

PROPOSITION 218 NOTICE



The Hi-Desert Water District (HDWD) will conduct a public hearing on August 21, 2024, at 4 p.m. to consider adopting adjustments to the current water and wastewater rates and charges (“Proposed Rate Adjustment”).

Questions About This Notice and Proposed Rates? If you have questions about this Notice, the proposed rates and charges, or your service, HDWD is hosting an open house with experts available to assist you in person.

Water and Wastewater Rate Study Workshop

When: August 7, 2024 at 4 p.m.

Where: Hi-Desert Water District, 55439 29 Palms Highway, Yucca Valley, CA 92284

Why Am I Receiving This Notice? You are receiving this notice in accordance with Article XIII D, Section 6 of the California Constitution (“Proposition 218”) because you are a property owner of record of one or more of the water and wastewater connections located within HDWD’s service area, or tenant that is directly liable to the District for payment of water and/or wastewater fees. California’s Proposition 218 requires water/wastewater service providers to notify property owners and customers of record so that they can participate in a public hearing when proposing increases to water and wastewater rates. Any owner of a property that receives water service, or tenant that is directly liable to the District for payment of water fees (“water customer”) may submit a written protest against the Proposed Rate Adjustments for the water service charges. Any owner of a property that receives wastewater service, or tenant that is directly liable to the District for payment of wastewater fees (a “wastewater customer”) may submit a written protest against the Proposed Rate Adjustments for the wastewater service charges. If a parcel has more than one water customer and/or wastewater customer, only one written protest against the Proposed Rate Adjustments for the water service charges or wastewater service charges, as applicable, will be counted. Written protests may be delivered to the Board Secretary at the public hearing, prior to the end of the public hearing. Written protests also may be mailed or personally delivered to the Board Secretary at Hi-Desert Water District 55439 29 Palms Hwy., Yucca Valley, CA 92284, and must be received by the Board Secretary before 4:00 p.m. on August 21, 2024. If more than 50% of the record owners oppose the Proposed Rate Adjustment(s) for water and wastewater, as applicable, HDWD shall not increase rates for such service. Protests submitted electronically shall not be counted in determining whether a majority protest exists.

This serves as notice that the Hi-Desert Water District will conduct a Public Hearing at the time, date, and location identified in this Notice to consider proposed adjustments to the water and wastewater rates and charges. All those interested are invited to appear at the time and place of the Public Hearing to give oral or written testimony.

The Board of Directors will hear and consider public input regarding the proposed rate adjustments at the Public Hearing on August 21, 2024, and determine whether to adopt the proposed rates. The Board of Directors cannot increase rates beyond the amounts listed in this Notice.

If adopted, proposed water and wastewater rate adjustments would become effective for service provided on and after September 1, 2024, with subsequent annual rate adjustments effective July 1st thereafter through 2028.

How Are the Proposed Rates and Charges Determined?

The proposed increase to the rates for water and wastewater services based on the recent Water and Wastewater Financial Plan and Rate Study conducted by Raftelis, an independent rates consultant. Raftelis Financial Consultants, Inc., was hired as a consulting firm with expertise in water and wastewater rate studies to evaluate the HDWD's costs of providing water and wastewater services. The rate study steps include data evaluation, technical analyses, deriving customer rates, and understanding rate adjustment impacts on customers.

The proposed rates are determined based on the projected revenue needed to fund and keep up with inflation affecting:

Operations and Maintenance, such as labor, supplies, chemicals, electricity, etc.

Capital Improvements, such as large projects to repair/replace pipes and equipment.

Debt Service to secure and pay back loans.

Reserves to meet minimum debt requirements and fund emergency or unplanned expenses.

The financial analyses and rate models are documented in the **Water and Wastewater Financial Plan and Rate Study** with supporting data of how proposed rates were developed for the next five years as listed in the tables contained in this Notice.

The full report is available online at www.hdwd.com and for review at the Hi-Desert Water District office during normal business hours.

Why Are Rate Adjustments Needed?

The Hi-Desert Water District is required to adopt rates to generate adequate revenues to cover the expenses to provide water and wastewater services and keep up with the rising costs of operations, maintenance, capital improvements, and environmental and regulatory compliance. Water and wastewater services are funded in large part by the rates customers pay. Per State law, revenues generated from rate increases must only be used to fund the costs to provide the service including operations and maintenance, capital improvements, the cost of debt to finance capital equipment and maintaining cash and emergency reserves.

