



CUSTOMER NOTICE ABOUT PROPOSED WATER AND WASTEWATER RATES AND PUBLIC HEARING DATE

Proposition 218 notification about proposed changes to water and wastewater customer classifications and rates.

About the Proposed Rate Changes

In 2020, Linden County Water District (LCWD/District) conducted a comprehensive cost of service and rate study for water and wastewater utilities. The study provided a thorough review of the District’s cost to provide utility services and the revenue needed to guarantee the District’s financial reliability.

The last rate study was completed in 2015 at which time the Board adopted two ordinances that set rates for water and wastewater for a five-year period. The current rate structure has been in place since June 2015 with the last increase in July 2019.

The District’s primary income source is from monthly water and wastewater fees, which are used to fund the overall operations and maintenance of the water and wastewater systems, and the District’s water and wastewater infrastructure rehabilitation and improvements.

The rate study examined several factors when evaluating utility rates:

- Customer usage patterns over the last three years
- Customer type (residential, commercial, schools)
- General operating expenses
- Planned capital improvement projects
- Financial projections for operations, capital and operating reserves, and credits
- Projected cash flow
- Projected revenue requirements

Utility Rate Changes At-a-Glance

One significant change resulting from the cost of service study was recategorizing groups of customers. Currently, customers pay different rates depending on whether they are In-District or Out-of-District. Under the proposed new rate schedule, customers would pay different rates depending on whether they are In-Tax Area or Out-of-Tax Area.

In-and Out-of-District Customers Explained

In-and Out-of-District customers are terms currently used to describe customers living on properties that have been annexed into the District and serve as the current basis for having different rates. The recently completed cost of service study proposes a new rate structure that eliminates the differentiation between In-and Out-of-District customers because all customers receive the same level of service from the same facilities, regardless whether they are annexed into the District or not.

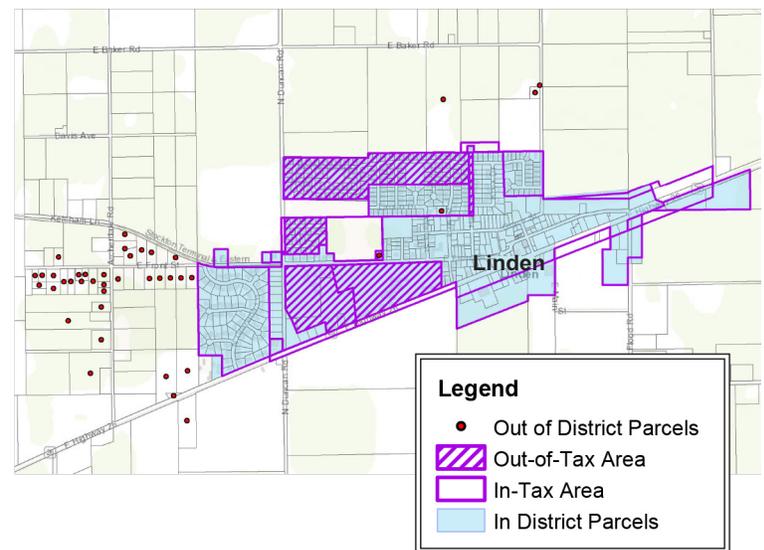
In-and Out-of-Tax Areas Explained

The amount of property taxes allocated to special districts, including Linden County Water District, is determined by state and local governments. Properties in areas served by the District since 1978 contribute property taxes to the District. Properties annexed into the District’s service area that have **not** previously been provided water or wastewater services do **not** have a portion of their property taxes allocated to the District. The County, not the District, determines property tax allocations. As a result, some properties that are served by the District do not contribute property tax revenue to the District.

The Out-of-Tax Area customers that do not have a portion of their property taxes allocated to the District will pay more under the proposed rate structure than those whose property taxes contribute to the District. This determination equalizes the amount of monies customers contribute to the District’s revenue so that all customers are contributing the same base rate whether through property taxes or directly to the District.

