

**REPORT TO THE BOARD OF DIRECTORS
BOARD MEETING OF DECEMBER 14, 2021
AGENDA ITEM NO. 9.B.**



AGENDA SECTION: NEW BUSINESS

SUBJECT: CONSIDER THE RATE FREEZE AND RECEIVE INFORMATION ON THE SWRCB 2021 DRINKING WATER AFFORDABILITY ASSESSMENT REPORT

PREPARED BY: Adam Coyan, General Manager
Gloria Omania, Independent Contractor

APPROVED BY: Adam Coyan, General Manager

BACKGROUND

On September 13, 2017, the Georgetown Divide Public Utilities District (District) Board of Directors (Board) adopted Resolution 2017-30 (Attachment 1) approving new rates after completing a rate study and conducting a Prop 218 hearing process.

On February 12, 2019, the Board adopted Resolution 2019-14 (Attachment 2) freezing treated and irrigation water rates for no more than 12 months. Subsequently, on June 4, 2019, the Board approved the FY 2019-2020 budget based on the 5% rate increase that became effective on July 1, 2019 (Attachment 3).

On February 11, 2020, adopted Resolution 2020-08 (Attachment 4), to temporarily freeze the treated water rates until July 1, 2020, and freeze the irrigation rates for the remainder of 2020.

The Board again considered a rate freeze at the Board's regular meeting of January 12, 2021. The related Staff report indicated the FY 2020-2021 Budget was based on a 5% increase in treated water rates for the entire fiscal year and on a 10% increase in irrigation water rates for the two months of the five-month irrigation season. The referenced staff report recommended that the Board not impose a rate freeze and is included as Attachment 5. However, the Board adopted Resolution 2021-03 (Attachment 6) freezing the rates until the end of the 2021 calendar year.

DISCUSSION

The current rate freeze that maintains the rate at the 2019 level is due to expire on December 31, 2021, triggering the scheduled rate level to become effective on January 1, 2022. The Board has at least two options to consider: (1) allow the rate to increase on January 1, 2022; or (2) extend the rate freeze to a specific date.

On June 24, 2021, the Board adopted an interim FY 2021-2022 Budget and a cash reserve policy requiring a 150-day reserve balance. This budget does not include a 5% rate increase scheduled to trigger on January 1 2022.

The California State Water Resource Control Board (SWRCB) created an affordability threshold for disadvantaged communities in the 2021 Drinking Water Affordability Assessment Report (Attachment 7). The report defines the Affordability Threshold: as the “level, point, or value that delineates if a water system’s residential customer charges, designed to ensure the water systems can provide drinking water that meets State and Federal standards, are affordable.”

Staff offers the following information to provide a preliminary comparison of water rates per Median Household Income to show the disparity in our current rates in order to qualify for grant funding for a Disadvantaged Community, based upon the percentage of the water bill to the Median Household Income. The formula is based upon 600 cubic feet a day usage. The minimum Affordability Threshold to qualify for grant funding is 1.5%, while the maximum is 2.5% of Median Household income.

The District’s Median Household Income, based upon our 2020 Urban Water Management Plan, is \$66,359. If the above usage formula was applied, the monthly rate would be \$46.96 a month. If the Affordability Threshold was applied $[(1.5\% * 66,359)/12]$, the monthly rate would be \$82.95 a month. This monthly rate is close to half the amount required to qualify for a state grant for Disadvantaged Communities. The above-reference rate does not include the supplementary charge of \$15.08 a month, but even when that amount was included, it would place our monthly bill based upon the formula to \$62.04 which is only 75% of the Affordability Threshold. Also, in the formula for rates, the supplemental charges could not be included.

FISCAL IMPACT

The approved FY 2021-2022 Operating Budget does not include the additional 5% rate increase. If the Board allows for the increase to become effective, the revenue budget would be as reflected in Attachment 8.

The District currently has over \$113 million in repairs that need to be completed within the next 40 years. The impending Asset Valuation Study could increase that amount. Staff has discussed some ideas to lower those costs by close to 30%, however, as much up front funds as possible is needed to achieve that cost reduction; allowing the 5% increase to trigger is an important and necessary step.

CEQA ASSESSMENT

This is not a CEQA Project

RECOMMENDED ACTION

Staff recommends the Board of Directors allow the increase to effectuate on January 1, 2022.

ALTERNATIVES

Alternatively, the Board could reject Staff’s recommendation and adopt Resolution 2021-XX (Attachment 9) to continue the freeze to a specific date.

