



October 7, 2019

PUBLIC HEARING NOTICE **REGARDING PROPOSED WATER RATE INCREASES FOR 2020**

Dear Property Owners and Customers,

Pursuant to the requirements set forth in Article 13D of the California Constitution, we are notifying you that the Kinneloa Irrigation District's Board of Directors will consider establishing water rates for 2020, as described below, at a public hearing to be held at 3:00 p.m. on Tuesday, December 17, 2019, at the District's office, 1999 Kinclair Drive, Pasadena. These rates will be applicable for water supplied to all parcels within the District's boundaries. The Board will consider oral and written comments from the public at this meeting prior to adopting any change in the District's rates. You may submit a written protest to the proposed rates at the address set forth above either prior to or at the public hearing.

Water sales revenue is the primary source of income to the District and this revenue is needed to provide funding for system improvements, preventative maintenance projects, general costs and operating costs. Each year, we review and refine our *Water Master Plan for the Kinneloa Irrigation District* (Revision 4 was adopted July 31, 2018) to determine what projects should be undertaken in the coming years, as well as perform an annual review of operating expenses in preparation of the budget. That review has demonstrated that the District's existing water usage rate and daily service charge are not enough to meet the District's revenue requirements for necessary ongoing operations, capital improvements and debt service, and that additional funding of approximately \$100,000 is needed to meet the required revenue. District management has calculated how much of an increase in the water usage rate and daily service charge would be necessary by using the current average annual water usage within the District and determining the incremental increase needed to produce the additional revenue.

The *Water Master Plan for the Kinneloa Irrigation District*, which lists the necessary capital improvement projects the District will be undertaking, can be viewed at <https://kinneloairrigationdistrict.info/Documents/Master Plan/Master Plan Approved 20180731.pdf>. This plan, which was originally developed after the 1993 Kinneloa firestorm, lists projects that improve the District's ability to store and provide enough water for firefighting and to maintain water service after other natural disasters, such as earthquakes and windstorms. The numerous wildfires throughout California every year underscore the important role the District has in providing the firefighting ability to protect your home in a future disaster. In addition, the plan includes projects to ensure the District continues to provide its customers with safe and healthful drinking water. The District has completed over \$8 million in projects over the past eighteen years and has saved the District's customers significant debt service costs by self-

funding most of the projects through water sales revenue. In 2017, the Kinneloa Irrigation District constructed a new pipeline to connect two reservoirs to provide additional storage capacity, additional fire protection and operational redundancy in the event of a natural disaster. This project and the previously completed booster station project were funded with a \$2.3 million installment purchase agreement to spread the cost of projects over a 15-year period. In 2018, the District completed another pipeline project using reserve funds to increase fire flow to offer additional fire protection in another portion of the District. The District will continue to complete other scheduled preventative maintenance and improvement projects using reserve funds set aside for this purpose. Major projects completed in 2019 included reservoir maintenance, the replacement of obsolete radios that send and receive data to control reservoir levels and water treatment equipment. Two additional pipeline replacement projects to increase fire protection are now in the design phase and scheduled to be constructed in the 2020-2021 time period.

The District will continue to consider current and potential fire flow requirements, potential impacts of auxiliary dwelling units (ADU's) on the District's water delivery system, the available annual water supply and options for additional water sources. The District will also need to replace aging pipelines to maintain the reliability of the water distribution system.

The Board of Directors of the Kinneloa Irrigation District approved the budget for the calendar year of 2020 at its regular meeting on September 17, 2019, subject to further discussion and approval of water rates for 2020 at the public hearing and board meeting, in full compliance with the California Constitution's requirements. At that meeting on September 17, 2019, the Board also proposed an increase in the District's water usage (commodity) charge from \$4.43 to \$4.56 per unit (one unit equals 100 cubic feet or 748 gallons) and an increase in the District's fixed daily service charge from \$2.20 to \$2.27. The proposed rate increases for 2020 are necessary to meet the projected revenue, capital improvement and debt service requirements of the 2020 budget.

Your billing and usage history are available online by registering your account at the District's Internet site at <https://kinneloairrigationdistrict.info> or by mail upon request. The effect of this proposed rate increase on your monthly water bill can be offset by continuing your conservation efforts, by converting your outdoor irrigation and landscaping to California-friendly plants and by applying at <https://socalwatersmart.com> for rebates on appliances, weather-based irrigation controllers and other water saving devices.

Your Board of Directors who are also customers of the District is committed to keeping your water rates as low as possible and still provide a safe and reliable water supply and a superior emergency response capability. This minimal increase is consistent with those goals.

Sincerely,

Kinneloa Irrigation District Board of Directors

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