In-Tax Area: Rates + Taxes = Revenue Contribution
Out-of-Tax Area: Rates only = Revenue Contribution

The map below shows the In-Tax and Out-of-Tax areas, and the District’s service boundary. Out-of-District properties served are shown as red dots. If you are uncertain which area your property is located in, please call the District for clarification at (209) 887-3216.



Residential Water Rates

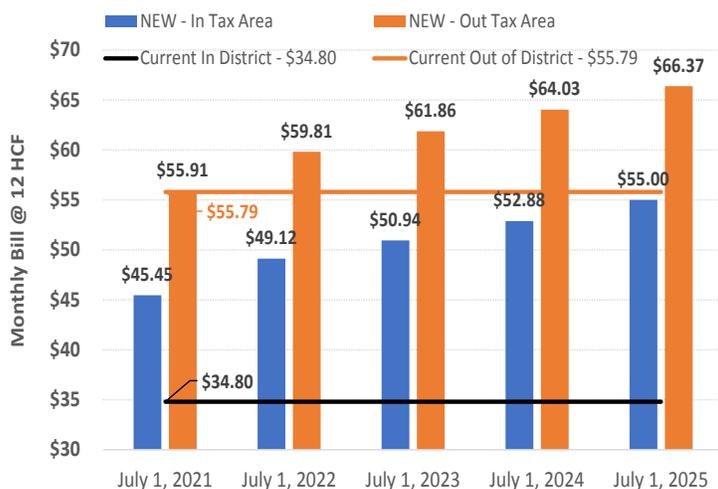
In addition to routine operations and maintenance, water rates contribute to the overall ability for the District to fund capital improvement projects (CIPs) or secure funding for CIPs. There are several CIPs planned for construction over the next six years. Projects include new pipeline installation, fire hydrant replacements, water service replacement in specific areas, and a water tank project. They will be funded through cash reserves and water rates, in addition to a bank loan for the tank project.

Water rates will continue to include fixed monthly charges plus a use charge for water consumption greater than a base monthly allowance. The base monthly allowance will be the same for all customers in a customer group. The customer groups are residential, commercial and schools. For residential, the base allowance is 6 hundred cubic feet (HCF) per month, which equates to 150 gallons per day for an average Linden household. While the base allowance is reduced for In-District residential customers from 10 HCF, and 14 HCF for Out-of-District residential customers, under the proposed rate structure, it is a reasonable base average for most residential customers. All water consumed above the base allowance would be charged at the same rate per HCF, eliminating the current three tiers of charges.

The current water rate schedule is posted to www.lindencwd.com under the rates tab.

Water Residential Rate Projection @ 12 HCF

Consumption is impacted by factors such as family size, landscape and lot size, and consumption usually increases during summer months. The graph shows rate calculations using 12 HCF use in a month as an example, and depicts the water bills for residential properties in three customer groupings: In-Tax Area customers currently In-District, Out-of-Tax Area customers currently In-District, and Out-of-Tax Area customers currently Out-of-District.



Residential Wastewater Rates

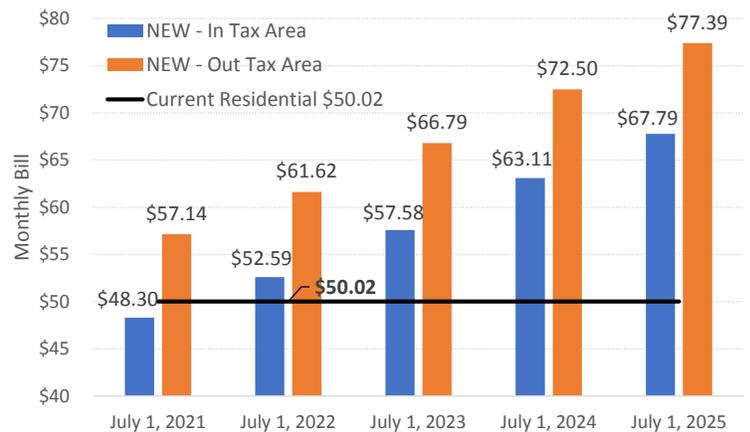
As with water, wastewater rates help fund operations and CIPs. Wastewater CIPs over the next six years include improvements to the collection system and lift station, and rehabilitation work at the wastewater treatment plant. The CIPs will be funded through cash reserves and wastewater rates.