ATTACHMENTS

1. Resolution 2017-30 – Approving New Rates
2. Resolution 2019-14 – Freezing Treated and Irrigation Water Rates
3. Resolution 2019-40 – Approving FY 2019-2020 Budget

Consider Rate Freeze

Board Meeting of December 12, 2021

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4. Resolution 2020-08 – Temporarily Freezing Water Rates
5. Staff Report, dated January 12, 2021, Recommending No Rate Freeze
6. Resolution 2021-03 – Freezing Rates Until end of Calendar Year 2020
7. SWRCB 2021 Drinking Water Affordability Assessment Report
8. FY 2021-2022 Revenue Budget with 5% Rate Increase
9. Draft Resolution 2021-XX – Freezing Rates to (date)

RESOLUTION NO. 2017-30

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
 GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT
 ADOPTING NEW RATES FOR TREATED WATER AND
 IRRIGATION WATER SERVICES**

WHEREAS, Georgetown Divide Public Utility District (“District”) provides irrigation and treated water services to residents and businesses of the District; and

WHEREAS, a Water Rate Study, dated October 24, 2017, prepared by RCAC (“Water Rate Study”), establishes various rates proposed therein, which the District Board finds are reasonably related to the cost of service for the District; and

WHEREAS, in preparing the Water Rate Study, staff and RCAC held several workshops and recommended a range of alternatives that the District could adopt regarding the revised water rates, which the District Board has reviewed; and

WHEREAS, on December 12, 2017, pursuant to Proposition 218 (Cal. Const., Art. XIID, Sec. 6) the District Board heard and considered all oral testimony, written materials, and written protests concerning the rate increase; and

WHEREAS, the District has verified and counted the protests and determined that the District may proceed with the proposed water rates.

NOW, THEREFORE, BE IT RESOLVED THAT THE GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT, DOES HEREBY ACCEPT AND CLOSE the Proposition 218 proceedings in connection with the District’s proposed water rates, with receipt of less than a majority protest vote as declared by the District Secretary. The District Board may adopt multi-year rate increases for water rates, in accordance with the Water Rate Study, in compliance with Proposition 218.

NOW, THEREFORE, BE IT and it is hereby RESOLVED by the Board of Directors of the Georgetown Divide Public Utility District as follows:

Beginning on January 1, 2018, the monthly charges (billed bi-monthly) for treated water customers are established as follows:

Meter Size	Monthly Base Charge					
	Current	Jan 1, 2018	Jan 1, 2019	Jan 1, 2020	Jan 1, 2021	Jan 1, 2022
5/8, 3/4, 1”	\$ 23.57	\$ 29.41	\$ 30.88	\$ 32.42	\$ 34.04	\$ 35.74
1.5”	\$ 23.57	\$ 98.02	\$ 102.92	\$ 108.07	\$ 113.47	\$ 119.15
2”	\$ 23.57	\$ 156.83	\$ 164.67	\$ 172.91	\$ 181.55	\$ 190.63
3”	\$ 23.57	\$ 313.66	\$ 329.34	\$ 345.81	\$ 363.10	\$ 381.25
4”	\$ 25.16	\$ 490.09	\$ 514.60	\$ 540.33	\$ 567.34	\$ 595.71

An ALT treatment plant supplemental charge of \$15.08 per month is also added to the above listed base charge for all treated water customers.

Tier	Usage Rate (per CF)					
	Current	Jan 1, 2018	Jan 1, 2019	Jan 1, 2020	Jan 1, 2021	Jan 1, 2022
<1000 CF	--	\$ 0.0255	\$ 0.0268	\$ 0.0281	\$ 0.0295	\$ 0.0310
1000-2000	\$ 0.0138	\$ 0.0255	\$ 0.0268	\$ 0.0281	\$ 0.0295	\$ 0.0310
2001-3000	\$ 0.0165	\$ 0.0255	\$ 0.0268	\$ 0.0281	\$ 0.0295	\$ 0.0310
3001-4000	\$ 0.0193	\$ 0.0255	\$ 0.0268	\$ 0.0281	\$ 0.0295	\$ 0.0310
>4001 CF	\$ 0.0221	\$ 0.0255	\$ 0.0268	\$ 0.0281	\$ 0.0295	\$ 0.0310

NOW, THEREFORE, BE IT and it is hereby RESOLVED by the Board of Directors of the Georgetown Divide Public Utility District as follows:

Beginning on January 1, 2018, the monthly charges for irrigation water customers are established as follows:

