TUOLUMNE UTILITIES DISTRICT
18885 NUGGET BLVD ● SONORA, CA 95370
(209) 532-5536 ● Fax (209) 536-6485

DIRECTORS
Barbara Balen
David Boatright
Jeff Kerns
Ron W. Ringen

Special Board Meeting Agenda
Thursday, April 6, 2023 - 9:00 a.m.
TUD Board Room
18885 Nugget Blvd., Sonora, California

Public Participation Procedures:

During the Board meeting, members of the public who wish to provide public comment will be invited to do so by the Board President. Members of the public who are physically present will be called first. Members of the public who are not present and wish to provide remote public comment via Zoom may use the 'Raise Hand' feature on their computer or press *9 if participating by phone.

Information to join meeting via Zoom:

- **Via video conferencing at:**

  https://us02web.zoom.us/j/81704856067?pwd=dVl1aWcxam1wTUVmN0l0ZjZobVROZz09
- **Via teleconference by calling (253) 215-8782 or (301) 715-8592**
- **US Meeting ID: 817 0485 6067**
- **Password: 313262**
- **Public may observe and listen to this meeting on TUD's YouTube Channel at Tuolumne Utilities District - YouTube**

Call to Order

Pledge of Allegiance

I. **Public Forum** - (5 minutes per item maximum) We would like to welcome the members of the public who have taken the time to attend this meeting and provide comments on matters related to District business. Any member of the public may address the Board relating to any matter within the Board's jurisdiction. This need not be related to any item on the agenda; however, the Board cannot act on an item unless it was noticed on the agenda. Persons speaking during the Public Comment will be limited to five (5) minutes or depending on the number of persons wishing to speak, it may be reduced to allow all members of the public the opportunity to address the Board.

II. **Regular Business**

1. Discussion and Direction to Staff Regarding Authorization to Issue Proposition 218 Notice

Adjournment

Note: Agenda Material can be viewed at our website at www.tudwater.com.

Board Policy limits Board meetings to a duration of three (3) hours; however, the Board may consider whether to extend the meeting beyond three (3) hours by majority vote.

In accordance with the Americans with Disabilities Act, if you need special assistance (i.e. auxiliary aids or services) in order to participate in this public meeting, please contact the Clerk of the Board, Melissa McMullen, and (209) 532-5536 ext. 510. Notifications 48 hours prior to the start of the meeting will enable the Clerk to make reasonable accommodations to ensure accessibility to this public meeting.

TUOLUMNE UTILITIES DISTRICT

Agenda Item No.II.1

MEMORANDUM

Special Board Meeting of April 6, 2023

To: Tuolumne Utilities Board of Directors

From: Don Perkins, General Manager
Stephen M. Sheffield, CPA, Finance Director

Agenda Section: Regular Business

Subject: Discussion and Direction to Staff Regarding Authorization to Issue Proposition 218 Notice

Summary

Recommendation: Board to discuss and provide direction to staff regarding authorization to issue a Proposition 218 Notice to its water and sewer customers.

Recommended Motion: "I move to authorize district staff to mail the Proposition 218 Notice to its water and sewer customers."

Issue: The District Rate Study concludes that rate increases are necessary to meet annual operating and maintenance costs, maintain sufficient capital improvement plan reserves, maintain reasonable operating reserves, and maintain adequate debt service coverage ratios. Proposed rate increases are also needed to fund future large capital improvement included in the five-year CIP.

Fiscal Impact: The cost to print and mail the Proposition 218 Notices to water customers is estimated at approximately $13,000.

Previously Related Actions:

- January 10, 2022 – Board received Cost of Services Analysis presentation and directed staff to proceed with preparation of the Draft Cost of Service Rate Study Report.
- February 14, 2022 – Board reviewed the Draft Cost of Service Rate Study Report.
- March 14, 2023 - Board was requested to authorize issuing presented proposed Proposition 218 notice. Item was tabled by Board.

Committee Status: not applicable.

Adherence to Policy: not applicable.

