



NOTICE OF PUBLIC HEARING

BY THE BOARD OF DIRECTORS OF THE HESPERIA WATER DISTRICT REGARDING PROPOSED INCREASES TO WATER AND SEWER RATES PURSUANT TO ARTICLE XIIIID OF THE CALIFORNIA CONSTITUTION (PROPOSITION 218)

Owners and Tenants of the Addressed Property:

NOTICE IS HEREBY GIVEN that a Public Hearing will be held before the Board of Directors of the Hesperia Water District on the following date:

DATE OF HEARING: November 21, 2017

TIME OF HEARING: 6:30 p.m., or as soon thereafter as possible

PLACE OF HEARING: City Hall - City of Hesperia
Council Chambers, 9700 Seventh Avenue
Hesperia, California 92345
(760) 947-1833

FOR THE FOLLOWING PURPOSE:

The Board of Directors of the Hesperia Water District ("District") will hold a public hearing pursuant to Article XIIIID of the California Constitution (commonly referred to as Proposition 218) to consider proposed rate increases for the water and sewer services provided by the District. The proposed rate increases include: (i) a nine percent (9%) annual increase in the total revenue for water service including rate structure changes identified in this letter; (ii) a six percent (6%) annual revenue increase for sewer service; and (iii) an automatic additional pass-through adjustment to the Sewer Charge if the Victor Valley Water Reclamation Authority ("VWVRA") increases its future rates by more than eight percent (8%) in a given year. The proposed new rates are shown in the attached Exhibit B. A comparison of rates charged by other local water agencies is also included for your information. **This comparison shows that, even with the proposed rate changes, Hesperia's rates for typical consumption of 27 hundred cubic feet (HCF) would still be amongst the lowest in the area, as shown in Exhibit A.**

This 45-day notice is hereby given in accordance with Section 6(a) of Article XIIIID of the California Constitution. The purpose of this notice is to provide you with information about the proposed increase in the rates charged by the District, and to inform you about your opportunity to protest the rate increase by submitting written protests prior to or during this public hearing.

On August 30 and September 19, 2017, the District held public workshops to consider and receive public input on a Water and Sewer Rate Study prepared by NBS, an independent consulting firm ("Study"). On September 19, 2017, the District considered the Study and directed District Staff to send out this notice.

If the proposed rates are approved, the proposed rates are scheduled to take effect commencing January 1, 2018 and on each December 1 thereafter, until the last increase on December 1, 2021. Future rate increases after December 1, 2021 will require a new notice and hearing.

The proposed rate changes are needed to continue the safe and reliable delivery of water and sewer service to the District's customers and will: 1) fully fund operations and maintenance costs, 2) establish sufficient reserves, as recommended by industry standards, for the financial stability of the District and for unanticipated costs such as equipment failures or a natural disaster such as an earthquake, and 3) support necessary capital improvement projects to keep the system in good operating condition.

Water rates have two components. The Fixed Service Charge pays for the District's fixed costs of operating and maintaining the water system. These costs do not change based on the amount of water used by customers. The Commodity Charge pays for the amount of water actually used by a customer. The Commodity Charge is split into three tiers for residential customers and increases as customer water use exceeds the designated tier thresholds. The proposed water rate increases reflect adjustments to the Fixed Service Charge and Commodity Charge to provide more revenue stability for the District. Currently approximately 65% of District expenditures pay for fixed costs, but only 45% of District revenue is from the Fixed Service Charge. The proposed rates will adjust the allocation so that 50% of District revenue will be from the Fixed Service Charge beginning the first year, and 55% beginning in the fifth year. A structure where fixed revenue more closely aligns with fixed expenditures provides for revenue stability and results in a more financially stable water district.

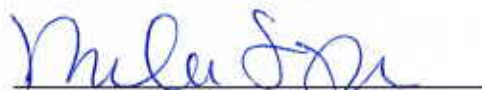
In order to provide additional District stability, consistent with recent court decisions regarding the establishment of water rates, the proposed rate changes also reflect adjustments to the overall water rate structure including: a change from a four-tiered residential structure to a three-tiered residential structure – with an expansion to Tier 1 so that more water is charged at the first tier rate, changes to the single family residential (SFR) and Non-SFR bi-monthly service charges, and a change to the Non-SFR uniform consumption charge. Additional information about these changes is available on the City's website at www.cityofhesperia.us/waterhearing. For your convenience, the District has provided a residential rate calculator for customers to determine the proposed impact of the rate changes. This rate calculator is available on the City's website at www.cityofhesperia.us/waterhearing. It should be noted that, even with the proposed rate changes, a comparison with other water providers in the area shows that Hesperia's rates for typical consumption of 27 (HCF) would still be one of the lowest in the area at year five, as shown in Exhibit A on the following page.

The proposed sewer rate increases reflect adjustments to the Sewer Charge, changes in the number of equivalent dwelling units served, and an annual 8% rate increase from VVWRA, which is based on VVWRA's prior rate increases over the previous five years. However, any VVWRA increases beyond 8% in a given year will be automatically passed through as an additional increase to the Sewer Charge. The basis for the proposed changes will be further described in the Study, which will be available on the City's website at www.cityofhesperia.us/waterhearing before the public hearing.

