ATTACHMENT B

County of Fresno

DEPARTMENT OF PUBLIC WORKS AND PLANNING
STEVEN E. WHITE, DIRECTOR

April 25, 2025

APN: <<APN>>

Property Owner of Current Resident
<<ADDRESS>>
<<ADDRESS>>

NOTICE

Subject: **Notice of Proposed Increases and Changes in Water and Sewer Service Fees for Fresno County Service Area No. 44D (Monte Verdi) (Proposition 218 Process)**

Dear Property Owner or Customer receiving water and sewer services from Fresno County Service Area No. 44D:

The Fresno County Service Area No. 44D (Monte Verdi) (CSA 44D) currently provides water and sewer service to 125 residential customers and irrigation water service to the Monte Verdi Homeowners' Association (HOA) for their common areas. County staff operates CSA 44D's water and sewer systems, but CSA 44D is not part of the General Fund and County funds cannot be used to operate or maintain the water or sewer systems. The CSA 44D water and sewer systems rely on rates paid by property owners or customers receiving service to fund the costs of running the systems.

Why you are receiving this notice.

You are receiving this notice because you either own property in CSA 44D or are a customer (*i.e., tenant*), receiving CSA 44D water and sewer services.

Water and sewer service rate adjustments are needed to keep up with CSA 44D cost increases, keep the CSA 44D water and sewer systems in good working condition, and for CSA 44D to repay the County for amounts that have been incurred but have not yet been charged to property owners or customers of CSA 44D.

As discussed below, the Fresno County Board of Supervisors, as the governing board of CSA 44D (the Board), will hold a public protest hearing on **June 24, 2025**, to consider the proposed water and sewer rate increases and changes in this notice.

Summary of this notice.

This notice:

- Gives notice of a **public meeting** where members of the public (including property owners and their tenants) may give testimony and ask questions about the proposed water and sewer rate increases and changes in water and sewer service fees in this notice; and

- Gives notice of a **public protest hearing** before the Board, where members of the public (including property owners and their tenants) may object to and protest the proposed increases in water and sewer service fees in this notice; and

- Explains how property owners and their tenants **currently** (as of the Board's public protest hearing) **receiving CSA 44D's water and sewer services** can **submit a letter protesting** the proposed increases in water and sewer service rates in this notice, and the **deadline** for submitting that protest letter; and

- Explains the proposed increases and changes in water and sewer service rates for property owners or customers currently receiving water and sewer services from CSA 44D.

This notice is given under Article XIII D, section 6, of the California Constitution (Proposition 218) and Government Code section 53755 (The Proposition 218 Omnibus Implementation Act).

Notice of Public Meeting

On May 15, 2025 at 6:00 P.M., County staff, as staff for CSA 44D, will conduct a public meeting at the Woodward Park Library located at 944 E Perrin Ave, Fresno, CA 93720.

- The public meeting will provide members of the public (including property owners and their tenants) with an opportunity to provide relevant testimony to CSA 44D staff and to ask questions about the proposed increases in water and sewer service fees in this notice.

- The Fresno County Board of Supervisors (Board) will not be present, and CSA 44D will not take any official action to increase or change water and sewer service fees at this public meeting.

Notice of Public Protest Hearing

On <u>June 24, 2025, at 9:30 A.M.</u> (or as soon as practicable thereafter as the Board determines), the Board will hold a public protest hearing at the Fresno County Hall of Records, 2281 Tulare Street, Room 301, Fresno California 93721.

- At the public protest hearing, the Board will consider all timely objections and written protests submitted by property owners or their tenants who, as of the public protest hearing date, receive water and sewer service from CSA 44D and oppose the proposed rate increases as outlined in this notice.

- Depending on the outcome of the public protest hearing, the Board may take action, as discussed below.

How to Protest the Proposed Water and Sewer Service Fee Increases

Each property owner or their tenants currently (as of the Board's public protest hearing) receiving water and sewer services from CSA 44D has the following rights.

If you **disagree** with the proposed increases in water and sewer service fees in this notice, you may **timely submit** a valid written protest to the Clerk of the Board of Supervisors, as explained below.

The Board will not impose the increases in water and sewer service fees in this notice if the Board determines that a majority of the property owners (including their tenants) currently (as of the Board's public protest hearing) receiving water and sewer services from CSA 44D submit **timely, valid written protests** against the proposed increases in water and sewer service fees in this notice (this is also known as a **"majority protest"**).

