and Restoration Project

- TUD owns and operates Phoenix Lake, an 88-acre water storage reservoir which is the primary drinking water source for the communities of Sonora, Jamestown, Scenic View and Mono Village.

- Of the original 900 acre-feet (ac-ft) storage capacity, the current capacity is only 600 ac-ft. The goal of this project would be to expand and restore 300 ac-ft of capacity while improving water quality and circulation patterns of the reservoir.

- The District has received over \$5 million in grant funding for this project, but requires an additional match of \$1.1 million to proceed with this project.



Phoenix Lake Reservoir

Columbia Country Estates Sewer Pump Station Improvements

- Due to the vast elevation differences in Tuolumne County, TUD requires 29 high-maintenance sewer pump stations to serve our sewer customers.

- The original Columbia Country Estates sewer pump station was constructed in the late 1980s and needs to be replaced.

- Total estimated project cost: \$207,000.



**Columbia Country Estates
Pump Station**

Proposed Treated Water Rates

What will the proposed treated water rate increases look like for a residential homeowner?

Water customers currently pay a monthly “Ready to Serve” or “Fixed Service Charge”, which covers most of the fixed costs associated with delivering water such as billing and collections costs. The Fixed Service Charge is established based on the size of the water meter serving a property. TUD is proposing increases in the monthly Fixed Service Charge. If approved, the increases will become effective on January 1st, 2016, followed by incremental increases each January 1st from 2017 to 2020. Most TUD customers have a 1” size meter or less – if the proposed fixed charge of \$47.50 is approved, a typical family’s water bill would be approximately \$60 a month, assuming daily water use of 225 gallons per day.. This translates to an increase of approximately \$14.60 a month or \$0.49 a day. 400 cubic feet of water or 100 gallons per day is

included with the monthly Fixed Service Charge. The water rates also include a Quantity Charge. The Quantity Charge that is proposed to be established at a uniform rate for each one hundred cubic feet of water used in excess of 400 cu. ft. A customer’s actual water bill will vary depending on how much water is used and the size of their water meter.

During the public hearing scheduled for November 17th, the Board of Directors will consider simplifying the water rate structure by replacing the six quantity rate tiers to a single uniform water rate. In the new rate structure table, the District has eliminated the Conservation and 1- inch fire service rate.

The District bills treated water customers every two months.

Meter Size	Current Monthly Fixed Charge	Proposed Monthly Fixed Charge				
		1/1/2016	1/1/2017	1/1/2018	1/1/2019	1/1/2020
5/8" or 3/4"	\$ 36.38	\$ 47.50	\$ 52.50	\$ 56.50	\$ 60.50	\$ 64.50
1 inch	\$ 45.64	\$ 47.50	\$ 52.50	\$ 56.50	\$ 60.50	\$ 64.50
1 ½ inch	\$ 57.15	\$ 76.00	\$ 84.00	\$ 90.40	\$ 96.80	\$103.20
2 inch	\$ 87.49	\$109.25	\$120.75	\$ 129.95	\$139.15	\$148.35
3 inch	\$216.73	\$242.25	\$267.75	\$ 288.15	\$308.55	\$328.95
4 inch	\$318.04	\$337.25	\$372.75	\$ 401.15	\$429.55	\$457.95
6 inch	\$458.88	\$593.75	\$656.25	\$ 706.25	\$756.25	\$806.25
8 inch	\$644.18	\$907.25	\$1,002.75	\$1,079.19	\$1,155.55	\$1,231.95

Monthly Quantity	Proposed Monthly Quantity Charge (Monthly Charge per 100 Cubic Feet)				
	1/1/2016	1/1/2017	1/1/2018	1/1/2019	1/1/2020
Up to 400 cu. ft.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Over 400 cu. ft.	\$2.50	\$2.75	\$3.00	\$3.20	\$3.40

Note: 7.48 gallons = one cubic foot

Raw (untreated) Water Customers – New Rate Structure

The District proposes changing to two types of raw water customers, metered or unmetered
See the tables below for the Proposed Raw Water Rates.

