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Notice of Public Hearing on Proposed Water Rate Increases



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Dear Parcel Owner or Customer,

The Joshua Basin Water District (JBWD) is proposing to phase in a series of water rate increases over the next five years. The rate increases are needed to provide adequate funding for rehabilitation and replacement of aging water system infrastructure, help fund the construction and operation of new Chromium 6 water treatment facilities to meet new state regulatory requirements, and keep up with cost inflation.

The rates shown in this notice are proposed **maximum** rates. The District anticipates reevaluating rates in future years and only increasing rates as needed. The proposed rates were developed by an independent rate consultant and incorporate input from JBWD staff and the District's *Citizens Advisory Council*, a group of local community members that provide input to the Board of Directors. To date, six public meetings have been held to develop and deliberate the proposed rates. The proposed rate increases are phased in gradually over the next five years to minimize the annual impact on customers.

Public Hearing on Proposed Water Rate Increases

JBWD will hold a public hearing on the proposed rate increases as follows:

Date: February 15, 2023
Time: 5:30 PM
Place: Joshua Basin Water District - Board Room
61750 Chollita Road, Joshua Tree, CA 92252

Please check our website at www.jbwd.com for the latest information about the meeting, including a Zoom link. If JBWD determines to hold the Public Hearing solely via the internet or teleconferencing due to a state of emergency or public health concern pursuant to California Government Code 54953 or other applicable law, information will be posted on our website at www.jbwd.com as soon as possible and included in the meeting agenda.

Community Workshop

Members of the public are also invited to attend a Community Workshop to learn more about the District and the proposed rate increases, ask questions, and provide input.

Date: January 10, 2023
Time: 5:00 PM
Place: Joshua Tree Community Center
6171 Sunburst Ave, Joshua Tree, CA 92252

Please check our website at www.jbwd.com in case there are any changes to the proposed meeting time or location.

We understand that rate increases place additional burden on our customers, particularly those on fixed or limited incomes, and plan to re-evaluate our finances and rates each year and only implement rate increases as needed to ensure rates continue to recover the costs of providing service without unnecessary increases. *Please see Page 4 of this notice for information about our low income discount program and other community resources.* As a public utility, JBWD does not profit from charges for water service. Pursuant to California law, 100% of water rate revenues are used to fund water system expenses.

Why Are Rate Increases Needed?

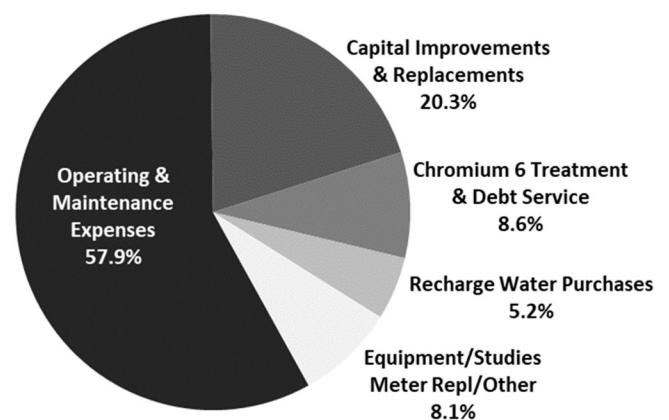
JBWD is a financially self-supporting government agency that relies primarily on revenues from water rates to fund the costs of operating and maintaining our local water system. Rate increases are needed to support safe, reliable, and sustainable water service. Some key factors driving the need for rate increases include:

- **Rehabilitation and Replacement of Aging Water System Infrastructure.** JBWD owns and operates over 310 miles of pipelines, 5 wells, 17 water storage tanks, 11 pump stations, and a groundwater recharge facility. Roughly 164 miles of JBWD's water pipelines were installed 40 to 75 years ago and are approaching the end of their useful lives. Many old pipelines are inadequately sized and no longer meet fire flow requirements. Other aging facilities – including old pump stations, wells and water tanks – will need to be rebuilt or refurbished in upcoming years. An engineering analysis of the water system identifies the need for \$2.5 million of annual funding each year over the next roughly 30 years to gradually replace aging infrastructure. The District's prior rate increases enabled the District to establish an in-house Capital Improvement Replacement Program (CIRP) and hire local staff to address funding needs on a more cost-effective basis. The District estimates that our in-house CIRP program produces savings of at least 30% over outsourcing such projects. However, additional funding is needed to keep the District from falling behind its replacement schedule, which would result in further inflationary costs.
- **New California Chromium 6 Regulations.** JBWD's groundwater contains trace amounts of naturally occurring Chromium 6. While the levels of Chromium 6 are well below current federal and statewide standards, California's State Water Resources Control Board is in process of establishing new more-stringent regulations that will require JBWD to fund the construction and operation of new Chromium 6 treatment facilities. JBWD is evaluating new treatment technologies and pursuing grants and low-interest-rate loans to help fund these new facilities.
- **Keep Up with Cost Inflation.** JBWD is also facing inflationary cost increases that will require ongoing rate adjustments to keep revenues in line with the costs of providing service.
- JBWD is a small agency, with approximately 5,600 service connections to share the cost of fixed operational expenses. This results in a cost-share per connection that is greater than larger neighboring agencies.

