



Timber Cove County Water District  
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February 1, 2024

Dear Stakeholders,

We hired an engineering firm (RDN engineering) to do a rate study as required by proposition 218. At our public hearing on December 3, 2023, the board voted to accept the new rates that were recommended by the engineering firm effective January 2024.

The bills that come out in February will reflect the new rates.

This process is required by law to restructure rates. Your board has been diligent in ensuring we follow all legal processes.

This process began early in the summer of 2023 and first presented and distributed to the community in August of 2023, with the public hearing scheduled and taking place on December 3, 2023.

For those of you who attended the board meetings this past year, you have seen that the district's income level has been insufficient to continue operations and properly fund repairs and infrastructure. It became apparent that we could not continue with the current rate structure and continue to supply water indefinitely and keep our water district in good repair.

RDN Engineering is an approved and authorized engineering firm by the State of California to calculate rates for individual water districts. This study concluded that our rate structure did not properly serve our community, some rate payers were paying more than their share, while others not using water or little water were not paying enough. In fact, approximately 21% of the water customers were paying over 70% of the district's costs.

That is not considered a proper distribution of costs under prop 218. Prop 218 requires that one class of customers should not be unfairly burdened on the cost. The study determined that since all water district customers benefit from having the system, the costs should be more evenly distributed by customer class and all customers paying the proper percentage of the benefit vs our costs.

The variable rate will be lowered from nine cents a gallon to 5.7 cents per gallon. The base rate will increase from \$65.00 a month to \$98.00 a month. Some customers will see a slight change in their monthly bills, a few customers may even see lower charges while the remaining customers will see higher monthly bills due to the base rate increase.

It was also determined that our one Commercial customer, Timber Cove resort was not paying enough of their percentage vs the percent benefit they received. Their costs were significantly increased as a result to reflect their proper share of the cost of the district.

The price to produce water is significantly less than what we were charging per gallon while our fixed costs, maintenance and administration costs were significantly higher than our base rate and cost per gallon could fund. The new rates reflect what it will take to maintain the district as well as fund the district at 75% of what was determined it will take to complete necessary upgrades over the next 10 years.

The study itself is good for 5 years under the law established by prop 218.

***What are those upgrades?***

We have an engineering firm (Coastland Engineering) currently engaged in a full system evaluation to determine what the most pressing upgrades will be required and make infrastructure repairs/replacement. The board determined it was better to have an engineering firm that specializes in water production and distribution determine priorities vs the board and or/residents who have varying opinions. Once that study is completed, they will present it to the board in a public meeting to help us make informed decisions.

***A couple additional items that should interest you***

We applied for a grant with the office of emergency service fund (OES), a FEMA approved hazard mitigation plan. This plan is a prerequisite for any consideration for hazard mitigation repairs and/or upgrades or even FEMA assistance in the event of a disaster. It is a slow process, but we have been encouraged thus far in our communications with the OES with the process advancing through the various levels of government. In the event we do secure this grant we may be qualified for additional grants on hazard mitigation repairs and upgrades which will assist us in keeping our costs and rates lower.

All should also note that our water supply is in great shape. Our reservoir is at 100% capacity and even when we were in the worst drought in our history, we were still able to fill our reservoir to the spillway.

Our operators have done an outstanding job in managing our water and water production providing excellent quality water. As a reminder, our meetings are the 4<sup>th</sup> Saturday of each month at the Fort Ross Conservatory. I would like to encourage all to attend in person or by zoom to keep up to date on events or to get questions answered.

Thank You,

John Gray  
President, TCCWD