



# City of Etna

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## **NOTICE OF PUBLIC HEARING CONCERNING RATE INCREASES FOR CITY OF ETNA WATER & WASTEWATER SERVICES**

**Dear Customer and/or Property Owner:**

### **NOTICE OF PUBLIC HEARING**

The Etna City Council will hold a public hearing on the proposed rate increases on Monday, April 5, 2021 at 6:30pm through a virtual meeting. The hearing will cover proposed rate increases for the City's water and wastewater services in order to maintain reliable service. If adopted, the proposed rate increases will become effective as indicated on the table(s) attached with this notice.

### **INTRODUCTION**

The purpose of this notice is to explain the proposed utility rate increases for City of Etna water and wastewater services. The Etna City Council directed staff to initiate a public review process as provided by Proposition 218. The Council is considering a rate increase for both water and sewer services. According to the State Constitution, Article 13D, an engineering study must be undertaken to determine the cost of operation of those systems, prior to any rate increase. The City Engineer has completed those studies and has made his recommendations to the City Council. The findings indicate the City is not charging enough to cover its costs of operation, maintenance and replacement of the water and wastewater treatment facilities and infrastructure. The actual numbers associated with those findings will be discussed later in this notice.

A public hearing to review all information and an opportunity to object to the proposed increase will be held prior to any rate hike. The council hopes you will take this opportunity to become better acquainted with the situation and are then able to make an informed decision. If you have further questions, please contact the City staff and plan on attending the public hearing.

This notice is being sent to property owners in the City of Etna, based on the Siskiyou County Assessors Office as of February 2021. Property owners will receive the notice regardless of whether they receive utility service or not. Article XIII D, Section 2(g), provides that "'property ownership' shall be deemed to include tenancies of real property where tenants are directly liable to pay the assessment, fee, or charge in question. Each parcel number of record is entitled to one objection. This notice describes how to file a protest to the proposed rate increase. If a majority of property owners protest, the rates will not be changed. If that occurs, revenues will not keep up with the cost increases for operations, materials, maintenance, and capital reserves.

Staff presented to the Etna City Council at the regular City Council Meeting on January 4, 2021 at 6:30pm for their approval of the proposed rate increases and were directed to proceed with the mailing of this Public Notice. If a majority of property owners do not protest the rate increases, then the increases will be considered by the City Council on April 19, 2021 at the Regular City Council Meeting and if approved will go into effect as indicated on the tables located within this notice.

## RATES

The table(s) attached with this notice summarizes the proposed rate changes. These changes represent the monthly impact to the typical single-family customer.

The City Council needs to come up with a rate structure that will not only adequately fund existing operation and maintenance, but also set aside money for replacement costs (capital reserve fund).

When applying for a grant or loan the City discovered that the State expects the average water bill (this is only the water portion of the monthly utility bill) to be at least 1.5% of the median family monthly income for the community. If the City is not collecting that amount, the State expects the City to increase the bill to at least that amount in order to qualify for any grants or loans.

The proposed rate structure has been included with this letter. Please review it, keep the above information in mind and plan on attending the Virtual Public Hearing, which will be held on Monday, April 5, 2021 at 6:30pm through GoToMeeting.com at:

**<https://global.gotomeeting.com/join/457509141>**  
**United States: +1 (669) 224-3412 Access Code: 457-509-141**

### WHY ARE RATES PROPOSED TO BE INCREASED?

Revenues from rates pay for maintenance and operation of the utilities and for many capital replacement costs or upgrades. Each utility is treated as a stand-alone entity to account for expenditures. Several factors have contributed to the increase in costs. In general, for all utilities, increased costs for materials, chemicals, labor, equipment, fuel, and unfunded State and Federal mandates increase costs. Mandates add to the cost of operation but do not cover the costs that the City will incur to meet the State and Federal Mandates. In addition, as the City continues to increase in population, there are costs associated with maintaining more facilities and handling greater volumes. Specific issues vary by utility.