This notice has been mailed to the property listed on the service bill and to the record owner's address shown on the last equalized assessment roll if that address is different than the billing or service address. Persons responsible for the payment of the water and sewer charges (which includes owners of real property subject to the charges or renters of such property who actually pay the charges) who wish to protest the increases can send in a written protest to the address below or attend the public hearing on the increases to register their written protest at the hearing. Only one written protest per identified parcel (i.e. address/assessor parcel number) relating to the rate increase will be heard. **Written protests must be received prior to or during the public hearing on NOVEMBER 21, 2017.** Any written protests received following the close of the public hearing will not be counted. All written protests must (at a minimum) include the following information to be counted: (a) Address or assessor parcel numbers of property subject to the rate increase, (b) whether the protester is an owner or renter and (c) a clear statement protesting a particular rate or rates pursuant to this notice. The District cannot adopt the rate increase if written protests are presented by a majority (50% +1) of owners or tenants of the parcels upon which the increase will be imposed. Oral protests presented at the hearing will be heard but will not be counted. Only written protests will be counted. No email or other electronic protests will be accepted or counted.

Any person wishing to protest the increase may submit written protests to the City Clerk's office at 9700 Seventh Avenue, Hesperia, California 92345, before or during the public hearing. Any additional information on the increase may be obtained from the District at the phone number and address on the front of this notice. If you challenge this proposal in court, you may be limited to raising only those issues you or someone else raised at the public hearing as described in this Public Hearing Notice, or in written correspondence delivered to the City Clerk at, or prior to the Public Hearing.

DATED: This 28th day of September 2017


Melinda Sayre, City Clerk

How do the City's water rates compare with other agencies in the Victor Valley? As shown below, the graph provides a comparison of rates from the other local water service providers assuming an average consumption of 27 hundred cubic feet (HCF). It should be noted that even with the proposed rate changes, Hesperia's rates for the typical consumption of 27 HCF would still be amongst the lowest in the area. An HCF is equivalent to 748 gallons and all amounts presented on a bi-monthly basis.

