



NOTICE OF PUBLIC HEARING

To Consider Proposed Water Rate Increases

6 p.m. Tuesday, November 14, 2023
La Cañada Irrigation District Board of Directors
La Cañada Flintridge Library
4545 N Oakwood Ave, La Cañada Flintridge, CA 91011



The Cost of Service Study Report is available on the website at www.lacanadaid.org/.
Scan this code to be taken directly to the website.



La Cañada Irrigation District
1443 Foothill Boulevard
La Cañada Flintridge, CA 91011

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To Consider Proposed
Water Rate Increases

PLEASE TAKE NOTICE THAT

La Cañada Irrigation District (District; LCID) Board of Directors will conduct a Public Hearing to consider proposed rates for water services. The costs incurred by the District to operate, maintain, repair, and replace infrastructure such as reservoirs, pipes, pumps, and other essential facilities continue to increase. The proposed water rates will ensure the District collects sufficient revenue to cover operating and capital expenses to maintain reliable service and run the water utility efficiently and consistently with industry standards.

Why Am I Receiving This Notice?

This Notice is being furnished to you by La Cañada Irrigation District pursuant to California Proposition 218, which requires the District to notify property owners of record and water utility customers of proposed increases for water services. This serves as notice that the District's Board of Directors will conduct a Public Hearing at 6 p.m. Tuesday, November 14, 2023, at the La Cañada Flintridge Library, 4545 N. Oakwood Ave, La Cañada Flintridge, CA 91011.

All those interested are invited to appear at the time and place of the Public Hearing noticed above to give oral or written testimony or to submit written protests regarding the proposed rate adjustments. The Board of Directors will hear and consider oral testimony and written materials submitted regarding proposed rate adjustments at the Public Hearing. The Board of Directors has the authority to adjust the proposed water rate changes in response to oral testimony and written materials submitted for consideration, provided any adjustments cannot increase rates beyond those proposed in this Notice. If adopted, proposed water rate adjustments would become effective on January 1, 2024, with annual rate adjustments each January 1 through 2028.

Why Are Water Rate Increases Needed?

Water services are funded in large part by the rates customers pay. While the District is dedicated to keeping water rates low by maintaining lean staffing and using reserves when necessary, costs continue to rise. Similar to higher costs for most consumer goods, the District is impacted by rising costs to purchase and store water, and for energy, fuel, equipment, parts, and labor. Per State law, revenues generated from rate increases must only be used to fund the actual costs to operate and maintain the water system including infrastructure projects and the cost of debt to finance capital improvement projects.

With limited supplies of groundwater, the majority of our water supply is expensive imported water from Northern California and the Colorado River purchased from the Foothill Municipal Water District (FMWD). The cost to purchase water is expected to increase on average 5.7% annually over the next five years. In addition, the District's water system is aging and needs upgrades, replacements, and new water storage to ensure reliable water service. Therefore, the District is proposing to invest more than \$4.4 million per year in significant capital improvement projects (CIP), including the construction of a new reservoir (\$9.9 million), existing reservoir repair and refurbishment costs (\$5 million), and water main replacements (\$4.5 million).

With help from an independent consultant, a rate study was performed to assess the District's revenue needs. The proposed rates are determined based on the projected revenue needed to fund:

- Operations and Maintenance, such as purchasing water, labor, supplies, wells, and equipment.
- Substantial Capital Needs, such as large projects to repair/replace pipes, wells, pumping plants, and reservoirs.
- Debt Service to pay back loans.
- Reserves to meet minimum debt requirements and fund emergency or unplanned expenses.

Proposed Rate Recommendations

Your Bi-Monthly Water Bill

There are two components that make up the bill received every two months.

1. Water Service Charge: Covers fixed costs that are not affected by water use, such as infrastructure, rehabilitation, system maintenance, and administration.
2. Water Commodity Rate: Also known as volumetric or usage rates based on how much water is consumed. The commodity rate is the price per unit of water based on a tiered structure. A unit of water is 748 gallons, or one hundred cubic feet (CCF).

Water Rate Structure Changes

The updated Cost of Service analysis and the District's total revenue needs per year result in the proposed water rate adjustments shown in the following tables. Customer rates and charges will differ depending on the meter size, and water use. All customers pay a bi-monthly water service charge and a consumption rate, also known as commodity or volumetric rate. The rates were developed to adhere to state law and to be fair to all customers. The volume of water in the first tier remains unchanged; however, the second tier volume is resized from 70 CCF bimonthly to 60 CCF based on the average summer water use. Use in excess of 60 CCF will be in the third tier.