A **"majority protest"** is calculated based on the following:

- Written protests may only be submitted by property owners or their tenants **currently** (as of the Board's public protest hearing) **receiving CSA 44D's water and sewer services.**

- Any such owner, co-owner, or tenant of such parcel may submit a **timely, valid, written protest.**

- Such persons only need to submit **one (1)** timely, valid written protest on behalf of their parcel concerning the proposed increases in water and sewer service fees in this notice.

- Only **one (1)** timely, valid written protest per parcel **currently** (as of the Board's public protest hearing) **receiving CSA 44D's water and sewer services** will be counted in calculating a majority protest.

- If any such property owner, co-owner, or tenant for a parcel **currently** (as of the Board's public protest hearing) **receiving CSA 44D's water and sewer services** submits a timely, valid written protest, then **one (1)** protest will be counted for **that parcel.**

Written protests may be on any kind of readable paper and may be typed or legibly handwritten but **must include all of the following information**:

- Information sufficient to **identify the property that you own or rent**, which is currently (as of the Board's public protest hearing) receiving water and sewer services from CSA 44D, such as the address of your property, the Assessor's Parcel Number (APN) for your property (your APN is listed on the first page of this notice), or both; and

- A written statement that you **protest or disagree** with the proposed increases in water and sewer service fees in this notice; and

- **Your signature.** Although the written protest may be typed, your signature must be handwritten.

Written protests must be addressed and mailed, or hand delivered to:

Clerk of the Board of Supervisors
CSA 44D Protest Hearing (June 10, 2025)
2281 Tulare Street, Room 301
Fresno, CA 93721
HOLD UNTIL PROTEST HEARING

- To be considered as **timely submitted**, a written protest must be received by the Clerk of the Board of Supervisors before the close of the Board public protest hearing, which is currently scheduled to close on **June 24, 2025**.

- Written protests that are submitted late will be disregarded. The postmark date for any mailed protests will not be considered.

- Protests will **not** be received by any means other than as stated above. For example, email, or fax, or telephone are **not** acceptable forms of submitting your written protest.

- Electronic signatures are not acceptable.

- Only written protests from property owners or their tenants currently (as of the Board's public protest hearing) receiving CSA 44D's water and sewer services that are timely submitted, as required above, will be counted after the close of the public protest hearing.

The Board reserves the right to determine whether any protest submitted against the proposed increases in water and sewer service fees in this notice is **timely and valid** and comes from property owners or their tenants currently (as of the Board's public protest hearing) receiving CSA 44D's water and sewer services.

The Board reserves the right to postpone the public protest hearing, including the close of the public protest hearing, to a future date that would be specified by the Board.

What Happens if there is no "Majority Protest"

If the Board determines that there is no "majority protest," then the Board may immediately adopt the proposed increases in water and sewer service fees in this notice for all property owners and customers of CSA 44D.

Explanation of the Proposed Increases in Water Service Fees

Why are increases and changes in water and sewer service fees needed?

On November 5, 2013, CSA 44D adopted the current water and sewer services rate structures, with fees having become effective January 1, 2014. Fiscal Year (FY) 2018/19 was the last fee inflation increase associated with these fees, and CSA 44D revenues have fallen behind the cost to provide service to property owners or customers of CSA 44D.

In recent years, CSA 44D has operated at a deficit, meaning that expenses are greater than the revenues needed to sustain the operation of the CSA 44D community water and sewer systems.

For example, in FY 2024/25, CSA 44D is estimated to incur $504,966 in expenses to operate and maintain the community water and sewer systems; with current revenues of only $396,700, operating expenses are greater than revenues resulting in a projected deficit of about $108,266 for FY 2024/25. That deficit does not take into account other charges, discussed immediately below.

Due to deficit spending, CSA 44D has depleted its available cash reserves. Increases and changes in the CSA 44D water and sewer service rates are needed to fully fund CSA 44D operating costs, build a cash reserve of at least $284,500 by the end of Fiscal Year 2029/30 (as required by the Board's policy for special districts), improve the financial condition of CSA 44D, and repay the County by FY 2028/29 for past costs incurred as of July 1, 2024 ($223,800) but not yet charged to CSA 44D, plus the County's estimated annual internal interest rate on such unpaid costs.

Proposed Increased Monthly Water Service Rates, and Changes in Such Rates

CSA 44D's current water service fee rate structure is composed of five components:

1) A residential base fee that includes the first 25,000 gallons of water usage per month; and

2) Usage rates charged to each 1,000 gallons of metered water consumption between 25,001 gallons and 35,000 gallons; and

3) Usage rates charged to each 1,000 gallons of metered water consumption between 35,001 gallons and 45,000 gallons; and

4) Usage rates charged to each 1,000 gallons of metered water consumption above 45,000 gallons; and

5) A fixed fee for irrigation of common areas that does not account for the amount of water consumed.

