



# Press Release

PR18 – 035

14000 City Center Drive, Chino Hills, CA 91709

**CONTACT:** Denise Cattern  
Ph: (909) 364-2615

Valerie McClung  
Ph: (909) 364-2618

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## **BUDGET-BASED WATER RATES NOTICES MAILED TO CUSTOMERS PROTEST BALLOT PROCESS UNDERWAY THROUGH MAY 8<sup>th</sup>**

Chino Hills, CA – Chino Hills water customers will find a notice from the City of Chino Hills in their mailbox regarding proposed budget-based water rates. The notices were mailed on March 23<sup>rd</sup> to all property owners, and renters who receive a utility bill from the City. The notice is not included with a utility bill, but mailed separately in an envelope with the printed message: “Prop. 218 Water Rate Increase Notice and Protest Ballot Enclosed.”

The City’s outreach campaign includes: an informational insert included in mailed utility bills going out over the next month; a City website page, [www.chinohills.org/WaterBudget](http://www.chinohills.org/WaterBudget), that includes the Water Rate Study, PowerPoint presentations on the subject, a description of the methodology for budget-based rates, and more. One additional mailer is planned to educate and inform the public.

“The website page includes a budget-based water rate estimator,” said Denise Cattern, Public Information Officer. “Customers are encouraged to check their February bill and enter their water usage in the estimator to see how the rate increase would affect their charges.”

According to Public Works Director Nadeem Majaj, an extensive process has been underway at various public meetings since 2016 to review and discuss changing the structure of the City of Chino Hills’ water rates to budget-based tiers, and to set the proposed amounts charged, based on system costs. Water agencies and cities throughout California are in various stages of reviewing water rates in order to comply with Governor Jerry Brown’s water-conservation Executive Orders. Numerous water agencies are implementing budget-based water rates that continue to encourage Californians to use water efficiently, while ensuring fiscal stability.

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The water rate proposal covers a five-year period based upon forecasts of water costs, system expenses, and revenues. The increase in the proposed rates represents the estimated increase if approved, but annual increases are will be based upon actual cost increases which may be less than those estimated. Staff evaluates the need for an increase each year. The last update of water rates covered 2011-2016, but staff determined that the increases for 2015 and 2016 were not needed to cover system costs.

The step underway now is to inform the ratepayers of the proposal and to follow the protest process. Proposition 218 (approved by voters in 1996) requires the City to give the ratepayers the opportunity to protest a change in rates. According to City Attorney Mark Hensley, Proposition 218 became an amendment to the California Constitution and established the "majority protest" process whereby protest forms must be returned. By law, the City of Chino Hills cannot follow any other process regarding water rates.

The mailed notice is sent to both property owners, and renters, who receive a utility bill from the City. A 45-day review period follows. If the owner's returned ballot and the renter's returned ballot are both protest votes, both votes will count as only one vote. The rates may be approved by Council action unless a majority returns protest ballots, which will be tabulated and results reported at the City Council Public Hearing on Tuesday, May 8<sup>th</sup> at 7:00 p.m. If a property owner or renter has misplaced their ballot, they can request a replacement at the City Clerk's Office on the second floor of City Hall. When ballot forms are tallied, any duplicate ballots for one property are counted as one protest. A successful protest vote requires 50%, plus one, of the total number of properties for which ballots were mailed.

"It is our goal to ensure the sustainability of our water system," said Nadeem Majaj, Public Works Director. "Water agencies, by law, cannot make a profit but rates must include the cost of water and everything that is necessary to deliver water, including repair and replacement. With the new rates proposed, the cost for a gallon of water will be less than 1 cent."

The cost to operate a water system includes the fixed costs for items that must be in place whether water use is up or down. Fixed costs include items such as pipes in the ground, repairs and replacement, personnel costs, energy costs related to the need to pump water to higher elevations, water storage reservoirs, and water treatment to ensure that the water is of high quality and meets State and Federal standards.

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