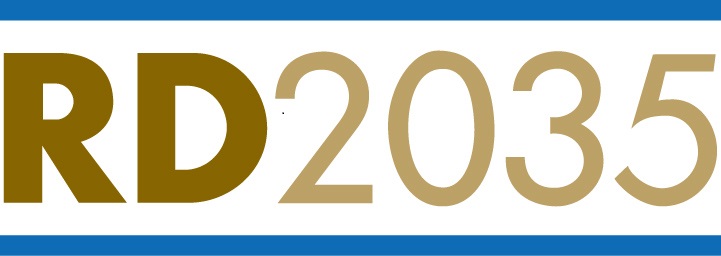
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**March 10, 2020**

**Reclamation District No. 2035**

**Notice of Public Hearing**

**For Proposed Water Delivery Charge Increases**

Reclamation District No. 2035 (“District”) will hold a public hearing to consider proposed increases to the Water Delivery Charges at 9:30 am on Wednesday April 29, 2020 at the District Office located at 45332 County Road 25, Woodland, CA 95776.

For completeness of information and transparency, this notice has been sent to all property owners in the District. However, not all property owners are eligible to benefit from Water Delivery within the District and only those that are eligible to receive water delivery will be effected by the proposed rate increase if approved. If approved, the rate increase would be implemented immediately.

***Why are rates being adjusted?***

The District strives to provide the highest quality, reliable, and legally compliant water delivery services to its customers. The primary change proposed is a modification of the water rate structure (relative to the existing structure) so that all lands that could receive district water are charged administration costs and only lands that are receiving water are charged the water delivery costs. An increase in rates is necessary to achieve a fiscally sound budget, while also continuing the current level of service increased costs due to the completion and operation of the state of the art environmentally compliant Sacramento River Pumping plant.

The District must generate sufficient revenues to maintain ongoing operations, to meet financial obligations, and meet the replacement, upgrade, and expansion objectives for current and future needs. The District, along with partners Cities of Woodland and Davis ( as the Woodland Davis Clean Water Agency) completed and is now jointly operating the new Joint Intake Project on the Sacramento River that replaces the District’s former pumping plant, built in the early 1900’s, with a new facility that meets current environmental standards for fisheries protection. By sharing the facility with Woodland and Davis, substantial savings will be realized by customers of each agency. If the new Joint Intake Project were not constructed, the District’s ability to divert water for delivery to its customers could be jeopardized by environmental laws.

***Proposed water delivery rates***:

**Summary of the new Rate Structure** – The District retained Davids Engineering of Davis California to prepare a comprehensive report and analysis of the new proposed rate structure, This Notice summarizes much of the information contained in that analysis. The new water delivery rate will, if approved, consist of two components: 1) a new administrative rate and 2) a water delivery rate. This results in two rates as described below.

**1. Administration Rate** –Fixed costs that are shared equally among all lands that could be irrigated whether or not they are actually irrigated.

**2. Water Delivery Rate** – Variable costs associated with water delivery that are shared equally

among the lands actually irrigated, prorated according to the amounts of water used by

different crops and for decomp.

**Analysis of the new Administration Rate** - The administration rate was calculated by dividing the total water delivery cost excluding pump fuel and utilities by the total land area that could be irrigated in the district (13,498 acres). The total land area was provided by District staff. The average administration rate for the 2016-2018 period was determined to be $52.05 per acre In addition, the District requires additional funds to provide for and leverage cost sharing projects to improve District water delivery infrastructure and improve operations of the water delivery system. This amount was set at half of an estimated $50,000 for those cost-shared projects (the District's cost sharing share). In addition, $50,000 is needed for intake repairs. Thus, the total cost per acre to provide revenue to cover the $52.05 per acre rate calculated above, plus the additional revenue of $75,000 (half of the $50,000 cost sharing projects and $50,000 for intake repairs) totals $57.60 per acre, which corresponds to the proposed new administration fee.

**Analysis of the Water Delivery Rate** - The Water Delivery Rates for each crop were developed based on historical cropping, and average evapotranspiration (ET) of applied water and on-farm irrigation efficiency by crop. Historical cropping was provided by the District. ET of applied water estimates were based on values reported by the California Department of Water Resources (DWR) and are detailed in the Davids Engineering report. The proposed water delivery rate calculated so that approximate cost of water in $/AF is the same for all the crops. Thus, the crops paying the most $/Acre are receiving the most water.