The cost of service study completed a thorough examination of wastewater accounts, which resulted in a changing of categories for certain commercial customers. The new structure provides a more simplified, equitable rate structure. All customers; residential, commercial and schools, will be charged based on customer-related charges, which are costs incurred regardless of the amount of wastewater produced, such as insurance and billing, and flow-related charges. Flow-related charges are calculated based on the estimated contribution of flow by customers to the wastewater treatment plant. The majority of customers (84%) are residential.

The current wastewater rate schedule is posted to www.lindencwd.com under the rates tab.

Wastewater Residential Rate Projection

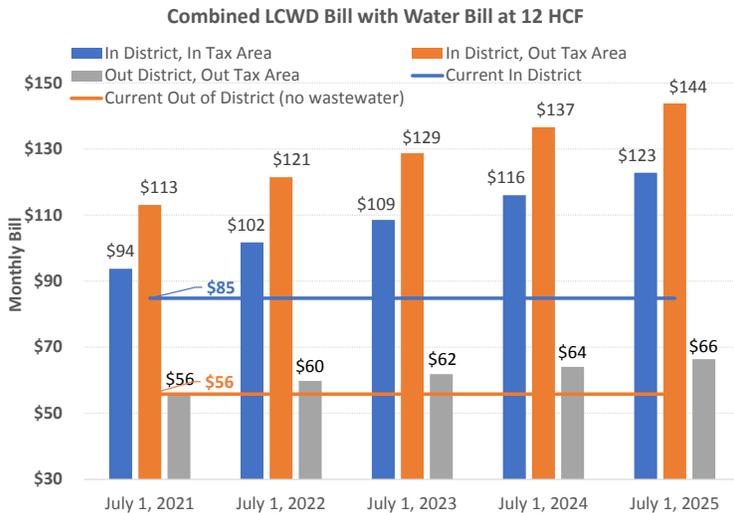
The following chart depicts the wastewater rates for residential properties in two groupings: In-Tax Area customers currently In-District and Out-of-Tax Area customers currently In-District.



Current water rate and wastewater rate schedules available at www.lindencwd.com

Residential Combined Impacts

Should the proposed water rates or wastewater rates, or both, not receive a majority protest and the Board of Directors adopts the proposed rate structure, new rates would be applied to utility bills from July 1, 2021. At that time, combined utility bills may increase or decrease, depending on the quantity of water consumed. Over the five-year period, rates gradually increase for all residential customers. Illustration of the combined impact with monthly water use of 12 HCF is shown below.



Commercial and School Water Rates

As with residential, water rates include fixed monthly charges plus a use charge for water consumption greater than a base monthly allowance, which is the same for all customers in a customer group. For commercial, the base allowance is 3 HCF, a decrease from the current base allowance of 10 HCF. The Linden Unified School District base rate is 381 HCF, an increase from the current base allowance of 358 HCF.

Some commercial accounts water bills will increase and some will decrease. The school district will see a reduction in its water bills. All water consumed above the base allowance would be charged at the same rate per HCF, eliminating the current three tiers of charges.

Commercial and School Wastewater Rates

The cost of service study resulted in a reclassification of categories for commercial customers to take into account the estimated amount of effluent flow to the wastewater system. For example, restaurants and grocery stores contribute different levels of flow and therefore, have their own categories on the rate table.

