

South Tahoe Public Utility District

NOTICE OF PUBLIC HEARING ON PROPOSED CHANGES IN RATES AND CHARGES

This Notice provides information about proposed increases in rates and charges and a public hearing at which public comments will be considered and the proposed increase voted on by the District Board of Directors.

HEARING DATE: Thursday, June 5, 2014

HEARING TIME: 2:00 p.m.

LOCATION: District Board Room at
1275 Meadow Crest Drive
South Lake Tahoe, CA 96150

STEPS TAKEN TO CUT COSTS BEFORE CONSIDERING RATE CHANGES

Operations and maintenance budgets have been decreased by more than 20%.

Saved nearly \$2 million in interest expense by refinancing loans.

Obtained millions of dollars in grants, allowing needed facility upgrades to be completed without raising rates.

Delayed needed improvement projects and equipment replacement to balance the budget.

The current budget for salaries and benefits is 2.9% less than the prior year projection.

Dissolved its self-insured medical plan and contracted with a lower cost health insurance provider.

Didn't fill certain vacated positions to keep a lean workforce and save money.

Never participated in, nor offered its employees, post-retirement health benefits.

THE REASON FOR THE PROPOSED RATES AND CHARGES

The District's existing financial resources are not adequate to pay for needed operations, maintenance, facility improvements and all other District costs. Some of the main factors leading to the proposed increase include:

Provide revenue to replace undersized pipes and upgrade pumps and other facilities to ensure adequate water flow for firefighting. Many neighborhoods don't have adequate water capacity to fight the next major fire.

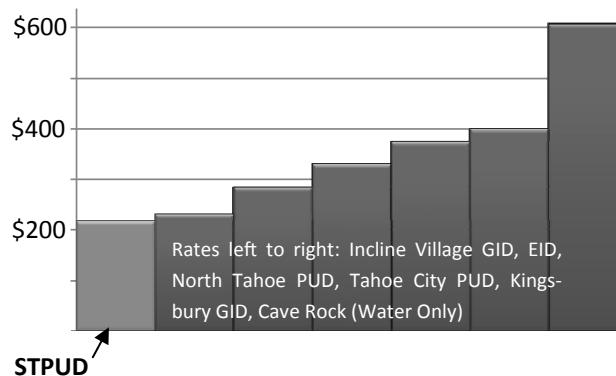
Provide revenue to meet a legal requirement that all properties connected to the water system must be metered. This will also increase fairness between metered and non-metered customers.

Provide revenue for facility upgrades to ensure there are no illegal and unacceptable sewer spills from the wastewater system. Also, to complete needed improvements ensuring continued pumping of recycled water to Alpine County as mandated by law.

HOW THE PROPOSED RATES AND CHARGES WERE DEVELOPED

The District retained an independent financial consultant who undertook a detailed financial review. The resulting financial planning document identified revenue needs based on long-term estimated costs, engineering and facility improvement plans, water demand levels and more. From those calculations, a five-year series of changes to water rates and charges were developed.

QUARTERLY RATE COMPARISON WITH NEIGHBOR AGENCIES 2013/14



Currently, the District's rates are the lowest in the region. They are expected to stay near the lowest, even after the proposed increases.

PLEASE CONTACT US IF YOU HAVE QUESTIONS OR COMMENTS ABOUT THE PROPOSED RATES AND CHARGES

Phone: 530/544-6474 • Email: info@stpud.us • Write: 1275 Meadow Crest Drive, South Lake Tahoe, CA 96150-7401

Proposed METERED Water Rates

Effective: July 5, 2014

Charge Based on Meter Size	Quarterly BASE CHARGE					
	Current	Proposed				
	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19
¾" Metered	\$90.00	\$111.06	\$118.30	\$126.00	\$134.20	\$140.90
1" Metered	\$150.30	\$185.47	\$197.50	\$210.30	\$224.00	\$235.20
1 1/2" Metered	\$299.70	\$369.83	\$393.90	\$419.50	\$446.80	\$469.10
2" Metered	\$479.70	\$591.95	\$630.40	\$671.40	\$715.00	\$750.80
3" Metered	\$900.00	\$1,110.60	\$1,182.80	\$1,259.70	\$1,341.60	\$1,408.70
4" Metered	\$1,500.30	\$1,851.37	\$1,971.70	\$2,099.90	\$2,236.40	\$2,348.20
6" Metered	\$2,999.70	\$3,701.63	\$3,942.20	\$4,189.40	\$4,471.30	\$4,694.90
8" Metered	\$4,799.70	\$5,922.83	\$6,307.80	\$6,717.80	\$7,154.50	\$7,512.20
10" Metered	\$6,900.30	\$8,514.97	\$9,068.40	\$9,657.80	\$10,285.60	\$10,799.90

