

MIDWAY HEIGHTS COUNTY WATER DISTRICT

P.O. Box 596

Meadow Vista, CA 95722

(530) 878-8096

June 2, 2014

Dear Property Owner / Customer:

California State Law requires the mailing of notices (45 days in advance of a hearing) of proposed increases to water rates and charges be sent to each property owner of record upon which the proposed increase is to be imposed and to those tenants of real property who are liable to pay the rates and charges for water service.

This is to inform you that on Thursday July 17, 2014 @ 7PM the Midway Heights County Water District Board of Directors will hold a public hearing to consider its rates and charges for the delivery of water to be effective July 1, 2014. The meeting will be held in the multipurpose room at Placer Hills School, located at 16825 Placer Hills Road in Meadow Vista, California.

The following notice provides information on the proposed increase in the water rates and charges and the reasons for them. If you have any questions regarding this notice, please call the District at (530) 878-8096.

Sincerely,

The Board and Staff of Midway Heights County Water District

On May 15, 2014 the Board and staff discussed the District budget for the next fiscal year and rate setting. The operational budget for the next fiscal year has a deficit of \$11,714. In order to balance the budget the District has two choices: continue to fund operations from reserves or increase rates. After analyzing reserves the Board decided that to continue to withdraw funds from reserves would be fiscally unsound. The Board and staff analyzed the reserves and noted that the District is not consistently funding depreciation of District assets and that the reserve for repair and replacement of District assets has a deficit of \$1,101,219. As an example of depreciation expenses, last fiscal year the depreciation expense to the District was \$62,153. The District funded repair and replacement cost to the irrigation system in the amount of \$13,349. This was a deficit of \$48,804. Additionally, the District spent \$32,349 the prior fiscal year replacing irrigation meters.

Due to the facts stated above, the Board decided to adopt a three year rate increase plan to stabilize the operational budget and to get on a pathway for funding depreciation. The plan is to raise the monthly treated service charge by \$3.20 and all monthly irrigation charges by \$1.94 once a year for the next three years. No change is proposed in the rates charged for water usage. It is projected that this will increase revenue by \$23,428 a year. It is expected that the District will be able to fund depreciation expenses at the end of the three year rate plan by \$35,000 a year.

To offset the anticipated temporary loss in revenue due to the drought conditions, the Board approved the use of funds from the Irrigation Rate Shift Fund. The loss in irrigation revenue is anticipated to be as much as \$15,274.

PUBLIC HEARING PROCEDURE

All persons wishing to be heard on this matter may be present at the public hearing. If you cannot be present, you may communicate your concerns on this matter by sending them to the Board of Directors, P.O. Box 596, Meadow Vista, CA 95722 or by delivering them in person at the hearing. If written protests against any of the proposed rates or charges are presented by a majority of the property owners, the District will not impose the increase. In order to be considered, written protests must be received by the District prior to the close of the public hearing. The Board of Directors, after the close of the public hearing, will establish the rates. The rates will not exceed the proposed increase.

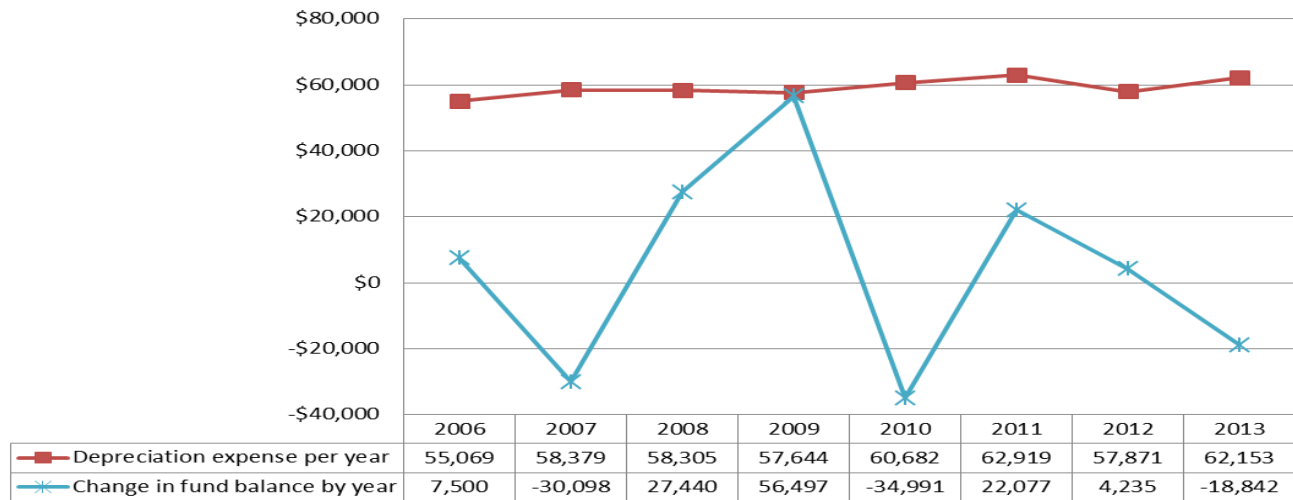
Please review the other side of this notice for proposed rates and financial information.

SUMMARY OF PROPOSED RATE INCREASES

Monthly charges	current rates	Proposed		
		July 1, 2014	July 1, 2015	July 1, 2016
Treated				
Treated service charge	\$42.36	\$45.56	\$48.76	\$51.96
Irrigation				
Miners Inch	\$54.17	\$56.11	\$58.05	\$59.99
Seasonal Miners Inch	\$30.90	\$32.84	\$34.78	\$36.72
Irrigation Service Charge, 11.2 GPM rate	\$15.90	\$17.84	\$19.78	\$21.72
Irrigation Service Charge, 16.80 GPM rate	\$23.85	\$25.79	\$27.73	\$29.67
Irrigation Service Charge, 22.4 GPM rate	\$31.79	\$33.73	\$35.67	\$37.61

Note: the irrigation service charge for customer over 22.4 gpm will also increase by \$1.94 each of the next three years.

Change in fund balance vs annual depreciation expense



Total depreciation vs District reserves for repair and replacement

