



3701 Marconi Ave
Sacramento, CA 95821

CORRECTED DAY OF MEETING TO MONDAY, OCTOBER 14, 2024

CUSTOMER NOTIFICATION OF PROPOSED RATE INCREASE FOR WATER SERVICES

Public Hearing Date (CORRECTED)

The SSWD Board of Directors will hold a Public Hearing to receive input from customers and consider the Rate Study's recommendation to adjust water service rates in the calendar years 2025 through 2029. All owners and tenants of property and users receiving SSWD water service and all interested persons are invited to attend the Public Hearing to make comments regarding the proposed water rate adjustments.



The Public Hearing will take place on **Monday, October 14, 2024**, at 6:00 p.m. in the SSWD Boardroom at 3701 Marconi Avenue, Sacramento, CA 95821.

Instructions for submitting a written protest are included in this document.

Written protests must be received by SSWD prior to the close of the Public Hearing on October 14, 2024, in order to be considered valid and to be counted in the protest tabulation.



For more information about the Rate Study, its recommendations, or how to provide input, please visit sswd.org, call the SSWD office at 916.972.7171, or send an email to feedback@sswd.org.

PROPOSITION 218 NOTIFICATION (CORRECTED) Proposed Rate Increase for Water Services



Public Hearing on Proposed Rate Increase

Monday, October 14, 2024, at 6:00 pm

SSWD Boardroom at 3701 Marconi Avenue, Sacramento, CA 95821

Sacramento Suburban Water District (SSWD) is proposing a water rate adjustment to help meet the ongoing operational costs and inflationary pressures of providing potable water to SSWD customers. You are receiving this notice in compliance with Proposition 218, which requires SSWD to inform property owners and tenants that a proposed rate increase is being considered; the amount of the proposed rate adjustment; the basis on which the rates are calculated; and the reasons for the adjustment.

About Sacramento Suburban Water District

SSWD serves treated drinking water to a population of approximately 194,000, comprised of residential, commercial, and industrial customers, through approximately 47,800 connections. SSWD's main water supply is pumped groundwater, but the District also serves purchased treated surface water from Folsom Lake and the lower American River when available. SSWD's service area includes portions of Citrus Heights, Carmichael, North Highlands, the City of Sacramento, Antelope, Arbors at Antelope, and McClellan Park. SSWD is governed by a five-member Board of Directors. Each Director lives in and is elected by the voters within the division they represent to serve four-year staggered terms.

Proposed Rate Adjustment: Reason and Amount

SSWD commissioned a 2024 Comprehensive Water Rate Study (Rate Study), which provides a detailed review of SSWD's costs to serve its customers and the rates needed to support providing safe, high-quality, and reliable water service. The Rate Study, prepared by a qualified, independent rate consulting firm, Hildebrand Consulting, includes an in-depth look at current and projected revenues, operation and maintenance costs, capital spending, and reserves.

The Rate Study found that SSWD's current income and expenses are currently well-balanced and managed. However, the Rate Study recommends that SSWD apply annual rate increases over the next five years to address inflation, rising construction and operational costs, and expanded investments in capital infrastructure, and to avoid a shortfall in revenues by keeping pace with rising costs over the five-year period.

The rate increase recommended in the study is:

If approved by the SSWD Board of Directors, the proposed rate adjustments would take effect on January 1 of each year, beginning January 1, 2025.



How Proposed Adjustments Were Calculated

The Rate Study includes an in-depth look at:

- Projected costs for operation and maintenance and capital improvement projects under various scenarios that consider inflation.
- A revenue requirement and financial plan that includes funding prudent reserves for capital and emergency purposes.
- Fair and equitable allocation of costs among single-family and multifamily residential and non-residential customers.

The Rate Study includes a detailed description of the methodology for adjusting rates and is available for review at sswd.org/departments/finance/water-rate-study or SSWD's main office at 3701 Marconi Avenue, Sacramento, CA 95821.



Instructions for Written Protests

An owner or tenant of property receiving water service from SSWD may protest the proposed water rates by submitting a written protest by mail or in person to SSWD, 3701 Marconi Avenue, Sacramento, CA 95821. To be deemed valid, written protests must include:

- The owner's or tenant's name
- Address of the property receiving water service
- The assessor's parcel number (unless the protest is from a tenant, in which case the assessor's parcel number is not required)
- Customer's SSWD account number for the parcel served
- A statement that the proposed rate adjustment is being protested
- A signature by the property owner or tenant

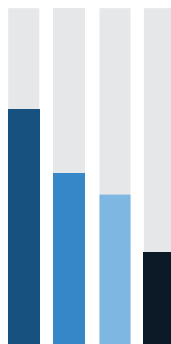
Note that protests submitted by email or other means do not count as formal written protests. Only one written protest per identified parcel will be counted for purposes of determining whether there is a majority protest. SSWD's Secretary, or their designee, will tabulate the protests, and any member of the public may observe the tabulation. All protests are public records and will be retained for a minimum of two years.

Please be advised that pursuant to Government Code Section 53759(d) there is a 120-day statute of limitation for any challenge to the new, increased, or extended fee or charge.

Changes in Construction Costs (2019 to 2023)

Over the past five years, rising construction costs have made it harder to keep up with needed improvements. Operational costs are also expected to rise by 3 to 5% per year during the next five years.

- Drilled Wells: ↑ 203%
- Fire Hydrant Assembly: ↑ 146%
- Short-Side Service: ↑ 142%
(connecting water mains to homes)
- 1 Mile of Water Main: ↑ 75%



Investing in Your Water System

SSWD is increasing its yearly capital spending from \$21.1 million to \$31.7 million to proactively upgrade and replace aging infrastructure, such as pipes, pump stations, and water tanks. To help offset ratepayer costs, SSWD has recently **secured over \$19 million in grants** for new replacement wells and is actively seeking more funding for other projects as a way to control costs.

4 Sample Projects Funded by Rates



New Replacement Well Construction

Building new replacement groundwater wells to maintain water supply reliability.



Reservoir/Tank Improvements

Upgrading water storage facilities to maintain a safe, clean, and reliable water supply system.



Valve/Hydrant/Service Replacement

Replacing old valves, hydrants, and service lines to improve water flow and emergency services.



Transmission & Distribution Improvements

Enhancing the water distribution network to deliver water more efficiently and reliably.

Current Rates and Proposed 5-Year Rate Schedule

Implementation Date

	Current	January 2025	January 2026	January 2027	January 2028	January 2029
Residential Tiered Rates (\$/hcf *)¹						
Tier 1 ²	\$1.01	\$1.16	\$1.22	\$1.27	\$1.32	\$1.37
Tier 2	\$1.32	\$1.54	\$1.62	\$1.68	\$1.75	\$1.82
Uniform Rates (\$/hcf)³						
Uniform Rate	(varies)	\$1.30	\$1.37	\$1.42	\$1.48	\$1.54
Fixed Monthly Service Charges						
5/8" meter	\$36.38	\$37.18	\$39.04	\$40.60	\$42.22	\$43.91
3/4" meter	\$50.46	\$52.30	\$54.92	\$57.11	\$59.40	\$61.77
1" meter	\$78.63	\$82.53	\$86.66	\$90.12	\$93.73	\$97.48
1.5" meter	\$149.07	\$158.10	\$166.01	\$172.65	\$179.55	\$186.73
2" meter	\$233.57	\$248.79	\$261.23	\$271.68	\$282.55	\$293.85
3" meter	\$458.95	\$490.63	\$515.16	\$535.77	\$557.20	\$579.49
4" meter	\$712.49	\$762.70	\$800.84	\$832.87	\$866.18	\$900.83
6" meter	\$1,416.77	\$1,518.46	\$1,594.38	\$1,658.16	\$1,724.48	\$1,793.46
8" meter	\$2,543.63	\$2,727.66	\$2,864.04	\$2,978.60	\$3,097.75	\$3,221.66
10" meter	\$3,388.77	\$3,634.57	\$3,816.30	\$3,968.95	\$4,127.71	\$4,292.82
12" meter	\$4,762.12	\$5,108.28	\$5,363.69	\$5,578.24	\$5,801.37	\$6,033.43

* hcf = hundred cubic feet

¹ Applies to single family accounts and small multi-family accounts (three units or fewer)

² For the first 15 hcf per month

³ Applies to non-residential accounts and multifamily accounts with more than three units

Proposed Rate Structure Update

The Rate Study recommends updating the rate structure for single-family, multifamily, and commercial accounts to ensure fair cost distribution among customer classes in compliance with Proposition 218. It proposes charging a uniform rate to non-residential and large multifamily customers and updating the justification for the difference in water rate tiers.

Proposed Water Shortage Surcharge Policy

Water Shortage Surcharges are a tool for reducing the financial impacts associated with reduced water sales and increases in operating costs during a drought or water shortage event. The SSWD Board of Directors must vote to trigger the surcharge. It does not automatically take effect during a shortage, is intended to be used only in sustained, severe conditions, and can be reduced or terminated as needed.

The proposed Water Shortage Surcharges by stage are shown in the table below (expressed as a percentage surcharge to the Usage Rates). If imposed, the Surcharge would be applied to the then-current Usage Rates, and not applied to the fixed monthly Service Charge. The water shortage stages for the surcharge policy are consistent with SSWD's Water Shortage Contingency Plan as required by law.

Stage 1	Stage 2	Stage 3	Stage 4
NA	0%	13%	32%

Proposed Monthly Private Fire Service Charge

SSWD's Private Fire Service Charge covers the costs for accounts with dedicated fire protection lines. These lines are used for internal sprinkler systems and other forms of fire suppression on private property. SSWD does not measure or charge for water that passes through a fire service.

Starting in CY 2026, the Private Fire Service Charges will increase by the same percentage as the recommended water rate increases.

Monthly Private Fire Charge

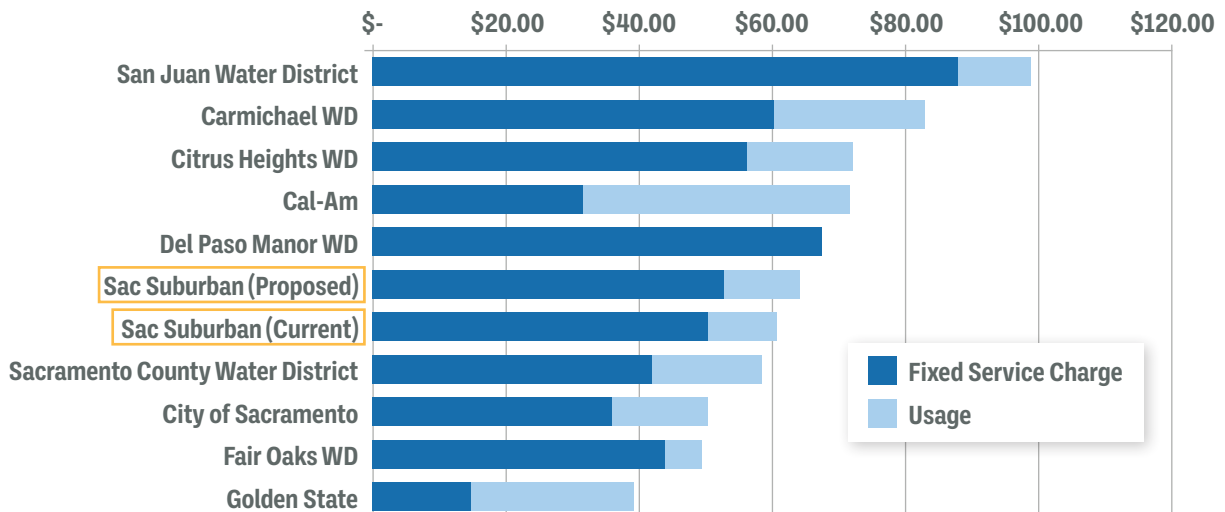
	January 1, 2025	January 1, 2026	January 1, 2027	January 1, 2028	January 1, 2029
2" Meter	\$11.68	\$12.26	\$12.75	\$13.26	\$13.80
3" Meter	\$19.57	\$20.55	\$21.37	\$22.23	\$23.11
4" Meter	\$33.77	\$35.46	\$36.88	\$38.35	\$39.89
6" Meter	\$85.83	\$90.12	\$93.73	\$97.48	\$101.37
8" Meter	\$174.97	\$183.72	\$191.07	\$198.71	\$206.66
10" Meter	\$309.06	\$324.51	\$337.49	\$350.99	\$365.03
12" Meter	\$495.22	\$519.98	\$540.78	\$562.41	\$584.91

As the Board considers the Rate Study's recommendations, SSWD continues to work diligently to make sure expenses are kept at the lowest responsible level while still delivering safe, reliable, high-quality water to its customers in compliance with all regulatory requirements.

SSWD Rate Comparison

SURVEY - SINGLE FAMILY HOMES

Monthly Bill for typical water usage (10 HCF per month and 3/4" meter*)



* Some utilities have a minimum meter size of 1"