Proposed Raw (Untreated) Metered Water Rates

The new raw (untreated) rate structure for water service consists of a monthly Fixed Service Charge based on water meter size plus a quantity charge. Included with the fixed service charge, metered raw water customers would receive 5,000 cubic feet of water per month. If approved, this increase would become effective on January 1, 2016, followed by incremental increases each January 1st from 2017 to 2020.

Meter Size	Current Monthly Fixed Charge	Proposed Monthly Fixed Charge				
		I/I/2016	I/I/2017	I/I/2018	I/I/2019	I/I/2020
5/8" or 3/4"	\$ 11.74	\$ 15.00	\$ 20.00	\$ 25.00	\$ 30.00	\$ 35.00
1 inch	\$ 16.42	\$ 15.00	\$ 20.00	\$ 25.00	\$ 30.00	\$ 35.00
1 ½ inch	\$ 19.95	\$ 24.00	\$ 32.00	\$ 40.00	\$ 48.00	\$ 56.00
2 inch	\$ 29.33	\$ 34.50	\$ 46.00	\$ 57.50	\$ 69.00	\$ 80.50
3 inch	\$ 29.33	\$ 76.50	\$102.00	\$127.50	\$153.00	\$178.50
4 inch	\$ 84.49	\$106.50	\$142.00	\$177.50	\$213.00	\$248.50
6 inch	\$119.68	\$187.50	\$250.00	\$312.50	\$375.00	\$437.50
8 inch	\$167.79	\$286.50	\$382.00	\$477.50	\$573.00	\$668.50

Monthly Quantity	Proposed Monthly Quantity Charge (Monthly Charge per 100 Cubic Feet)				
	I/I/2016	I/I/2017	I/I/2018	I/I/2019	I/I/2020
Up to 5,000 cu. ft.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Over 5,000 cu. ft.	\$0.25	\$0.28	\$0.30	\$0.32	\$0.34

Proposed Unmetered Raw Water – MID* Rates

Minimum Monthly Fixed Service Charges – All Unmetered Raw Water Customers

Per Miner's Inch Per Month	Current Monthly Fixed Charge	Proposed Monthly Fixed Charge				
		1/1/2016	1/1/2017	1/1/2018	1/1/2019	1/1/2020
First ½ Miner's inch of contract	\$ 13.54	\$ 15.00	\$ 20.00	\$ 25.00	\$ 30.00	\$ 35.00
Additional capacity, per ½ Miner's inch	\$ 5.64	\$ 6.00	\$ 9.00	\$ 12.00	\$ 15.00	\$ 18.00

Quantity Rates Per Day	Current Quantity Charge	Proposed Quantity Charge				
		1/1/2016	1/1/2017	1/1/2018	1/1/2019	1/1/2020
Per Miner's inch Per Day	\$ 4.48	\$ 5.00	\$ 5.50	\$ 6.00	\$ 6.40	\$ 6.80

*Miner's Inch Day (MID) – A term used in water measurement. By California statute, one miner's inch flowing for one day is equivalent to 1.5 cubic feet per minute or 11.22 gallons per minute.

Proposed Sewer Rates

Currently the District is legally mandated to conduct an assessment of its entire sewer collection system of which half the system has already been evaluated. Areas of the sewer collection system found defective must then be repaired and/or replaced. This requirement along with other mandated and operational needs have driven up the cost of operating and maintaining the sewer system. As a result, projected operations and maintenance costs will exceed operations and maintenance revenue by nearly \$1.2 million annually. In addition, over the next 5-years the District anticipates spending on average \$1.1 million per year on capital improvement projects to address deficiencies in the collection system and at the regional sewer treatment plant. These factors have created a shortfall that must be addressed by raising sewer rates.