The need for a rate increases in both the water and sewer bills is driven by four primary factors. **First**, a significant increase in regulations has increased costs, both in monitoring and changing treatment strategies. **Second**, a modification or replacement of the existing sewer treatment plant because of its age and operational requirements is necessary. **Third**, the need to increase the rate of growth of a capital reserve fund. **Lastly**, just the increased cost of operating and maintaining the water and wastewater systems.

Drinking water regulations are developed by USEPA and enforced by the Drinking Water Division of the California Dept. of Public Health (CDPH). Due to pressure from the general public as well as the federal legislators, USEPA has, over the past 25 years, significantly increased the number of regulated substances in the water as well as tightened several existing regulations. These changes have resulted in a great deal of more required laboratory testing, which unfortunately is not free. Other regulations require operational changes at the treatment plant which impact costs.

Regulations for the wastewater plant are developed by USEPA, and enforced at the state level by the Regional Water Quality Control Board. To date, increased regulations on the wastewater system have not been much of a problem even though the sewer treatment plant has had several state discharge permit violations due to the effluent, coming out of the plant, having higher levels of contaminants than are allowed by the Regional Water Quality Control Board. The State in the near future will most likely mandate that the City upgrade the Sewer Treatment Plant to meet their state discharge permit, this will require that the Sewer Capital Reserve Fund be well funded, which is one of the reasons for a rate increase.

### **WASTEWATER CAPITAL RESERVE FUND:**

The present value of the entire sewer system is approximately \$3,743,000 million dollars. The wastewater treatment plant is a much simpler system when compared to the water treatment plant. It has much less equipment. It is mainly made up of sewer treatment ponds and a trash rack. There are sewer mains that require replacement as soon as funding is available. The biggest concern in the wastewater collection system is the potential for negative impact on groundwater quality.

Presently there is about \$127,434 in the sewer capital reserve fund, not near enough to cover replacement costs. The **minimum annual contribution** that should be deposited into the sewer capital reserve fund per the engineering study for capital replacement of the wastewater system is \$112,329. These funds need to be available to fund upgrades to the current system whenever upgrades and replacements become necessary. It is recommended that the City begins gradually increasing the amount being deposited into the wastewater capital reserve fund, which is again one of the reasons for the sewer rate increase.

### **WATER CAPITAL RESERVE FUND:**

The present value of the entire water system is approximately \$6,731,000 million dollars. This includes the treatment plant, the storage tank, raw water piping system and the distribution piping system. A rate increase is necessary to keep up with the increasing costs of water production, system maintenance, and capital replacement.

Presently there is about \$275,031 in the water capital reserve fund, not near enough to cover replacement costs. It is recommended that the City set aside \$199,000 annually for capital replacement costs, based on the engineering study. The primary reason for the capital reserve fund is to provide for the replacement of components of the Water System as they reach the end of their design life.

(For example: A section of pipe installed in 1970 has an expected life of 100 years, so for that period, a small amount should be set aside on a monthly basis to provide funds for replacement at the end of 100 years.)

Unfortunately, that has not been done to the extent that it should have for a variety of reasons. Consequently, there is now only 50 years to accumulate the funds instead of the original 100.

Another reason for substantially increasing the capital reserve fund is that now all the grant and loan agencies are requiring that an account be in place, and be well funded, prior to any grant or loan funds being offered. This was not the case in most of the City's past grant and loan projects. Therefore, the development of a larger capital reserve fund (basically, a larger savings account) is a necessity.

A detailed Engineer's Report supporting the rate increases and additional information is available at City Hall, 442 Main Street, Etna, CA 96027.

Thank you for your support.

## HOW DO I PROTEST THE PROPOSED RATE ADJUSTMENT?

The Etna City Council will consider these proposed adjustments at a public hearing at 6:30pm, Monday, April 5, 2021, at the Etna City Hall, 442 Main St. Etna, CA 96027. Under State law, if you are the owner of record of a parcel or parcels subject to the proposed rate changes, you may submit a protest against any or all of the proposed rate changes by filing a written protest with the City Clerk at or before the time set for the public hearing. (Example: If you are the owner of record [APN# associated with your tax bill] for two parcels then you will have the opportunity to protest twice, once for each parcel.) (Three parcels equals three etc.)

