



Board Agenda Item 15

DATE: June 30, 2026

TO: Board of Supervisors

SUBMITTED BY: Steven E. White, Director
Department of Public Works and Planning

SUBJECT: Protest Hearing on Water Service Fees - Increases for County Service Area 49
Water Service Fees - Five Points

RECOMMENDED ACTION(S):

Conduct public hearing and receive written protests submitted prior to the close of such public hearing from property owners (including their tenants) receiving water service from County Service Area 49, Five Points (CSA 49), on a proposal for annual increases in the water service fees for surface water (including any automatic adjustments for any changes by Westlands Water District, in the cost of surface water provided to the County for CSA 49, and the County's pass-through of any such cost changes to such water users (Government Code Sections 53755 and 53756)) and for groundwater (after the new groundwater wells are completed and are in service) to be paid by such water users of the CSA 49 community water system beginning July 1, 2026, and continuing through and including June 30, 2031, pursuant to California Constitution Article XIII D, Section 6 (Proposition 218), and upon completion of the public protest hearing, approve action item A or B, below, as applicable:

- A. If the Board of Supervisors (Board) finds that there is not a majority protest against such proposal to increases in the water service fees, the Board may adopt a Resolution authorizing such annual increases (including any such automatic adjustments for any changes in the cost of surface water, and such the pass-throughs of any such cost changes) in the water service fees for CSA 49, beginning July 1, 2026, and continuing through and including June 30, 2031; or**
- B. If the Board finds that there is a majority protest against the proposal for such increases in the water service fees for CSA 49, make the determination that there is such a majority protest and abandon the proceedings regarding the proposal for such increases in the water service fees, and direct the Department to hold a future public meeting with property owners and tenants receiving water services from CSA 49 recommending immediate cost saving steps that include, but are not limited to, encouraging water conservation.**

There is no Net County Cost associated with the recommended actions. The proposed increases in water service fees are recommended in order to provide necessary funds for the operations and maintenance (O&M) of the community water system in County Service Area 49, Five Points (CSA 49), over five years (July 1, 2026, through and including June 30, 2031), assuming that CSA 49 customers timely and fully pay their CSA 49 water bills.

The proposed increases in water service fees include two sets of fees, depending on the following: (1) the CSA 49 community water system initially provides surface water to CSA 49 customers, which is their

current source of water; and (2) CSA 49's community water system transitions from the current surface water source to a groundwater source; the increases in water service fees for groundwater would be charged to CSA 49 customers once that transition is actually completed.

The proposed increases in water service fees (depending upon whether surface water or groundwater is the source) are comprised of a fixed base fee component for all water users and a variable fee component that will be charged for variable operations and for water usage. The variable fee includes automatic adjustments in such fees that pass through to CSA 49 customers any changed costs of surface water provided by Westlands Water District, the surface water supplier.

The base fee component also includes charges for: (1) payments of CSA 49's negative cash balance of water services fees that have been held by the County, and not yet charged to CSA 49 customers (and interest thereon due to non-collection), for multiple years (total of \$513,490); (2) repayments that would allow CSA 49 to build a minimum cash reserve in the amount of \$273,000 (total amount based on 5 years of \$54,600/year), which is intended to cover a certain amount of unanticipated expenses, as required by County Board policies; and (3) payment for 3.00% annual escalations of certain costs.

The proposed fee increases are limited to five years because (1) any automatic adjustments in such fees that pass through to CSA 49 customers any increased costs of water (here, surface water), or adjustments for annual escalations, are limited to five years (See Gov. Code sec. 53756), and (2) such increases in fees have incorporated payments for negative cash balances and interest thereon, that are spread over that period.

The increased water service fees do not include any reduction, offset, or adjustment for (1) any possible funding that the County is attempting to obtain from other agencies, such as possible State grant funding, because such funding has not yet been obtained or (2) any County relief.

A "majority protest" exists if the Board finds that valid written protests against the proposed increases in the water service fees are submitted, prior to the close of the protest hearing, by a majority of the property owners (including their tenants) receiving water service from CSA 49. Therefore, potential action items A or B are proposed, depending on the outcome of the public protest hearing.

