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**CASITAS MUNICIPAL WATER DISTRICT  
MEMORANDUM**

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**TO:** BOARD OF DIRECTORS  
**FROM:** MICHAEL FLOOD, GENERAL MANAGER  
**SUBJECT:** REVIEW RATES AND REGULATIONS FOR WATER SERVICE  
**DATE:** 02/22/23

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**RECOMMENDATION:**

It is recommended that the Board of Directors review updates to the Casitas Rates and Regulations for Water Service and schedule a public hearing for adoption on March 22, 2023.

**BACKGROUND:**

The Casitas Rates and Regulations (R&R) is the document referred to by staff and the public for the Casitas water service policy and procedures. The existing document was last updated in December 2009 and is provided as Attachment 1. Various sections of the Casitas R&R are outdated due to resolutions and policies that have been implemented since 2009.

**DISCUSSION:**

Staff is requesting updates to the Casitas R&R that provide clarification of District policies. A water rate study is currently underway, and staff will return with proposed water rates that are subject to the Proposition 218 process at a later date. The 2023 R&R document has been reorganized such that all water rates and other fees are provided in appendices and the document can be easily kept up to date with proposed changes.

The proposed 2023 R&R document and related ordinance are provided in Attachments 2 and 3. Most proposed updates to the Casitas R&R clarify policy language consistent with current practice and are intended to make it easier to find and understand District policies.

The Casitas R&R document has been restructured such that a redline of changes is impractical. Refer to Table 1 (located at end of memo) for a summary of where to find subject matter comparisons between the 2009 R&R and the proposed 2023 R&R.

Several outdated sections of the 2009 R&R are removed for consistency with the most recently adopted Water Efficiency and Allocation Program (WEAP). At the same time, some sections of the 2009 R&R are proposed to be relocated into the WEAP. A redline version of the WEAP is provided in Attachment 2 and updates are summarized as follows:

- Language regarding new or expanded uses previously in the 2009 R&R is relocated to the WEAP (Section 4.8.1 and 4.8.2)
- The essential allocation for Multi-Family Residential is increased from 7 HCF to 10 HCF per month. The 10 HCF essential allocation is the same as the Single-Family Residential essential allocation and is consistent with implementation practice for Multi-Family Residential within the billing system.
- In general, other edits for consistency with language in the proposed 2023 R&R.

Revisions in the 2023 R&R that will result in notable policy changes affecting customers include the following:

- Updated Schedule of Fees
- Accessory Dwelling Units
- Discontinuance due to Non-payment

*Updated Schedule of Fees (Appendix B)*

A schedule of fees is provided in Appendix B "Schedule of Other Fees and Charges". The updated fees are shown in red and are generally based on estimates of labor hours. An increased penalty for unauthorized tampering with District equipment has been added that is comparable with other agencies.

*Accessory Dwelling Units (Subsections 2.2.9, 6.2.3, and 8.1.5)*

The 2009 Rates and Regulations did not specifically address accessory dwelling units (ADUs). Therefore, language has been added to clarify policies that have been applied consistent with recent laws passed by the State of California to incentivize construction of ADU's. In practice, it has been Casitas' policy that customers proposing to build an accessory dwelling unit are not required to purchase additional allocation if there is no change to the existing service or meter capacity. If requested, customers can purchase additional allocation so long as the allocation amount is consistent with WEAP allocation policies.

Staff has a record of approximately 30 customers that recently constructed an accessory dwelling unit and are currently classified as Single Family Residential. For consistency with the State's definition of multi-family residences as 2 or more dwelling units and other Casitas customers that have 2 dwelling units, staff recommends reclassifying customers with recently constructed accessory dwelling units to Multi-Family Residential. Under the current water rate structure, multi-family residences are allotted 10 HCF per dwelling unit at the Tier 1 water rate. Therefore, multi-family residential customers with 2 dwelling units receive up to 20 HCF at the Tier 1 water rate. No changes to total base allocations are proposed with this type of reclassification.

*Discontinuance due to Non-Payment (Subsection 19.2 and 19.3)*

The Board adopted policies in January 2019 (Resolution 2020-02) in compliance with Senate Bill 998 regarding residential service discontinuance. Under current policies, residential customers become delinquent if unpaid "on the last business day of the month of the billing cycle" and is subject to shutoff after the account has been delinquent for at least 60 days (or approximately 90 days from when the bill is issued). After further experience administering SB 998 policies, staff recommends revising the language such that bills become delinquent from the due date. This would shorten the amount of time until shutoff to approximately 60 days opposed to the current policy of almost 90 days. As with current policy, customers would not be charged a delinquency fee unless the bill remains unpaid at least 30 days from the date of the bill. All noticing requirements would remain in compliance with SB 998, although staff is recommending changes to save staff time by sending warnings by mail instead of issuing hang tags, thereby reducing the number of hang tags distributed. Hangtags would still be issued no less than five business days prior to actual shutoff.

Finally, staff is proposing the same policy be applied to all customers for consistency in administration. Currently, non-residential customers are subject to shutoff upon initial delinquency. With all customers under the same policy, the shutoff date for non-residential customers would be extended by approximately 30 days compared with current practice, since customers would be subject to shutoff if the bill is unpaid 60 days after the date of the bill.

**Table 1 – Reference Table to Compare Sections**

Subject	2009 R&R	Updated R&R
General	1	1
Definitions	2	2
Area Served	3	1
Arrangements for Regular Water Service	4	3,6
Ownership of Service Facilities	5	5
Temporary Water Service	6	10
Public and Private Fire Service	7	9
Surplus Water	8	WEAP
Water Rates	9	17
Billing and Collection Charges	10	19
Billing Adjustments	11	20
Discontinuance and Restoration of Service	12	4
Meter Tests	13	18
Distribution Facilities	14	5
Water Supply and Interruption of Delivery	15	15, 21
Residential, Business, Industrial and Related Classes of Service	16	8
Casitas Equipment on Customer Premises	17	11
Responsibility for Water Receiving Equipment	18	12
Protection of Public Water Supply	19	13,14
Casitas Facilities and Water	20	14
Charges for Interacting with the Bureau of Reclamation on Requests from Others	21	7
Regulations Prohibiting Water Waste	22	16

**FINANCIAL IMPACT:**

The estimated revenue resulting from the fee increases shown in Appendix B “Schedule of Other Fees and Charges” is estimated to be approximately \$14,000.

**ATTACHMENTS:**

1. Current Rates and Regulations adopted in December 2009
2. Proposed Draft Ordinance and WEAP Revisions
3. Proposed Draft 2023 Rates and Regulations