

Water and Wastewater Rates Frequently Asked Questions

Q. What is Proposition 218?

- A. Proposition 218 is a mechanism for providing greater public involvement in the rate setting process. Prop 218, or the “Right to vote on Taxes Act,” was approved by California state voters in November 1996. This Act amended the California constitution to require local governments to follow certain procedures when they propose fees for certain services, to ensure that the rates are subject to voter approval.

Q. What is a Utility Rate Study and why/how is it done?

- B. A utility rate study is a comprehensive analysis of the Town’s cost of operating and maintaining its water and wastewater systems, as well as providing water and wastewater collection and treatment service. Once costs are projected, revenue requirements are evaluated to determine if the utility funds will be able to meet the expenditure demands.

During the process, Town staff and the utility rate study consultants meet with the Utility Rate Study Ad Hoc Committee to review the study results and provide recommendations. The recommendations are then presented to the Town Council who will ultimately decide if the proposed utility rates will be adopted.

A utility rate study helps ensure that rates enable each utility enterprise fund to:

- Achieve fiscal sustainability so that they do not operate in a deficit,
- Establish and maintain reserve capacity to make necessary system replacement and upgrades as outlined in the Five-Year Capital Improvement Program (CIP),
- Provide funding for any debt obligations the utility enterprise funds may have,
- Meet State and Federal regulatory compliance related to the operation of the utility systems, and
- Maintain fees and charges that are distributed in a fair and equitable manner amongst ratepayers.

Q. Why is an increase in necessary?

- C. Current rates do not generate enough to cover the cost of operating and maintaining the water and wastewater systems.

The cost of purchased water has increased significantly. The Town purchases water from the State/Veterans Home and distributes that water locally. In 2017 the State charged \$1,202 per acre foot for water and in 2022 that amount is now \$1,916 and is projected to increase at 10% a year.

In the water utility operations, \$5.96 million is necessary in the next five (5) years to pay for repairs and maintenance to keep the water system operating in compliance with state and federal regulatory requirements. Those projects include:

- Emergency Well to Operational Well \$140,000
- Water Systems Intertie Projects \$65,000
- 1MG Well Water Tank/Pump Station and Transmission Main \$5,050,000
- Ongoing maintenance, required/necessary repairs, and equipment replacements \$708,000

Planned capital projects for the wastewater fund require \$4.09 million over the next 5 years. Current revenues are not sufficient to cover expenses. The following projects are necessary over the next 5 years:

- Rebuild Sludge Heater & Add Mixing System \$250,000
- Design/Construct Headworks Improvements \$150,000
- Joint Treatment Plant Office Modernization \$803,000

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- Assess/Replace Trickling Filter Media \$340,000
- Ongoing maintenance, required/necessary repairs, and equipment replacement \$1,175,188

Q. When was the last rate increase?

A. The prior rate study completed in 2017 produced a 5-year utility rate schedule. The last rate increase occurred January 1, 2022.

Q. Where does the Town's water come from?

A. The Town purchases the water it delivers to you from the Veterans Home/CalVet from Rector Reservoir, located on Silverado Trail. In 2017 the State charged \$1,202 per acre foot for water and in 2022 that amount is now \$1,916 which is an increase of about 59%.

Q. Why can't we pay for these expenses out of the Town's General Fund?

A. With water and wastewater operating costs nearing \$4 million each year, and the \$10 million of necessary capital projects over the next 5 years, these expenses go beyond the capacity of the General Fund revenue budget of \$12 million and would require significant restructuring to accommodate supporting the utility funds.

Q. Why is there a proposed flat increase to Water System Replacement Fees in year 1?

A. Historically, Water System Replacement Fees have not been sufficient to cover water capital improvement projects and the Water Capital Fund has relied on the Water Operating Fund to transfer revenue to support project costs.

For the past few years, the Water Operating Fund has not had the capacity to transfer revenue into the Water Capital Improvement Fund due to the high cost of purchasing water. This is why the Water Capital Fund had to borrow \$1.1 million from the Drought Water Reserve fund in 2020 to pay for the Emergency Washington Park Waterline Replacement Project.

An increase to the Water System Replacement Fees reduces the Capital Fund's dependence on the operating fund. These fees need to be adequate to cover project costs as well as the repayment of the interfund loan.

Q. Why can't the Town charge businesses (hotels/restaurants) more to help lower residential customer rates?

A. Proposition 218 mandates that utility rates must be fair and equitable amongst rate payers. Charging certain customers more than their proportional share of the cost of service to reduce the cost for other customers is strictly prohibited.

