

LEWISTON COMMUNITY SERVICES DISTRICT

**130 Texas Avenue
P.O. Box 164
Lewiston, California 96052
530-778-0306**

PROPOSITION 218 NOTICE

PUBLIC NOTICE OF PROPOSED WATER AND WASTEWATER RATE CHANGES

**Public Hearing to be held on Tuesday, February 25, 2025, at 7:00 p.m.
Community Center, 130 Texas Avenue, Lewiston, CA 96052**

WATER & SEWER RATES

An inflation adjustment is necessary

The Lewiston Community Services District (LCSD) adopted its current rate schedule in 2018. The rates were based upon a Rate Study prepared by California Rural Water Association. The water rates allowed the LCSD to qualify for approximately \$7M of grant funding by the Drinking Water State Revolving Fund, which led to construction of the new raw water intake and pump station on the Trinity River, water treatment plant, and storage tank.

When the current rate schedule was adopted, an inflation rate increase of 3% per annum was built into the schedule. In 2024, that inflation rate ran out, per California Proposition 218. In the year 2024, no inflation increase occurred. Our expenses increased, but our rates did not keep pace. In order to avoid insolvency, LCSD must increase its rates to keep up with inflation.

We believe that the original inflationary rate adjustment of 3% per annum is reasonable, and in line with the average increases in both the Consumer Price Index, and the Producer Price Index. The increase will be used for District operating costs.

Therefore, the LCSD will adopt a 5 year plan to increase rates annually at 3% per annum. In the absence of another rate study, no other increases will occur. **No rate increases are proposed at this time, other than an inflationary adjustment.**

How were the current rates calculated?

A Water and Sewer Utility Rate Study, prepared by PACE Engineering, Inc., was accepted by the LCSD on October 3, 2017. Based upon recommendations contained within the Rate Study, the LCSD determined there was a need to adjust water and wastewater rates and policies to generate the necessary revenue to operate and maintain the existing and future facilities. The LCSD desired to establish a fair and equitable rate structure to provide sufficient revenue for operation, maintenance, and capital improvement projects for the existing, as well as consolidated, water and wastewater systems.

Prior to that time, the LCSD adopted water service rates December 2013, which were incremented annually over the next four years. Wastewater service rates were established in 2004 by the Lewiston Valley Water Company, which was consolidated under the LCSD in 2013. LPMWC implemented new water and wastewater rates in October of 2017, to equal the FY 2018-2019 rates proposed herein.

The Rate Study looked at both fixed and variable costs. Fixed, or base costs, are what the customers must pay regardless of the amount of water produced or wastewater treated, such as water testing, licensing, and employee wages. Variable costs, such as electricity and chemicals, change based on the

amounts of water produced and wastewater treated. The rate structure which was adopted considered how best to balance fixed and variable revenues to meet expenses while being fair to all customers.

The adopted water rates were based upon combined LCSD and LPMWC 2017 expenditures and 2018 budgets increased for the next five years at an annual 3% per year inflation factor. The proposed water rates were applied equally to all customers within the LCSD, LPMWC, and TDMHP. In fact, the LPMWC relied in part upon the LCSD's water production and storage facilities starting in 2018 when the previously-existing redwood tank was replaced with a new grant-funded steel tank. The interim wastewater rates for FY 2018-2019 through FY 2020-2021 were based upon LCSD and LPMWC individual 2017 expenditures and their respective 2018 budgets increased at an annual 3% per year inflation factor. In other words, due to the operating costs difference in the existing wastewater facilities, customers on the pond system continued to pay a different wastewater rate than customers whose wastewater was treated at the wastewater treatment plant through FY 2020-2021. Once the new wastewater facilities were constructed, the proposed FY 2021-2022 wastewater rates took effect equally for all customers served by the consolidated LCSD.

What is Proposition 218

Article XIII D of the California Constitution requires that districts meet certain procedural and substantive requirements when adopting a new or increased property-related fee or charge, and the Proposition 218 Omnibus Implementation Act (Government Code Section 53750 and following), as amended, provides additional guidance as to the procedures to be followed. To comply with those procedures and conduct fair and accurate protest hearings, the LCSD has directed the mailing of this notice to all "Record Owners" on the last secured tax assessment roll, as well as all existing utility billing customers.

Property owners may comment on the proposed rates. California Constitution Article XIII D Section 6 (Proposition 218) prohibits the LCSD from implementing new rates if a majority of the affected property owners file written protests opposing the rates before the end of the public hearing. In the event of an existence of a majority protest, as defined in Article XIII D, Section 6, it will result in the fees NOT being imposed.

Only one written protest per affected property will be counted toward the majority protest. Written protests must be received by the LCSD, P.O. Box 101, 130 Texas Avenue, Lewiston, CA 96052, before the end of the public hearing which is scheduled for 7:00 p.m., February 25, 2025. All protests will be tabulated at that time.

Each protest must identify the proposed rate being protested (water and/or wastewater), the affected property (by street address and Assessor's Parcel Number), and include the signature of the customer or property owner. In compliance with Proposition 218, e-mail protests will not be accepted. Facsimile (Fax) protests will also not be accepted. Although oral comments at the public hearing will not qualify as formal protests, unless accompanied by a written protest, the LCSD welcomes input from the community during the public hearing.

Some customers will receive multiple notices. In order to ensure that all property owners are informed about possible water and wastewater rate changes, these Notices are being sent to all property owners at the address shown on the most current tax rolls, as well as all existing utility billing customers. If you are responsible for more than one bill, you will receive more than one notice.

How to submit a protest:

If you wish to submit your protest in writing, please mail to: LCSD, ATTENTION: Rate Protest, P.O. Box 101, Lewiston, CA 96052 or drop off in person at the Community Hall, 130 Texas Avenue, Lewiston, CA 96052.

To order information in an alternative format to assist persons with disabilities, please call the LCSD Office on or before February 25, 2025 (15 days prior to the public hearing), at (530) 778-0306.