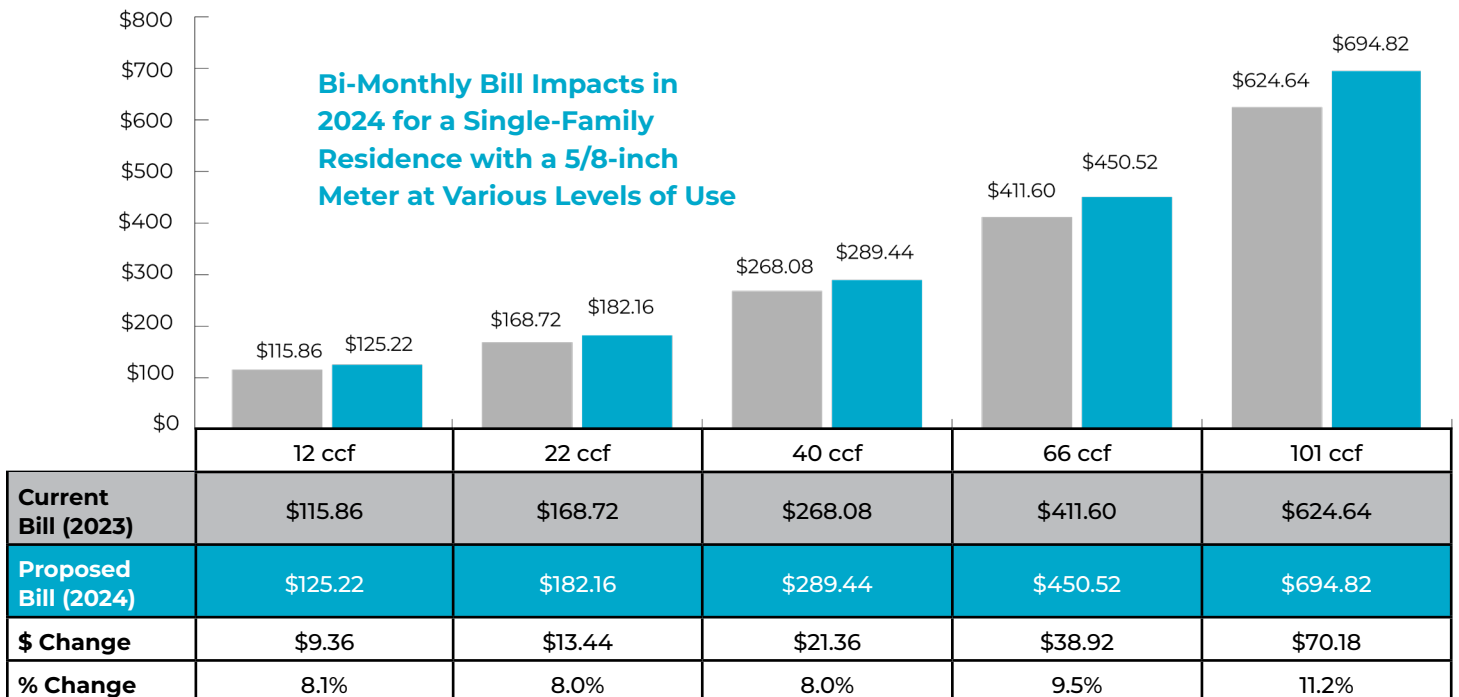
Table 1: Proposed Bi-Monthly Water Rates Schedule by Meter Size

Table 1 shows the proposed bi-monthly water service charge by meter size. To align with updated average residential summer water use, the proposed rates include modifications to Tier 2 and Tier 3 allotments. Note: One unit of water is 100 cubic feet (ccf).