**Analysis of the Decomp Rate** – The Davids Engineering Report analyzed the Water Delivery Rate for decomp based on total water volumes delivered in the winter months (November through February) and a District estimated land area of 5,000 acres that applied decomp water. This results in an average decomp rate of $19.69 per acre. Because the actual decomp area was unknown at the time of this analysis it is recommended that the existing rate of $25.00 per acre be continued. (i.e. no increase).

**Inflation Adjustment**

The existing rate structure provided for an inflationary adjustment for 5-years, based on a CPI index. The proposed rate continues this adjustment. Due to continuing inflationary increases in providing water service to District customers and anticipated increases in the cost of goods, services and labor used for general operations, RD 2035’s cost of service is expected to continue increasing over the next five years at the rate of inflation. For this reason, the District is proposing a five-year rate increase from 2021 and through 2025 that includes automatic increases in years 2021, 2022, 2023, 2024and 2025 that are tied to the rate of inflation.

RD 2035 is proposing to add future inflation adjustments to the proposed water rates shown on Attachment 1 to be made for inflationary increases in the cost of service for a 12 month period, as measured by the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers (CPI-U) All Items West (Series Id: CUUR0400SA0) for June through May of each respective year. The annual inflation increase will be limited to the lower of the actual cost of service increase, or the CPI increase, but the adjustment will never be less than zero. Notice of any adjustment pursuant to the annual inflation increase will be provided to customers not less than 30 days before the effective date of the adjustment through a bill notice or other mailing by the District. These future inflationary rate adjustments would become effective on January 1st of 2021, 2022, 2023, 2024 and 2025.

**Rate Comparison**

Attachment 1 shows the rates currently in effect and Attachment 2 shows the proposed rates, along with a comparison to the current rates.

***How can I comment?***

Under Proposition 218, if you are the owner of record of a parcel or parcels subject to the proposed rate changes, you are entitled to protest against the proposed rate changes. You may do so in person at the public hearing, and you may also submit a protest in writing to the either at the public hearing, or prior to the public hearing date. If written protests are filed by a majority of the affected property owners, the proposed changes may not be imposed.

A written protest must contain a description of the property or properties for which the protest is being submitted (the county assessor parcel number or property address). It must be signed by the individual with an ownership interest in said property. If the protest is submitted by an

individual who is not shown on the last equalized assessment roll for Yolo County, the protest must contain or be accompanied by written evidence that the individual is the property owner or authorized to represent the owner.

Written protest of the proposed rate adjustments may be mailed to:

Reclamation District 2035

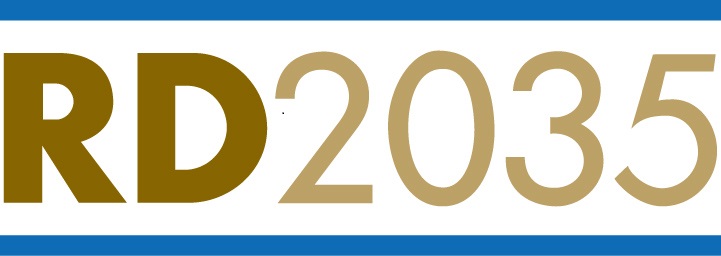
45332 County Road 25

Woodland, CA 95776

Only written protests that are received by the District prior to the close of the public hearing will be considered.

***For More Information***

For additional information, please contact Mike Hall of Reclamation District 2035 at (530) 662-1484.

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RECLAMATION DISTRICT 2035

45332 COUNTY ROAD 25

WOODLAND, CA 95776

SCHEDULE OF EXSITING WATER DELIVERY RATES[[1]](#footnote-1)

IRRIGATION RATES:

|  |  |  |
| --- | --- | --- |
| White Rice  Mid-Season Field  Drainage | $120.00  $20.00 | per acre  per acre |
| and Re-flooding |  |  |
| Wild Rice | $110.00 | per acre |
| Sweet Rice | $115.00 | per acre |
| Alfalfa | $105.50 | per acre |
| Corn | $100.00 | per acre |
| Sod | $100.00 | per acre |
| Tomatoes | $95.00 | per acre |
| Sudan | $95.00 | per acre |
| Vine Seed | $90.50 | per acre |
| Vine Seed- drip | $90.00 | per acre |
| Beans | $90.50 | per acre |
| Squash/Pumpkins | $90.50 | per acre |
| Melons | $86.00 | per acre |
| Sunflower | $86.00 | per acre |
| Oats\* | $45.00 | per acre |
| Wheat\*  Non Plant -Standby  Charge | $45.00  $25.00 | per acre  per acre |