What Do Your Rates Pay For?

The chart on the right shows a breakdown of projected expenses for the fiscal year starting July 1, 2026, the last year of the proposed 5-year rate adjustments. The breakdown reflects JBWD's anticipated funding needs for annual operating and maintenance expenses, capital improvement and replacement projects, projected debt service and operating expenses for anticipated new Chromium 6 treatment facilities, annual funding for imported water purchases used to help prevent overdraft of the District's groundwater basin, and other expenses for equipment, studies, meter replacements and other miscellaneous costs.

Breakdown of Projected Expenses



What is the District Doing to Keep Costs Down?

JBWD has implemented a number of measures over the years to help keep costs down, including efforts to minimize staffing and insurance costs and has discontinued planning for a larger administrative building. In recent years, JBWD established an in-house program and construction crew to more cost-effectively replace aging pipelines and infrastructure. Additionally, JBWD was successful in obtaining over \$7 million of grant funding for the water recharge facilities that have enabled JBWD to start importing water to help reduce overdraft of the local groundwater basin. JBWD will continue to evaluate additional cost-cutting measures and is seeking funding from grants and low-interest-rate loans to help fund planned new Chromium 6 water treatment facilities.

Proposed Maximum Water Rates

JBWD is proposing to phase in a series of water rate increases over the next five years as shown on the table below. The District anticipates reevaluating rates in future years and only implementing increases as needed. Water rates include two components as described below.

- **Basic Monthly Fee:** This is a fixed monthly charge based on the size of the water meter purchased by each customer and is billed independent of water consumption.
- **Monthly Water Flow Charges:** These charges are billed based on metered water use. Charges for customers with ¾-inch and 1-inch meters are billed according to a four-tiered rate structure with water purchased first in Tier 1 and then subsequently in higher Tiers as water use increases. Accounts with larger meters pay a uniform rate for each unit of metered water use. Monthly Water Flow Charges are billed in units of one hundred cubic feet (hcf), equal to approximately 748 gallons. Hence the proposed Tier 1 rate of \$7.80 per hundred cubic feet effective March 1, 2023, equates to charge of approximately \$1.04 per hundred gallons or slightly over 1 cent per gallon.

For example, effective March 1, 2023 the monthly water bill for a typical residential customer with a 3/4 or 1-inch meter and 6 hcf of monthly water use would include a) a fixed charge of \$43.40 plus b) water flow charges of \$7.80 per unit for the first 5 units and \$9.50 per unit for the sixth unit, resulting in c) a total charge of \$91.90. A limited number of customers also pay Private Fire Protection Charges, which are fixed monthly charges levied on approximately 25 accounts that have separate fire service connections.

Proposed Maximum Water Rates						
	Current Water Rates	Proposed Maximum Rates Effective On or After				
		Mar-1 2023	Jan-1 2024	Jan-1 2025	Jan-1 2026	Jan-1 2027
BASIC MONTHLY FEE						
<i>Fixed monthly charge based on meter size</i>						
<u>Meter Size</u>						
3/4 & 1 inch	\$41.35	\$43.40	\$45.55	\$47.80	\$50.20	\$52.70
1-1/2 inches	137.83	144.67	151.83	159.33	167.33	175.67
2 inches	220.53	231.47	242.93	254.93	267.73	281.07
3 inches	413.50	434.00	455.50	478.00	502.00	527.00
MONTHLY WATER FLOW CHARGES						
<i>Billed based on metered water use as measured in units of one hundred cubic feet (\$/hcf)</i>						
For 3/4" and 1" Meters						
Tier 1 0 - 5 units	\$6.20	\$7.80	\$9.50	\$11.00	\$12.30	\$13.50
Tier 2 5.01 - 10 units	7.70	9.50	11.30	12.90	14.25	15.50
Tier 3 10.01 - 20 units	9.20	11.20	13.10	14.80	16.20	17.50
Tier 4 20.01 + units	10.70	12.90	14.90	16.70	18.15	19.50
For 1-1/2", 2" and 3" Meters						
Unit rate for all water use	\$7.70	\$9.50	\$11.30	\$12.90	\$14.25	\$15.50
<i>Note: 1 unit = one hundred cubic feet (hcf), or approximately 748 gallons.</i>						
PRIVATE FIRE PROTECTION CHARGES						
<i>Fixed monthly charge based on size of service connection</i>						
<u>Service Size</u>						
2 inches	\$22.05	\$23.15	\$24.29	\$25.49	\$26.77	\$28.11
3 inches	41.34	43.40	45.55	47.80	50.20	52.70
4 inches	68.91	72.34	75.91	79.66	83.66	87.84
6 inches	137.81	144.69	151.81	159.31	167.31	175.69
8 inches	220.50	231.50	242.90	254.90	267.70	281.10