Residential Examples	CONSUMPTION RATES Per CCF					
	1 Hundred Cubic Feet (CCF) = 748 Gallons					
	Current	Proposed				
	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19
Tier 1 Single Family (1-45 CCF)	\$1.25	\$.86	\$.91	\$.97	\$1.04	\$1.09
Tier 2 Single Family (Above 45 CCF)	\$1.88	\$1.29	\$1.37	\$1.46	\$1.56	\$1.64
Multi-Family	\$1.45	\$1.21	\$1.29	\$1.37	\$1.46	\$1.53
Commercial	\$1.37	\$1.20	\$1.28	\$1.36	\$1.45	\$1.52

Proposed NON-METERED Water Rates

Effective: July 5, 2014

Residential Examples	Quarterly SERVICE CHARGE					
	Current	Proposed				
	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19
Single Family Residence	\$122.30	\$130.25	\$138.70	\$147.70	\$157.30	\$165.20
Duplex	\$217.42	\$231.55	\$246.60	\$262.60	\$279.70	\$293.70
Triplex	\$295.39	\$314.59	\$335.00	\$356.80	\$380.00	\$399.00
Fourplex	\$382.12	\$406.96	\$433.40	\$461.60	\$491.60	\$516.20
Each Additional Unit	\$64.12	\$68.29	\$72.70	\$77.40	\$82.40	\$86.50
Business 3/4" Service	\$186.08	\$198.18	\$211.10	\$224.80	\$239.40	\$251.40
Business 1" Service	\$280.81	\$299.06	\$318.50	\$339.20	\$361.20	\$379.30

In choosing the proposed rates that are shown on these pages, the Board selected the mid-rate option recognizing the current economic conditions facing our customers.

This allows the District to install meters and take advantage of low-cost state loans to pay for them.

At this level of rates, most critical facility projects can be built in about a decade. However, it will take up to an additional five-to-ten years to complete all the needed projects than the higher rate option.

METERED RATE STRUCTURE

The structure as proposed is 80% base charge and 20% consumption charge. The current structure is 70%/30%.

Proposed SEWER Rates

Effective: July 5, 2014

		QUARTERLY BILL					
		Current	Proposed				
Residential Examples	Units	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19
Single Family Residence	3	\$94.35	\$100.02	\$106.02	\$112.38	\$119.13	\$126.27
Single Family Residence	4	\$125.80	\$133.36	\$141.36	\$149.84	\$158.84	\$168.36
Single Family Residence	5	\$157.25	\$166.70	\$176.70	\$187.30	\$198.55	\$210.45
Duplex	6	\$184.80	\$200.04	\$212.04	\$224.76	\$238.26	\$252.54
Triplex	9	\$277.20	\$300.06	\$318.06	\$337.14	\$357.39	\$378.81
Fourplex	12	\$369.60	\$400.08	\$424.08	\$449.52	\$476.52	\$505.08

The rate increases proposed in this notice are the maximum that can be adopted by the Board of Directors. The Board can choose to adopt a lesser increase or no increase at all at the June 5 hearing and at future annual hearings to set rates.