If a written protest is filed by a majority of the affected parcels owners, the proposed rate change will not be imposed.

If the party **signing** the protest is not shown on the last equalized assessment role of Siskiyou County as the owner of the parcel(s), the protest must contain or be accompanied by written evidence that such party is the owner of the parcel(s). A protest should also indicate which proposed utility increase is being protested: water, wastewater, or both.

# CITY OF ETNA

## Proposed Utility Rates

Proposed Water Rate Increase			
	Flat Rate	\$/100 gallons	Average Cost (4,000 gallon usage)
Today	\$18.29	\$0.16	\$24.69
2021	\$18.73	\$0.19	\$26.33
2022	\$19.18	\$0.22	\$27.98
2023	\$19.64	\$0.26	\$30.04
2024	\$20.11	\$0.31	\$32.51
2025	\$20.59	\$0.37	\$35.39

### City of Etna - Sanitary Sewer Rate Multiplier

Estimated Flow per EDU  
250 gpd

Daily Average Flow (Plant)  
110000 gpd

EDU Average  
440 EDU

	Multiplier (EDU)	2021	2022	2023	2024	2025
Single Family dwelling	1.00	\$31.55	\$33.33	\$35.26	\$37.35	\$39.61
Apartments	0.67	\$21.14	\$22.33	\$23.62	\$25.02	\$26.54
Barber & Beauty Shop, each water closet	1.00	\$31.55	\$33.33	\$35.26	\$37.35	\$39.61
Barber & Beauty Shop, each chair	0.37	\$11.67	\$12.33	\$13.05	\$13.82	\$14.66
Church, each sanctuary seat	0.01	\$0.32	\$0.33	\$0.35	\$0.37	\$0.40
Food Service, restroom facilities	1.50	\$47.33	\$50.00	\$52.89	\$56.03	\$59.42
Food Service, kitchen sinks each	1.00	\$31.55	\$33.33	\$35.26	\$37.35	\$39.61
Food Service, dishwasher each	0.37	\$11.67	\$12.33	\$13.05	\$13.82	\$14.66
Coin Op Laundries, each closet	0.50	\$15.78	\$16.67	\$17.63	\$18.68	\$19.81
Stores, private water closet	1.00	\$31.55	\$33.33	\$35.26	\$37.35	\$39.61
Stores, public water closet	1.50	\$47.33	\$50.00	\$52.89	\$56.03	\$59.42
Mobile Home Parks, each space	1.00	\$31.55	\$33.33	\$35.26	\$37.35	\$39.61
Motels, nursing homes, rest homes:						
Room with Bath	0.37	\$11.67	\$12.33	\$13.05	\$13.82	\$14.66
Room without bath	0.25	\$7.89	\$8.33	\$8.82	\$9.34	\$9.90
Each Restroom Facility	1.25	\$39.44	\$41.66	\$44.08	\$46.69	\$49.51
Office Building, private water closet	1.00	\$31.55	\$33.33	\$35.26	\$37.35	\$39.61
Office Building, public water closet	1.25	\$39.44	\$41.66	\$44.08	\$46.69	\$49.51
RV Park, each space with sewer connection	0.37	\$11.67	\$12.33	\$13.05	\$13.82	\$14.66
RV Park each space without sewer connection	0.25	\$7.89	\$8.33	\$8.82	\$9.34	\$9.90
RV Park, public restroom	1.50	\$47.33	\$50.00	\$52.89	\$56.03	\$59.42
Elementary School per pupil	0.03	\$0.95	\$1.00	\$1.06	\$1.12	\$1.19
Secondary School per pupil	0.05	\$1.58	\$1.67	\$1.76	\$1.87	\$1.98
Service station with public restroom	1.50	\$47.33	\$50.00	\$52.89	\$56.03	\$59.42
Service station without public restroom	1.17	\$36.91	\$39.00	\$41.25	\$43.70	\$46.34

Note: Each of these would be calculated for the given year based on the single family dwelling rate for that year