



**CITY OF CHINO HILLS
NOTICE TO PARCEL OWNERS AND RATE PAYERS
OF A PROPOSED
WATER RATE INCREASE AND PROTEST BALLOT**

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the City of Chino Hills (“City”) proposes to consider and potentially adopt increases to rates for a five year time period for water rates (“Rates”) applicable to the Assessor Parcel Number (“APN”) for which you are shown as the property owner of record based on the County of San Bernardino 2017/2018 Secured Tax Roll; or the property for which you are currently the customer of record for water service.

NOTICE IS FURTHER GIVEN that on May 8, 2018, at 7:00 p.m., or as soon thereafter as may be heard, at 14000 City Center Drive, Chino Hills, California, 91709 in the City Council Chambers, the City Council will conduct a public hearing on the proposed Rate increases.

At the time of the public hearing, the City Council will hear and consider all persons interested in these matters and will consider and may adopt the proposed increased Rates or impose a rate in an amount less than the proposed increases set forth below. If the City receives, prior to the closing of the public hearing on May 8, 2018, written protests against the proposed Rate increases from a majority of the parcels located within the City’s service area, the City cannot impose the proposed Rate increase.

There is a protest ballot included for water service that allows property owners and current customers to protest the proposed Rate increases. **Any person interested in protesting the Rate increase must check the box indicating that you wish to protest the proposed Rate, check the box indicating whether you are an owner or tenant of the property, and print and sign your name on the enclosed protest ballot and mail or hand deliver the form to the City Clerk so that the form is received by the City Clerk prior to the closing of the public hearing on May 8, 2018.** Protest ballots received after the close of the public hearing shall not be considered. The forms can be hand delivered or mailed to the City Clerk’s attention at 14000 City Center Drive, Chino Hills, California, 91709.

If adopted, the rate increases will be reflected on utility bills dated on or after July 1, 2018.

Please read further for a summary of the reasons and methodology for the proposed Rate increases that are the subject of the public hearing:

Water

A water rate study was recently prepared by the City’s consultant, Raftelis. **A copy of the water rate study is on file at the Office of the City Clerk (it also can be viewed online at www.chinohills.org/WRS2018).** The water rate study provides changes to the current rate structure and a financial plan to cover ongoing water (source), debt service funding, operating and maintenance funding, and capital replacement and expansion costs for the next five (5) years. As is explained below, the tables reflect estimated proposed increases that may be increased or decreased based upon the actual costs incurred by the City for purchasing water (Commodity Charge) and for purchasing electricity.

The proposed residential budget-based rate structure consists of an indoor tier (Tier 1), based on a family of four using 55 gallons per day per person. The second tier (Tier 2) reflects outdoor irrigation usage based on an average of 34.3% of a lot size with a cap of 3,100 square feet. Usage exceeding the second tier would be at a higher rate (Tier 3). The non-residential and recycled customers would continue with a flat rate regardless of usage.

The Rate increases under consideration are shown below. These increases are necessary to ensure that the City has sufficient revenues to meet all operation and maintenance expenses of the system, sufficient reserves and to fund capital improvement projects. Pursuant to covenants contained in outstanding bonds (bonds that were issued to pay for the construction of water facilities), the City is required to increase its rates to ensure the bonds are serviced (paid for) by the City and service users. The Rate increases (shown on the next page), which consist of both the monthly cost for water usage (consumption charges) and a monthly service charge depending on the meter size, are proposed to be implemented:

WATER USAGE (CONSUMPTION CHARGES)

**PROPOSED RATES PER CENTUM (HUNDRED)
CUBIC FEET (ccf)¹**

		Current Rate since July 1, 2014²	July 1, 2018	July 1, 2019	July 1, 2020	July 1, 2021	July 1, 2022
Tier 1 Residential ³	Indoor Budget	\$2.08	\$2.23	\$2.41	\$2.61	\$2.82	\$3.05
Tier 2 Residential ⁴	Outdoor Budget	\$2.37	\$3.07	\$3.32	\$3.59	\$3.88	\$4.20
Tier 3 Residential ⁵	Inefficient	\$3.31	\$3.30	\$3.57	\$3.86	\$4.17	\$4.51
Non-Residential ⁶		\$2.48	\$2.66	\$2.88	\$3.12	\$3.37	\$3.64
Construction/Temporary/Fire ⁷		\$3.00	\$3.24	\$3.50	\$3.78	\$4.09	\$4.42
Recycled ⁸		\$1.74	\$1.82	\$2.01	\$2.22	\$2.45	\$2.70
Elevation Surcharge Intermediate Zone		\$0.17	\$0.10	\$0.11	\$0.12	\$0.13	\$0.15
Elevation Surcharge High Zone		\$0.44	\$0.38	\$0.42	\$0.46	\$0.50	\$0.54

¹ One ccf = 748 gallons of water.