CSA 44D proposes to increase the base fees and change the water usage rates, with all of these increases and changes going into effect for all parcels and the common area in CSA 44D commencing on July 1, 2025.

The proposed CSA 44D increases in water service fees is comprised of the following: the charge for the base fees; and charge for the water usage, as discussed further.

Under CSA 44D's proposed water service fee rates, no charge for water usage is included in the base fee, and all water consumption will be billed using water usage rates. The proposed water usage rates reflect the actual cost to deliver water at an average level of use. In light of historical water usage patterns, average monthly use per single-family residential customer is 38,000 gallons. Taking into account these proposed increased water service fees, as applicable, each parcel's total water bill will not exceed the proportional cost of service for each parcel. The proposed increased water service fee rates are shown in the following table (see Table 1 on the next page).

Table 1: Current and Proposed Monthly Water Service Rates Per Parcel

Fee Description	Current	Projected: Proposition 218					
		Fee Description	FY2025/26 July 1, 2025	FY2026/27 July 1, 2026	FY2027/28 July 1, 2027	FY2028/29 July 1, 2028	FY2029/30 July 1, 2029
Residential Base Fee	$81.04	Residential Base Fee	$58.26	$60.03	$61.83	$63.71	$65.62
Overuse Rate	Charge per 1,000 gal	Usage Rate	Charge per 1,000 gal				
0 - 25,000 gallons	$0.00	All usage	$1.65	$1.70	$1.75	$1.81	$1.86
25,001 - 35,000 gals	$0.58						
35,001 - 45,000 gals	$0.70						
Above 45,001 gals	$0.80						
Irrigation Fees		Irrigation Water					
Base Fee	$769.21	Base Fee	$58.43	$59.86	$61.64	$63.52	$65.44
Irrigation Usage Rate	NA	Well Water Untreated Usage Rate (charge per 1,000 gal) [1]	$1.53	$1.58	$1.63	$1.68	$1.73
Residential Sewer Service	$165.58	Residential Sewer Service	$283.47	$291.91	$300.66	$309.72	$319.03

FY – fiscal year

1 – Recycled water will be provided at no charge

Proposed Increased Monthly Sewer Service Rates, and Changes in Such Rates

CSA 44D's current sewer service fee rate is composed of a flat rate fee. CSA 44D proposes to increase the flat rate, with this increase going into effect for all parcels in CSA 44D commencing on July 1, 2025. The proposed increased sewer fee is necessary to recover only the actual proportional cost of sewer service attributable to each parcel. The proposed increased sewer service fee rates are shown in the following table (see Table 2 below).

Table 2: Current and Proposed Monthly Sewer Service Rates Per Parcel

		Projected: Proposition 218				
		FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30
	Current	July 1, 2025	July 1, 2026	July 1, 2027	July 1, 2028	July 1, 2029
O&M		$237.60	$244.67	$252.00	$259.60	$267.40
Repayment of unpaid charges		$20.28	$20.89	$21.51	$22.16	$22.82
Reserves		$24.49	$25.22	$25.98	$26.76	$27.56
Capital		$1.11	$1.14	$1.17	$1.21	$1.24
Total monthly fee	$165.58	$283.47	$291.91	$300.66	$309.72	$319.03
		71.2%	3.0%	3.0%	3.0%	3.0%

Totals may not sum exactly due to rounding.

For More Information

A detailed water and sewer rate study on how these proposed service fee rates increases and changes were determined, prepared by professional consultants, Lechowicz and Tseng, Municipal Consultants, Alameda, California, can be found at: www.ltmuniconsultants.com

CSA 44D's staff report to the Board concerning this matter, including any supporting documents, will be made available online approximately the Wednesday before the Board meeting for the public protest hearing. You may access that information at: https://www.fresnocountyca.gov/Departments/Board-of-Supervisors/Meeting-Information

If you do not have internet access, you may obtain a hardcopy of the water and sewer rate study, the aforementioned CSA 44D staff report to the Board, and supporting information as of the date of your request, by contacting the CSA 44D staff person identified below.

Questions?

If you have any questions concerning this notice, please contact Elena Cotta, Senior Staff Analyst over CSA 44D, at (559) 600-4259, or by email at SpecialDistrictsAdm@fresnocountyca.gov

Sincerely,

Department of Public Works and Planning
Resources | Special Districts Administration