Meter Size	Monthly Base Charge (Irrigation Season Only)					
	Current	Jan 1, 2018	Jan 1, 2019	Jan 1, 2020	Jan 1, 2021	Jan 1, 2022
½"	\$ 47.00	\$ 77.00	\$ 84.80	\$ 93.20	\$ 102.60	\$ 112.80
Per each 1"	\$ 72.74	\$ 154.20	\$ 169.60	\$ 186.60	\$ 205.20	\$ 225.80

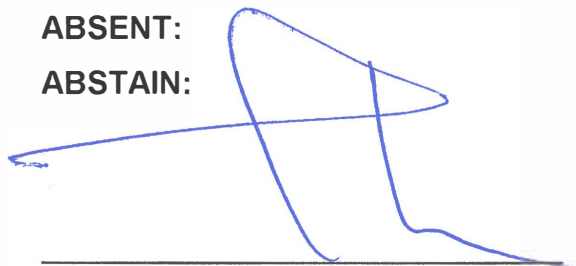
PASSED, APPROVED, AND ADOPTED by the Georgetown Divide Public Utility District District at a special meeting held on the 12th day of December 2017; motioned by Director Hanschild, seconded by Director Wadle, and upon roll call was carried by the following vote of:

AYES: Halpin, Hanschild, Uso, Wadle

NAYS:

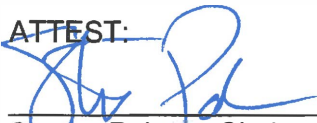
ABSENT:

ABSTAIN:



Londres Uso, President
 Board of Directors
 GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT


ATTEST:



Steven Palmer, Clerk and Ex officio
Secretary, Board of Directors
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

CERTIFICATION

I hereby certify that the foregoing is a full, true and correct copy of Resolution 2017-30 duly and regularly adopted by the Board of Directors of the Georgetown Divide Public Utility District, County of El Dorado, State of California, on the 12th day of December 2017.



Steven Palmer, Clerk and Ex officio
Secretary, Board of Directors
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

RESOLUTION NO. 2019-14
OF THE BOARD OF DIRECTORS OF THE
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT
FREEZING TREATED AND WATER IRRIGATION RATES AT THE 2018 RATES
UNTIL THE END OF THE DECEMBER 2019 BILLING PERIOD

WHEREAS, Georgetown Divide Public Utility District (“District”) provides irrigation and treated water services to residents and businesses of the District; and

WHEREAS, in December 2017, the District completed a roughly 15-month process to update its treated and irrigation water rates; and

WHEREAS, that process resulted in a Water Financial Analysis (aka Water Rate Study), dated October 24, 2017, prepared by Rural Community Assistance Corporation (RCAC) that established various proposed rates; and

WHEREAS, on December 12, 2017, pursuant to Proposition 218 (Cal. Const., Art. XIID, Sec. 6) the District Board heard and considered all oral testimony, written materials, and written protests concerning the rate increase; verified and counted the protests and determined that the District may proceed with the proposed water rates; and

WHEREAS, the Board then adopted Resolution 2017-30 Adopting New Rates for Treated Water and Irrigation Water Services; and

WHEREAS, those rates were set to increase effective with the January/February 2019 billing period; and

WHEREAS, at the January 8, 2019 meeting the Board acted by motion to “temporarily freeze the rate increases for no more than 12 months;” and

WHEREAS, Board determinations regarding District rates should be made by resolution or ordinance; and

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT HEREBY RESOLVES THE FOLLOWING:

1. Effective with the January/February 2019 billing period, the monthly charges (billed bi-monthly) for treated water customers are established as follows:

Meter Size	Monthly Base Charge
5/8, 3/4, 1”	\$ 29.41
1.5”	\$ 98.02
2”	\$ 156.83
3”	\$ 313.66
4”	\$ 490.09

An ALT treatment plant supplemental charge of \$15.08 per month is also added to the above listed base charge for all treated water customers.

- Effective with the January/February 2019 billing period, the usage rate for treated water customers will be \$0.0255 per cubic foot.
- Effective with the January/February 2019 billing period, the monthly charges for irrigation water customers are established as follows:

Meter Size	Monthly Base Charge (Irrigation Season Only)
½"	\$ 77.00
Per each 1"	\$ 154.20

- The above listed rates will be effective through the November/December 2019 billing period.
- Effective with the January/February billing period for each following year, respectively, the monthly charges (billed bi-monthly) for treated water customers are established as follows:

Meter Size	Monthly Base Charge		
	2020	2021	2022
5/8, 3/4, 1"	\$ 30.88	\$ 32.42	\$ 34.04
1.5"	\$ 102.92	\$ 108.07	\$ 113.47
2"	\$ 164.67	\$ 172.91	\$ 181.55
3"	\$ 329.34	\$ 345.81	\$ 363.10
4"	\$ 514.60	\$ 540.33	\$ 567.34

An ALT treatment plant supplemental charge of \$15.08 per month is also added to the above listed base charge for all treated water customers.