- ² The methodology of calculating the future water rates is proposed to change, the Current rates are shown for illustrative purposes only and may not reflect the actual amounts reflected on your water bill. Rates have not increased since 2014.
- ³ The first Tier is comprised of 34% Chino Bain water costs, 38% Monte Vista water costs, and 28% Water Facilities Agency costs. Domestic water increases are based upon an estimated 8% increase each year however the actual increases will be based upon the actual cost of water from water purveyors.
- ⁴ The second tier is comprised of 51% Monte Vista Water District water costs and 49% Chino Desalter Agency costs. Domestic water increases are based upon an estimated 8% increase each year however the actual increases will be based upon the actual cost of water from water purveyors.
- ⁵ The third tier is comprised of Chino Desalter Agency water costs. Domestic water increases are based upon an estimated 8% increase each year however the actual increases will be based upon the actual cost of water from water purveyors.
- ⁶ The cost of non-residential water is comprised of a blended rate of domestic water costs comprised of 40% Chino Desalter Agency water costs, 6% wells, 37% Monte Vista water costs, and 17% Water Facilities Agency costs. Domestic water increases are based upon an estimated 8% increase each year however the actual increases will be based upon the actual cost of water from water purveyors.
- ⁷ The cost of Construction/Temporary/Fire Service is comprised of 100% of Chino Desalter Agency water. Domestic water increases are based upon an estimated 8% increase each year however the actual increases will be based upon the actual cost of water from water purveyors.
- ⁸ Recycled costs are based on a 10% increase per year. Inland Empire Utility Agency provides recycled water and its costs are included in the recycled rate.

The Rates and increases set forth above are estimates based upon projected cost and charge increases but will be subject to adjustment from time to time to reflect changes, increases or decreases, in costs and charges imposed by the Metropolitan Water District, the Inland Empire Utility Agency (IEUA), the Monte Vista Water District (MVWD), the Water Facilities Authority (WFA), the Chino Basin Watermaster, and the Chino Basin Desalter Authority (CDA). The City purchases water from all of these agencies and will be passing through the actual costs based upon the fees and charges imposed by these agencies. All rates are rounded up to the nearest penny. The City will also adjust the above estimated charges to reflect changes, increases or decreases in electricity costs based upon charges and fees imposed by Southern California Edison. The City purchases electricity from Southern California Edison for purposes of transporting water from the various sources to each of the City's customers.

The following table shows the current and proposed rates for the Monthly Service Charge by meter size.

MONTHLY SERVICE CHARGE

Meter Size	Current Rate since July 1, 2014	July 1, 2018	July 1, 2019	July 1, 2020	July 1, 2021	July 1, 2022
5/8"	\$19.79	\$22.11	\$23.88	\$25.80	\$27.87	\$30.10
3/4"	\$29.54	\$31.49	\$34.01	\$36.74	\$39.68	\$42.86
1"	\$49.23	\$50.22	\$54.24	\$58.58	\$63.27	\$68.34
1.5"	\$98.46	\$97.06	\$104.83	\$113.22	\$122.28	\$132.07
2"	\$157.53	\$153.28	\$165.55	\$178.80	\$193.11	\$208.56
3"	\$344.61	\$284.44	\$307.20	\$331.78	\$358.33	\$387.00
4"	\$578.94	\$471.82	\$509.57	\$550.34	\$594.37	\$641.92
6"	\$1,197.00	\$1,174.50	\$1,268.46	\$1,369.94	\$1,479.54	\$1,597.91
8"	\$1,577.32	\$1,689.79	\$1,824.98	\$1,970.98	\$2,128.66	\$2,298.96
10"	\$2,569.78	\$2,720.38	\$2,938.02	\$3,173.07	\$3,426.92	\$3,701.08
12"	NA	\$4,032.04	\$4,354.61	\$4,702.98	\$5,079.22	\$5,485.56

MONTHLY SERVICE CHARGE - FIRE METERS

Meter Size	Current Rate since July 1, 2014	July 1, 2018	July 1, 2019	July 1, 2020	July 1, 2021	July 1, 2022
4"	\$98.42	\$53.31	\$57.58	\$62.19	\$67.17	\$72.55
6"	\$203.49	\$154.86	\$167.25	\$180.63	\$195.09	\$210.70
8"	\$268.14	\$329.99	\$356.39	\$384.91	\$415.71	\$448.97
10"	\$436.86	\$593.42	\$640.90	\$692.18	\$747.56	\$807.37

If you have any questions or would like additional information regarding the rates or the protest process, please call the City's Proposition 218 consultant at 888-510-0290 for further information.