Discussion – Proposition 218 was enacted by voters in 1996 and requires that prior to any increase to fees and charges imposed for ongoing delivery of a service to a property, a written notice of the proposed fee or charge shall be mailed to the record owner of each parcel not less than 45 days prior to a public hearing, when TUD considers all written protests. The proposed Proposition 218 Notice is attached and formal approval to issue the notice directs staff to mail the notices to each of its water and sewer customers and start the 45-day timeline to the public hearing. The District has proposed to schedule the public hearing for June 14, 2023, at 9:00 AM.

Attachments:

Proposed Proposition 218 Notice

Board Action:	Resolution No. _____	Motion by _____ Second by _____
	Ayes: _____	Noes: _____
	Absent: _____	Abstained: _____ Recuse: _____

TUOLUMNE UTILITIES DISTRICT

April 27, 2023

Notice of Public Hearing to Consider Changes to TUD Water and Sewer Rates and Charges

On Wednesday, June 14, 2023, 9:00 a.m., in the Tuolumne Utilities District Board Room located at 18885 Nugget Blvd., Sonora, California, the Tuolumne Utilities District Board of Directors will hold a public hearing to consider increasing rates and charges for the delivery of water and treatment of sewer to its customers, effective no sooner than August 1, 2023.

You are receiving this notice because our records indicate that you are a water and/or sewer customer of the Tuolumne Utilities District (District or TUD). The TUD Board of Directors will consider adoption of a proposed water and sewer rate increase affecting all water and sewer customers. This notice describes the proposed increase and explains how you can participate in the rate setting process. Interested persons are encouraged to attend and comment on the issues being discussed.

Reason and Basis for the Adjustment

TUD recently completed a comprehensive long-range financial plan and cost of service study to ensure TUD has adequate revenue to continue to maintain safe and reliable service for years to come. This study concludes that the proposed rates are necessary to provide sufficient funds to pay the costs of operations, maintenance, administration, debt service, and capital improvement over the next five years. The proposed rates in this notice are also designed to establish and maintain reserves. The District completed a separate analysis which provided a 5-year outlook of Capital Improvement Plan (CIP) costs, which was incorporated into the long-range financial plan. The projected CIP requires $8 million annually, before inflation impacts, to maintain or replace its water and sewer infrastructure, yet TUD's current water and sewer rates provide only $4 million annually for CIP capital projects.

Proposal

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 postpone the effective start date. TUD is proposing changes in its rates to begin, if approved, on August 1, 2023, and each July 1st thereafter for each of the remaining years through 2027.

The proposed rates and charges for treated and untreated water service are intended to increase total revenue for water system operation and maintenance by 28% in fiscal year 2024, 2.6% in 2025, 2.4% in 2026, 1.2% in 2027, and 1.5% in 2028. The change in monthly charges for water service for each customer will vary depending upon meter size, volume of water used, and treated or raw classification. The enclosed tables are provided to help you understand how your cost of water service will change.

The proposed rates and charges for wastewater collection and treatment are intended to increase total revenue for sewer system operation and maintenance by 17.8% in fiscal year 2024, 14% in 2025, 0.7% in 2026, 1.1% in 2027, and 1.5% in 2028. The change in monthly charges for sewer service for each customer will vary depending upon Equivalent Single Family Residence (ESFR) classification with a minimum ESFR Demand Factor of 1.0 ESFR for purposes of monthly billing. The enclosed tables are provided to help you understand how your cost of sewer service will change.

How to Protest the Proposed New Rates

The District and its Board of Directors invites the public to participate and offer input on the proposed rate and service charge changes at any time, including during the public hearing. The property owner of record or tenant of any parcel subject to these rates and charges can protest these proposed rates and charges by submitting a written protest either by mail to Tuolumne Utilities District, 18885 Nugget Blvd., Sonora, California 95370 or hand-delivering to the Board Clerk, Tuolumne Utilities District, 18885 Nugget Blvd., Sonora, California. Written protests must be received prior to the conclusion of the public hearing scheduled for 9:00 a.m. on Wednesday, June 14, 2023.