Proposed SEWER SERVICE CHARGE

Effective: July 5, 2014

		QUARTERLY CHARGE PER SEWER UNIT					
		Current	Proposed				
Type of Connection		FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19
Single Family Dwelling		\$31.45	\$33.34	\$35.34	\$37.46	\$39.71	\$42.09
Multi-Family Residences		\$30.80	\$32.65	\$34.61	\$36.69	\$38.89	\$41.22
Hotels/Motels/Timeshares		\$30.42	\$32.24	\$34.17	\$36.22	\$38.39	\$40.69
Restaurants		\$32.68	\$34.64	\$36.72	\$38.92	\$41.25	\$43.72
Service Stations		\$32.68	\$34.64	\$36.72	\$38.92	\$41.25	\$43.72
Trailers/ Mobile Home Parks and Campgrounds		\$28.94	\$30.68	\$32.52	\$34.47	\$36.54	\$38.73
Laundromats		\$32.68	\$34.64	\$36.72	\$38.92	\$41.25	\$43.72
Automobile Service Garage		\$32.68	\$34.64	\$36.72	\$38.92	\$41.25	\$43.72
Taverns W/Out Food Facilities		\$32.68	\$34.64	\$36.72	\$38.92	\$41.25	\$43.72
All Other Commercial Establishments		\$32.68	\$34.64	\$36.72	\$38.92	\$41.25	\$43.72

FINANCIAL STUDY PRESENTATION AVAILABLE

A presentation explaining the proposed water rates is available at www.stpud.us or by contacting the District.

PROPOSED CHANGES DEVELOPED IN PUBLIC

The rate planning process has been undertaken in public and reviewed by the Board in open public meetings over the course of the past five months. The proposed rates and charges have been posted on the District website, explained via mailers, newsletter, and covered by the newspapers, radio and television.

GOT QUESTIONS?

Please Contact the District.

TYPICAL RESIDENTIAL COMBINED WATER & SEWER BILL

The Percentages for Other classes of Customers are the Same

	CURRENT	TYPICAL QUARTERLY BILL (Your Bill May Vary)				
	RATES	2015	2016	2017	2018	2019
Water	\$122.30	\$130.25 6.5%	\$138.70 6.5%	\$147.70 6.5%	\$157.30 6.5%	\$165.20 5.0%
Sewer	\$94.35	\$100.02 6.0%	\$106.02 6.0%	\$112.38 6.0%	\$119.13 6.0%	\$126.27 6.0%
Total	\$216.65	\$230.27	\$244.72	\$260.08	\$276.43	\$291.47

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South Tahoe
Public Utility District

1275 Meadow Crest Drive • South Lake Tahoe • CA 96150-7401
Phone 530 544-6474 • Fax 530 541-0614 • www.stpud.us

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Randy Vogelgesang
Kelly Sheehan
Eric Schafer

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Why The Proposed Rate Changes Are Needed

To be Prepared for the Next Fire	To Prevent a Sewer or Recycled Water Spills From Causing Pollution of Waterways or Breaking Air Pollution Laws	To Meet the Law On Water Meters
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HOW TO COMMENT ON OR PROTEST THE PROPOSED RATES

You May Comment or Ask Questions at Any Time By Contacting the District, Attending the April 17th or May 15th Public Meetings at 6:00 p.m., or Participating in the June 5, 2014, at 2:00 p.m. Hearing (See front for Details)

You have the right to protest the rate change if you are (i) the record owner of an affected parcel, (ii) a person with a legal interest in an affected parcel, or (iii) a person who is legally responsible to pay the rates for an affected parcel.

Protests must be in writing and mailed or hand-delivered to the District. Faxed and e-mailed protests cannot be accepted.

Each protest must (i) indicate that it is a protest against the water and/or sewer rate increase or the change to the metered rate structure, (ii) identify (by Assessor's Parcel Number) the parcel for which the protest is submitted, (iii) indicate the name of the person submitting the protest and (iv) be signed. Only one protest will be accepted per parcel. If written protests are received representing a majority of the parcels subject to the water and/or sewer rates, then the increases will not be imposed.

If you do not know your parcel number, you may obtain it from the quarterly bill you receive from the District, your El Dorado County property statement, by visiting the El Dorado County assessors Office website at www.edcgov.us/assessor or by calling 530-621-5719.

Written protests must be received at the District before the end of the Hearing on June 5, 2014. Attention: Customer Service Manager / 1275 Meadow Crest Drive / South Lake Tahoe, CA 96150



Property Owner or Bill Payer Name _____

Assessor's Parcel Number (APN) _____

I Oppose this Proposed Rate Increase: Water _____ Sewer _____ Metered Rate Structure _____

Signed _____