**Frequently Asked Questions**

Proposed Water Rate Adjustments

**Q. Why do we need a rate adjustment?**

The rate needs to be restructured in order to be within the guidelines of California Proposition 218. While SCSD management works diligently to contain costs, chemicals, lab testing, utilities and personnel costs continue to increase annually. The SCSD conducted a comprehensive line by line review of the budgetary expenditures to maximize available resources and reduce operational costs.

**Q. When was the last rate increase?**

The last time our regular rates were increased was February 2015 when the base rate was increased by $1.75 ($34.34 to $36.10) to secure the grant for the City of Redding Intertie. Since then, we have made some changes to our base rate to address emergency needs. The Revolving Loan Fee was renamed the Carr Fire Recovery Fee to make up for losses caused by the fire. In addition, the ACID fee was increased slightly due to having to divert ACID water to make up for drought restrictions imposed by the Bureau of Reclamation.

**Q. Why is no water part of the new base rate?**

Under California Proposition 218, the District is required to charge based on usage costs. Our current rate structure is in violation of this provision because our base rate includes up to 1,000 cubic feet of water. Because some customers use less than 1,000 cubic feet of water/month, the current structure is not uniformly allocating costs based on usage. Current rates charge the same for someone who uses 1 cubic foot of water as someone who uses 999 cubic feet of water

**Q. How were the proposed rates determined?**

Our District manager, the board, and RCAC spent several months reviewing expenses and current conditions of district infrastructure. The income survey sent out was also heavily weighted in determining the ability of our customer base to support the cost of the district. The rates determined by the rate study will only fund 20% of the system and infrastructure maintenance costs and assumes that 80% of the costs will be covered by grants.

A full copy of the completed rate study is available on the district website: [www.shastacsd.org](http://www.shastacsd.org).

**Q. How can I protest the proposed rate adjustments?**

You may mail your signed protest form to the District Office at PO Box 2520, Shasta CA 96087 or hand deliver to the district office located at 15611 Rock Creek Road, Shasta, CA until the close of the public hearing. All customers will be notified of the Public Hearing date 45 days in advance of the meeting. You have the right to submit a protest form for each water meter connection for which you pay. Written protest must include your original signature and date, your name typed or printed under the signature, address of the property and affirmation that you are the owner or customer of record.

**Q. Can I call, email or fax in my protest vote?**

No, Proposition 218 requires a written protest with a signature.

**Q. How many protest or “no” votes are required to stop the proposed rate adjustments?**

Proposition 218 requires a simple majority of 50 percent plus one of the affected customers.

**Q. What will happen if a majority of customers protest the rate increase?**

The Board will develop and present another model. The district’s current model is no longer legal in keeping with California Proposition 218 nor adequate to continue funding the district moving forward.

**Q. Why are the rates of the SCSD higher than several of the surrounding water districts?**

Surrounding water districts are not directly comparable to Shasta CSD for several reasons: Number of customers, infrastructure requirements and water delivery/treatment expense. The District has also taken out loans in the past to cover infrastructure maintenance costs due to not having adequate reserves. The repayment of these loans has increased SCSD rates and is something the District is trying to avoid in the future.

**Q. How much will building a new office contribute to the rate increase?**

It is unfortunate that the Carr Fire destroyed the building that previously housed the District office. As a Community Services District, we are required to have a place of business within our community and have temporarily met this requirement by leasing a property for our office. Our current temporary office is not adequate for all of our operational needs or for holding Board Meetings.

Our District Manager has secured grant and loan funding for the office project. The repayment of the loan will add roughly $1.41 to the customer bill which is included in the proposed rate structure. Receipt of the grant is contingent upon our rate structure meeting sustainability requirements.

**Q. How do I determine what my new monthly water bill might be?**

Please refer to the “New Proposed Estimated Rate Costs for 2021” on the district’s website.

**Q. Why are there no more inactive rates?**

The base rate covers the cost to make water available to your property (capacity fee has been paid) and will no longer include any water allocation. This covers the District’s costs to operate and have water available for you to purchase.

**Q. What happens if we don’t change the rates and an emergency comes up in the district?**

As outlined in the Rate Study, based on current expense and Capital Improvement needs, the District will not be financially viable within 5 years without a rate adjustment. Current reserves and revenue do not provide for emergencies. In addition, the District faces the possibility of legal action by customers for noncompliance with California Proposition 218.