Since the previous rate study was started in 2019, several factors affecting the financial health of the water and wastewater utilities include:

- High inflation, affecting the cost of materials and labor. Over the past five years, inflation has risen nearly 27%.
- Lower water use due to water conservation and heavy rain means decreased revenue to cover costs that are primarily fixed. It costs more each year to buy and pump groundwater from the Mojave Water Agency to import water from northern California.
- Critical infrastructure investment is necessary to keep our systems functioning reliably.

What Happens If We Do Not Raise Rates?

Current rates are not sufficient to sustain the utility enterprise funds over the next five-years. Rates will not support rising expenses and adequate investment in critical infrastructure which could place the water and wastewater systems in a vulnerable status. Deferring repairs and capital improvement until later will result in higher costs and possible increased regulatory oversight and fines by permitting agencies.

Proposed Water and Wastewater Customer rates and charges will differ depending on the type of account (single family residential, multi-family residential, mobile home property, commercial, industrial, irrigation, CIMIS and bulk), meter size, and water use. All customers pay a monthly service charge and a consumption (volumetric) rate.

Wastewater Proposed Monthly Residential Bill Changes by Customer Class

The table below shows the proposed wastewater bill per month by classification as determined by the Equivalent Dwelling Unit (EDU) assigned.

Wastewater Customer Type	Current Bill	New Bill	Increase per month
Single Family Residence (SFR)	\$46.71	\$53.25	\$6.54
Multi-Family Residential (MFR)	\$35.03	\$39.94	\$4.91
Mobile Home Property (MHP)	\$28.03	\$31.95	\$3.92

Proposed Monthly Wastewater Rates by Customer Class

Wastewater charges are based on Customer Class per Equivalent Dwelling Unit (EDU). One EDU is equivalent to a Single Family Home customer. A Multi-Family Residential unit is calculated as 75% and Mobile Homes are calculated at 60% an EDU. Commercial is based on flow converted to EDUs as determined by water use. Single Family Home does not have a volumetric charge.

Customer Class	EDU Assignment
Single Family Home (SFR)	1 EDU per Parcel
Multi-Family Residential (MFR)	0.75 EDU per Unit
Mobile Home Property (MHP)	0.60 EDU per Unit
Commercial Property (COM)	Minimum of 1 EDU per parcel or Calculated EDU from 90% water consumption

Proposed Monthly Wastewater Maintenance Charge per EDU by fiscal year.

Rates shown below are billed monthly. Residential customers charges are collected annually through their property tax bill, with the exception of new accounts that are billed monthly until billing is applied to the annual property tax roll. Commercial accounts are billed monthly with the water bill.

	Current	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
Charge per EDU	\$46.71	\$53.25	\$60.71	\$66.62	\$73.12	\$80.25

Proposed Monthly Residential Water Bill Increase

The table below shows the proposed water bill increases per month for the average single-family residential home customer with a 5/8" meter using 6 units (hundred cubic feet HCF) of water a month. One unit or HCF equals 748 gallons. The average customer uses 4,488 gallons of water every month.

Water	Current Bill	New Bill	Average Increase per month
Single Family Residence (SFR)	\$53.69	\$57.96	\$4.27

Proposed Monthly Fixed Charges

The table below shows the proposed monthly water service charge by meter size over the next five years. Most water customers have a 5/8-inch metered connection. **NOTE:** Rates are shown monthly.

Meter Size	Current Fixed Charge	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
5/8 inch	\$23.35	\$25.22	\$27.24	\$29.42	\$31.78	\$34.33
1 inch	\$46.17	\$53.39	\$57.67	\$62.29	\$67.28	\$72.67
1 1/2 inch	\$84.20	\$100.35	\$108.38	\$117.06	\$126.43	\$136.55
2 inch	\$129.83	\$156.70	\$169.24	\$182.78	\$197.41	\$213.21
3 inch	\$251.49	\$306.97	\$331.53	\$358.06	\$386.71	\$417.65
4 inch	\$388.37	\$476.02	\$514.11	\$555.24	\$599.66	\$647.64
6 inch	\$768.59	\$945.61	\$1,021.26	\$1,102.97	\$1,191.21	\$1,286.51

Proposed Monthly Volumetric Charges

The table below shows current and proposed water volumetric rates for Residential (SFR), Multi-Family Residential (MFR), Mobile Home Property (MHP), Commercial (COM), Public (PBE), Irrigation (IRR), CIMIS (CIM) and Bulk (BLK) customers. Volumetric water use rate are in dollars per hundred cubic feet (\$/hcf). One hundred cubic feet is equal to 748 gallons. **NOTE:** Volumetric rates shown below are calculated and billed monthly.

