Sunnyslope Water District

3570 Airline Highway
Hollister, CA 95023-9702

**PARCEL NUMBER**

# Proposition 218 Notification
# NOTICE OF PUBLIC HEARING ON PROPOSED WASTEWATER (SEWER) RATES

## *Why is Billing Changing?*

***Flat Rate Billing:***

After 12 years of operating the upgraded Ridgemark Wastewater Treatment Plant (RWWTP), the billing data collected by the District demonstrates that wastewater rates have been sufficient to cover operating expenses. To keep wastewater rates stable, the district has invested in solar projects and energy efficient equipment. The fixed costs of the wastewater system are steady and overwhelmingly (98%) the majority of operational costs. Fixed costs include the buildings, annual maintenance, staffing, underground assets, pumpstations, permitting and regulatory compliance. Variable costs, such as power or chemicals have been significantly controlled through operational efficiencies.

Of greatest significance is that the variable component of the currently billed sewer rates is based on household water consumption during February and March of each year. Individual homes reducing water use does not reduce the fixed cost of sewer treatment facilities. Additionally, utilizing a fixed sewer rate that does not fluctuate allows the district to stabilize income, stabilizes administrative costs, ultimately costing the district less to operate.

***Hearing Date & Time:***

**December 15, 2026 @ 5:15pm**
**or as soon thereafter as possible**

***Hearing Location:***

**Sunnyslope County Water District**
**3570 Airline Highway, Hollister, CA 95023**

## *Basis of Proposed Rates*

As required by state law and District policy, the District has successfully been collecting sufficient revenues to cover the costs of operating the sewer collection and treatment system without generating more funds than needed to operate. These costs include electricity, equipment, supplies, ongoing repairs & maintenance, regulatory compliance, testing services, treatment chemicals, and salaries & benefits for enterprise staff.

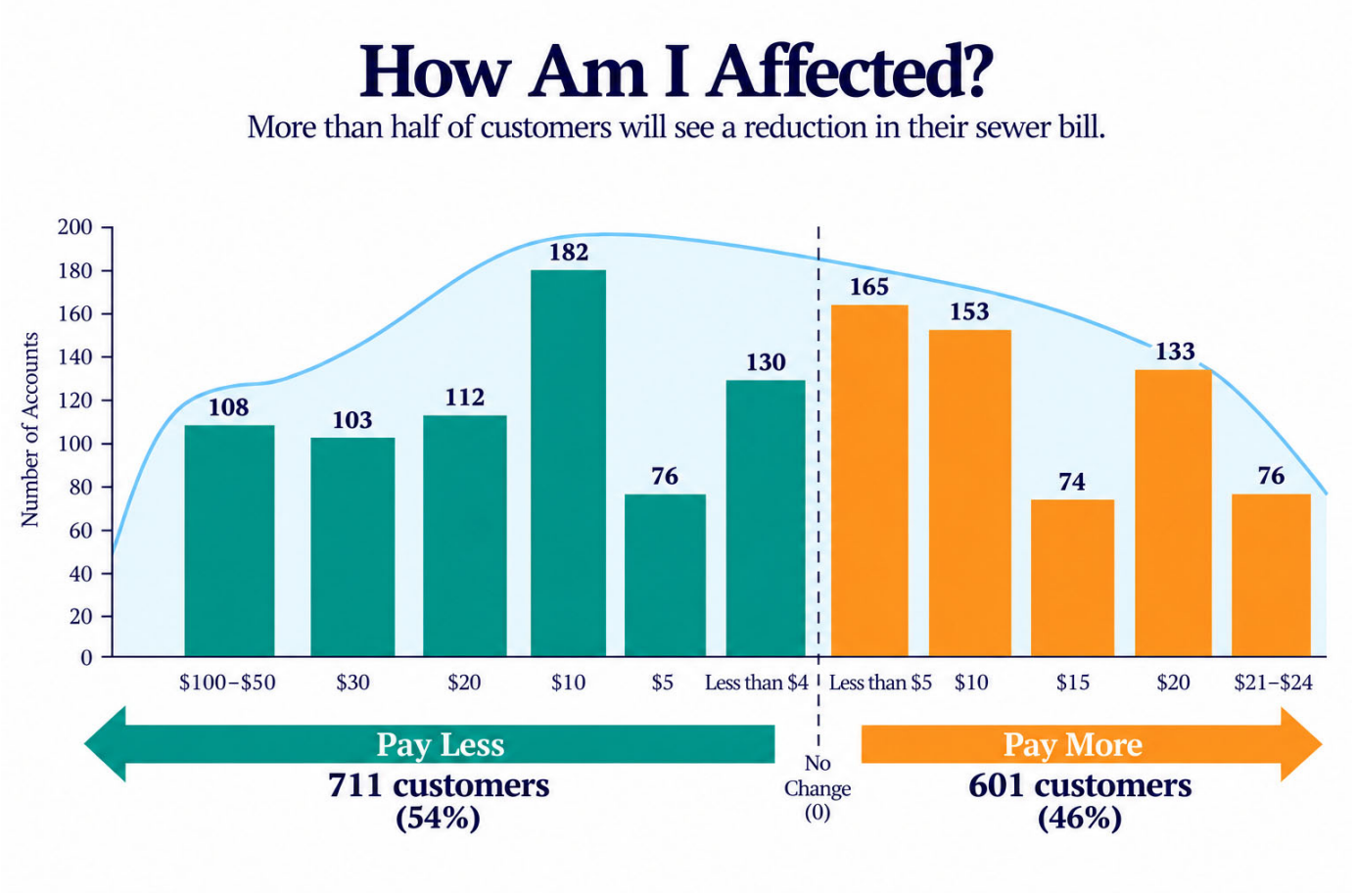
The last sewer rate adjustment occurred in 2018. Since that time your sewer services have been calculated the same way each year using a base rate of $95.93 a month, plus a sewer service volume charge of $5.64 times the number of hundred-acre feet of water consumed, on average, during the months of February & March to represent water usage excluding irrigation use.