There are a total of 45 active connections, distributed across 16 parcels, receiving water services from CSA 49 consisting of:

- (a) 39 residential connections located within CSA 49;
- (b) 1 Day Care - Head Start;
- (c) 1 Market;
- (d) 3 commercial connections; and
- (e) Westside Elementary School, including its grounds.

Therefore, if the Board finds that at least 9 timely, valid written protests are received by the Clerk of the Board of Supervisors, that would constitute a "majority protest" (i.e., a majority of property owners including their tenants).

Action item A provides that if the Board finds that there is no majority protest, and the Board, in its discretion, decides to adopt the increases in water service fees, the increases will go into effect as follows: (1) on July 1, 2026 for the surface water provided to CSA 49 customers; with an increase to occur on July 1st of each following year, and (2) upon the transition of CSA 49 community water system from the current surface water source to a groundwater source. The proposed increased water service fees differ, depending on the source of water provided.

Action item B provides that if the Board finds that there is a majority protest, then the proceedings would be abandoned. However, there will be insufficient funds to meet the O&M costs of the CSA 49 community water

system, and therefore the alternative action B, above, the Department recommends that immediate cost savings steps be implemented, including but not limited to, water conservation.

Assuming the proposed fee increases are implemented, then toward the end of the five-year period, the Department would review CSA 49's finances, taking into account O&M costs of the CSA 49 community water system and any unpaid customer charges, and propose appropriate new rates. This item pertains to a location in District 4.

ALTERNATIVE ACTION(S):

The Department has not identified any viable alternatives. If the Board declines to conduct the protest hearing, as recommended, or if the Board conducts the protest hearing, and finds a majority protest by the relevant property owners and/or tenants, or if the Board declines to adopt the increases in water service fees so that the increases in water service fees may not be charged, then CSA 49 would have insufficient funds to meet the O&M of the CSA 49 community water system as well as any unforeseen CSA 49 community water system costs that may occur.

FISCAL IMPACT:

There is no Net County Cost associated with the recommended actions. All costs associated with CSA 49, including those associated with the protest hearing, are paid for by the properties being served. All costs for the O&M of the water services shall be paid from the water service fee charged to the properties being served by CSA 49. Revenues from the currently established water service fees are not sufficient to cover CSA 49's O&M costs as well as any CSA 49 unforeseen community water system costs that may occur.

If the Board finds that there is not a majority protest and the Board adopts the recommended resolution, it will increase estimated revenues for CSA 49, Five Points Org 9249 by approximately \$142,900 in FY 2026-27. Additionally, a budget resolution will be brought back to the Board at a later date.

If the Board finds that there is a majority protest, or if the Board declines to adopt the increase in water service fees, there will be insufficient funds to meet the O&M costs of the CSA 49 community water system and any unforeseen costs that may occur. The Department will communicate with members of the community who are served by CSA 49 by holding a future public meeting recommending immediate cost saving steps including, but not limited to, encouraging water conservation.

DISCUSSION:

1. History and location of CSA 49, and composition of CSA 49 customers

CSA 49 was formed in 2001 for the 46 original connections, which is now 45, at Five Points farm labor housing development (see Exhibit A), located approximately three miles southwest of the community of Five Points. Besides residential connections, CSA 49 also provides water to Westside Elementary School, a day care center, three commercial operations, and a market.

2. The CSA 49 community water system

The CSA 49 community water system currently delivers surface water to CSA 49 customers.

Historically, the State Water Resources Control Board has claimed that the surface water treatment plant (SWTP) has not complied with the secondary maximum contaminant level for total trihalomethanes (TTHM). As such, the County investigated developing groundwater wells to replace the current surface water supply. The County will be in the process of constructing new water supply to replace existing facilities. The source of water will change from surface water to groundwater. The existing surface water treatment plant will be decommissioned and properly abandoned, and the two new groundwater wells will supply the water system.

3. The proposal to increases in water service fees for CSA 49 - background

The Department recommends the increases in water service fees set forth in Attachment A, discussed below, for a five-year period, for two reasons. (For purposes of the proposed increased water service fees in this item, all references to “year” mean the period starting July 1st of a given year and ending June 30 of the following year).

First, there is the need to adjust the commodity charge for surface water and to provide for inflationary increases. The five-year period is limited by Government Code section 53756, which allows an agency providing water service to adopt a schedule of fees or charges authorizing automatic adjustments that pass-through increases in wholesale charges for water (here, surface water) or adjustments for inflation.