Commercial customer bills might increase or decrease depending on the customer category of the commercial business. The cost of service analysis showed that grocery stores, bank, and light industrial customers are currently underpaying, whereas restaurants, laundromat and car wash, and other commercial customers are currently overpaying. Under the proposed new rate structure, commercial accounts would pay wastewater rates that reflect their proportionate demand on the wastewater system.

Linden Unified School District's wastewater bills will decrease.

“Commercial accounts would pay wastewater rates that reflect their proportionate demand on the wastewater system.”

Proposed Water Rates Table

Charges	Monthly Allowance	2022	2023	2024	2025	2026
		Effective 7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
METERED RATES						
Service Charge	In Tax	per month				
3/4"	In Tax	\$34.05	\$36.88	\$38.28	\$39.74	\$41.38
1"	In Tax	\$48.35	\$52.17	\$54.09	\$56.10	\$58.33
1.5"	In Tax	\$61.78	\$66.39	\$68.80	\$71.30	\$74.07
2"	In Tax	\$168.84	\$180.80	\$187.13	\$193.68	\$200.92
3"	In Tax	\$345.52	\$369.90	\$382.73	\$396.02	\$410.68
4"	In Tax	\$597.77	\$639.13	\$661.17	\$683.99	\$709.11
6"	In Tax	\$1,220.87	\$1,305.34	\$1,350.24	\$1,396.73	\$1,447.89
8"	In Tax	\$2,679.35	\$2,865.74	\$2,964.24	\$3,066.24	\$3,178.54
Service Charge	Out Tax					
3/4"	Out Tax	\$44.51	\$47.57	\$49.20	\$50.89	\$52.75
1"	Out Tax	\$58.81	\$62.86	\$65.01	\$67.25	\$69.70
1.5"	Out Tax	\$72.24	\$77.08	\$79.72	\$82.45	\$85.44
2"	Out Tax	\$179.30	\$191.49	\$198.05	\$204.83	\$212.29
3"	Out Tax	\$355.98	\$380.59	\$393.65	\$407.17	\$422.05
4"	Out Tax	\$608.23	\$649.82	\$672.09	\$695.14	\$720.48
6"	Out Tax	\$1,231.33	\$1,316.03	\$1,361.16	\$1,407.88	\$1,459.26
8"	Out Tax	\$2,689.81	\$2,876.43	\$2,975.16	\$3,077.39	\$3,189.91
Use Charge	HCF	per HCF greater than base allowance per month				
Residential [1]	6	\$1.90	\$2.04	\$2.11	\$2.19	\$2.27
Commercial	3	\$1.06	\$1.14	\$1.18	\$1.23	\$1.27
Schools	381	\$1.98	\$2.13	\$2.20	\$2.28	\$2.36
Water Conservation, Supply Shortage & Sustainability Program Charges [2]						
Conservation & Sustainability Surcharge		20%			@ Stage 2	
Emergency Supply Surcharge		54%			@ Stage 3	
E. San Joaquin Groundwater Subbasin Relie		-13%			@ Permanent Conservation	
Flat-Rate Customers		FLAT RATES per month				
Commercial 1"		\$48.35	\$52.31	\$54.25	\$56.30	\$58.54
Commercial 2"		\$157.69	\$169.43	\$175.41	\$181.62	\$188.48
Fire Protection 6"		\$95.70	\$102.49	\$106.04	\$109.72	\$113.73
Fire Protection 8"		\$214.37	\$229.58	\$237.52	\$245.77	\$254.75

[1] Residential allowance is per unit. Dual accounts have an allowance of 12 HCF per month.

[2] Only applied to consumption.