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 printed name and 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. After the public hearing, if a majority of the property owners and customers of record of the impacted parcels submit written protests in opposition to the proposed rate increases, the increases will not be implemented. If a majority protest is not received, TUD's Board of Directors may adopt the proposed rate changes. The existing rates are not subject to a protest vote and will remain in effect regardless of whether the new rate schedule is approved.

Legal Challenge

Any judicial action or proceeding to attack, review, set aside, void, validate, or annul an ordinance, resolution, or motion adopting a fee or charge for water and sewer service, or modifying or amending an existing fee or charge for water and sewer service, shall be commenced within 120 days of the effective date or of the date of the final passage, adoption, or approval of the ordinance, resolution, or motion, whichever is later.

Additional Information

Additional information on the proposed water and sewer rate changes is available on TUD's website at tudwater.com, or upon request by contacting TUD at 209-532-5536.

Treated Water Monthly		Proposed				
Meter size	Current	8/1/2023	7/1/2024	7/1/2025	7/1/2026	7/1/2027
1 inch or less	$ 64.50	$ 82.54	$ 84.69	$ 86.74	$ 87.79	$ 89.11
1 1/2 inch	$ 103.20	$ 132.06	$ 135.50	$ 138.78	$ 140.46	$ 142.56
2 inch	$ 148.35	$ 189.83	$ 194.78	$ 199.49	$ 201.90	$ 204.93
3 inch	$ 328.95	$ 420.93	$ 431.90	$ 442.35	$ 447.70	$ 454.41
4 inch	$ 457.95	$ 586.01	$ 601.29	$ 615.84	$ 623.29	$ 632.63
6 inch	$ 806.25	$ 1,031.70	$ 1,058.59	$ 1,084.20	$ 1,097.31	$ 1,113.75
8 inch	$ 1,231.95	$ 1,576.44	$ 1,617.53	$ 1,656.67	$ 1,676.71	$ 1,701.84
Over 400 cf (per 100 cf)	$ 3.40	$ 4.35	$ 4.46	$ 4.57	$ 4.63	$ 4.70

Raw Meter Water Monthly		Proposed				
Meter size	Current	8/1/2023	7/1/2024	7/1/2025	7/1/2026	7/1/2027
1 inch or less	$ 35.00	$ 44.79	$ 45.96	$ 47.07	$ 47.64	$ 48.35
1 1/2 inch	$ 56.00	$ 71.66	$ 73.53	$ 75.31	$ 76.22	$ 77.36
2 inch	$ 80.50	$ 103.01	$ 105.70	$ 108.26	$ 109.57	$ 111.21
3 inch	$ 178.50	$ 228.41	$ 234.36	$ 240.03	$ 242.93	$ 246.57
4 inch	$ 248.50	$ 317.99	$ 326.28	$ 334.17	$ 338.21	$ 343.28
6 inch	$ 437.50	$ 559.84	$ 574.43	$ 588.33	$ 595.45	$ 604.37
8 inch	$ 668.50	$ 855.43	$ 877.73	$ 898.97	$ 909.84	$ 923.47
Over 5,000 cf (per 100 cf)	$ 0.34	$ 0.44	$ 0.45	$ 0.46	$ 0.47	$ 0.48

Raw MID Water Monthly		Proposed				
Miner's Inch	Current	8/1/2023	7/1/2024	7/1/2025	7/1/2026	7/1/2027
First 1/2 MID	$ 35.00	$ 44.79	$ 45.96	$ 47.07	$ 47.64	$ 48.35
Additional per 1/2 MID	$ 18.00	$ 23.03	$ 23.63	$ 24.20	$ 24.49	$ 24.86
Over 2 MID	$ 6.80	$ 8.70	$ 8.93	$ 9.15	$ 9.26	$ 9.40

Sewer		Proposed				
	Current	8/1/2023	7/1/2024	7/1/2025	7/1/2026	7/1/2027
1-unit ESFR	$ 51.00	$ 60.10	$ 68.53	$ 68.99	$ 69.76	$ 70.77