Second, the proposed fee increases are limited to five years because they have incorporated payments for negative cash balances (and interest thereon due to non-collection) that are spread over that period.

These increases in water service fees are proposed because the current water service fees no longer generate sufficient revenue to meet CSA 49’s expenses. The last fee increase was adopted by the Board of Supervisors as a result of a successful Proposition 218 proceeding on December 1, 2009. The costs include purchasing untreated surface water from Westlands Water District, the cost to treat that water, and the cost to deliver that water to CSA 49 customers. Cash reserves are completely depleted.

The CSA 49 community water system currently has a negative cash balance, and unpaid held charges (including interest thereon) for multiple years, in the amount of \$513,490. Those costs have not yet been charged by the County to the CSA 49 community water system’s account. As a result, held charges are temporarily allocated to other County funds and those charges are applied to the CSA 49 community water system at the beginning of the next fiscal year. When the CSA 49 community water system’s cash balance is exhausted, expenses are paid with other County funds (e.g. - purchase of chemicals, materials, electricity, and cost of repairs) and as a result there is a negative cash balance for accounting purposes. Such negative balance does not relieve the CSA 49 community water system, including its customers, of its obligation for the full payment of those expenses.

Solely to ensure that other County public funding sources are made whole, the CSA 49’s negative cash balance is expected to be charged interest by the County Auditor-Controller/Treasurer-Tax Collector at the County then-current pooled funds rate. The County pooled fund rate for the quarter ending December 31, 2025, was 3.490%, which was used to calculate estimated interest for the purpose of the proposed increased water service fees.

Therefore, the proposed base fee component’s recovery of uncollected charges incorporates a total of \$513,490 to cover payment of negative cash balances (and interest thereon) and held charges over multiple years.

Going forward, CSA 49 revenues need to be increased to not only meet expenses, but also to build minimum cash reserves within the five fiscal years. The proposed increases in water service fees assume that CSA 49 customers timely and fully pay their CSA 49 water bills.

The proposed base fee’s component also incorporates an amount in order to build a minimum reserve in the amount of \$273,000 (total amount based on 5 years of \$54,600/year), which is intended to cover a certain amount of unanticipated expenses, as required by County Board policies.

Assuming the water service fees are increased as proposed, the CSA 49 community water system’s operating costs are anticipated to change over the course of the five years since the water source will transition from surface water to groundwater.

Increased water service fees will initially be established for the continued operation of the SWTP, and later transition to groundwater well when capable.

The commodity charge component (for surface water) charged for water usage will not be part of the groundwater rates once the groundwater wells are in service. The County will need to continue charging rates that will recover the higher operating cost (on account of surface water) of the SWTP if the new groundwater wells are not in service on schedule.

The timeline to transition the water source from surface water to groundwater is dependent on the completion of construction of the groundwater wells and receipt of all required approvals from the State Water Board to place the wells into service. At this time, a definitive timeline for completion has not been established. Increased water service fees relating to groundwater well operation will not go into effect until approval is received from the State Water Board to place new groundwater wells into service.

The following shall apply when completion, as applicable, under the recommended Resolution, discussed below:

- If the groundwater improvements are completed and approved for service, the groundwater rates shall become effective upon the County's ability to deliver groundwater to CSA 49 customers.
- Until such time, the existing surface water rates shall remain in effect.
- Upon transition, rates will be adjusted in accordance with the adopted rate schedule.

4. Increased Water Service Fees - calculations and amounts

A. The Base Fee Component

The proposed increases in water service fees will increase the monthly fixed base fee component for all water users, which covers the cost to operate and maintain the CSA 49 community water system. The base fee portion of the water services fees would cover the cost to operate and maintain the CSA 49 community water system regardless of the amount of water used by each customer assuming that CSA 49 customers timely and fully pay their CSA 49 water bills.

The base fee component was developed by analyzing the average CSA 49 community water system O&M and administration costs over a four-year term from 2021-2025. The proposed initial, increased residential base fee component in the amount of \$201.49 includes the cost of O&M, recovery of uncollected charges to cover the negative cash balance (and interest thereon) and a certain amount of unanticipated expenses, as required by County Board policies. The base fee will increase by 3% annually until FY 2030-31 to account for price inflation.