A study by an independent consulting firm concluded that the current revenue generated is sufficient for operations; however, the current practice of variable rate sewer collection does not accurately reflect individual usage. A fixed monthly sewer charge will help stabilize revenue, reduce the administrative effort required to recalculate rates annually, better align each

residential customer's share with the actual cost of providing wastewater services, lower sewer bills for the majority of customers throughout the District, and continue to cover operating, maintenance, administrative, and capital improvement costs. The proposed rates will provide enough funds for the District to recover the cost of operation, maintenance, administration, and capital improvement projects with proposed increases to maintain pace with expected inflationary pressures.

***Cost of Service***:

Wastewater rates have not increased since December 2018. During that time inflation experienced throughout all operations exceeded 23%, but the District managed operational costs to avoid rate increases in your sewer bill. After 12 years of operational experience, the data demonstrates the current model of fixed charges plus variable charges is no longer accurate and requires recalculation. As proposed, the single fixed wastewater charge will include all sewer costs, increasing no more than 3.5% each year, occurring on January 1st. This means your current bill may increase or decrease to match the proposed fixed charge once, and after that all customers will pay the exact same amount.




***Why the Proposed Fixed Charge Reflects System Costs***:

Approximately 98% of the District's wastewater operating costs do not vary with the volume of wastewater we treat. Meaning these expenses remain relatively constant (fixed), regardless of how much wastewater an individual household produces. For the past 9 years, residential customers pay a base charge plus a variable amount calculated using their average water consumption during February and March. As a result, customers with the lowest winter water consumption generally do not pay the full cost of conveyance and treatment.

A recent review revealed that the cost of fixed expenditures is approximately $123 per residential connection. The variable expenditures add only a few dollars more per connection. As illustrated in the chart above, many previous residential bill amounts fell below this proposed fixed-cost benchmark. For example, a customer paying $101.57 per month was paying $21.22 less than the actual fixed-cost component alone. The new rate to be considered simplifies all billing and is intended to distribute these ongoing costs evenly, ensuring that each household contributes toward maintaining the wastewater system regardless of

individual water consumption. Beginning January 2027, single-family residential customers would pay $125.30 per month. Some customers will see an increase, while others will see a decrease, depending on their previous bill.

***Future Wastewater Projects***:

Wastewater capital projects totaling $5 million are needed over the next five years. These costs are included in the fixed rate and projects will be paid for as we go.

***Wastewater Rates***

The District currently charges customers a monthly service charge which includes a fixed charge, plus a variable rate, calculated by multiplying winter water consumption by a volumetric charge.

What will change:

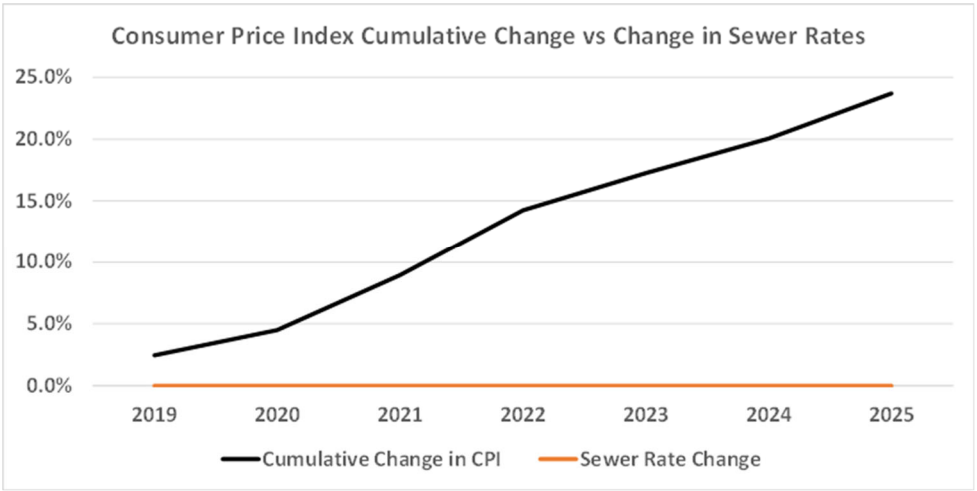
- The new single family residential rate will be fixed as illustrated below.
- Multi-Family Residential will also be a fixed rate times the number of dwellings.
- Commercial & Industrial accounts will continue to have a rate based on water consumption subject to a minimum sewer charge.