	Current Rates	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
Residential (SFR, MFR, MHP)²						
Tier 1: 0-4 units	\$4.11	\$4.42	\$4.78	\$5.17	\$5.59	\$6.04
Tier 2: 5-11 units	\$6.95	\$7.53	\$8.14	\$8.80	\$9.51	\$10.28
Tier 3: 12 + units	\$7.91	\$8.53	\$9.22	\$9.96	\$10.76	\$11.63
Commercial (COM)						
Tier 1: 0-4 units	\$6.44	\$7.22	\$7.80	\$8.43	\$9.11	\$9.84
Tier 2: 5-11 units	\$6.95	\$7.92	\$8.56	\$9.25	\$9.99	\$10.79
Tier 3: 12 + units	\$7.91	\$7.92	\$8.56	\$9.25	\$9.99	\$10.79
Public (PBE)						
Tier 1: 0-4 units	\$6.44	\$7.22	\$7.80	\$8.43	\$9.11	\$9.84
Tier 2: 5-11 units	\$6.95	\$8.10	\$8.75	\$9.45	\$10.21	\$11.03
Tier 3: 12 + units	\$7.91	\$8.43	\$9.11	\$9.84	\$10.63	\$11.49
Irrigation (IRR)						
Tier 1: 0-4 units	\$6.49	\$7.47	\$8.07	\$8.72	\$9.42	\$10.18
Tier 2: 5-11 units	\$6.95	\$8.30	\$8.97	\$9.69	\$10.47	\$11.31
Tier 3: 12 + units	\$11.15	\$11.47	\$12.39	\$13.39	\$14.47	\$15.63
CIMIS (CIM)						
Tier 1: 0-4 units	\$6.49	\$7.47	\$8.07	\$8.72	\$9.42	\$10.18
Tier 2: 5-11 units	\$6.95	\$8.19	\$8.85	\$9.56	\$10.33	\$11.16
Tier 3: 12 + units	\$6.95	\$8.19	\$8.85	\$9.56	\$10.33	\$11.16
Bulk (BLK)						
Tier 1: 0-4 units	\$6.49	\$7.00	\$7.56	\$8.17	\$8.83	\$9.54
Tier 2: 5-11 units	\$6.95	\$7.63	\$8.25	\$8.91	\$9.63	\$10.41
Tier 3: 12 + units	\$11.15	\$7.92	\$8.56	\$9.25	\$9.99	\$10.79

Water Drought Rates

Drought rates allow the District to recover fixed costs when customers curtail water use during a drought. The Board would adopt the drought rates separately from any other type of rate increase. For the duration of the rate proposal period (5 years), the Board would have the ability to adopt drought rates when a drought is declared in accordance with the volumetric rate increase by the percentages noted in **RED** below.

Stage of Shortage	% Revenue Reduction	Description	Revenue Shortfall	Volumetric Rate Increase
Stage 1	10%	Water Alert	\$413,596	7%
Stage 2	20%	Moderate Water Shortage	\$804,916	15%
Stage 3	30%	Severe Water Shortage	\$1,244,847	27%
Stage 4	40%	Critical Water Shortage	\$1,673,724	43%
Stage 5	50%	Water Shortage Crisis	\$2,081,627	68%
Stage 6	60%	Emergency Water Shortage	\$2,382,324	100%

Proposed Drought rates at each Stage of drought for the first year, years 2-5 will be increased by percentage noted in the column header under each Stage.

