



# ROWLAND WATER DISTRICT

## NOTICE OF PUBLIC HEARING:

### Proposed Water Rate and Service Charge Changes

**DATE:** February 14, 2017  
**TIME:** 6 p.m.  
**LOCATION:** Rowland Water District Board Room  
3021 Fullerton Road, Rowland Heights, CA 91748

## PLEASE TAKE NOTICE.

The Board of Directors of the Rowland Water District (District) invites the public to attend a public hearing to be held at the time, date and location specified above to consider adjustments to the rate structure of the District's water service charges, the adoption of a five-year schedule of water rate increases, and drought rates that may be implemented during water shortages. If adopted, the new water rates will go into effect for services provided on and after March 1, 2017, and will be adjusted each January 1 thereafter through, and including, January 1, 2021. The maximum rates proposed to be adopted and the drought rates that may be implemented during the next five years are shown in more detail below under the caption "Proposed Rates." The purpose of the public hearing is to consider all oral testimony and written protests to, and the adoption of, the proposed rates.

More information regarding the District's rates is available online at: [www.rowlandwater.com](http://www.rowlandwater.com).

## HOW CAN I PARTICIPATE?

**Call, Visit or Log In.** The Water Rate Study and more information on the proposed rate adjustments and increases are available for review at the District's office, and on our website: [www.rowlandwater.com](http://www.rowlandwater.com).

**Write.** Any record owner of a parcel upon which the potable and recycled water service charges are proposed to be imposed and any tenant directly liable for the payment of potable or recycled water service charges (i.e., a customer of record who is not a property owner) may submit a written protest to the proposed rate adjustments and increases to the District's potable and recycled water service charges; however, only one protest will be counted per identified parcel. Any written protest must: (1) state that the identified property owner or tenant is opposed to the proposed rate adjustments and increases; (2) provide the location of the identified parcel (by street address, assessor's parcel number, or customer account number); and (3) include the name and signature of the property owner or tenant submitting the protest. Written protests may be mailed or delivered in-person to **Rowland Water District Attention: Secretary of the Board at 3021 Fullerton Rd., Rowland Heights, CA 91748.**

**Attend the Public Hearing.** Written protests may also be submitted to the District at the Public Hearing to be held on **February 14, 2017, at 6 p.m. in the Rowland Water District Board Room, 3021 Fullerton Road, Rowland**

**Heights, CA.** All members of the public will have an opportunity to speak and give testimony regarding the proposed water rate adjustments and increases at the Public Hearing. All written protests, whether mailed, or delivered in person or at the Public Hearing, must be received before the conclusion of the public comment portion of the Public Hearing.

**Public Hearing Process:** At the time of the Public Hearing, the Board will hear all oral comments and consider all written protests to the proposed rate adjustments and increases. Any protest submitted by email or other electronic means will not be accepted as a valid written protest. Any oral comments made at the public hearing will not qualify as formal protests unless accompanied by a written protest. Upon the conclusion of the hearing, the Board will tabulate the protests and consider the adoption of the proposed rates and charges.

If written protests against the proposed rates and charges as outlined in this notice are not presented by a majority of the owners or customers of the identified parcels upon which the rates and charges are proposed to be imposed, the Board will be authorized to adopt the proposed rates and charges. If adopted as proposed, the increased rates and charges will become effective for services provided on and after March 1, 2017, and the scheduled maximum rates may be implemented annually January 1 over the next five years.

# WHY ARE RATE INCREASES NECESSARY?

The District is committed to providing the highest quality potable water (i.e., drinking water) and recycled water at the lowest possible rates for our customers. To meet this commitment, the District engaged NBS to perform an independent cost of service and water rate study (Study) and evaluate the infrastructure needs, programs, and operations and maintenance costs of the District's water services and the rates necessary to recover the costs of those services for the next five years. The Study demonstrates what it costs the District to provide water service and the appropriate rates to fairly and appropriately allocate the costs of providing water to our customers. The cost of providing water includes not only the water we purchase and produce, but the infrastructure that treats and delivers the water, and our water conservation, efficiency, and demand management programs to ensure that there is safe and reliable water to meet the needs of all of our water customers twenty-four hours a day, seven days a week.

Based on NBS's evaluation, it has been determined that rate adjustments and increases are necessary for the District's potable and recycled water service charges to enable the District to:

- recover current and long-term projected costs of operating and maintaining the water system, including increases in the costs of the wholesale water the District purchases;
- fund capital infrastructure improvements needed to repair and update the District's aging water system;
- maintain the operational and financial stability of the water utility;
- comply with State-mandated drinking water regulatory requirements;
- meet and comply with annual debt service requirements; and
- avoid operational deficits and depletion of reserves.

*The most significant cost drivers are described below:*

## RISING COSTS AND GROWTH

The price of water has increased, along with the cost of electricity needed to pump supplies through the system to homes and businesses. The proposed rates also take into consideration the rising costs of labor, benefits, water supplies and operations, as well as anticipated new connections.

## SYSTEM MAINTENANCE

The District maintains a complex system of pipelines and facilities to deliver water safely and reliably. As the system ages, maintenance and upgrades are needed to keep it functioning efficiently and avoid expensive emergency repairs.

## FINANCIAL STABILITY

The District is required to maintain reserves for operations, rate stabilization, and capital needs. Decreased water sales due to conservation affect the levels of these reserves and the financial stability of the District.



## DROUGHT

Rate increases are also necessary to address the impact of the multi-year statewide drought on the District's revenues. On April 1, 2015, Governor Jerry Brown issued an executive order instituting California's first-ever statewide mandatory water reductions, and mandating the implementation of several conservation measures. On November 15, 2015, Governor Brown issued another executive order extending those conservation measures until October 31, 2016. Under drought regulations established pursuant to the executive order, the District was ordered to reduce its water consumption by 20%.

A substantial portion of District's costs to operate and maintain the water system are fixed, meaning the costs remain the same

regardless of how much water is used by customers. Over the last several years, the District has experienced declines in water demand resulting from the drought and state-mandated water use reductions, and therefore, reductions in water revenues. While experiencing these declines in water demand and revenues, the District has exercised fiscal discipline by utilizing reserves and managing operating costs to avoid significant increases in the rates for its water service charges. NBS studied the effects of the reduction in water use and revenues and their impact on reserves, and developed drought rates that may be implemented to ensure that there are sufficient revenues to fund the water utility's obligations in the event the District has to implement mandatory conservation measures.

# HOW ARE THE PROPOSED RATES CALCULATED?

The proposed rates were calculated to recover the costs of providing water service, and to proportionately allocate those costs on a parcel basis among the various customer classes. The water rate structure has three customer classes—Single-Family Residential Customers, All Other Customers (which includes commercial, industrial, governmental, institutional, and multi-family residential), and Recycled Water Customers. There are five components to the District's rate structure—a Fixed Service Charge, a Potable Water Commodity Charge, a Recycled Commodity Charge, a Zonal Surcharge, and a Fire Service Charge. As further described in this notice, the District is also proposing Drought Rates that will replace the rates applicable to its Potable Water Commodity Charge during declared water shortages.

The Fixed Service Charge is a fixed monthly charge established on the basis of the size of the meter (in inches) serving a property and is calculated to recover a portion of the District's fixed costs of operating and maintaining the reliability of water system, and delivering water. These costs include maintenance, repair and replacement of infrastructure, water quality testing, meter reading, customer billing and collection, debt service payments and employee salaries. The rates for the Fixed Service Charge are the same for both potable water customers and recycled water customers.

The Potable Water Commodity Charge and the Recycled Water Commodity Charge are variable charges imposed per unit of delivered potable water or recycled water, with one unit equal to one hundred cubic feet (hcf), or 748 gallons. The rates for these charges are calculated to recover a portion of the District's fixed costs and variable costs of providing potable and recycled water service, including the cost of purchasing and producing water, electricity and treatment chemicals, as well as replacing infrastructure. The amount of the Potable Water Commodity Charge and Recycled Commodity Charge imposed varies each

month depending on the number of units (hcf) of potable or recycled water a customer uses during the billing period.

The Zonal Surcharge is a variable charge imposed per unit of potable water delivered to customers located in higher elevations. It is in addition to the Potable Water Commodity Charge and is calculated to recover the additional costs of supplying potable water to these customers, including the energy and maintenance costs of the pumping stations used to pump water to higher elevations within certain identified pressure zones of the District's retail water service area.

The Fire Service Charge is a fixed monthly service charge that is calculated on the basis of the size of the meter supplying hydrants or private fire suppression facilities. It is designed to recover the cost of providing water for private fire protection services, including defraying the additional overhead costs of serving and maintaining this infrastructure. The Fire Service Charge is imposed only on properties that, as a condition of extending or initiating water service, are required to install a private fire suppression system, or have requested the delivery of water for the purpose of private fire service protection.

The proposed rate adjustments and increases for the water service charges will allow the District to provide safe, reliable drinking and recycled water to its customers. Absent critical rate increases, the District would experience budget shortfalls for each year of the five-year forecast performed by the Study. The Study supporting the financial plan and the proposed rates are available for review at the District's Offices located at 3021 Fullerton Road, Rowland Heights, CA, Monday through Thursday, 8:00 a.m. to 5:30 p.m., and alternating Fridays, 8:00 a.m. to 4:30 p.m., excluding holidays.



# PROPOSED RATES

The current and proposed rate structure for the Potable Water Commodity Charge for Single-Family Residential Customers has three tiers which impose higher rates as the level of consumption increases. During the multi-year drought, customers have made both temporary and permanent changes in their water use. Under the proposed rates, for Single-Family Residential Customers the tier widths will be modified to reflect changes in customer demand arising from the multi-year drought. The tiers are designed to recover the incremental costs to the District of serving more water to those who place higher demands and greater burdens on the District's water system and resources, such as acquiring more expensive sources of water supply. The proposed maximum rates reflect a three-tiered rate structure based on monthly water usage per one hundred cubic

feet (hcf) which includes a Zonal Charge covering the energy and maintenance costs to pump water to each elevation zone above Zone I. (1 hcf = 748 gallons)

Due to the varying consumption needs among All Other Customers, the Potable Water Commodity Charge is a uniform rate per Hcf of water delivered during a billing period. Some customers with water meters 1.5 inches and larger that were previously classified as Single-Family Residential Customers will now be classified as All Other Customers and subject to these uniform rates. This includes some multi-family residential, commercial, and homeowner's association customers. The current and proposed maximum rates and effective dates for the Fixed Service Charge and Potable Water Commodity Charge for All Other Customers are set forth in the tables below.

Water Revenue Rate Allocation	Current Rates	Proposed Rate Distribution				
		Effective 3/1/17	Effective 1/1/18	Effective 1/1/19	Effective 1/1/20	Effective 1/1/21
% Fixed	33%	35%	40%	45%	45%	45%
% Variable	67%	65%	60%	55%	55%	55%



## PROPOSED MONTHLY FIXED SERVICE CHARGE (POTABLE & RECYCLED)

Water Revenue Rate Allocation	Current Monthly Service Charge	Proposed Monthly Service Charge				
		Effective 3/1/17	Effective 1/1/18	Effective 1/1/19	Effective 1/1/20	Effective 1/1/21
<b>Monthly Fixed Service Charge - Standard Meters:</b>						
5/8 inch	\$25.12	\$27.13	\$33.44	\$40.55	\$42.58	\$44.71
3/4 inch	\$25.12	\$27.13	\$33.44	\$40.55	\$42.58	\$44.71
1 inch	\$41.73	\$27.13	\$33.44	\$40.55	\$42.58	\$44.71
1.5 inch	\$83.24	\$126.41	\$157.28	\$192.06	\$201.67	\$211.75
2 inch	\$133.05	\$200.87	\$250.16	\$305.70	\$320.99	\$337.03
3 inch	\$249.28	\$399.43	\$497.82	\$608.73	\$639.16	\$671.12
4 inch	\$415.33	\$622.81	\$776.45	\$949.63	\$997.12	\$1,046.97
6 inch	\$830.44	\$1,243.31	\$1,550.42	\$1,896.60	\$1,991.43	\$2,091.00
8 inch	\$1,328.58	\$1,987.91	\$2,479.18	\$3,032.95	\$3,184.60	\$3,343.83
10 inch	\$1,909.73	\$5,214.51	\$6,503.80	\$7,957.16	\$8,355.02	\$8,772.77
12 inch	\$3,570.18	\$6,579.61	\$8,206.53	\$10,040.48	\$10,542.50	\$11,069.62
<b>Monthly Fixed Service Charge - Fire Service Meters*:</b>						
1 inch	-	\$2.95	\$3.18	\$3.41	\$3.58	\$3.76
2 inch	\$9.96	\$7.45	\$8.01	\$8.61	\$9.04	\$9.49
3 inch	\$14.44	\$13.55	\$14.56	\$15.65	\$16.44	\$17.26
4 inch	\$18.38	\$24.78	\$26.64	\$28.64	\$30.07	\$31.57
6 inch	\$36.75	\$53.67	\$57.69	\$62.02	\$65.12	\$68.38
8 inch	\$84.89	\$92.18	\$99.10	\$106.53	\$111.85	\$117.45
10 inch	\$152.66	\$143.54	\$154.30	\$165.87	\$174.17	\$182.88
12 inch	\$246.58	\$172.42	\$185.36	\$199.26	\$209.22	\$219.68



\* FIRE SERVICE - SERVICE CHARGE:

The maximum rates for the Fire Service Charge reflect a monthly service charge based on meter size.

# PROPOSED POTABLE WATER COMMODITY CHARGES

## SINGLE-FAMILY RESIDENTIAL\*

Pressure Zone	Allocation		Current Rate (in hcf)	Proposed Rates (in hcf)				
	Current	Proposed		Effective 3/1/17	Effective 1/1/18	Effective 1/1/19	Effective 1/1/20	Effective 1/1/21
Zone I	1-16/hcf	1-8 hcf	\$2.77	\$2.43	\$2.62	\$2.82	\$2.96	\$3.11
	17-23/hcf	9-15 hcf	\$3.19	\$3.57	\$3.34	\$3.06	\$3.22	\$3.38
	24+ hcf	16+ hcf	\$4.02	\$4.98	\$4.62	\$4.19	\$4.40	\$4.62
Zone II	1-16/hcf	1-8 hcf	\$2.98	\$2.59	\$2.78	\$2.98	\$3.13	\$3.29
	17-23/hcf	9-15 hcf	\$3.40	\$3.72	\$3.50	\$3.23	\$3.39	\$3.56
	24+ hcf	16+ hcf	\$4.23	\$5.13	\$4.78	\$4.35	\$4.57	\$4.80
Zone III	1-16/hcf	1-8 hcf	\$3.28	\$2.75	\$2.95	\$3.16	\$3.32	\$3.48
	17-23/hcf	9-15 hcf	\$3.70	\$3.88	\$3.67	\$3.41	\$3.58	\$3.75
	24+ hcf	16+ hcf	\$4.53	\$5.29	\$4.95	\$4.53	\$4.75	\$4.99
Zone IV	1-16/hcf	1-8 hcf	\$4.20	\$3.19	\$3.41	\$3.64	\$3.82	\$4.01
	17-23/hcf	9-15 hcf	\$4.62	\$4.33	\$4.14	\$3.89	\$4.08	\$4.28
	24+ hcf	16+ hcf	\$5.45	\$5.74	\$5.42	\$5.01	\$5.26	\$5.51
Zone V	1-16/hcf	1-8 hcf	\$4.83	\$3.49	\$3.72	\$3.97	\$4.16	\$4.36
	17-23/hcf	9-15 hcf	\$5.25	\$4.63	\$4.45	\$4.22	\$4.42	\$4.63
	24+ hcf	16+ hcf	\$6.08	\$6.04	\$5.73	\$5.34	\$5.60	\$5.87
Zone VI	1-16/hcf	1-8 hcf	\$5.19	\$3.94	\$4.19	\$4.46	\$4.67	\$4.89
	17-23/hcf	9-15 hcf	\$5.61	\$5.08	\$4.92	\$4.70	\$4.93	\$5.16
	24+ hcf	16+ hcf	\$6.44	\$6.49	\$6.20	\$5.83	\$6.10	\$6.40

## COMMERCIAL AND MULTI-FAMILY RESIDENTIAL\*

Pressure Zone	Current Rate (in hcf)	Proposed Rates (in hcf)				
		Effective 3/1/17	Effective 1/1/18	Effective 1/1/19	Effective 1/1/20	Effective 1/1/21
Zone I (in hcf)	\$2.97	\$3.24	\$3.20	\$3.15	\$3.31	\$3.47
Zone II (in hcf)	\$3.18	\$3.39	\$3.36	\$3.31	\$3.48	\$3.65
Zone III (in hcf)	\$3.48	\$3.55	\$3.53	\$3.49	\$3.66	\$3.84
Zone IV (in hcf)	\$4.40	\$4.00	\$4.00	\$3.97	\$4.17	\$4.37
Zone V (in hcf)	\$5.03	\$4.30	\$4.31	\$4.30	\$4.51	\$4.72
Zone VI (in hcf)	\$5.39	\$4.74	\$4.78	\$4.79	\$5.01	\$5.25

\* ZONAL SURCHARGES: The Zonal Surcharges are included in the standard tiered or uniform Potable Water Commodity Charges for Single-Family Residential, Commercial and Multi-family Residential Customers.

## RECYCLED

The proposed maximum rates reflect a uniform charge per one hundred cubic feet (hcf). 1 hcf = 748 gallons. Recycled Water Customers also pay monthly Fixed Service Charge based on the size of the meter serving their property.

Rate Type	Current Rates	Proposed Rates				
		Effective 3/1/17	Effective 1/1/18	Effective 1/1/19	Effective 1/1/20	Effective 1/1/21
Uniform Rate	\$1.71	\$1.71	\$1.79	\$1.83	\$2.08	\$2.33

# UNDERSTANDING DROUGHT RATES

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California is in a severe and lasting drought. The District is committed to meeting the community's water needs reliably and affordably, regardless of climate conditions. To this end, the District is proposing drought rates that may be implemented by the District's Board of Directors during declared drought levels, state mandated reductions in the level of potable water usage, or other natural disaster or event that results in a water shortage and the need to require reductions in water usage.

The proposed drought rates will replace the rates for the Potable Water Commodity Charge then in effect at the time the drought level is declared. The proposed drought rates are a tool the District may use to:

- Incidentally provide customers with an incentive to save water
- Ensure compliance with all local and/or state water conservation mandates to conserve
- Collect sufficient revenue to continue providing safe and reliable potable water service

The District's Water Shortage Contingency Plan has six levels of water use reductions and restrictions. These six levels, along with the estimated consumption reductions resulting from additional conservation restrictions implemented at each level, are as follows:

- Level 1 - Requires that customers reduce their usage by up to 10%
- Level 2 - Requires that customers reduce their usage by up to 20%
- Level 3 - Requires that customers reduce their usage by up to 30%
- Level 4 - Requires that customers reduce their usage by up to 40%
- Level 5 - Requires that customers reduce their usage by up to 50%
- Level 6 - Requires that customers reduce their usage by greater than 50%



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## CONSERVATION MANDATES

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RWD customers joined residents from across California in extraordinary conservation over the last year. Water efficiency has become a way of life as we endure ongoing drought. In May 2016, the Governor permanently banned wasteful use, including:

- Hosing of paved surfaces, such as driveways, sidewalks and asphalt.
- Use of hoses without a shutoff nozzle.
- Fountains and water features without recirculating water systems.
- Sprinkler overspray, runoff or excessive irrigation.
- Watering within 48 hours of a rain event.
- Watering turf on street medians

# PROPOSED DROUGHT RATES

## DROUGHT RATE ZONE I\*

Level	Proposed Allocation	Proposed Rates (per hcf)				
		Effective 3/1/17	Effective 1/1/18	Effective 1/1/19	Effective 1/1/20	Effective 1/1/21
<b>Level 1: 10% Conservation Goal</b>	1-8 hcf	\$2.45	\$2.64	\$2.84	\$3.00	\$3.16
	9-15 hcf	\$3.76	\$3.48	\$3.13	\$3.30	\$3.47
	16+ hcf	\$5.89	\$5.35	\$4.69	\$4.95	\$5.20
	Uniform	\$3.34	\$3.29	\$3.21	\$3.39	\$3.56
<b>Level 2: 20% Conservation Goal</b>	1-8 hcf	\$2.46	\$2.67	\$2.88	\$3.06	\$3.22
	9-15 hcf	\$4.05	\$3.69	\$3.22	\$3.42	\$3.60
	16+ hcf	\$7.38	\$6.54	\$5.52	\$5.83	\$6.13
	Uniform	\$3.46	\$3.40	\$3.29	\$3.49	\$3.67
<b>Level 3: 30% Conservation Goal</b>	1-8 hcf	\$2.48	\$2.71	\$2.92	\$3.12	\$3.30
	9-15 hcf	\$4.53	\$4.02	\$3.36	\$3.59	\$3.79
	16+ hcf	\$9.99	\$8.62	\$6.95	\$7.36	\$7.75
	Uniform	\$3.63	\$3.55	\$3.39	\$3.62	\$3.82
<b>Level 4: 40% Conservation Goal</b>	1-8 hcf	\$2.51	\$2.76	\$2.97	\$3.22	\$3.40
	9+ hcf	\$8.04	\$6.81	\$5.29	\$5.64	\$5.95
	Uniform	\$3.84	\$3.74	\$3.52	\$3.79	\$4.01
<b>Level 5: 50% Conservation Goal</b>	1-8 hcf	\$2.55	\$2.84	\$3.05	\$3.35	\$3.55
	9+ hcf	\$11.70	\$9.54	\$6.88	\$7.36	\$7.77
	Uniform	\$4.15	\$4.00	\$3.71	\$4.04	\$4.28
<b>Level 6: More than 50% Conservation Goal</b>	1-8 hcf	\$2.60	\$2.94	\$3.17	\$3.54	\$3.78
	9+ hcf	\$20.63	\$16.14	\$10.70	\$11.45	\$12.09
	Uniform	\$4.60	\$4.40	\$3.99	\$4.40	\$4.68

\* The above Drought Rates do not include the Zonal Surcharges. Zonal Surcharges will be added to the proposed drought rates for Single-Family Residential, Commercial and Multi-family Residential Customers. Please see table below for Zonal Surcharges.

## ZONAL SURCHARGES

Zone	Current Surcharge	Proposed Rates (per hcf)				
		Effective 3/1/17	Effective 1/1/18	Effective 1/1/19	Effective 1/1/20	Effective 1/1/21
II	\$0.21	\$0.15	\$0.16	\$0.16	\$0.17	\$0.18
III	\$0.51	\$0.32	\$0.33	\$0.34	\$0.36	\$0.37
IV	\$1.43	\$0.76	\$0.79	\$0.83	\$0.86	\$0.90
V	\$2.06	\$1.06	\$1.10	\$1.15	\$1.20	\$1.25
VI	\$2.42	\$1.51	\$1.57	\$1.64	\$1.71	\$1.78



Rowland Water District  
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Rowland Heights, CA 91748

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# ROWLAND WATER DISTRICT

## **NOTICE OF PUBLIC HEARING:**

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Proposed Water Rate and Service Charge Changes

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**DATE:** February 14, 2017  
**TIME:** 6 p.m.  
**LOCATION:** Rowland Water District Board Room  
3021 Fullerton Road, Rowland Heights, CA 91748

*The Board of Directors of Rowland Water District will conduct a public hearing to consider a proposed schedule of increases to the District's water rates and service charges over the next five calendar years. Interested parties are invited to attend the public hearing.*

**MORE INFORMATION INSIDE**