Q. Why is Napa's water bill less than ours?

A. The Town provides **both** water and wastewater service. The City of Napa only provides water service. Napa Sanitation District provides sewer service, and those charges are on the homeowner's property tax bills.

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Q. What happened to water conservation rates that required customers who consume more water to pay more for it?

A. The San Juan Capistrano case ruling was a landmark California Supreme Court case where rate payers sued the City over their conservation tiered pricing structure, on the grounds that it violated State Proposition 26 and that the higher tiered rates were higher than what it cost the City to produce and distribute the water.

The result was the mandated elimination of tiered pricing for the purposes of encouraging water conservation. Limited use of tiered structure is permitted where the costs between the tiers can be justified.

Q. What is the consequence if the proposed rate increases do not get approved?

A. The rate increase is necessary to keep pace with the rising costs of maintaining the current level of service for utility customers and paying for required repairs and improvements to the utility systems. Without the proposed increases, infrastructure maintenance and improvements would lack funding and the public could see reduced levels of service.

Q. How can I support the proposed rate adjustments?

A. If you do not wish to oppose the proposed rate adjustments, no action is necessary. By not submitting a protest form, you show support for the rate adjustments. You may also attend the public hearing on November 15, 2022 to show your support.

Q. Are accommodations being made for people on fixed incomes who cannot afford a rate increase?

A. Unfortunately, the Town is not able to offer discounted rates to fixed income customers without making up the discount from some other source, and state law (Proposition 218) prohibits any property owner from being charged more than their proportional cost of services. This means the Town cannot subsidize some of its customers by overcharging other customers.

The Town does offer a Low-Income Subsidy Program to eligible utility customers that was approved by the Town Council in 2018. Information about this program can be found at www.townofyountville.com

Additionally, the Low-Income Household Water Assistance Program offered through the California Department of Community Services & Development administers federal funding to assist households who are unable to pay their past due utility bills. To apply for this federal funding, please visit <https://www.csd.ca.gov/lihwap>

Q. When are the community meetings to discuss the proposed rates?

A. There will be a Public Information Workshop on Monday, October 24, 2022 from 5:30pm to 6:30pm at the Yountville Community Hall. There will be a Public Hearing on Tuesday, November 15, 2022 at 3:00 p.m.

Q. How will the meetings be publicized?

A. At the Town's designated posting locations at Town Hall, Library, and Post Office. By mail with the

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Proposition 218 informational packet. On the Town's website at www.townofyountville.com, via social media by the Town on Nextdoor Yountville, Facebook, Yountville Sun, and utility bill messaging.

Q. Who received a Proposition 218 Notice?

A. In accordance with the requirements of Proposition 218, an informational packet was mailed to the address of record for all property owners. Proposition 218 Notices were also mailed to utility customers of record. Additional copies of the Proposition 218 packet will be available at Yountville Community Center and Town Hall.

Q. When is the last day to submit a protest form?

A. Prior to the close of the November 15, 2022 Public Hearing at the Town Council meeting. Only one protest per parcel will be counted.

Q. How do I send my protest form?

A. Protests can be mailed to the Attention of Town Clerk, Town of Yountville Proposed Utility Rate Protest, 6550 Yount Street, Yountville, CA 94599.

Protests must be mailed or delivered in person to the Town Clerk.

Verbal, fax, email, e-comment or other electronic protests are not valid and will not be counted as Proposition 218 requires a written protest with a signature.

Q. When will the decision be made?

A. A Public Hearing is scheduled for the November 15, 2022 Town Council meeting. Following the Public Hearing, if the proposed rates are upheld, the Town Council will vote on the rate adjustments as presented. The new rates would then be adopted via Resolution.

Q. When will the new rates become effective?

A. If approved by the Town Council, January 1, 2023, and every year after on January 1, 2024, 2025, 2026 and 2027.

Q. How can someone learn more about the 2022 Utility Rate Study and the proposed rate increases?

A. The Town of Yountville has a page on its website (link below) dedicated to this topic where community members can find useful information such as the Water and Wastewater Financial Plan Updates, reports and presentations made to the Town Council, and the Prop 218 Notice.

<https://www.townofyountville.com/departments-services/finance/proposed-2022-utility-rate-increase>

There is also a link to this page at the very top of the www.townofyountville.com homepage.