

City of



Department of Public Utilities • 2600 Fresno Street • Fresno, CA 93721

A translation of this notice is available in Spanish and Hmong on the City of Fresno website. Go to www.fresno.gov/prop218.

Una traducción de este aviso está disponible en Español y Hmong en el sitio de la Ciudad de Fresno. Vaya a www.fresno.gov/prop218spanish.

Sob lus qhia tawm no muaj txhais ua lus Mev thiab lus Hmoob nyob rau nroog Fresno qhov Website. Mus rau www.fresno.gov/prop218hmong.

Dear Property Owners and Ratepayers:

The City of Fresno Department of Public Utilities operates and maintains surface water treatment facilities, groundwater recharge facilities, groundwater pumping facilities, water storage reservoirs, and water distribution pipelines, valves, fire hydrants, and water meters. The Department of Public Utilities is responsible for purchasing, treating, and delivering an average of 125 million gallons of water per day (MGD) to approximately 130,000 accounts at single-family residential, multi-family residential, commercial, institutional, and industrial sites.

In accordance with Article 13D, Section 6 of the California Constitution, the City of Fresno is providing this written notification to owners of record and customers of record at parcels that receive and/or pay for public water service provided by the City. Specifically, this written notification describes proposed changes to the schedule of rates, fees, and charges that will be assessed in order to provide a safe, clean, and reliable water supply. The City of Fresno will conduct a public hearing on the proposed changes to the schedule of rates, fees, and charges for public water service on **February 5, 2015, beginning at 5:00 P.M. at Fresno City Hall**.

At the public hearing, the Fresno City Council will consider all protests against the proposed changes. If on or before the close of the public hearing on **February 5, 2015**, written protests against the proposed changes are presented by a majority of parcels that receive public water service, the Fresno City Council will not enact the proposed rate plan. If less than a majority of parcels receiving public water services protest the proposed changes, the proposed rate plan will become effective thirty days after the changes are enacted by the Fresno City Council. Fresno City Hall is located at 2600 Fresno Street, Fresno, CA 93721.

NOTICE OF PUBLIC HEARING

Proposed Changes to Schedule of Rates, Fees, and Charges for Public Water Service

Date: February 5, 2015

Time: 5:00 P.M.

Place: City of Fresno
Council Chamber
2600 Fresno Street
Fresno, CA 93721

Proposed Changes to Schedule of Rates, Fees, and Charges for Public Water Service

Changes to the City of Fresno's schedule of rates, fees, and charges are presented here:

Schedule of Current and Proposed Schedule of Rates, Fees, and Charges for Public Water Service City of Fresno, CA