| Customer Class | Current | FY 2027 | FY 2028 | FY 2029 | FY 2030 | FY 2031 |
|---|---|---|---|---|---|---|
| Effective Date | Varies based on average Febuary and March water consumption | 1/1/2027 | 1/1/2028 | 1/1/2029 | 1/1/2030 | 1/1/2031 |
| **New Single Family Residential Charge, $/mo/dwelling unit** | | **$125.30** | **$129.69** | **$134.23** | **$138.93** | **$143.80** |
| The Actual Monthly Fixed Costs to the District | | $123.00 | $127.31 | $131.76 | $136.37 | $141.15 |
| Variable, $/hcf | | -- | -- | -- | -- | -- |
| Multi Family Residential | | | | | | |
| Fixed Charge, $/mo/dwelling unit | | $81.80 | $84.67 | $87.64 | $90.71 | $93.89 |
| Variable, $/hcf | | -- | -- | -- | -- | -- |
| Commercial & Industrial (1) | | | | | | |
| Cottages, Motels, Trailer Parks, Laundries, etc. | $9.20/hcf | $19.81/hcf | $20.51/hcf | $21.23/hcf | $21.98/hcf | $22.75/hcf |
| Commercial and Industrial | $12.14/hcf | $50.00/hcf | $51.75/hcf | $53.57/hcf | $55.45/hcf | $57.40/hcf |
| Minimum Charge, $/mo | -- | $34.60 | $35.82 | $37.08 | $38.38 | $39.73 |
| (1) Subject to a minimum charge. | | | | | | |

***What has Sunnyslope done to reduce costs?***

Since December 2018 the sewer rates have remained the same and only variable water consumption has increased or decreased bills annually. That model is still in effect, but rates were not recalculated in 2026 correctly, and after staff corrected any bill that was charged more than the prior year, we then engaged a third-party consultant to review our current fiscal health. This analysis confirmed the proposed fixed rate better aligns each residential customer's share of the expenses with the actual cost of providing wastewater services.

This graph illustrates the +23% inflation increase in sewer-related expenses; however, the District's proactive installation of a solar project (to mitigate PG&E's rising costs), improvements in operation, and a reduction in chemicals needed to achieve full treatment has all resulted in less costs at our treatment plant.



The estimated inflationary pressure over the coming 5 years is expected to increase at 3.5% annually.

| Effective Date | Rate Adjustment |
|---|---|
| 1-Jan-27 | All residential rates will be charged the same amount starting at $125.30 |
| 1-Jan-28 | $125.30 + 3.5% = $129.69 |
| 1-Jan-29 | $129.69 + 3.5% = $134.23 |
| 1-Jan-30 | $134.23 + 3.5% = $138.93 |
| 1-Jan-31 | $138.93 + 3.5% = $143.80 |

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***IMPORTANT LEGAL NOTICE: MANDATORY ADMINISTRATIVE EXHAUSTION REQUIREMENT (AB 2257 / GOVERNMENT CODE SECTION 53759.1)***

***PLEASE TAKE NOTICE that pursuant to California Government Code Sections 53759.1 and 53759.2, and Resolution No. 622 adopted by the Sunnyslope County Water District, the District has implemented formal administrative exhaustion procedures for these rate-setting proceedings.***

***FAILURE TO SUBMIT A TIMELY, SPECIFIC WRITTEN OBJECTION PRIOR TO 5:00PM ON DECEMBER 14, 2026 WILL LEGALLY BAR YOU FROM CHALLENGING THE PROPOSED FEES OR ASSESSMENTS IN COURT.***

***If you intend to judicially challenge the proposed new, increased, or extended fees or assessments under Article XIII D of the California Constitution (Proposition 218) or any other provision of law, you must exhaust your administrative remedies by doing all of the following:***

1. ***Submit a Written Objection: You must submit a formal objection in writing to the District. A verbal statement at the public hearing or a standard "no" ballot protest is not sufficient to meet this legal requirement.***
2. ***State Specific Grounds: Your written objection must explicitly state the precise constitutional, statutory, or technical grounds upon which you contend the proposed fees or assessments do not comply with the law.***
3. ***Meet the Deadline: Your detailed written objection must be received by the District Clerk no later than 5:00pm at the District Administration Offices, 3570 Airline Hwy, Hollister CA 95023 on December 14, 2026.***

***Any subsequent judicial review or court challenge brought against these proposed rates will be strictly limited to the official administrative record generated by the Agency and the specific issues raised in the timely written objections submitted during this process.***

***Written objections may be delivered by mail or in person to:***
***Sunnyslope County Water District***
***Attn: District Clerk / Secretary***
***3570 Airline Hwy***
***Hollister CA 95023***

***Concerns, Please Contact Us***

If you have any questions about this notice, please call the Sunnyslope Water District at (831) 637-4670 during regular business hours or email directly to: generalmanager@sunnyslopewater.org