The table below is based on a single family residence or ESFR. All sewer customers are compared to the

volume of wastewater generated by a typical 3 bedroom, 2 bath residence or ESFR. Exhibit A of the District's Wastewater Ordinance describes the relationship between the amount of wastewater generated by a typical single family residence and the amount of wastewater generated by other types of sewer customers. A customer classification for non-residential sewer is based upon such factors as the number of fixtures, employees and/or students, seating capacity, or other factors relating to an equitable determination within and between user classifications. If you are a commercial sewer customer, your ESFR rate will vary depending on the sewer volume produced or factors described above.

If approved, this increase would become effective on January 1, 2016, followed by incremental increases each January 1st from 2017 to 2020.

Based on One Single Residence or ESFR	Current Monthly Fixed Charge	Proposed Monthly Sewer Charge				
		1/1/2016	1/1/2017	1/1/2018	1/1/2019	1/1/2020
I-unit ESFR rate	\$35.59	\$40.00	\$43.00	\$46.00	\$49.00	\$51.00

Equivalent Single-Family Residence (ESFR) – The estimated potential demand of the typical residential user expressed in terms of the volume of wastewater discharge, usually average daily flow in gallons per day.

Learn more about proposed increases and projects

How Can I Learn More?

Visit our website www.tudwater.com for more information about the Draft Capital Improvement Plan for water and sewer, the Draft Rate Study and proposed rate increases. If you have more questions, the District will hold two regular Board meetings on the second (2:00 p.m.) and fourth (5:30 p.m.) Tuesday of each month. We always welcome public comments at the beginning of each meeting. Meetings are held at the TUD Board Room located at 18885 Nugget Blvd., Sonora, CA 95370.

How Do I Protest?

The District and its Board of Directors welcomes and will consider input from the community on the proposed changes to rates and service charges at any time, including during the public hearing. However, to have your protest be counted, your written protests must be received by the close of the public hearing scheduled for 5:30pm on Tuesday, November 17, 2015.

Any property owner or customer of record who is not a property owner receiving water or sewer service from TUD may submit a

written protest. Only one written protest per parcel, filed by an owner or a tenant who is a customer, will be counted. Each protest must: 1) Be in writing; 2) State if the protest is for water, sewer or both; 3) Provide the location of the identified parcel (by assessor's parcel number or street address); and 4) Include the original signature of the owner or customer of record submitting the protest.

Any protest submitted via email or other electronic means will not be accepted as a formal written protest. If mailed to TUD, please identify on the front of the envelope that the enclosed letter is for the public hearing on rates. If, after the close of the public hearing written protests against the proposed water or sewer rates are not presented by a majority of the record owners of property and customers of record, the Board of Directors may adopt the proposed rates.

Mail or deliver protests to:

District Secretary
Tuolumne Utilities District
18885 Nugget Blvd., Sonora, CA 95370

Please note on the envelope, "Protest of Proposed Charge"

Rate Increase Approval Process

The TUD Board of Directors will hold a public hearing at the TUD Board Room on Tuesday, November 17, 2015 at 5:30pm. At the hearing, the Board will consider public comments, as well as any written protests that have been submitted against the proposed water and sewer rate increases that have been received prior to the meeting. They will then vote on whether the proposed rates should be adopted and authorize approval of the rates.

The Reasons:

- To cover the operation and maintenance costs of water and sewer systems
- To implement a 5-Year Draft Capital Improvement Plan (DCIP), that will guide TUD in future investments in water and sewer projects
- Improve the water storage capacity at Phoenix Lake
- Construct three new water storage tanks and two new pump stations
- To eliminate the current operational deficits in the water and sewer funds
- Improve efficiency and water quality by replacing 39,000 feet of leaky water main pipe
- Construct four new sewer pump stations and repair five sewer pump stations
- Replace approximately 5,000 feet of sewer pipe
- To provide for equipment and training to improve customer service and employee safety
- To work towards consolidated facilities to improve overall operational efficiency