The following is a summary of the proposed base fee component of the increases in water services fees for CSA 49:

- The proposal in this notice is to initially increase (or adjust, as applicable) the base fee portion of the water service fees, per month, for surface water provided by CSA 49 to its customers, as follows, beginning July 1, 2026:

Customer:	Current Rate:	Proposed Rate (Beginning July 1, 2026):
○ Residential	\$39.98	\$201.49
○ Day Care	\$119.94	\$604.46
○ Elementary School	\$1,059.43	\$5,339.41
○ Market	\$79.95	\$402.97
○ Commercial	\$47.98	\$241.78

- For dollar amounts relating to current customer rates and to increased (or adjusted, as applicable) customer rates for the base fee portion of the water service fees during the initial year, see Table 1 in the attached 60-Day Notice.
- This per-month base fee portion of the water service fees will further increase each July 1st, and will increase up to the following amounts per month, with this last increase to begin July 1, 2030, while surface water is being provided by CSA 49 to its customers, as follows:

Customer:	Proposed Rate (Beginning July 1, 2030):
○ Residential	\$226.74
○ Day Care	\$680.22
○ Elementary School	\$6,008.61
○ Market	\$453.48
○ Commercial	\$272.09

- For dollar amounts relating to current customer rates and to increased customer rates for the base fee portion of the water service fees for each following year, see Table 1 in the attached 60-Day Notice.
- This per-month base fee portion of the increased water service fees will change once CSA 49 community water system's water source transitions from surface water to groundwater.
 - For changed dollar amounts relating to current customer rates and to increased customer rates for each applicable year, see Table 3 in the attached 60-Day Notice.
- After the initial increase (or adjustment, as applicable) in water fee services on July 1, 2026, the annual increases in water service fees will begin each following July 1st, for a total five-year period

B. The Variable Fee Component

The proposed increase will also adjust the variable fee component. The variable fee component is composed of two parts, both of which are based on water consumptions by users of the CSA 49 community water system.

The following is a summary of the proposed variable fee component of the increases in water services fees for CSA 49:

The second portion of this proposal to increases in water service fees is the monthly variable fee portion of the water service fees. The variable fee portion is composed of two parts, both of which are based on water consumptions by users of the CSA 49 community water system.

The first part of the variable fee portion would be charged for:

- Variable operation costs of the CSA community water system.
 - These costs are directly related to water usage, such as electricity, chemicals, and repairs.
 - The proposal in this notice is to initially establish the variable fee portion (for variable operation costs) of the water service fees at \$5.94 per thousand gallons of surface water consumed initially for surface water provided by CSA 49 to its customers, beginning July 1, 2026.
 - For dollar amount relating to the initially established customer rate during the initial year, see Table 2 in the attached 60-Day Notice.
 - This per thousand gallons variable fee portion (for variable operation costs) of the water service

fee will further increase on July 1st of every following year, and will increase up to \$6.68 per thousand gallons of surface water consumed, with this last increase to begin July 1, 2030, while surface water is being provided by CSA 49 to its customers.

- For dollar amounts relating to increased customer rates for each applicable year, see Tables 2 and 4 in the attached 60-Day Notice.
- This per thousand gallons variable fee portion (for variable operation costs) of the increased water service fees will change once CSA 49 community water system's water source transitions from surface water to groundwater.
 - For changed dollar amounts relating to current customer rate and increased customer rates for each applicable year, see Table 4 in the attached 60-Day Notice.

The second part of the variable fee portion would be charged for:

- Variable surface water consumption costs for actual water usage.
 - The proposed increases in this part of the variable fee portion relate to a commodity charge for actual water usage of surface water provided by the CSA 49 community water system (including automatic adjustments for changes related to a commodity charge, explained below).
 - The proposal is to adjust the variable fee portion (for variable surface water consumption costs) of the water service fees by using the actual cost per 1,000 gallons of surface water, including automatic adjustments, at any time, for changed costs.
 - Costs of untreated surface water and treated surface water: The cost of surface water is based on a commodity charge that is charged by the surface water supplier, Westlands Water District (Westlands), which provides untreated surface water to the County for CSA 49. That cost is calculated by using the actual cost per 1,000 gallons of treated surface water purchased by the County for CSA 49.
- Due to the nature of the water treatment process, for every 1 gallon of treated surface water delivered to CSA 49 customers, 1.1 gallons of surface water must be purchased by the County from Westlands to provide sufficient water for the treatment process of treated surface water.
- The current cost to the County, as of April 2026, to supply surface water to CSA 49 customers is \$0.79 per 1,000 gallons of treated surface water. The current charge by the County to CSA 49 customers for surface water provided to them is through a three-tier rate structure:
 - Tier I allows water usage for residential customers between 1,000 to 28,000 gallons/month, for commercial buildings between 1,000 to 34,000 gallons/month, for the market between 1,000 to 56,000 gallons/month, for the daycare between 1,000 to 84,000 gallons/month, and for the school building between 1,000 to 742,000 gallons/month to be charged at \$2.01 per 1,000 gallons of treated surface water.
 - Tier II allows water usage for residential customers between 28,001 to 38,000 gallons/month, for commercial buildings between 34,001 to 44,000 gallons/month, for the market between 56,001 to 66,000 gallons/month, for the daycare between 84,001 to 94,000 gallons/month, and for the school building between 742,001 to 752,000 gallons/month to be charged at \$3.35 per 1,000 gallons of treated surface water.
 - Tier III applies to all water usage exceeding the Tier II threshold and is charged at \$5.98 per 1,000 gallons of treated surface water.
- The charges are based on the most recently established water service fees schedule for CSA 49. The difference in collections from CSA 49 customers between the amounts of such current costs to the County to supply surface water to CSA 49 customers and the amounts of such current charges by the County to CSA 49 customers for surface water has been fully applied by the County to CSA 49's accounts for operation and maintenance costs for the CSA 49 community water system. The cost per 1,000 gallons of untreated surface water is based on the cost of treated surfaces water per 1,000 gallons divided by 1.1.

The initial proposed adjusted costs of surface water is \$0.79 per 1,000 gallons of treated surface water.

- Automatic adjustments at any time for cost changes: If the proposed increases in water service fees are

adopted, and if, at any time, Westlands establishes and implements any changes in the cost of surface water that Westlands provides to the County for CSA 49, the County shall automatically adjust the costs of such surface water provided to property owners (including their tenants) receiving water service from CSA 49, and pass through any such costs changes to such property owners (including such tenants), upon at least 30 days' advance notice by County staff to such property owners (including each tenant listed on the County's CSA 49 bill register).

These automatic adjustments and pass-throughs of changes in surface water costs by the County to property owners (including their tenants) receiving water service from CSA 49:

- (1) Are authorized under, and shall be made pursuant to Government Code section 53756, subdivisions (c) and (d); and
 - (2) May occur at any time between July 1, 2026, which is the beginning of the initial increased water service fees, and June 30, 2031 which is the last date of the five-year period; and
 - (3) Apply to both treated surface water and untreated surface water provided, as applicable, to property owners (including their tenants) receiving water service from CSA 49.
- The increases in water services fees will begin each July 1; the first year for these increased fees will begin July 1, 2026.
 - For each initial dollar amount of customer rates, and discussion Notes for automatic adjustments, which may be at any time, to customer rates relating to each applicable year, see Tables 2 and 4 in the attached 60-Day Notice.

C. Considerations on sustainability

The considerations while developing the proposed water service fee structure is that the water system cannot continue to operate with the current water service fees that are being collected.

The current monthly water base fee component is \$39.98 per month and the commodity charge for water usage is currently \$2.01 for Tier I (which allots 1,000 to 28,000 of water usage for residential users), \$3.35 for Tier II (which allots 28,001 to 38,000 of water usage for residential users) and \$5.98 for Tier III (any water usage above 38,001 for residential users) per thousand gallons of treated water.

The proposed increases in water service fees would adjust the monthly base fee component to \$201.49 in the first year which includes fixed operating costs and recovery of uncollected charges (and interest thereon).

The proposed increased base fee component was developed by analyzing the actual costs to provide water service to CSA 49 customers from 2021-2025. Included in the proposed increases in water service fees are emergency reserve funds.