Description	CURRENT 2023	Proposed 2024	Proposed 2025	Proposed 2026	Proposed 2027	Proposed 2028
Effective Date	February 1, 2023	January 1, 2024	January 1, 2025	January 1, 2026	January 1, 2027	January 1, 2028
Bi-Monthly Fixed Meter Charges						
5/8-inch	\$63.66	\$69.66	\$76.64	\$84.30	\$92.72	\$102.00
3/4-inch	\$63.66	\$69.66	\$76.64	\$84.30	\$92.72	\$102.00
1-inch	\$131.96	\$146.00	\$160.60	\$176.66	\$194.34	\$213.76
1.5-inch	\$245.80	\$273.22	\$300.56	\$330.60	\$363.66	\$400.04
2-inch	\$382.38	\$425.88	\$468.48	\$515.32	\$566.86	\$623.54
3-inch	\$814.98	\$909.30	\$1,000.24	\$1,100.26	\$1,210.28	\$1,331.32
Commodity Rates (per ccf)						
Tier 1 (0-14 ccf)	\$4.35	\$4.63	\$5.10	\$5.61	\$6.18	\$6.80
Tier 2 (15-60 ccf)	\$5.52	\$5.96	\$6.56	\$7.22	\$7.95	\$8.75
Tier 3 (>60 ccf)	\$6.16	\$6.98	\$7.68	\$8.45	\$9.30	\$10.23

Table 2: Proposed Customer Bill Impacts

Table 2 shows a Single Family Residential (SFR) bi-monthly water bill impact for 2024 based on a 5/8" meter at various levels of water use.



Proposed Drought Cost Recovery Rates

The District depends on water sales to fund the majority of its operations including reliably delivering water to homes and businesses. When customers are asked to use less, such as during droughts, it leads to lower revenues. Lower revenues are a challenge for the District, as many of the costs associated with building and maintaining a water system are fixed. Based on stages calibrated to drought severity, a Drought Recovery Rate works to offset lost revenues.

In the event that the Board of Directors implements emergency drought stages, temporary drought recovery rates may be assessed in addition to water use rates. Drought rate surcharges are needed to recover a shortfall in revenues resulting from reduced water sales when the District Board mandates conservation for different drought stages. The surcharges to the proposed rates in any given year are shown in Table 3. Each tiered rate will increase by the percentage shown depending on the drought stage.

Table 3: Proposed Drought Rate Uniform Percentage Increase to Commodity Rates

Years	Stage 1 Water Shortage	Stage 2 Water Shortage	Stage 3 Water Shortage	Stage 4 Water Shortage
2024-2028	5.7%	12.8%	22%	34.2%

How Do I Protest the Proposed Rate Increases?

You have the right to protest the proposed water rate adjustments. The protest **must be in writing**, and it must be submitted by either the property owner or a current ratepaying tenant. It must include the LCID property service address and/or the assessor's parcel number, the eligible individual's name (property owner or tenant), a statement to the effect of "I protest the proposed water rates," and an original signature.

Written protests **may only be submitted by mail** to Board Secretary, La Cañada Irrigation District, PO Box 39, La Cañada Flintridge, CA 91012, **or in person** at the District's office at 1443 Foothill Boulevard, La Cañada Flintridge, CA 91011, or during the Public Hearing at 6 p.m. on Tuesday, November 14, 2023. **All protests must be received by the District Board of Directors before the conclusion of the Public Hearing.** The Board will not accept or consider any protest received after the conclusion of the Public Hearing.

Only one written protest per affected property will be counted. Telephone, e-mail, and fax protests will not be accepted. At the Public Hearing at 6 p.m. on Tuesday November 14, 2023, the Board of Directors will accept and consider all written protests and hear all oral comments on the proposed water rate changes. Oral comments will not be counted as protests unless accompanied by a written protest as outlined within this Notice.

At the conclusion of the Public Hearing, the Board of Directors will consider adopting the proposed changes as follows:

- (1) If fewer than a majority of property owners or ratepayers file a protest, the Board of Directors will consider adjusting water rates as proposed.
- (2) If a majority of affected property owners or ratepayers protest the proposed water rate adjustments before the conclusion of the Public Hearing, the District is prohibited by law from changing its water rates at this time.

If adopted, the proposed water rates will take effect beginning January 1, 2024. The reasons for the rate adjustments, the basis upon which they were calculated, and the amount of the proposed water rates are described in more detail in the Rate Study Report, which is posted on the District's website and available at the District's main office, 1443 Foothill Boulevard, La Cañada Flintridge, CA 91011 between 8:30 a.m. and 5 p.m., Monday through Friday. District staff can assist in answering questions about water rates, the rates study, or your bill.

California law (Government Code section 53759) provides a 120-day statute of limitations for judicially challenging these rates.

Questions?



(818) 790-6749



www.lacanadaid.org/



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