

## Notice of Proposed Water and Wastewater Rate Increases and Public Hearing Date A Public Hearing will be held Wednesday, June 15, 2022 at 10 a.m. at 150 Pacific Street, in Portola, CA.

*Note: If the Board of Directors determines it's necessary to conduct the meeting remotely in the interest of public health and safety pursuant to AB 361 (Ch. 165 Statutes of 2021) the updated hearing location will be posted as soon as such information is available including on the Public Hearing agenda and in accordance with prior agendas authorizing remote meetings.*

### About the GMCS D

The Gold Mountain Community Services District (GMCS D/District) provides domestic water delivery and wastewater collection and disposal in and around the Nakoma Community, and manages structure fire suppression, fire prevention, and emergency medical services. The District is a local governmental agency and is managed by an elected Board of Directors comprised of residents whose registered voting address is within the District. Its commitment to the community includes:

- Providing quality, reliable water and wastewater services.
- Supporting public safety by managing emergency fire and medical response contract services.
- Protecting and preserving the environment, while accommodating future growth and development.
- Organizing future infrastructure and operational needs to support existing and future build-out.

- Communicating with customers in a transparent, proactive manner.
- Ensuring the financial health of the District.

### Why a Rate Adjustment

The District's water and sewer operations and maintenance costs are funded through customer quarterly rates and assessments. The District's last rate study was in 2006 and last rate increase was implemented in 2011. Rates have remained the same over the last 10 plus years while operations and maintenance costs have annually increased.

Over the past 10 years, the District has used substantial reserves to fund needed capital improvements. Required major maintenance needs have placed a strain on the operations budget. Current District challenges include aging infrastructure, record inflation costs on material goods, growing customer service demands, increasingly stringent federal and state regulations, and increased state oversight and inspections.

At the Board of Directors' request, the District initiated a cost of service and rate study in 2021 to examine the District's financial position. All aspects of the water and sewer accounts were examined including:

- Revenue sufficiency
- Operating costs
- System maintenance and rehabilitation costs
- Capital Improvement Projects (CIP) – funding and timing, including debt service capacity
- Equity between classes of customers, and current and future customers
- Reserve fund accumulation including capital, operating, and equipment reserves

The resultant study provided a detailed review of the District's background, financial health, customer base, financial goals, capital improvements and rate analysis, and recommendations were developed for adjustments to the water and sewer rates.

### Current and Future Water and Wastewater Systems

The current water system is comprised of three operational wells, two water storage tanks, 12 miles of distribution pipelines, seven booster pump stations and 24 fire hydrants. The wastewater system consists of 13 miles of conveyance pipelines and two leach fields.

The 2017 Master Plan update includes significant system rehabilitations, upgrades, and replacements to the 20 plus year-old infrastructure required to continue to provide safe, reliable water and wastewater services in compliance with regulatory requirements. Large-scale capital improvements are also required to build expanded infrastructure for anticipated, future community buildout.

Water and wastewater system capital improvements are expected to be initiated in phases over the next five years.

### Water System Capital Improvements

| Project  | Benefit(s)  |
|--|---|
| High elevation storage tank                      | <ul style="list-style-type: none"> <li>• increase fire hydrant flows</li> <li>• provide additional water storage capacity</li> <li>• reduce costs for pumping water to higher elevations</li> </ul> |
| Rehabilitate Well 29                             | <ul style="list-style-type: none"> <li>• return the well to full operation</li> <li>• provide 45,000 gallons of additional water storage</li> <li>• remove naturally occurring CO2 fizz</li> </ul>  |
| Booster Station #8                               | <ul style="list-style-type: none"> <li>• provide adequate water pressure to lots on the Eagle Nest Loop</li> </ul>  |
| Connect Well 36 to the distribution system       | <ul style="list-style-type: none"> <li>• serve growing water demand</li> </ul>  |
| Supervisory Control and Data Acquisition (SCADA) | <ul style="list-style-type: none"> <li>• reduce labor costs through remote monitoring</li> <li>• collect needed water operating data</li> </ul>   |

### Wastewater System Capital Improvements

| Project  | Benefit(s)  |
|--|---|
| Water Reclamation Plant (new)                    | <ul style="list-style-type: none"> <li>• provide increased sewer flow capacity</li> <li>• return water to golf course irrigation reducing pressure on the shared aquifer</li> <li>• fulfill requirement stipulated in the original Gold Mountain development permit to meet state requirements</li> </ul> |
| Leach field expansion                            | <ul style="list-style-type: none"> <li>• manage seasonal sewer flows</li> <li>• provide safety capacity for water reclamation plant</li> </ul>  |
| Septic tank pumping trailer                      | <ul style="list-style-type: none"> <li>• removes reliance on outside contractors for increased pumping requirements, allowing the District to better manage costs and service</li> <li>• meet new state requirements for annual septic tank inspections and pumping</li> </ul>                            |
| Supervisory Control and Data Acquisition (SCADA) | <ul style="list-style-type: none"> <li>• reduce labor costs through remote monitoring</li> <li>• collect needed sewer operating data</li> </ul>   |

Projects will be scheduled according to need, cost and anticipated development of unimproved lots. Capital improvements will be funded through a projected mix of rate and fee revenues, reserves, and potentially grants and/or low-cost loans through funding agencies.

## Summary of Rate Changes

Rate schedule increases for the next five years are recommended for water and sewer customers to keep pace with inflation, maintain needed staffing, meet required operating costs, and maintain a prudent level of reserves.

The rate schedules for water and sewer rates define charges for three classifications of customers: Residential and Commercial Residential Lots, Commercial Lots, and Unconnected Lots. Each classification takes into consideration the usage demand and impact on the water and sewer systems. The change in rate calculation allows the District to assign costs equitably to customers and stabilize its income.

Currently, water and sewer charges are billed as one charge. If the proposed rates are accepted, water and sewer charges will appear as separate line

items on the quarterly utility bill and assigned specific rate schedules. This change will provide a clear delineation of customers' payment responsibilities for water and sewer services. Water and wastewater services will continue to be billed quarterly.

All lots in the District's service territory have connections available to the water and sewer systems and share, to some extent, in the cost of maintaining these infrastructure-intensive systems. All customers, regardless of connection status, will pay a service fee and a customer fee. To make the total cost allocation more equitable, the current assessments for standby fees will be abandoned and all unconnected lots will pay a flat customer charge and service charge. Connected lots will also pay a usage fee (water) and flow charge (wastewater). The current water usage tiers will be removed.

## Proposed Water Rates

- Customers will be billed customer charges and service charges (fixed charges), plus usage charges quarterly for metered gallons used, giving customers better visibility of their actual water use.
- Residential, commercial residential and commercial lots will pay the same rate for every 1,000 gallons used.
- Residential lots and commercial residential lots will pay fixed charges per account and per living unit (exceptions detailed in report). Commercial lots will pay fixed charges per account and per meter by water meter size.
- Unconnected lots will only pay a portion of fixed charges; and, they will not be subject to usage charge until connected.

## Proposed Water Rates Table

| Charge Type   | Effective Date of Fees                                 |            |            |            |            |
|---|--|------------|------------|------------|------------|
|   | 1-Jul-22   | 1-Jul-23   | 1-Jul-24   | 1-Jul-25   | 1-Jul-26   |
| <b>Connected Residential and Commercial Residential</b> |  |            |            |            |            |
|   | <i>per Customer Account, per Quarter</i>               |            |            |            |            |
| Customer Charge   | \$49.51  | \$52.26    | \$55.32    | \$68.85    | \$71.62    |
|   | <i>Per Living Unit, per Quarter [1]</i>                |            |            |            |            |
| Service Charge Per Living Unit [2]                      | \$121.97   | \$126.39   | \$133.63   | \$165.12   | \$171.42   |
|   | <i>Per Thousand Gallons</i>                            |            |            |            |            |
| Use Charge  | \$7.33   | \$7.34     | \$7.67     | \$9.38     | \$9.59     |
| <b>Connected Non-Residential</b>                        |  |            |            |            |            |
|   | <i>per Customer Account, per Quarter</i>               |            |            |            |            |
| Customer Charge   | \$37.13  | \$48.07    | \$55.32    | \$73.67    | \$82.36    |
|   | <i>Per Non-Residential Meter, per Quarter [1], [3]</i> |            |            |            |            |
| Service Charge (per Meter)                              |  |            |            |            |            |
| 1"  | \$91.48  | \$116.28   | \$133.63   | \$176.68   | \$197.13   |
| 1.5"  | \$182.96   | \$232.56   | \$267.26   | \$353.36   | \$394.27   |
| 2"  | \$292.73   | \$372.09   | \$427.62   | \$565.37   | \$630.83   |
| 3"  | \$548.87   | \$697.67   | \$801.78   | \$1,060.07 | \$1,182.80 |
| 4"  | \$914.78   | \$1,162.79 | \$1,336.30 | \$1,766.78 | \$1,971.33 |
| 6"  | \$1,829.55   | \$2,325.58 | \$2,672.60 | \$3,533.57 | \$3,942.66 |
| 8"  | \$2,927.28   | \$3,720.92 | \$4,276.16 | \$5,653.71 | \$6,308.26 |
|   | <i>Per Thousand Gallons</i>                            |            |            |            |            |
| Use Charge  | \$7.33   | \$7.34     | \$7.67     | \$9.38     | \$9.59     |
| <b>Unconnected Customers</b>                            |  |            |            |            |            |
|   | <i>Per Undeveloped Lot, per Quarter</i>                |            |            |            |            |
| Customer & Service Charge                               | \$140.99   | \$147.05   | \$155.54   | \$192.69   | \$200.18   |

Source: GMCSD financial and customer data, and HEC 2021 rate study.

[1] All water accounts with more than one Living Unit as of 6/1/2022 will only pay for one Living Unit until the property sells or is transferred to new ownership.

[2] Residential Lots with Additional Quarters pay for a maximum of two Living Units (Dwelling Unit plus Guest House). Commercial Residential Lots pay for every Living Unit.

[3] Per Board direction March 18, 2022, the rate structure includes a graduated increase in the rates for non-residential accounts whereby they will pay lower rates in years 1 and 2 but more in years 4 and 5 so that over the 5-year period they will pay their total cost of service. This shift has no impact on residential and commercial residential ratepayers.

## Proposed Wastewater Rates

- Customers will pay customer charges, service charges and flow charges, the total of which is a flat charge billed per equivalent dwelling unit (EDU) on a quarterly basis. Unconnected lots will only pay a portion of the customer and service charges until connected to the system.
- Residential and commercial residential lots will pay for every living unit (each living unit counts as one EDU; exceptions detailed in report).
- Commercial lots will pay per EDU; number of EDUs are assigned based on historical wintertime water use. For a Commercial lot without two years of wintertime water use, the District will use a temporary estimate of EDUs until water use is established.

## Proposed Wastewater Rates Table

| Customer Type   | Effective Date of Fees |          |          |          |          |
|---|------------------------|----------|----------|----------|----------|
|   | 1-Jul-22               | 1-Jul-23 | 1-Jul-24 | 1-Jul-25 | 1-Jul-26 |
| <b>Connected Residential and Commercial Residential (A) + (B)</b> |                        |          |          |          |          |
| Per Account (A)   | \$58.80                | \$71.17  | \$74.32  | \$78.11  | \$81.92  |
| Per EDU [1], [2] (B)  | \$231.91               | \$265.76 | \$274.24 | \$282.65 | \$290.88 |
| <b>Connected Non-Residential (A) + (B) [3]</b>                    |                        |          |          |          |          |
| Per Account (A)   | \$44.10                | \$60.50  | \$74.32  | \$89.83  | \$98.31  |
| Per EDU [1], [4] (B)  | \$173.93               | \$225.89 | \$274.24 | \$325.05 | \$349.06 |
| <b>Unconnected Customers</b>                                      |                        |          |          |          |          |
| Each Lot  | \$123.30               | \$146.89 | \$153.02 | \$160.12 | \$167.20 |

Source: GMCSD Master Plan Update, July 2017, Shaw Engineering, and HEC 2021 rate study.

[1] Each Living Unit counts as one EDU. All sewer accounts with more than one Living Unit as of 6/1/2022 will only pay for one Living Unit until the property sells or is transferred to new ownership.

[2] Residential Lots with Additional Quarters pay for a maximum of two Living Units (Dwelling Unit plus Guest House). Commercial Residential Lots pay for every Living Unit.

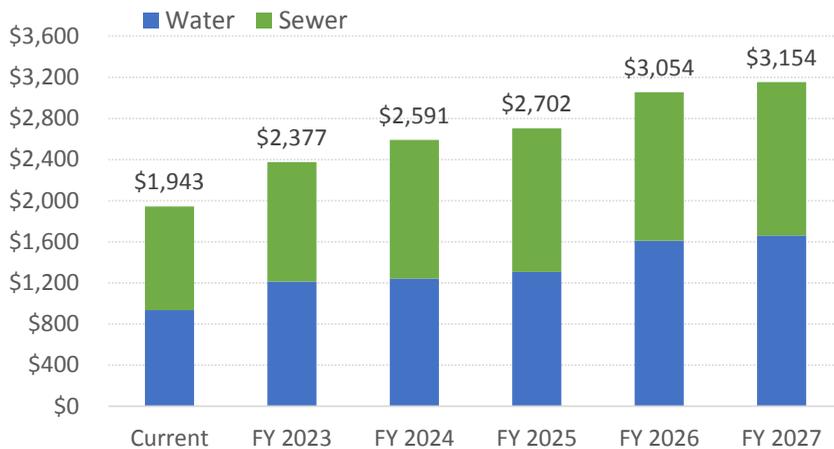
[3] Per Board direction March 18, 2022, the rate structure includes a graduated increase in the rates for non-residential accounts whereby they will pay lower rates in years 1 and 2 but more in years 4 and 5 so that over the 5-year period they will pay their total cost of service. This shift has no impact on residential and commercial residential ratepayers.

[4] The number of sewer EDUs per non-residential account, based on actual water use, for each account in 2022:

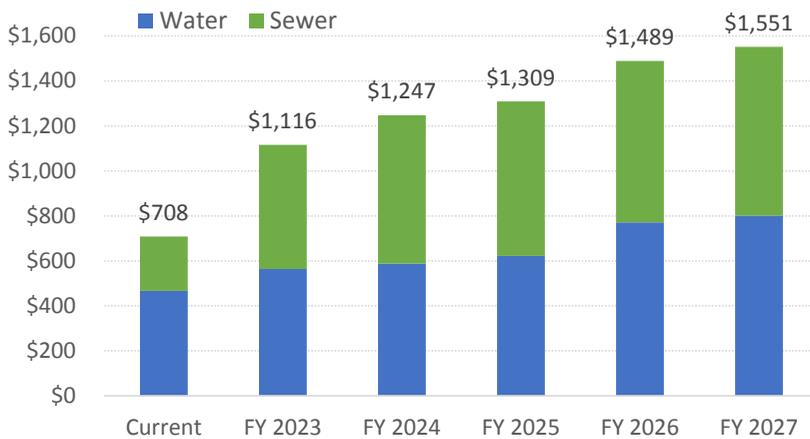
|                         |      |
|-------------------------|------|
| Inn at Nakoma           | 14.5 |
| Altitude Recreation Ctr | 9.0  |
| Clubhouse/Golf Course   | 24.0 |