5. Key Events leading up to today's Protest Hearing

On April 15, 2026, Department of Public Works and Planning staff and Provost & Pritchard (P&P) Consulting Group staff, the County's engineer, met with the CSA 49 property owners and residents at Westside Elementary School to discuss the findings of the CSA 49 Water Rate Analysis report prepared by P&P, explain the proposed increases to the water service fees set forth in the 60-Day Notice, and provide members of the public an opportunity to give relevant testimony, ask questions, and give comments regarding the proposed rate increases.

On May 1, 2026, as required by California Constitution Article XIIIID, Section 6 (Proposition 218), notification for today's Protest Hearing was mailed to recorded owners and tenants listed on the CSA 49 bill registers subject to the proposed increases in water service fees in English and Spanish.

As required by Proposition 218, the notice needed to be sent at least 60 days before today's protest hearing, and so, it is called a 60-Day Notice.

The 60-Day Notice explains the procedure for property owners (and their tenants) to timely submit a protest to the proposed increases in water service fees, and explains how the increases in water service fee will allow CSA 49 to build a minimum cash reserve required by the Board and to recover uncollected charges (including interest thereon) for water service fees that have been held (total of \$513,490), and \$273,000 (total amount based on 5 years of \$54,600/year) for a certain amount of unanticipated expenses caused by the operation of the CSA 49 community water system. The 60-Day Notice also explains that if less than a majority of property owners (including relevant tenants) timely submit a valid written protest to the proposed increased water service fees, the Board may increase the fee effective July 1, 2026. Notification, including the proposed increases in water service fees, is attached to this agenda item as Attachment B (60-Day Notice for CSA 49 - Five Points).

The proposed increases in water service fees for both water service scenarios (i.e., remaining at surface water as the source of water, and transitioning from surface water to groundwater as the source of water) have been presented to the CSA 49 community.

On June 3, 2026, Department staff once again met with the CSA 49 property owners and residents at the Westside Elementary School cafeteria to explain the proposed adjustments to the water service fees and to provide members of the public an opportunity to give relevant testimony, ask questions, and give comments about the proposed adjustments to the water service fees set forth in the Notice.

6. The Result of Majority Protest

There is a total of 45 active connections, distributed across 16 parcels, that are receiving water services from CSA 49 consisting of:

- (a) 39 residential connections located within CSA 49;
- (b) 1 Day Care - Head Start;
- (c) 1 Market;
- (d) 3 commercial connections; and
- (e) Westside Elementary School, including its grounds.

If the Board finds that at least 9 timely, valid written protests are received by the Clerk of the Board of Supervisors (i.e., a majority of property owners including tenants who are directly responsible for paying for water service), then there will be a majority protest and the proposed increases in water service fee may not be approved by the Board.

If the Board finds that there is a majority protest, staff will communicate with the CSA 49 community about the need for immediate cost saving steps, including but not limited to water conservation plans.

7. The Result of No Majority Protest; adoption of Recommended Resolution

If the Board finds that there is no majority protest, the Department recommends that the Board adopt the recommended Resolution, which would implement the proposed increases in the water services fees for CSA 49 for beginning July 1, 2026. If approved, the increases in water service fees will become effective as follows: (1) starting July 1, 2026, for the surface water provided to CSA 49 customers; and (2) upon the transition of CSA 49 community water system from the current surface water source to a groundwater source.

In addition, assuming such adoption of the recommended Resolution, the Resolution provides, consistent with the 60-Day Notices, as stated above, that if the proposed increases in water service fees are adopted, and if, at any time, Westlands establishes and implements any changes in the cost of surface water that

Westlands provides to CSA 49, the County shall automatically adjust the cost of such surface water, as treated, to property owners (including their tenants) receiving water service from CSA 49, and pass through any such cost changes to such property owners (including such tenants), upon at least 30 days' advance notice by County staff to such property owners (including their tenants who are listed on the County's CSA 49 bill register).

The recommended Resolution also provides that the increased water service fees for CSA 49 starting July 1, 2026 are dependent on whether and when CSA 49 is able to transition to groundwater usage, and that tables contained in such Resolution set forth the increased water services fees for CSA 49 in the event that a transition to groundwater is made, as well as the increased water service fees for surface water usage during from July 1, 2026 through June 30, 2031.