| Item | <i>effective dates ></i> | | | | | |
|----------------------------------------------------------|-----------------------------|-------------------|------------------|------------------|------------------|------------------|
| | Current | 3/12/2015 FY15 | 7/1/2015 FY16 | 7/1/2016 FY17 | 7/1/2017 FY18 | 7/1/2018 FY19 |
| Quantity Rates, \$/HCF | | | | | | |
| Single Family | \$0.610 | \$0.95 | \$1.19 | \$1.39 | \$1.67 | \$1.86 |
| All Others | \$0.745 | \$0.95 | \$1.19 | \$1.39 | \$1.67 | \$1.86 |
| Meter Charges, \$/month | | | | | | |
| Domestic | | | | | | |
| ¾-inch | \$10.03 | \$8.50 | \$9.60 | \$11.00 | \$13.00 | \$14.10 |
| 1.0-inch | \$13.51 | \$11.20 | \$12.70 | \$14.60 | \$17.20 | \$18.70 |
| 1.5-inch | \$18.89 | \$13.10 | \$14.80 | \$17.00 | \$20.00 | \$21.80 |
| 2.0-inch | \$27.09 | \$22.20 | \$25.20 | \$28.90 | \$34.00 | \$37.00 |
| 3.0-inch | \$45.07 | \$33.20 | \$37.60 | \$43.20 | \$50.90 | \$55.30 |
| 4.0-inch | \$63.03 | \$50.00 | \$57.00 | \$65.00 | \$77.00 | \$83.00 |
| 6.0-inch | \$99.01 | \$96.00 | \$109.00 | \$125.00 | \$147.00 | \$160.00 |
| 8.0-inch | \$152.96 | \$443.00 | \$503.00 | \$577.00 | \$680.00 | \$739.00 |
| 10.0-inch | \$179.83 | \$699.00 | \$793.00 | \$911.00 | \$1,073.00 | \$1,166.00 |
| 12.0-inch | na | \$919.00 | \$1,042.00 | \$1,197.00 | \$1,410.00 | \$1,533.00 |
| Irrigation | | | | | | |
| ¾-inch | \$10.03 | \$6.70 | \$7.60 | \$8.70 | \$10.30 | \$11.20 |
| 1.0-inch | \$13.51 | \$8.40 | \$9.50 | \$10.90 | \$12.90 | \$14.00 |
| 1.5-inch | \$18.89 | \$9.50 | \$10.80 | \$12.40 | \$14.60 | \$15.90 |
| 2.0-inch | \$27.09 | \$15.20 | \$17.20 | \$19.70 | \$23.20 | \$25.30 |
| 3.0-inch | \$45.07 | \$21.90 | \$24.80 | \$28.50 | \$33.60 | \$36.50 |
| 4.0-inch | \$63.03 | \$32.00 | \$37.00 | \$42.00 | \$50.00 | \$54.00 |
| 6.0-inch | \$99.01 | \$61.00 | \$69.00 | \$79.00 | \$93.00 | \$101.00 |
| 8.0-inch | \$152.96 | \$274.00 | \$311.00 | \$357.00 | \$421.00 | \$457.00 |
| 10.0-inch | \$179.83 | \$432.00 | \$490.00 | \$562.00 | \$662.00 | \$720.00 |
| 12.0-inch | na | \$567.00 | \$643.00 | \$738.00 | \$869.00 | \$945.00 |
| Private Fire Protection Service Charges, \$/month | | | | | | |
| Fire Hydrants | \$23.94 | \$28.90 | \$32.70 | \$37.50 | \$44.10 | \$47.80 |
| Fire Service Connections | | | | | | |
| 1.0-inch | \$23.94 | \$10.00 | \$11.30 | \$12.90 | \$15.20 | \$16.50 |
| 1.5-inch | \$23.94 | \$10.00 | \$11.30 | \$12.90 | \$15.20 | \$16.50 |
| 2.0-inch | \$23.94 | \$10.00 | \$11.30 | \$12.90 | \$15.20 | \$16.50 |
| 2.5-inch | \$23.94 | \$10.00 | \$11.30 | \$12.90 | \$15.20 | \$16.50 |
| 4.0-inch | \$23.94 | \$10.00 | \$11.30 | \$12.90 | \$15.20 | \$16.50 |
| 6.0-inch | \$35.94 | \$28.90 | \$32.70 | \$37.50 | \$44.10 | \$47.80 |
| 8.0-inch | \$47.92 | \$62.00 | \$70.00 | \$80.00 | \$94.00 | \$102.00 |
| 10.0-inch | \$59.90 | \$111.00 | \$126.00 | \$144.00 | \$169.00 | \$184.00 |
| 12.0-inch | \$71.88 | \$179.00 | \$203.00 | \$232.00 | \$273.00 | \$296.00 |

How do I Protest the Proposed Rate Increases?

In accordance with Article 13D, Section 6 of the California Constitution, the City of Fresno has enclosed with this notice a protest ballot card that can be returned to the City in the provided self-addressed, prepaid reply mail envelope. Protest ballots may also be hand-delivered to the City Clerk's Office until 5:00 P.M. on February 5, 2015, or submitted during the public hearing. You only need to return the protest ballot card if you **DO NOT** want the Fresno City Council to enact the proposed changes to the schedule of rates, fees, and charges for public water service. Only protest ballot cards received before the close of the public hearing on **February 5, 2015**, will be counted. No emailed or faxed ballot cards will be accepted.

Reason for Proposed Changes

The City has two major sources of water: groundwater and "surface water." Groundwater literally refers to the water that exists below the surface in the City's aquifer. Surface water refers to the water that flows from the Sierra Nevada mountain range, down the San Joaquin and Kings Rivers. The City of Fresno pays for access to 180,000 acre-feet of surface water during a normal year; however, we lack the infrastructure necessary to capture, treat and store all the surface water that the City has been paying for but cannot access. Therefore, almost all of the City's water supply comes from the underground aquifer, which has caused Fresno's groundwater table to drop over 100 feet in the last 80 years. Providing a safe and affordable water system is a City of Fresno priority, so the Department of Public Utilities has designed a surface water treatment program with a new rate plan to build infrastructure that would allow Fresno to recharge its groundwater, repair and replace our aging pipes, and provide a clean, reliable supply of water for the next 50 years.