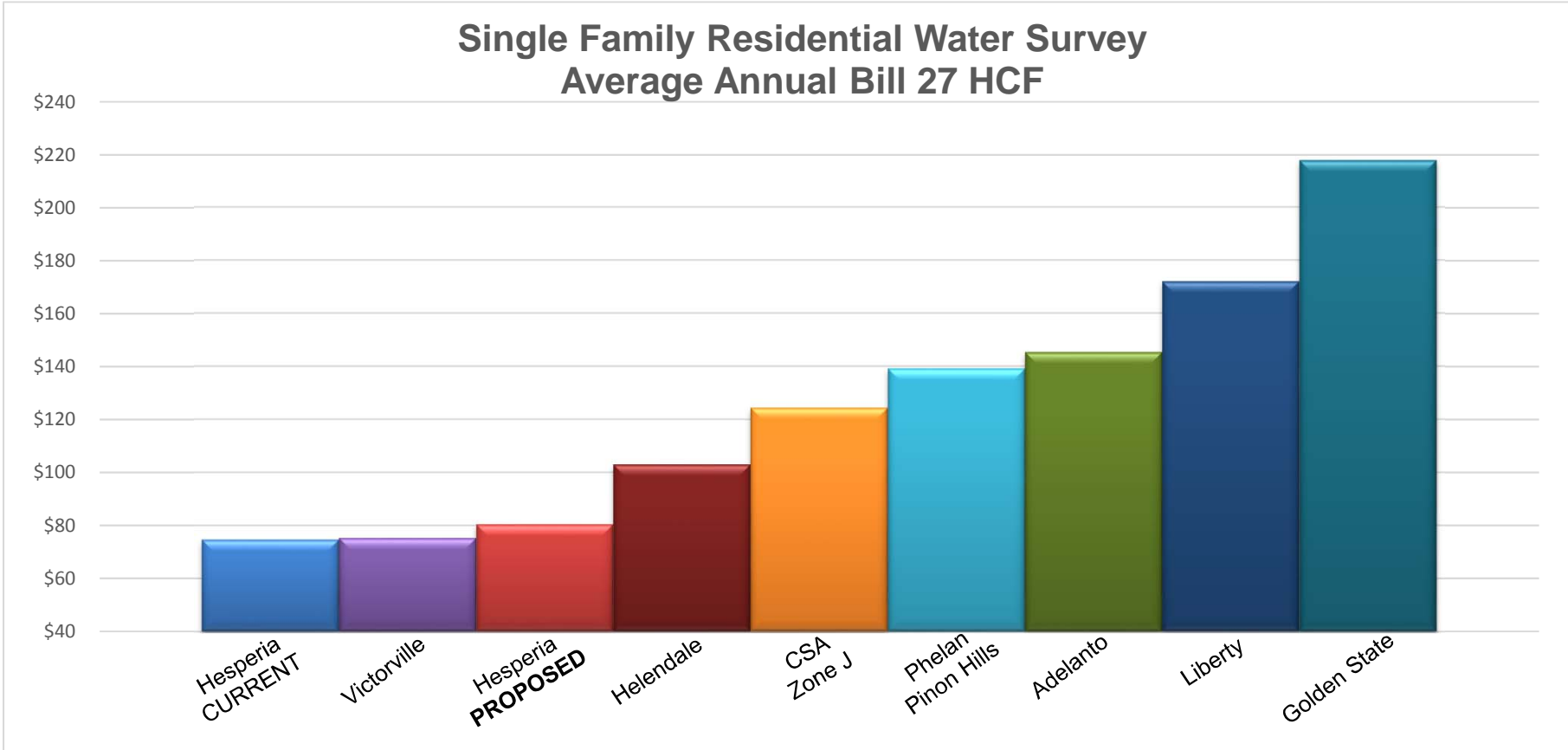


Exhibit A

Water Rate Schedule	Current Rates	Proposed Water Rates*						
		1/1/2018	12/1/2018	12/1/2019	12/1/2020	12/1/2021		
Bi-Monthly Fixed Service Charges:								
<i>Single Family Residential</i>								
5/8 inch	\$39.27	\$46.09	\$50.24	\$54.76	\$59.69	\$71.27		
3/4 inch	\$39.27	\$46.09	\$50.24	\$54.76	\$59.69	\$71.27		
1 inch	\$58.91	\$46.09	\$50.24	\$54.76	\$59.69	\$71.27		
<i>All Other Customers:</i>								
3/4 inch	\$39.27	\$86.05	\$93.79	\$102.23	\$111.43	\$135.06		
1 inch	\$58.91	\$135.03	\$147.18	\$160.43	\$174.86	\$213.26		
1.5 inch	\$157.09	\$257.48	\$280.65	\$305.91	\$333.44	\$408.77		
2 inch	\$251.35	\$404.42	\$440.82	\$480.49	\$523.74	\$643.38		
3 inch	\$502.70	\$796.26	\$867.93	\$946.04	\$1,031.19	\$1,269.00		
4 inch	\$785.47	\$1,237.09	\$1,348.43	\$1,469.79	\$1,602.07	\$1,972.83		
6 inch	\$1,570.94	\$2,461.60	\$2,683.15	\$2,924.63	\$3,187.85	\$3,927.91		
8 inch	--	\$6,869.86	\$7,488.14	\$8,162.08	\$8,896.66	\$10,966.20		
<i>Fire Service Charges:</i>								
2.5 inch	\$10.00	\$18.06	\$19.69	\$21.46	\$23.39	\$25.51		
4 inch	\$10.00	\$23.55	\$25.67	\$27.98	\$30.50	\$33.28		
6 inch	\$12.00	\$37.67	\$41.05	\$44.75	\$48.78	\$53.24		
8 inch	\$14.00	\$56.48	\$61.57	\$67.11	\$73.15	\$79.85		
10 inch	\$18.00	\$78.44	\$85.50	\$93.19	\$101.58	\$110.90		
Commodity Charges								
Rate per hundred cubic feet (hcf) of water consumed:								
<i>Construction Rate</i>	\$3.37	\$3.37	\$3.67	\$4.00	\$4.36	\$4.75		
<i>Uniform Potable Rate (Multifamily Residential, Business, Fire Service)</i>	\$1.68	\$1.44	\$1.57	\$1.71	\$1.86	\$1.84		
<i>Uniform Potable Rate (Public Building, Industrial, Irrigation)</i>	\$1.68	\$1.65	\$1.80	\$1.96	\$2.14	\$2.07		
<i>Tiered Rate (Single Family Residential Customers)</i>								
	Current	Proposed						
	<u>Break</u>	<u>Break</u>						
Tier 1	10 hcf	14 hcf	\$0.90	\$0.92	\$1.00	\$1.09	\$1.19	\$1.30
Tier 2	40 hcf	35 hcf	\$1.55	\$1.65	\$1.80	\$1.96	\$2.14	\$2.07
Tier 3	80 hcf	35+ hcf	\$1.88	\$2.24	\$2.44	\$2.66	\$2.90	\$2.69
Tier 4	80+ hcf	--	\$2.24	N/A	N/A	N/A	N/A	N/A
Sewer Rate Schedule								
Sewer Rate Schedule	Current Rates	Proposed Sewer Rates*						
		1/1/2018	12/1/2018	12/1/2019	12/1/2020	12/1/2021		
Bi-Monthly Rate Per EDU**	\$45.97	\$49.97	\$52.97	\$56.15	\$59.52	\$63.09		

Exhibit B

NOTE: *Additional information about the proposed rate structure changes is available on the City's website at www.cityofhesperia.us/waterhearing

**Listed sewer rates do not include automatic pass-through of VVWRA rate increases exceeding 8% in a given year