- Effective with the January/February billing period each following year, respectively, the usage rate for treated water customers are established as follows:

Usage Charge (per CF)		
2020	2021	2022
\$ 0.0268	\$ 0.0281	\$ 0.0295

- Effective with the January/February billing period each following year, respectively, the monthly charges for irrigation water customers are established as follows:

Meter Size	Monthly Base Charge (Irrigation Season Only)		
	2020	2021	2022
½"	\$ 84.80	\$ 93.20	\$ 102.60
Per each 1"	\$ 169.60	\$ 186.60	\$ 205.20

PASSED AND ADOPTED by the Board of Directors of the Georgetown Divide Public Utility District at a meeting of said Board held on the twelfth day of February 2019, by the following vote:

AYES: *Garcia, Helpin, Saunders, Souza*

NOES: *Wadle*

ABSENT/ABSTAIN:

Dane Wadle

Dane Wadle, President, Board of Directors
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

Attest:

Steven Palmer

Steven Palmer, Clerk and Ex officio
Secretary, Board of Directors
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

CERTIFICATION

I hereby certify that the foregoing is a full, true and correct copy of Resolution 2019-14 duly and regularly adopted by the Board of Directors of the Georgetown Divide Public Utility District, County of El Dorado, State of California, on this twelfth day of February 2019.

Steven Palmer

Steven Palmer, Clerk and Ex officio
Secretary, Board of Directors
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

**RESOLUTION NO. 2019-40
OF THE BOARD OF DIRECTORS OF THE
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT**

APPROVING THE ANNUAL BUDGET FOR FISCAL YEAR 2019-2020

WHEREAS, the General Manager has prepared a budget for fiscal year 2019-2020 that estimates operating and maintenance, capital improvement program, debt service, reserve requirements, and other expenses of the District; and estimates revenue from all sources; and

WHEREAS, the General Manager presented a draft budget to the District Finance Committee on April 24, 2019 and May 1, 2019, and to the Board of Directors on May 14, 2019 for review; and

WHEREAS, the Board of Directors provided direction on revenue and expenses for fiscal year 2019-2020, and that direction has been incorporated into the proposed budget.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT THAT

1. Revenue estimates and appropriations by fund and department are shown in "Exhibit A", a copy of which is attached and hereby made part of this Resolution is hereby adopted.
2. Any remaining capital fund projects and encumbrances will be rolled into next fiscal year.
3. The General Manager may authorize the transfer of appropriations within and between departments so long as total appropriations are not increased within a fund.
4. The Board of Directors has the overriding authority to control the use of revenues and the appropriations of funds and therefore may modify this policy at any time. The total appropriations in any fund may not be increase expect by the Board of Directors.
5. All changes in appropriations will be authorized on a budget adjustment form. Any increase in appropriations will be authorized by the Board.

PASSED AND ADOPTED by the Board of Directors of the Georgetown Divide Public Utility District at a meeting of said Board held on the fourth day of June 2019, by the following vote:

AYES: *Marcia, Halpin, Saunders, Souza, Wadde*

NOES:

ABSENT/ABSTAIN:

Dane M Wadle

Dane Wadle, President, Board of Directors
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

Attest:

Steven Palmer

Steven Palmer, Clerk and Ex officio
Secretary, Board of Directors
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

CERTIFICATION

I hereby certify that the foregoing is a full, true and correct copy of Resolution 2019-40 duly and regularly adopted by the Board of Directors of the Georgetown Divide Public Utility District, County of El Dorado, State of California, on this fourth day of June 2019.