PUBLIC HEARING: DECEMBER 17, 2020 • 6pm

Proposed Wastewater Rates Table

Customer Category		Fiscal Year				
		2022	2023	2024	2025	2026
<i>* OUT Tax Area accounts</i>						
Residential	<i>Effective</i>	<i>7/1/2021</i>	<i>7/1/2022</i>	<i>7/1/2023</i>	<i>7/1/2024</i>	<i>7/1/2025</i>
Single Family		\$48.30	\$52.59	\$57.58	\$63.11	\$67.79
--SF Out Tax Area *		\$57.14	\$61.62	\$66.79	\$72.50	\$77.39
Dual Unit Account		\$84.27	\$91.38	\$99.63	\$108.74	\$116.51
Non-Residential				per month		
Commercial 1 Unit		\$28.67	\$31.42	\$34.63	\$38.20	\$41.20
--Comm'l 1 Unit Out Tax Area *		\$37.51	\$40.45	\$43.85	\$47.60	\$50.80
Commercial 2 Units		\$42.06	\$45.86	\$50.29	\$55.19	\$59.34
Commercial 3 Units		\$105.24	\$113.99	\$124.14	\$135.35	\$144.91
Bank		\$182.46	\$197.26	\$214.40	\$233.33	\$249.49
Restaurant		\$75.30	\$81.71	\$89.15	\$97.37	\$104.36
Grocery		\$904.29	\$975.61	\$1,058.13	\$1,149.18	\$1,227.09
Laundromat & Car Wash		\$273.31	\$295.22	\$320.59	\$348.60	\$372.53
Light Industrial		\$100.49	\$108.87	\$118.59	\$129.33	\$138.48
Schools						
Linden High *		\$600.34	\$647.35	\$701.72	\$761.70	\$813.06
Linden Elementary *		\$299.76	\$323.23	\$350.38	\$380.33	\$405.98
Out Tax Area Add'l Customer Charge [1]		\$8.85	\$9.03	\$9.21	\$9.40	\$9.60

[1] For a new Out Tax Area customer without a rate shown, apply the In Tax rate plus the additional customer charge.

Customer Rights – Submit a Written Comment

Under Proposition 218, ratepayers and property owners have the right to oppose the proposed rate changes. If you oppose the water or wastewater or both rate adjustments, your protest must be submitted in writing to be valid, even if you attend the public hearing. If written protests are submitted by a majority of affected parcel owners, the proposed rate changes cannot be imposed. **Your written protest may be submitted to Linden County Water District any time prior to close of the public hearing on December 17, 2020 at 6 p.m.**

All protests must contain:

- Statement that the proposed rate(s) increase is being protested
- Name of the property owner OR customer of record who is submitting the protest
- Parcel number OR street address
- Original signature and legibly printed name of the property owner of record or tenant
- Indicate if signature is of property owner or tenant
- Date of signature
- Utility rate adjustment being opposed: WATER or WASTEWATER or BOTH

At the conclusion of the public hearing, the Linden County Water District Board of Directors will consider adopting the proposed rate increases. If, at the close of the public hearing, complete written protests are submitted by the record owners for the majority of the parcels served by the District's water and/or wastewater utilities (50% plus one, a "majority protest"), the Board of Directors cannot approve the proposed rate(s). If, at the close of the public hearing a majority protest does not exist, the Board of Directors may impose rate adjustments for the identified utilities up to the maximum amounts proposed.

Only one written protest per parcel will be counted (either owner or tenant, not both). Written protests received after the close of the public hearing will not be counted. Protests emailed or submitted by any electronic means **will not** be accepted.

Mail protests to:

Linden County Water District
P.O. Box 595
Linden, CA 95236

Hand delivered protests and comments may be accepted at any time at the office during normal business hours and on December 17th until the close of the public hearing.

Hand delivered protests:

Linden County Water District
18243 E. Highway 26
Linden, CA 95236

Reminder! Comment or Protest

A Public Hearing to adopt the proposed utility rates is scheduled for **December 17, 2020 at 6 p.m.** The public may participate virtually via the following options:

Join Zoom Meeting Via Desktop or Mobile Device

<http://bit.ly/LindenCountyWaterDistrict>
 Meeting ID: 829 7878 5410
 Passcode: 143554

Or call-in 1-669-900-9128 via phone/mobile device