Proposed Draft Rates		Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Residential (SFR, MFR, MHP)		7%	15%	27%	43%	68%	100%
Tier 1: 0-4 units	\$4.42	\$4.72	\$5.08	\$5.61	\$6.35	\$7.41	\$8.85
Tier 2: 5-11 units	\$7.53	\$8.04	\$8.65	\$9.56	\$10.81	\$12.62	\$15.07
Tier 3: 12 + units	\$8.53	\$9.10	\$9.80	\$10.83	\$12.24	\$14.29	\$17.07
Commercial (COM)							
Tier 1: 0-4 units	\$7.22	\$7.71	\$8.29	\$9.17	\$10.36	\$12.10	\$14.45
Tier 2: 5-11 units	\$7.92	\$8.45	\$9.10	\$10.06	\$11.37	\$13.27	\$15.85
Tier 3: 12 + units	\$7.92	\$8.45	\$9.10	\$10.06	\$11.37	\$13.27	\$15.85
Public (PBE)							
Tier 1: 0-4 units	\$7.22	\$7.71	\$8.29	\$9.17	\$10.36	\$12.10	\$14.45
Tier 2: 5-11 units	\$8.10	\$8.65	\$9.30	\$10.28	\$11.62	\$13.57	\$16.21
Tier 3: 12 + units	\$8.43	\$9.00	\$9.68	\$10.70	\$12.10	\$14.13	\$16.87
Irrigation (IRR)							
Tier 1: 0-4 units	\$7.47	\$7.97	\$8.58	\$9.48	\$10.72	\$12.52	\$14.95
Tier 2: 5-11 units	\$8.30	\$8.86	\$9.53	\$10.54	\$11.91	\$13.91	\$16.61
Tier 3: 12 + units	\$11.47	\$12.24	\$13.17	\$14.56	\$16.46	\$19.22	\$22.96
CIMIS (CIM)							
Tier 1: 0-4 units	\$7.47	\$7.97	\$8.58	\$9.48	\$10.72	\$12.52	\$14.95
Tier 2: 5-11 units	\$8.19	\$8.74	\$9.41	\$10.40	\$11.75	\$13.72	\$16.39
Bulk (BLK)	Proposed	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Tier 1: 0-4 units	\$7.00	\$7.47	\$8.04	\$8.89	\$10.05	\$11.73	\$14.01
Tier 2: 5-11 units	\$7.63	\$8.14	\$8.76	\$9.69	\$10.95	\$12.79	\$15.27
Tier 3: 12 + units	\$7.92	\$8.45	\$9.10	\$10.06	\$11.37	\$13.27	\$15.85

How Do I Protest the Proposed Rate Adjustments?

You have the right to protest the proposed rate increases. A written protest must include all of the following to be considered in determining whether there is a majority protest:

- Clearly stated opposition to the Proposed Rate Adjustments for the water rates and service charges, wastewater service charges, both, or all, as applicable;
- Name of the record property owner or water customer who is submitting the protest;
- Identification by parcel number, street address or utility account number of the property for which the protest is made; and
- Signature and legibly printed name of the record property owner or water customer who is submitting the protest.
- Oral comments at the public hearing will not be counted in the determination of a majority protest.

Written protests may be delivered to the Board Secretary at the public hearing, prior to the end of the public hearing. Written protests also may be mailed or personally delivered to the Board Secretary at Hi-Desert Water District 55439 29 Palms Hwy., Yucca Valley, CA 92284, and must be received by the Board Secretary before 4:00 p.m. on August 21, 2024. If more than 50% of the record owners oppose the Proposed Rate Adjustment(s) for water and wastewater, as applicable, HDWD shall not increase rates for such service. Protests submitted electronically shall not be counted in determining whether a majority protest exists.

This serves as notice that the Hi-Desert Water District will conduct a Public Hearing at the time, date, and location identified in this Notice to consider proposed adjustments to the water and wastewater rates and charges. All those interested are invited to appear at the time and place of the Public Hearing to give oral or written testimony.

A majority protest against the Proposed Rate Adjustments for the water service charges will exist if, at the end of the public hearing, there are written protests submitted that represent a majority of the parcels that receive water service. A majority protest against the Proposed Rate Adjustments for the wastewater service charges will exist if, at the end of the public hearing, there are written protests submitted that represent a majority of the parcels that receive wastewater services. The Board of Directors cannot adopt the Proposed Rate Adjustments to the water service charges or the wastewater charges if a majority protest exists. No late postmarks will be accepted, and emailed, faxed or photocopied protests will not be counted.

The reasons for the rate adjustments, the basis upon which they were calculated, and the amount of the proposed rates are described in more detail in the **Water and Wastewater Financial Plan and Rate Study Report**, which is on file with the Board Secretary and available at www.hdwd.com.

Statute of Limitations for Challenging Proposed Rates Please note that pursuant to California Government section 53759, there is a 120-day statute of limitations judicially challenging all rates set forth in this Notice that runs from the effective date of the resolution approving these rates.



55439 29 Palms Hwy., Yucca Valley, CA 92284
Phone 760.365.8333
Email: info@hdwd.com
www.hdwd.com

PROP 218 NOTICE OF PUBLIC HEARING TO SET WATER AND WASTEWATER RATES FOR SERVICE

**HI-DESERT WATER DISTRICT
55439 29 PALMS HWY
YUCCA VALLEY, CA 92284**