Proposed Maximum Water Shortage Contingency Rate Surcharges

JBWD is also proposing to authorize a series of Water Shortage Contingency Rate Surcharges that could be implemented to support financial stability and help ensure adequate funding for water utility operations during periods of water shortages, mandatory cutbacks, or reduced water sales. As proposed, these rates would be temporary surcharges billed based on metered water use that would be levied in addition to JBWD’s regular water rates. The proposed surcharges correspond with the Water Shortage Contingency Stages identified in JBWD’s 2020 Water Shortage Contingency Plan. Each stage may be triggered by a declaration from federal or state authorities or JBWD’s Board of Directors. No surcharges are proposed for Stage 1 water shortages. Proposed water shortage contingency surcharges are listed in the table below and represent the maximum surcharges that JBWD would be authorized to levy.

Proposed Maximum Water Shortage Contingency Rate Surcharges					
Water Shortage Contingency Stage	Stage 2 Moderate Shortage	Stage 3 Severe Shortage	Stage 4 Critical Shortage	Stage 5 Emergency Shortage	Stage 6 Catastrophic Failure
Water Shortage or Mandated Reduction	11% - 20%	21% - 30%	31% - 40%	41% - 50%	> 50%
Maximum Rate Surcharge (\$/hcf)					
<u>Effective On or After</u>					
Mar-1, 2023	\$1.32	\$2.62	\$4.33	\$6.65	\$8.26
Jan-1, 2024	1.67	3.29	5.42	8.31	10.30
Jan-1, 2025	1.99	3.90	6.39	9.80	12.11
Jan-1, 2026	2.26	4.41	7.22	11.06	13.66
Jan-1, 2027	2.51	4.89	7.99	12.23	15.09

Note: 1 unit = one hundred cubic feet (hcf), or approximately 748 gallons.

Written Protest Procedures

Parcel owners (property owners) and customers of record affected by the proposed increases may submit written protests against the proposed water rates. Pursuant to California law, protests must be submitted in writing and must: a) identify the affected property or properties, such as by Assessor’s Parcel Number or service address; b) identify the name of the property owner or customer, and c) include the original signature of the parcel owner (property owner) or customer of record. The proposed rates cannot be adopted if written protests are received from a majority of affected parcels with one protest counted per parcel. Written protests should be mailed to: Joshua Basin Water District, P.O. Box 675, Joshua Tree, CA 92252 or can be hand-delivered to JBWD at 61750 Chollita Road, Joshua Tree, California 92252. All protests must be submitted prior to the close of the Public Hearing.

Low Income Discount Program and Customer Assistance Resources

JBWD has partnered with United Way of the Desert to manage a customer assistance program to help eligible customers who are having trouble paying their water bill. Under the Help2Others Assistance Program, eligible residential customers can receive an annual \$100* credit on their water bill each year. More information about the program and other community resources is available on our website or by contacting United Way of the Desert as follows:

- Visit JBWD’s website at: www.jbwd.com/assistance
- Contact United Way of the Desert: (760) 323-2731 ext. 100

*Beginning approximately March 1, 2023



Additional Information

Pursuant to California Government Code 53759, there is a 120 day statute of limitations for challenging any new, increased, or extended fees. This statute of limitations applies to the water rates and water shortage contingency surcharges proposed in this notice and future changes to JBWD’s water rates and charges.

JBWD is committed to operating as cost-effectively as possible while providing safe and reliable service. For questions or more information about JBWD or the proposed rates, please contact us at (760) 366-8438 or email us at customerservice@jbwd.com.