

RESOLUTION NO. 17- 8299

A RESOLUTION ESTABLISHING PROCEDURES UNDER PROPOSITION 218, CALLING FOR A PROPOSED INCREASE OF THE BECKWOURTH COUNTY SERVICES AREA SEWER RATE AND PROTEST HEARING

WHEREAS, through the adoption of Proposition 218, which added Article XIID Section 6 of The State of California's Constitution, public agencies are now required to hold a "majority protest" hearing before they may adopt an increase in certain property related fees and charges; and,

WHEREAS, while Article XIID Section 6 imposes certain procedural and substantive requirements for such increases, namely the need for a majority protest hearing, the Article is conspicuously silent on many logistical issues associated with providing that hearing; and,

WHEREAS, in accordance with the authorization found in Public Utilities Code section 16461. The District provides sewer services to its residents; and,

WHEREAS, the Board has determined after considerable debate that it is both necessary and in the best interests of the District's landowners to increase the above mentioned charges; and,

WHEREAS, due to Article XIID's silence on certain logistical issues, the Board believes it to be in the best interest of its customers to provide them with an opportunity to be heard regarding those choices before they are implemented; and,

WHEREAS, said opportunity was provided to customers in the noticed public hearing at which the Board considered and adopted this Resolution and herein recorded the Board's well thought-out decisions on these matters after consideration said input.

NOW, THEREFORE, BE IT RESOLVED by the Governing Board of Beckwourth County Services Area that this Board does hereby resolve, declare and order as follows:

1. Statement of Legislative Intent.

It is the District's intent in adopting this Resolution, to adopt and call for a "majority protest" proceedings which are consistent, and in compliance, with Article XIID Section 6 of the California Constitution. In that regard, the District has properly noticed the Board's intent to adopt a resolution to this effect and held a public hearing at which members of the public were invited to provide comments before this Resolution's adoption.

2. Sewer Rate Increase Proceedings.

The following procedures have been developed in order to comply with the provisions of Article XIID, Section 6 of the California Constitution and shall be followed by the District in the public presentation of the proposed increase and associated policy herein mentioned as it relates to the District's base sewer rate.

3. Amount based on EDUs.

The District's sewer rate will be based on the EDUs (Equivalent Dwelling Units) of each connection. The Beckwourth County Services Area will use EDUs established by EPA (Environmental Protection Agency.)

4. New Rates & Effective Dates

The new rates are proposed to be increased as follows:

January 1, 2018 to \$44.50 per EDU per month.

5. Notice Document

The following guidelines shall be followed in providing notice of the protest hearing on the proposed increase and policy herein mentioned.

1. Notice will be mailed, postmarked November 20, 2017, to each customer within the District as reflected in the District's current records. This date is at least 45 days before the final public hearing.
2. The general form of notice is attached to this resolution as Exhibit A and shall be provided in accordance with this section and Article XIID, Section 6 of the California Constitution.
3. The District will post in the County Courthouse during the 45 day notice period, a notice that a public hearing is being held on the increase indicating the time of the public hearing, the proposed rate increase, the basis upon which it was calculated, the reason for the increase and the right of customers to file a written protest.
4. Failure of any person to receive notice shall not invalidate the proceedings.

6. Public Majority Protest Hearing

In accordance with the Article XIID, Section of the California Constitution, a public majority protest hearing shall be commenced to receive public comments and written protest on the proposed rate increase and associated policy. The hearing is set to be held at 11:00 AM on January 9, 2018 at the Supervisors Board Room in the Plumas County Courthouse, Third Floor 520 Main Street, Quincy, CA 95971. The hearing will follow the procedures set forth herein:

1. At the public hearing, the Governing Board shall, until the close of the public hearing, hear public testimony and consider all written protests regarding the proposed increase and associated policy.
2. The Governing Board Chair may impose reasonable time limits on both the length of the hearing and the length of each speaker's testimony.
3. The Governing Board may continue the hearing as they deem appropriate.
4. For a protest to be received and counted for the purposes of the majority protest it must be provided in writing to the District prior to the start of the January 9, 2018 public hearing. Oral protests at the hearing will not be counted unless they are accompanied by a written protest. This requirement is created by the legal need of the District to maintain a verifiable paper trail.
5. For a written protest to be accepted and counted it *must* contain the following:
 - The identity of the parcel represented by the protest
 - The name and address of the protestant;
 - A signed statement, containing an original signature, indicating that the writing is to be considered a written protest on behalf of the parcel.
6. At the conclusion of the hearing, or shortly thereafter, a disinterested party designated by the Governing Board shall begin the tabulation of the written protests, including those received at the public hearing. The Board may, if it so wishes, appoint a two member election committee to assist the disinterested party in tallying the votes.

7. Only one protest will be counted for each service parcel.
8. If according to the final tabulation of the written protests, a pure majority of those entitled to protest do, the Governing Board shall not impose the proposed increases or the associated policy. However, if a pure majority does not protest, the Governing Board will adopt the proposed increase and the associated policy and implement them accordingly.
9. The results of the tabulation shall be posted at the Plumas County Courthouse and read into the minutes of the first regularly scheduled Board meeting following the election

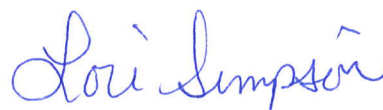
The foregoing resolution was duly passed and adopted by the Governing Board of Beckwourth County Services Area, State of California, at a regular meeting of said Board held on the 14th day of November, 2017, by the following vote:

AYES: Supervisors: ENGEL, GOSS, SANCHEZ, SIMPSON

NOES: Supervisors: NONE

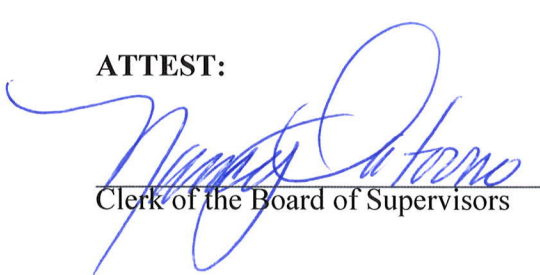
ABSTAIN: Supervisors: NONE

ABSENT: Supervisor THRALL



Chair, Board of Supervisors

ATTEST:



Clerk of the Board of Supervisors

EXHIBIT A

NOTICE OF PROPOSED SEWER RATE INCREASE

November 20, 2017

This notice is to advise that the Beckwourth Community Service Area (BCSA) Governing Board intends to adopt a new sewer rate schedule. The purpose of the new rate schedule is to properly fund the activities of the District and to repay debt which the District incurred from the County General Fund

A public hearing will be held by the Beckwourth CSA Governing Board on Tuesday, January 9, 2018 at 11:00 AM The hearing will be held at the Plumas County Courthouse at 520 Main Street, Room 308, Quincy, CA. The purpose of the Public Hearing will be to consider public comments on the rate increase. All ratepayers are invited to attend the hearing and present written and/or oral comments related to the proposed rate increase.

The following information is provided to inform ratepayers of the pertinent facts related to the proposed rate increase and about the process of raising rates.

CURRENT RATES AND FINANCIAL CONDITIONS

The current rate for sewer service in the BCSA is \$4.25 per month per single family home, \$11 per month for government and commercial, \$6 per month for gas station or garage, and \$1 per month per trailer park space. This rate has not been raised since inception in 1983 and is not generating sufficient income to satisfy District expenses, pay District debts, or adequately maintain District facilities.

WHY RATES MUST BE RAISED

The District is not currently collecting enough funds to satisfy its obligations. For the District to be eligible to apply for grant funding for replacement of the sewer pump station, the District must raise its sewer rates sufficient to repay the loan, meet its other financial obligations, and maintain the sewer system into the future.

The proposed increase in sewer rates will result in the following advantages:

- Qualify the District for State grants,
- Restore a sustainable financial base for regular District operations.

2017 RATE STUDY

In March 2017, work began on a Rate Study for the District. The Rate Study was prepared by Rural Community Assistance Corporation (RCAC) with input from the County Engineer and staff. RCAC services were provided to the District at the request of the California State Water Resources Control Board.

The Rate Study Team considered four general financial categories:

- Income to the District
- Expenses and financial obligations of the District
- Operating Budgets
- Reserve Funds

The following paragraphs summarize each of these categories.

Income to the District relies on combination property tax and sewer fee based revenue. Current sewer fees have not been updated since 1983 and the property tax revenue has remained a constant percentage of the 1% tax.

Expenses and Financial Obligations of the District include items such as labor and benefits for employees, consulting fees, permitting fees, rental expenses, office expenses, and debt payments on existing and future loans. Generally, expenses were projected by using the actual historical figures and increasing them 2% per year to account for inflation, and reasonable assumptions were introduced where indicated.

Operating Budgets were projected to allow District employees to adequately maintain the significant assets and infrastructure that

are currently owned by the District. This includes items such as regular maintenance of pumps and motors, cleaning buried pipelines, servicing treatment plant equipment, etc. Because so much of the equipment in a sewer system operates in a harsh environment, it requires regular and thorough maintenance to maximize its life and minimize total costs to ratepayers.

Reserve Funds are designated for specific needs. Reserve accounts are required to be set aside for specific needs and can only be used for those needs. In addition, the District has followed recommended operating practice by planning to reserve funds for operating and capital contingencies.

PROPOSED RATE SCHEDULE

It is proposed that the cost of sewer service be set at \$44.50 per month, per single family home.

The following table illustrates the effect of the proposed change.

If your Current Sewer Service Charge is...	Then your New Sewer Service Charge will be...
\$3.25/mo (= \$39/yr)	\$44.50/mo (= \$534/yr)
\$31/mo (= \$372/yr)	\$431.65/mo (= \$5,180/yr)
\$11/mo (= \$132/yr)	Up to \$133.50/mo (= \$1,602/yr)

The cost of sewer service for nonresidential is based on the number of EDU's assessed.

The new rate is proposed to go into effect on January 1, 2018 and remain indefinitely.

RATE INCREASE PROCEDURE

The process of raising rates is controlled by the provisions of the California Constitution, Article XIII, Section 6, Subdivisions (a) and (c), enacted by Proposition 218 in 1996. In summary, the process of raising sewer rates is as follows:

- The Board commissioned a Rate Study to determine the recommended rate that should be charged to meet District financial obligations.
- November 14, 2017 – the Rate Study team presented the Median Household Income Study, Rate Study, and Engineers Report to the Governing Board and to the public. The purpose of this meeting was to educate all interested parties on the financial status of the District and present notice of proposed rate increase. The Board voted to continue the process of raising rates and directed the District Secretary to mail this Notice to all property owners. This written notice is a requirement of Proposition 218.
- January 9, 2018 – The Board will hold a Public Hearing to receive written protests and consider adopting new sewer rates. According to the requirements of Proposition 218, this Public Hearing may be held no sooner than 45 days following mailing of a written notice to all property owners. If a majority protest does not occur, the Board may vote to adopt the new rate schedule at the January 9, 2018 meeting.

PROTEST PROCEDURE

Ratepayers wishing to protest the proposed rate increase must do so in writing. Letters may be mailed to the BCSA office at: 555 West Main Street, Quincy, CA 95971 or in person at the January 9, 2018 public hearing, so long as written protests are received prior to the start of the public hearing.

All protests must include the following minimum information:

- The property owners signature and date;
- The property owners name printed or typed under the signature;
- The address or parcel number of the property;
- A written statement that the author of the protest letter is the owner of the property;
- A written statement that the letter constitutes a protest to the proposed sewer rate increase.

If the District receives written protests from a majority of property owners, it cannot adopt the proposed rates.

In the event that a majority protest does not occur, following the Public Hearing, the BCSA Governing Board is expected to vote on adopting the new rate schedule.

Adoption of a new rate schedule may not occur at the January 9 Board Meeting if time is needed to verify and count letters of protest.

QUESTIONS

Questions can be directed to Rob Thorman, Associate Engineer, at 530-283-6495