Steven Palmer

Steven Palmer, Clerk and ex officio
Secretary, Board of Directors
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

RESOLUTION NO. 2020-08
OF THE BOARD OF DIRECTORS OF THE
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT
FREEZING TREATED AND WATER IRRIGATION RATES AT THE 2018 RATES

WHEREAS, Georgetown Divide Public Utility District (“District”) provides irrigation and treated water services to residents and businesses of the District; and

WHEREAS, in December 2017, the District completed a roughly 15-month process to update its treated and irrigation water rates; and

WHEREAS, that process resulted in a Water Financial Analysis (aka Water Rate Study), dated October 24, 2017, prepared by Rural Community Assistance Corporation (RCAC) that established various proposed rates; and

WHEREAS, on December 12, 2017, pursuant to Proposition 218 (Cal. Const., Art. XIII, Sec. 6) the District Board heard and considered all oral testimony, written materials, and written protests concerning the rate increase; verified and counted the protests and determined that the District may proceed with the proposed water rates; and

WHEREAS, the Board then adopted Resolution 2017-30 Adopting New Rates for Treated Water and Irrigation Water Services; and

WHEREAS, those rates were set to increase effective with the January/February 2019 billing period; and

WHEREAS, at the January 8, 2019 meeting the Board acted by motion to “temporarily freeze the rate increases for no more than 12 months;” and

WHEREAS, at the February 12, 2019 meeting the Board adopted Resolution 2019-14 which held the 2019 water rates at the 2018 water rates, and re-affirmed that water rates would increase effective with the January/February billing period each following year (2020, 2021, 2022); and

WHEREAS, at the December 10, 2019 meeting the Board directed the General Manager to analyze the impact of a rate freeze on District business and present it at the January 14, 2020 Board meeting; and

WHEREAS, the General Manager presented, and the Board reviewed that analysis at the February 11, 2020 Board meeting.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT HEREBY RESOLVES THE FOLLOWING:

1. Effective with the January/February 2020 billing period, the monthly charges (billed bi-monthly) for treated water customers are established as follows:

Meter Size	Monthly Base Charge
5/8, 3/4, 1"	\$ 29.41
1.5"	\$ 98.02
2"	\$ 156.83
3"	\$ 313.66
4"	\$ 490.09

An ALT treatment plant supplemental charge of \$15.08 per month is also added to the above listed base charge for all treated water customers.

2. Effective with the January/February 2020 billing period, the usage rate for treated water customers will be \$0.0255 per cubic foot.
3. The above listed treated water rates will be effective through the May/June 2020 billing period.
4. Effective with the July/August 2020 billing period, and the January/February billing period for each following year, respectively, the monthly charges (billed bi-monthly) for treated water customers are established as follows:

Meter Size	Monthly Base Charge		
	2020 (July/August)	2021 (Jan/Feb)	2022 (Jan/Feb)
5/8, 3/4, 1"	\$ 30.88	\$ 32.42	\$ 34.04
1.5"	\$ 102.92	\$ 108.07	\$ 113.47
2"	\$ 164.67	\$ 172.91	\$ 181.55
3"	\$ 329.34	\$ 345.81	\$ 363.10
4"	\$ 514.60	\$ 540.33	\$ 567.34

An ALT treatment plant supplemental charge of \$15.08 per month is also added to the above listed base charge for all treated water customers.

5. Effective with the July/August 2020 billing period, and the January/February billing period each following year, respectively, the usage rate for treated water customers are established as follows:

Usage Charge (per CF)		
2020 (July/August)	2021 (Jan/Feb)	2022 (Jan/Feb)
\$0.0268	\$ 0.0281	\$ 0.0295

6. Effective with the January/February 2020 billing period, the monthly charges for irrigation water customers are established as follows:

Meter Size	Monthly Base Charge (Irrigation Season Only)
½"	\$ 77.00
Per each 1"	\$ 154.20

7. The above listed irrigation water rates will be effective through the November/December 2020 billing period.

8. Effective with the January/February billing period each following year, respectively, the monthly charges for irrigation water customers are established as follows:

Meter Size	Monthly Base Charge (Irrigation Season Only)	
	2021	2022
½"	\$ 84.80	\$ 93.20
Per each 1"	\$ 169.60	\$ 186.60

PASSED AND ADOPTED by the Board of Directors of the Georgetown Divide Public Utility District at a meeting of said Board held on the eleventh day of February 2020, by the following vote:


AYES:

NOES:

ABSENT/ABSTAIN:


 David Souza, President, Board of Directors
 GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

Attest:


 Steven Palmer, Clerk and Ex officio
 Secretary, Board of Directors
 GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

CERTIFICATION

I hereby certify that the foregoing is a full, true and correct copy of Resolution 2020-08 duly and regularly adopted by the Board of Directors of the Georgetown Divide Public Utility District, County of El Dorado, State of California, on this eleventh day of February 2020.

A handwritten signature in black ink, appearing to read 'S. Palmer', written over a horizontal line.

Steven Palmer, Clerk and Ex officio
Secretary, Board of Directors
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT