



*City of Cloverdale*  
124 N. Cloverdale Blvd.  
Cloverdale, CA 95425

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## **NOTICE OF PUBLIC HEARING ON PROPOSED INCREASES IN WATER AND WASTEWATER SERVICES RATES**

(Cal. Const. Art. XIII D §6(a)(1).)

**DATE:** November 11, 2020  
**TIME:** At or after 6:00 p.m.  
**LOCATION:** Cloverdale Performing Arts Center  
209 N. Cloverdale Blvd.  
and/or Via Teleconference

You are receiving this notice because you are either a City of Cloverdale water and/or wastewater customer or you own property that is receiving City water and/or wastewater service. The City Council will be considering a recommendation from staff to adopt changes to the water and wastewater rates at a public hearing on Wednesday, November 11, 2020, at the Cloverdale Performing Arts Center, 209 N. Cloverdale Blvd and/or conducted pursuant to the provisions of the Governor's Executive Order N-29-20 or any subsequent Order related to conducting public meetings during the COVID-19 Pandemic. The hearing will start at 6:00 p.m. or as soon thereafter as the matter may be heard. The new rates, if adopted, will go into effect on or after January 1, 2021. NOTICE IS HEREBY GIVEN that pursuant to Article XIII D of the California Constitution, the City of Cloverdale is proposing an increase for fiscal years 2020-2021, 2021-2022, 2022-2023, 2023-2024, and 2024-2025 for annual water and wastewater service charges.

The City of Cloverdale will conduct a Public Hearing to consider the adoption of new water and wastewater rates. The City encourages all interested parties to participate in the Public Hearing and to comment on the issues being discussed. In order to minimize the spread of the COVID-19 virus, the City is currently conducting City Council meetings pursuant to the provisions of the Governor's Executive Order N-29-20, which suspends certain requirements of the Brown Act and the way the public can participate during City Council meetings. Public participation in the Public Hearing will be allowed pursuant to the applicable Executive Orders at the time of the Public Hearing. Participation may be by electronic means or as otherwise posted on the City Council meeting agenda for that November 11, 2020 meeting.

### **Cloverdale's Water and Wastewater Utilities**

Cloverdale provides water and wastewater services to just over 3,300 water and wastewater accounts and the City's Water Utility is the sole water purveyor for the City. The City's service area is contiguous with the City boundaries plus a few extended service agreements to provide water and wastewater services just outside the City's boundaries. The City's service area includes a mix of residential, commercial, and industrial land uses. The City's Wastewater Treatment Facility (WWTF) is located centrally in the City just to the east of Highway 101. The City's water production and delivery system receives water from the well field and Water Treatment Plant (WTP) located near the Russian River. Both the water and wastewater utilities have plans to significantly increase capital spending to repair and/or replace old and deteriorated infrastructure as well as improve treatment processes.

### **How are the City's Water and Wastewater Utilities funded?**

Cloverdale's water and wastewater utilities are enterprises of the City; each largely supported by water and wastewater rates, respectively. Property taxes or other general revenues of the City are not used to pay the costs of water and wastewater services (with the exception that both utilities receive some general fund support to pay certain Public Employees Retirement System costs). Rate revenues for each utility are used to pay for ongoing operations, maintenance, repair and replacement of existing infrastructure, administrative costs, and debt obligations, as well as to maintain prudent financial reserves. Other revenues to the utilities include impact fees paid by new development, interest earnings, and miscellaneous service revenue. This public notice and the public hearing address only the proposed water and wastewater rates, described in this notice.

## How are the City Water and Wastewater Utilities controlling costs?

Cloverdale continues to make every effort to keep costs down while maintaining the high level of service that customers have come to expect. Over the past few years, the City has worked with employees to reduce labor costs and the public works department has acted to significantly reduce expenses by eliminating positions, restructuring the utility organization, and reducing operating costs.

## Reasons for the Proposed Rate Changes

Water and wastewater rates were last adjusted in July 2019. Periodic rate adjustments are necessary to: (1) ensure that each customer bears a fair and proportionate share of the cost of providing services (consistent with legal requirements), (2) cover the rising cost of providing services, including operation and maintenance costs, debt service, and capital program needs, (3) meet financial, regulatory, and service obligations. Water and wastewater costs include energy, fuel, and chemical costs; water production and treatment costs; wastewater treatment and disposal costs; water distribution and wastewater collection costs; administrative and customer service costs; and costs related to facilities replacement, rehabilitation, and upgrade of the water and wastewater systems. Central factors necessitating rate increases at this time include:

- Funding requirements for the replacement, rehabilitation, and upgrade of water and wastewater facilities which have experienced deferred maintenance in recent years.
- Increased costs of water and wastewater operations, including energy costs, supplies, maintenance, and employee costs.

## Water and Wastewater Rate Structures

While modest adjustments are proposed to both the water and wastewater rate structures in order to update the cost of providing service and meet financial obligations, the rate structures remain largely unchanged. For water service, all customers continue to be charged a fixed monthly Base Charge and a uniform usage rate. Fixed monthly Base Charges are based on size of the water meter. Water usage rates are a uniform rate applied to each customer's actual monthly water usage. For residential wastewater rates, fixed flat rates continue to apply to each dwelling unit (single family or multi-family). Charges for wastewater service to non-residential customers include a Base Charge that is based on the size of the water meter, and low, medium or high strength usage rates applied to monthly water usage.

## Proposed Water Rates

	Current	Proposed Effective Date				
		Jan. 1, 2021	July 1, 2021	July 1, 2022	July 1, 2023	July 1, 2024
<b>Water Usage Rates</b>						
Per CCF (748 gallons)	<b>\$4.75</b>	\$5.47	\$6.18	\$6.98	\$7.89	\$8.92
<b>Fixed Monthly Base Charges</b>						
Up to 1" Meter	<b>\$24.32</b>	\$26.69	\$30.16	\$34.08	\$38.51	\$43.52
1 1/2" Meter	<b>\$45.97</b>	\$50.43	\$56.99	\$64.40	\$72.77	\$82.23
2" Meter	<b>\$71.96</b>	\$78.92	\$89.18	\$100.77	\$113.87	\$128.67
3" Meter	<b>\$132.60</b>	\$154.89	\$175.03	\$197.78	\$223.49	\$252.54
4" Meter	<b>\$219.24</b>	\$240.35	\$271.60	\$306.91	\$346.81	\$391.90
6" Meter	<b>\$347.08</b>	\$477.76	\$539.87	\$610.05	\$689.36	\$778.98

## Proposed Wastewater Rates

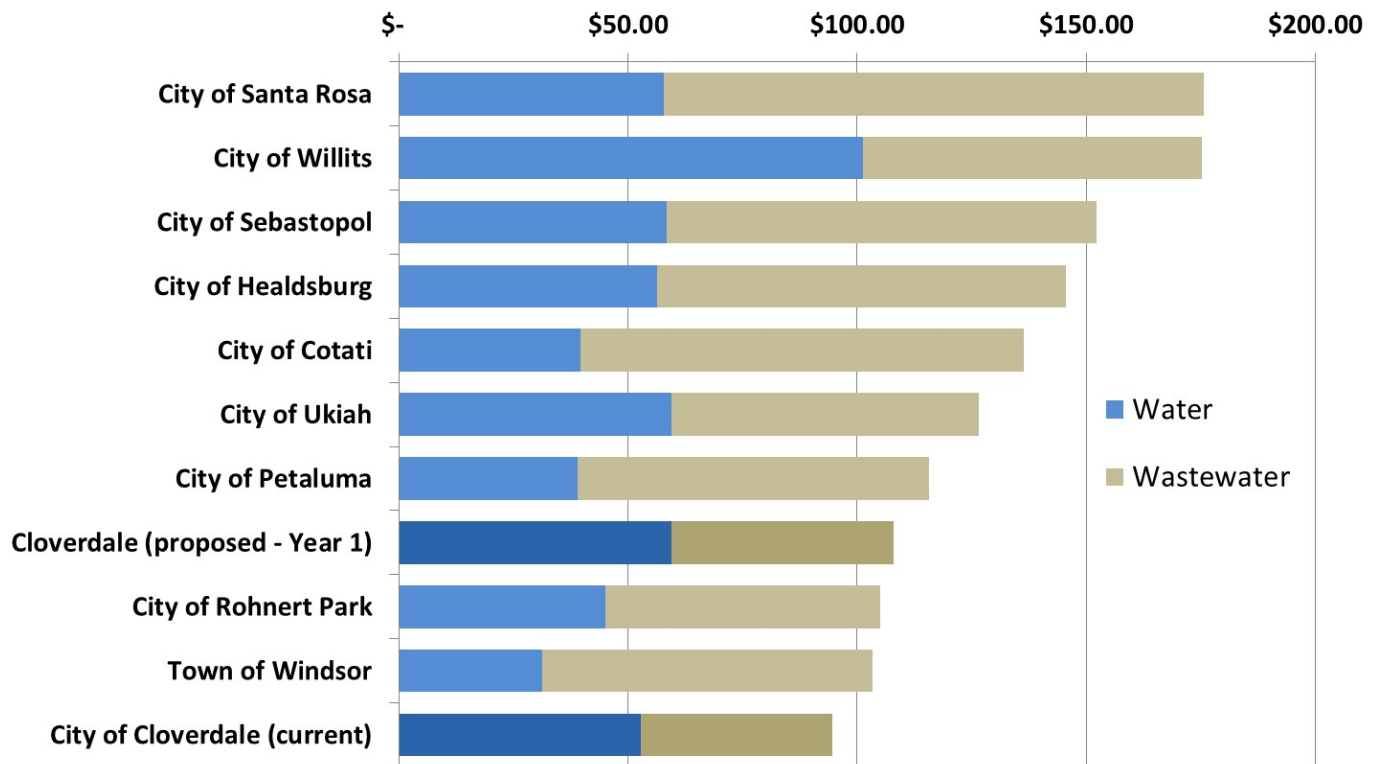
	Current	Proposed Effective Date				
		Jan. 1, 2021	July 1, 2021	July 1, 2022	July 1, 2023	July 1, 2024
<b>Residential Flat Rates (monthly per dwelling unit)</b>						
Single Family	\$41.75	\$48.47	\$56.71	\$66.35	\$77.63	\$90.83
Multi-Family	\$27.01	\$32.47	\$37.99	\$44.45	\$52.01	\$60.85
<b>Non-Residential Base Charges (monthly per meter)</b>						
Up to 1" Meter	\$11.94	\$13.48	\$15.77	\$18.45	\$21.59	\$25.26
1 1/2" Meter	\$21.56	\$24.33	\$28.47	\$33.31	\$38.97	\$45.59
2" Meter	\$33.11	\$37.35	\$43.70	\$51.13	\$59.82	\$69.99
3" Meter	\$60.07	\$72.07	\$84.32	\$98.65	\$115.42	\$135.04
4" Meter	\$98.59	\$111.13	\$130.02	\$152.12	\$177.98	\$208.24
<b>Non-Residential Usage Charges (\$/CCF)</b>						
Low Strength	\$4.90	\$5.37	\$6.29	\$7.36	\$8.61	\$10.07
Medium Strength	\$6.11	\$6.73	\$7.87	\$9.21	\$10.78	\$12.61
High Strength	\$8.84	\$9.81	\$11.48	\$13.43	\$15.71	\$18.38
<b>Public Schools (monthly)</b>						
Per 100 ADA <sup>1</sup>	\$161.89	\$198.81	\$232.61	\$272.15	\$318.42	\$372.55

<sup>1</sup> Average daily attendance (student count)

### Comparison of Rates to Neighboring Cities

The following chart compares the City's existing and proposed monthly combined water and wastewater bills for a typical single family customer with the bills that would be paid in neighboring cities. Even with the proposed changes in water and wastewater rates, the typical water and wastewater bill will be in the lower half of the range found in neighboring communities.

### Comparison of Typical Monthly Single Family Water and Wastewater Bill with Regional Utilities<sup>1</sup>



<sup>1</sup> Based on current rates in neighboring communities, assuming a 3/4" meter with 6 CCF of monthly water usage (the City's median usage for single family homes) and 5 CCF of monthly wastewater flow.

## Temporary Water Shortage Rate Surcharges

In 2016, the City adopted a water shortage rate surcharge policy as means to counter the financial impact of water shortages. The policy uses a three-prong strategy that includes: (1) temporarily reducing the amount of planned capital spending, (2) implementing a temporary water shortage rate surcharge, and (3) utilizing a limited portion of the City's available reserves to offset a portion of the financial deficit created by reduced water sales. At this time, the City proposes to update the temporary water shortage rate surcharges to reflect the financial analyses of the 2020 rate update study. The complete updated water shortage strategy, including the temporary water shortage rate surcharges, will be incorporated into the next update of the City's water shortage contingency plans.