## Customer Bill Impacts

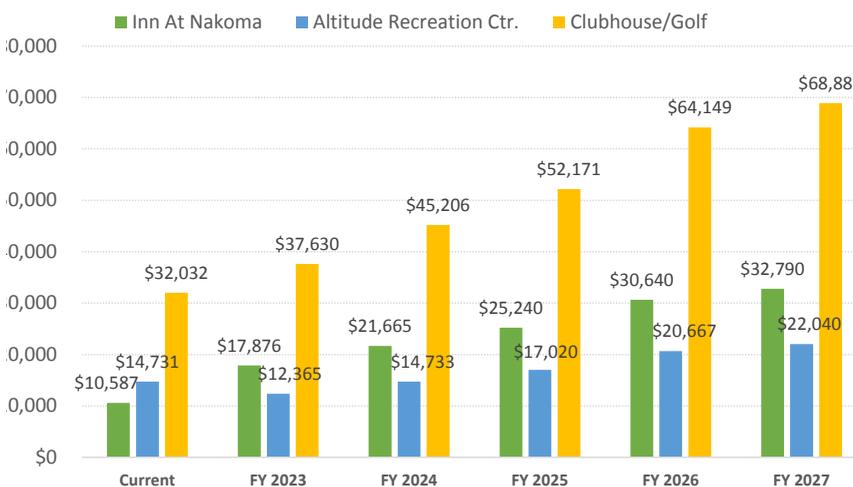
### Annual Utility Bill Projection for a Typical Residential Lot using 72,000 Gallons



### Annual Utility Bill Projection for an Unconnected Lot



### Estimated Bill Impacts to Non-Residential Accounts based on Year 2021 Water Use



## Customer Rights – Submit a Written Comment

Under Proposition 218, ratepayers and property owners have the right to oppose the proposed water and wastewater rate increase. The District will conduct a Public Hearing on June 15, 2022 to explain the recommended rate change and allow the public to ask questions. If you oppose the rate increases, your protest must be submitted in writing to be valid, even if you attend the public hearing. If written protests are submitted by a majority of affected parcel owners, the proposed rate changes cannot be imposed.

### Option 1

If you do not oppose the rate increases, you need not take any action.

### Option 2

If you do oppose the proposed rate increases, your protest must be submitted in writing even if you attend the public hearing. All written protests must be received in writing via mail no later than Tuesday, June 14, 2022 by 5 p.m. Mail protests to GMCSO, P.O. Box 5, Clio, CA 96106. Protests may also be submitted in person at the Public Hearing at any time prior to the close of the public comment portion of the Public Hearing. The hearing is scheduled for Wednesday, June 15, 2022 at 10 a.m. at the District office located at 150 Pacific Street, Portola, CA, unless held virtually as previously stated.

### All protests must contain the following to be valid:

- Statement that the proposed rate(s) increase is being protested
- Which rate increase is being opposed WATER, WASTEWATER or BOTH.
- Name of the property owner OR customer of record who is submitting the protest
- Parcel number OR street address
- Original signature and legibly printed name of the property owner of record or tenant
- Indicate if signature is of property owner or tenant
- Date of signature

At the conclusion of the public hearing, the Board of Directors will consider adopting the proposed rate increases. If, at the close of the public hearing, complete and valid written protests are submitted by the record owners for the majority of the parcels served by the District's water or wastewater utility (50% plus one, a "majority protest"), the Board of Directors cannot approve the proposed rate increases. If, at the close of the public hearing a majority protest does not exist for water or wastewater increases, the Board of Directors may impose the rates presented in this notice.

Only one written protest per parcel will be counted (either owner or tenant, not both). Written protests received after the close of the public hearing will not be counted. Protests emailed or submitted by any electronic means will not be accepted.

### Senate Bill 323

Senate Bill (Bill) 323 went into effect January 1, 2022. This new law states that ratepayers must bring a legal challenge to new or increased retail water or sewer rates within 120 days of the effective date or date of final passage, adoption, or approval of the ordinance or resolution adopting the water or sewer rates. The rate increases for water or sewer rates cannot be challenged after this 120 day-period.

**Proposed Utility Rate Increases Explained Inside. Attend the Public Hearing Wednesday, June 15th at 10 a.m.**

**Important Information About Proposed Water and Wastewater Increases!**

Attend the Public Hearing Wednesday,  
June 15, 2022 at 10 a.m.

150 Pacific Street, Portola, CA

The full Rate Study Report and Findings are available on the District's website. Scan for more information or visit the District website at <https://gmcsd.specialdistrict.org>