Another issue facing the community is groundwater contamination, which affects the majority of the City of Fresno's water wells. At more than 60 years old, these wells are in danger and in need of repair. In 1999, 1,2,3 trichloropropane (TCP) was added to the list of chemicals known to the State of California to cause cancer. In response to this issue, California is currently developing a maximum contaminant level (MCL) for TCP, which is expected to be released for public comment in late 2014 or early 2015. Based on water quality sampling conducted from 2011 through 2014, the presence of TCP has been identified in 80 groundwater wells at or above the public health goal of 0.0007 parts per billion (ppb). The total production of these 80 wells is approximately 138MGD. If the MCL is set at the state notification level of 0.005 ppb, 47 wells would be taken out of service, representing approximately 30 percent of today's existing production capacity.

The City of Fresno has relied on groundwater as its primary water supply source for more than 100 years. Fresno is located within Kings Sub-basin of the Tulare Lake Hydrologic Region (Region). The United State Geological Survey (USGS) reports that groundwater extractions in the region currently exceed the region's groundwater recharge by approximately 1.5 million acre-feet per year. For reference purposes, Pine Flat Reservoir holds approximately 1 million acre-feet of water; therefore annual groundwater loss in the region is equivalent to 1.5 Pine Flat Reservoirs each year. This over-drafting condition (i.e. extractions exceeding recharge) is not sustainable and has contributed significantly to continuing declines in the groundwater level both in Fresno and the region.

On September 14, 2014, the Governor of California signed into law three bills, collectively referred to as the Sustainable Groundwater Management Act (the Act). The Act recognizes that excessive groundwater extraction causes overdraft, failed wells, deteriorated water quality, environmental damage, and irreversible land subsidence – all of which require corrective action. The City of Fresno's

groundwater supply has been identified by the State of California as a high-priority basin for corrective action to address significant groundwater over-drafting and groundwater contamination conditions.

In response to the current groundwater overdraft and contamination conditions, the City's Public Utilities Department has developed a capital investment plan that implements corrective action that will effectively address the continued decline in groundwater levels and health related concerns caused by TCP contamination. The plan has been designed to take full advantage of existing surface water entitlements at Pine Flat Dam and Friant Dam, by investing in the infrastructure needed to capture, treat, and deliver the entire amount of surface water already allocated for our community. These ratepayer-funded entitlements, which total 180,000 acre-feet per year during a normal precipitation year, will also allow the groundwater supply to rest, recharge, and be restored.

The current water demand for Fresno is approximately 140,000 acre-feet per year; therefore, existing surface water entitlements can be used to meet the community's current water demands, without having to exacerbate the environmental and health-related issues associated with decades of over-drafting the region's groundwater supply. The proposed plan includes raw water pipelines to deliver mountain water; a new treatment facility that will prepare the water for use in the community; and finished water distribution facilities to deliver this water to the front steps of Fresno's homes, businesses, churches, schools, parks, and restaurants. The proposed capital investment plan totals \$429 million over a five-year period spanning 2015-2019.

The capital investment plan includes the following categories of projects:

- **Intentional Groundwater Recharge Facilities = \$6.4 million**
- **Raw Water Supply Facilities = \$98.4 million**
- **Surface Water Treatment Facilities = \$186.4 million**
- **Finished Water Distribution Facilities = \$55.4 million**
- **Pipeline and Well Rehabilitation and Replacement = \$82.5 million**

To complement the proposed plan, the City will allocate approximately \$1.1 million over a five-year period for continued water conservation programs from sources other than ratepayers.

Basis for Calculating Proposed Changes

The City retained an independent rate consultant to design a five-year schedule of rates, fees, and charges to recover the Department of Public Utility's five-year forecast of capital, operations, and maintenance expenditures. In developing the five-year schedule and proposed rate plan, the City must comply with the California Constitution by establishing rates, fees, and charges that recover the actual costs associated with the level, quality, and quantity of services delivered to individual users of the system.

The proposed rate plan applies consumption-based user charges to recover the projected costs of capital, operations, and maintenance expenditures. Consumption-based user charges are consistent with cost-of-service principles required by Article 13D of the California Constitution, whereby a City can demonstrate that the amount of the fees charged for water service do not exceed the actual and proportional cost of the service attributable to the delivery of water. The findings and recommendations of the independent rate consultant are available for review by the public at www.rechargefresno.com.

If you need more information about the proposed rate plan for public water service, which is included with this notice, please visit www.fresno.gov/water or call 559-621-8618.