Once adopted, the updated temporary water shortage rate surcharges could be implemented if and when the City Council declares a water shortage emergency and would be tied to six defined stages of water shortage. These six stages are consistent with recent guidance by the State of California. The water shortage rate surcharges would be applied to the water usage rate (but not the monthly Base Charges). Water shortage rate surcharges have been designed such that customers meeting water use reduction goals will have **lower** water bills than their normal water bills with normal water usage. The table below presents the proposed temporary water shortage rate surcharges, expressed as a percentage of the normal water usage rate. The amount of the surcharge would depend on the water shortage stage declared by the City Council. The specific rates shown below are an example, based on the proposed water rates for January 2021. As an example, under Stage 2 conditions, a 12 percent water shortage rate surcharge would temporarily increase the water usage rate from \$5.47 per CCF to \$6.13 per CCF (a surcharge of \$0.66 per CCF). Monthly Base Charges would be unaffected. The temporary surcharge would automatically be rescinded when emergency conditions end.

The City Council currently has no plans to implement the proposed temporary water shortage rate surcharges. Adopting the surcharges at this time would enable timely implementation during a future water shortage.

### Proposed Temporary Water Shortage Rate Surcharge Policy

	Normal Supply Conditions	Stage 1 Minor Shortage	Stage 2 Moderate Shortage	Stage 3 Significant Shortage	Stage 4 Urgent Shortage	Stage 5 Critical Shortage	Stage 6 Severe Shortage
Use Reduction Goal -->	n/a	0% to 10%	10% to 20%	20% to 30%	30% to 40%	40% to 50%	> 50%
Water Shortage Surcharge (1) -->	n/a	n/a	12%	18%	25%	35%	38%
Example Usage Rate for FY 2020/21 (2)	\$5.47	\$5.47	\$6.13	\$6.45	\$6.84	\$7.38	\$7.55
Monthly Base Charge			(no changes would apply to Base Charges)				

**Notes:**

- (1) Water shortage charges are an incremental increase in the water usage rates. Monthly base charges are not affected.
- (2) The surcharge rates to be implemented will depend on the then-current Usage Rates.

### How to protest the proposed rate increases

All owners and tenants of property receiving water and/or wastewater service, all City water and/or wastewater customers, and interested persons are invited to attend the Public Hearing and be heard about proposed changes to the service charges for water and wastewater services. An owner or tenant of property receiving City water or wastewater service may protest the proposed service charges by submitting a written protest. Oral comments at the Public Hearing will not qualify as formal protests unless accompanied by a written protest. Prior to the Public Hearing, written protests may be submitted by mail addressed to the City Clerk at, 124 N. Cloverdale Blvd., Cloverdale, CA 95425. Written protests must be received (*not postmarked*) by the City Clerk by November 11, 2020 at 5:00 p.m. Written protests may also be submitted prior to the conclusion of the Public Hearing, by placing protests in the City's Drop Box located at: City Hall, 124 N. Cloverdale Blvd., Cloverdale, CA 95425. Written protests submitted during the Public Hearing must be submitted to the Drop Box before the Public Hearing concludes. Written protests received after the close of the Public Hearing will not be counted. Any protest submitted by e-mail or other electronic means will not be accepted.

Each protest must be signed by a property owner or tenant and must include the assessor's parcel number or street address of the property served and indicate which rates (water and/or wastewater) are being protested. If the protest does not indicate whether it is a protest related to rates for water or wastewater, it will be counted as a protest for both. Only one written protest per identified parcel or property will be counted for purposes of determining whether there is a majority protest. During the Public Hearing, the City Council will hear all public testimony and consider all written protests. At the conclusion of the Public Hearing, the City Council will decide whether to adopt the proposed increases. If written protests against the proposed water and/or wastewater rates are received for a majority of the parcels subject to the proposed rates, the City will not impose the proposed rates for the utility service(s) receiving the majority protest. If written protests against the proposed increases to the water and/or wastewater rates are not presented by a majority of the parcels subject to the proposed rates, the City will be authorized to adopt the proposed rates. If adopted, the proposed rates will become effective on or after January 1, 2021, and will be increased annually thereafter, as set forth herein.

Additional information regarding the proposed water and wastewater rates is presented in the *City of Cloverdale 2020 Water and Wastewater Rate Study*. This report is available for review during business hours at the City Clerk's Office, 124 N. Cloverdale Blvd., or may be found at <http://www.cloverdale.net>. For questions call (707) 894-2521.

## **Notice of Public Hearing**

**Date: November 11, 2020**

**Time: At or after 6:00 p.m.**

**Cloverdale Performing Arts Center  
209 N. Cloverdale Blvd., Cloverdale  
and/or Via Teleconference**

On Tuesday, November 11, 2020, at or after 6:00 p.m., the Cloverdale City Council will hold a public hearing to consider the proposed water and wastewater rates as described in this notice. Additional information is available on the City's website at <http://www.cloverdale.net>