



Water and Sewer Rate Setting Process Frequently Asked Questions

Why is TCPUD considering water and sewer rate increases?

TCPUD's current, approved water and sewer rate structure expires at the end of 2019. TCPUD has initiated a 2019 Water & Sewer Rate Study for the next 5 year period to ensure an equitable and cost-based water and sewer rate structure, and to ensure sufficient revenues to fund water and sewer operations and capital infrastructure needs throughout our service area. The 2019 Water and Sewer Rate Study reflects TCPUD's commitment to prudent long-term financial planning. The primary reasons for considering rate increases are to: cover inflationary operating cost increases; undertake water and sewer capital replacements and improvements to meet current standards; and to continue the TCPUD's rehabilitation of its aging infrastructure.

What is Proposition 218 and how does it affect TCPUD proposed water and sewer rate increases?

California voters adopted Proposition 218 (Prop 218) in November 1996, amending the State Constitution to establish a process by which public agencies can raise service fees. Under Prop 218, a rigorous, multi-step process is required by local governments to identify the cost of service and provide written notice of proposed changes, including holding a public hearing(s), to all affected property owners and customers. Additionally, Prop 218 ensures that proposed fees are acceptable to property owners. If a majority of property owners whose property receives service submit protests, new rates cannot be adopted.

TCPUD has retained HDR Engineering, Inc. to prepare a Prop 218 compliant water and sewer rate study to ensure rates correspond with costs associated with each type of service, and that customers within each rate classification pay their fair share of total water and sewer costs.

Will water and sewer rates automatically be increased every year for the next five years?

In the fall of 2019, the TCPUD Board of Directors will consider the adoption of a 5-year schedule of maximum allowable water and sewer rates. However, each year during the annual budget cycle, the TCPUD Board of Directors reviews the proposed annual water and sewer operating and capital budgets and adopts the water and sewer rates for the following year, subject to the maximums established during the Prop 218 process.

I am a second home owner in Lake Tahoe, why do I have to pay the same as customers who live in Tahoe full time?

Our water and sewer systems operate 24 hours a day, 7 days a week throughout the year, and these critical services are funded by water and sewer rates. The rate structure is based on a cost of service analysis that includes fixed costs to cover non-consumption expenses such as customer service and billing, operation and maintenance of the water and sewer systems, and public fire protection that benefit all of our customers. This fixed cost, also called a base rate, is the same every month, regardless of consumption. Additionally, water and sewer rates cover water and sewer capital improvements that are necessary to ensure our water and sewer systems are sized appropriately, maintain functional integrity and operate safely and efficiently.

What is the timeline for this rate setting process?

Over the next few months the TCPUD Board will be discussing the 2019 Rate Study at regularly scheduled Board meetings. Adoption of a new water and sewer rate structure is anticipated to take

place in October of 2019. Prior to adoption, a public hearing will be held, as required by Prop 218, and every parcel owner impacted by any proposed rate change will be notified in writing of the date, time and location of the public hearing, the proposed rates and the basis for those rates. This written notice will be provided a minimum of 45 days prior to the public hearing.

What can I do if I oppose the water and sewer rate increase?

Protests can be submitted once you receive the written Prop 218 notice. Protests must be in writing and either mailed or hand-delivered to TCPUD prior to the close of the public hearing. Each protest must: (1) indicate that it is a protest for the water and/or sewer rates, (2) identify the Assessor Parcel Number for which the protest is submitted, (3) indicate the name of the person submitting the protest and (4) be signed.

How can I find out more information?

For more information, visit www.tcpud.org/ratestudy. For additional questions, please contact Stacie Lyans, Community Engagement Analyst at 530.580.6057 or slyans@tcpud.org.