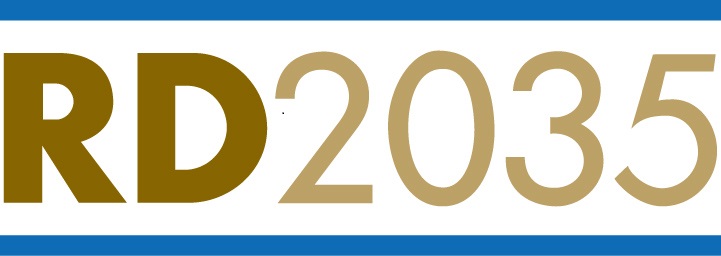
OTHER:

SPECIAL RATES FOR WATER TRANSFERS INVOLVING GROUNDWATER SUBSTITUTION OR LAND FALLOWING:

The District shall recoup its increased costs and lost revenues due to water transfers in order to provide necessary services, though these special rates. The actual rates are impossible to quantify as the costs are variable and depend on a number of factors, such as the cost of energy and the depth to pump groundwater. The Special Rates will be calculated by totaling the actual increased costs, if any, of all water transfers by landowners involving groundwater substitution or land fallowing. In no instance will the Special Rates be more than the District’s actual costs to provide water delivery services.

\*The district water master and general manager may determine actual quantities

**ATTACHMENT 1**

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RECLAMATION DISTRICT 2035

45332 COUNTY ROAD 25

WOODLAND, CA 95776

SCHEDULE OF PROPOSEDWATER DELIVERY RATES[[2]](#footnote-2)1

**Proposed Water Rates per Acre Compared to Current Master Water Delivery Rate Sheet**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Crop** | **Administration Rate** | **Water Delivery Rate** | **Total New Water Rate** | **Current Master Water Delivery Rate** | **Estimated Rate Increase (Decrease)** |
| RICE | $57.60 | $24.62 | $82.23 | $77.75 | $4.48 |
| SWEET RICE | $57.60 | $23.22 | $80.83 | $76.35 | $4.48 |
| WILD RICE | $57.60 | $21.92 | $79.53 | $75.05 | $4.48 |
| ALFALFA | $57.60 | $24.86 | $82.47 | $75.05 | $7.42 |
| CORN | $57.60 | $14.27 | $71.87 | $73.70 | $(1.83) |
| SOD | $57.60 | $26.90 | $84.50 | $73.70 | $10.80 |
| TOMATOES | $57.60 | $18.86 | $76.46 | $71.00 | $5.46 |
| SUDAN | $57.60 | $15.23 | $72.83 | $71.00 | $1.83 |
| VINE SEED | $57.60 | $18.56 | $76.16 | $69.65 | $6.51 |
| BEANS | $57.60 | $12.65 | $70.25 | $69.65 | $0.60 |
| SQUASH/PUMPKINS | $57.60 | $18.56 | $76.16 | $69.65 | $6.51 |
| MELONS | $57.60 | $18.56 | $76.16 | $68.30 | $7.86 |
| SUNFLOWER | $57.60 | $15.23 | $72.83 | $68.30 | $4.53 |
| OATS/WHEAT | $57.60 | $5.26 | $62.86 | $50.00 | $12.86 |
| DECOMP\* | $ - | $ - | $25.00 | $25.00 | $ - |

\* Administrative Cost already paid.

**ATTACHMENT 2**

1. These rates are also subject to an annual inflationary increases in the cost of service for a 12 month period, as measured by the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers (CPI-U) All Items West (Series Id: CUUR0400SA0) for June through May of each respective year. The annual inflation increase will be limited to the lower of the actual cost of service increase, or the CPI increase, but the adjustment will never be less than zero. Notice of any adjustment pursuant to the annual inflation increase will be provided to customers not less than 30 days before the effective date of the adjustment through a bill notice or other mailing by the District. These future inflationary rate adjustments would become effective on January 1st of 2016, 2017, 2018, 2019 and 2020. **ATTACHMENT 1** [↑](#footnote-ref-1)
2. 1 These rates are also subject to an annual inflationary increases in the cost of service for a 12 month period, as measured by the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers (CPI-U) All Items West (Series Id: CUUR0400SA0) for June through May of each respective year. The annual inflation increase will be limited to the lower of the actual cost of service increase, or the CPI increase, but the adjustment will never be less than zero. Notice of any adjustment pursuant to the annual inflation increase will be provided to customers not less than 30 days before the effective date of the adjustment through a bill notice or other mailing by the District. These future inflationary rate adjustments would become effective on January 1st of 2021, 2022, 2023, 2024 and 2025. [↑](#footnote-ref-2)