The recommended Resolution also authorizes and directs the Director of Public Works and Planning or his designees to:

- (a) To carry out all of the increases in the water services fees as set forth in the recommended Resolution and the 60-Day Notice;
- (b) To promptly take any and all actions necessary for the County to automatically adjust the cost of such surface water provided to property owners (including their tenants) receiving water service from CSA 49, and pass through any such cost changes to such property owners (including such tenants); and
- (c) To promptly give notice of all such costs changes to the Auditor-Controller/Treasurer-Tax Collector for purposes of the publication requirement in the Resolution, and to each member of the Board and the County Administrative Officer (CAO), which notices to the members of the Board and the CAO may be by way of a board briefing report, memorandum, or other informal communication.

In the event of such actual completion and ability to deliver groundwater, as determined by the Director of Public Works and Planning (Director) or his designees, the recommended Resolution provides that the increased water services fees for groundwater provided to CSA 49 shall be collected from CSA water users without the necessity of any further action of the Board.

Also, in the event that there are any third-party (e.g., other agency) sources of funds that may be obtained by the County to reduce property owners' (including their tenants') payments of the increased water services fees, the recommended Resolution provides that the Director shall promptly seek, and thereby obtain, the authority of the Board to apply such amounts, as they may be used, to reduce the increased water service fees, and upon receiving such authority of the Board, the Director shall promptly thereafter so apply such amounts and inform the CSA 49 water users (in writing in such form the Director so determines) of such amounts so applied or to be applied; however, the recommended Resolution states that nothing in the Resolution shall mean or be interpreted to mean that the Board's adoption of the Resolution is conditioned or premised on the receipt or expectation of receipt any third-party (e.g., other agency) sources of funds that may be obtained by the County to reduce property owners' (including their tenants') payments of the increased water services fees that may be imposed under the Resolution.

And the water service fees, as increased, will be collected following the issuance of bills for the July 2026 billing period. The rate will increase again on each following July 1st.

8. Seeking State grant funding; no assurance for possible State grant funding

The State Water Board has developed a program to provide grant assistance from the Safe and Affordable Drinking Water Fund to severely disadvantaged communities to offset water system O&M costs for the purpose of maintaining affordable water rates. The County has applied for grant funding from the State Water Board to subsidize water rates for CSA 49.

A signed funding agreement has been received, grant funds will be provided to the County to subsidize water bills in CSA 49 over a five-year period; however, any funding is dependent on a successful rate increase.

The recommended actions, including the proposed increases in water service fees do **not** include any reduction, offset, or adjustment for any funding that the County will obtain from the State grant funding or attempting to obtain from other agencies or any County relief.

The County has informed CSA 49 customers in the 60-Day Notice of the following:

No Assurance for any State Grant Funding or for any County Relief.

The proposal in this notice to increases in water service fees does NOT include any reduction, offset, or adjustment for:

- (1) any possible funding that the County may attempt to seek or attempt to obtain from other agencies, such as any possible State grant funding; or
- (2) any County relief, including but not limited to any reduction, forgiveness, elimination, or further deferral of collection of CSA 49's negative cash balance of water services fees that have been held by the County (and interest thereon due to non-collection), and not yet charged to CSA 49, for multiple years (See "The Base Fee Portion of the Water Service Fees," above).

The County has applied for grant funding from the State Water Board [defined above]-Safe and Affordable Drinking Water Fund to subsidize water rates for CSA 49. The County is seeking such grant funds to subsidize water bills from CSA 49 up to three to five-year period.

However, the County cannot give any assurance that such State grant funding, or any part of it, will be awarded by the State Water Board [defined above] (or if such funding is awarded by the State Water Board, the County cannot give any assurance as to when such State grant funding might be awarded or for how much or for how long such funding might be provided).

Property owners (including their tenants) receiving water service from CSA 49 should not make any decision concerning the proposed increases in water service fees in this notice based on any possibility of any future State Water Board grant funding for CSA 49 or on any County relief from the payment of such fees.

REFERENCE MATERIAL:

BAI # 12, December 1, 2009

ATTACHMENTS INCLUDED AND/OR ON FILE:

Exhibit A - Site Map

Attachment A - Proposed Adjustments in Water Service Fees for CSA 49

Attachment B - 60-Day Notice for CSA 49 - Five Points

On file with Clerk - Resolution

On file with Clerk - County Service Area 49 Five Points Water Rate Analysis

CAO ANALYST:

Maria Valencia