



Westlands Water District

January 6, 2025

NOTICE OF PUBLIC HEARING

Proposed Increases to Water Rates, Land-Based Charges, and SGMA Charge

Westlands Water District (District) proposes to increase certain water rates, land-based charges, and a Sustainable Groundwater Management Act (SGMA) charge, effective March 1, 2025, upon adoption by the Board of Directors, for the purpose of collecting funds to cover costs related to water service. The District will hold a public hearing on the proposed increases and changes to water rates, land-based charges, and a SGMA charge **on Thursday, February 20, 2025 at 9:00 a.m.**, or as soon thereafter as the matter may be heard, at the District's Fresno Office, located at 286 W. Cromwell, Fresno, CA 93711. The public may also attend virtually and participate in the public hearing via Zoom at the following link:

Join Zoom Meeting

<https://wwd-ca-gov.zoom.us/j/81606864252?pwd=X7aRuKvibihW8vcw5e8DpivphqP6Xb.1>

Meeting ID: 816 0686 4252

Passcode: 3130

At this public hearing, the Board will hear and consider all objections and protests¹, if any, to the proposed water rates, land-based charges, and SGMA charge, listed below. Pursuant to Government Code section 53759.1, **failure to timely submit a written objection bars any right to challenge the District's water rates, land-based charges, or SGMA charge in a legal proceeding.** Further details about the protest and written objection processes can be found at the end of this Proposition 218 notice (Notice).

The attachments to this Notice provide the proposed increased water rates, land-based charges, and SGMA charge. The written bases for the proposed increases to the District's water rates, land-based charges, and SGMA charge are available on the District's website at <https://wwd.ca.gov/news-and-reports/notices/prop-218-proposed-assessment/>.

Water Rates

The District proposes to increase water rates for the purposes of recovering the District's costs to provide water service, including (1) operation and maintenance costs [as specified in the District's draft Fiscal Year (FY) 2025–26 budget], (2) various outside agency pass-through costs, (3) costs to operate the Groundwater Management Program, including installation of groundwater pumps and integration into the District's delivery system, (4) costs to acquire additional water supply where water users have exceeded their allocation, (5) costs of temporary facilities where the District's permanent distribution system has not been completed, and (6) costs to fulfill the District's water exchange agreement on behalf of water users within the District's Merged

¹ California Constitution article XIII D, section 6(a)(2) describes the majority protest process while Government Code section 53759.1 describes the written objection process.

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Lands/Area 2.² The proposed water rates also recover costs of supplying Municipal & Industrial water.

The District's water rates must be increased over the current year's rates due to rising costs and inflation in addition to an estimated lower initial Central Valley Project (CVP) allocation than the current year, as the District's costs per acre-foot of water increase when CVP allocation decreases. Although the United States Bureau of Reclamation (USBR) has not yet issued the District's CVP allocation, District staff are estimating an initial allocation of 5 percent.³ Therefore, the proposed increased water rates are based on the costs of water supply, conveyance, and other related costs assuming a 5 percent CVP allocation. Last water year, the initial CVP allocation was 15 percent, which rose to 50 percent over a series of increases.

If approved, water users will be charged various combinations of water rates per acre-foot of water delivered, based on the cost to the District of providing water service to the water user. To determine the cost per acre-foot, the costs associated with each rate will be divided by the quantity of water delivered. Water users may also negotiate the purchase of non-District water for their use. In addition to any applicable water rates, these water users may incur additional fees imposed by the transferring agency to which the water users contractually agree. These contractual payments or arrangements are not described within this Notice.

Enclosed is a table listing the proposed water rates. The rate chargeable to any specific water user will depend on the type and quantity of water delivered. The District may set each water rate to be levied at any amount below the proposed maximum amount without conducting another Proposition 218 process. In no event shall water rates collected exceed the actual and proportional cost of service attributable to each parcel.

Automatic Adjustments for Pass-Through Water Rates

As part of the District's water rates, the District collects fees and charges levied on it by outside agencies, including: the USBR Agricultural water contract rate and restoration fund rate, the San Luis Delta-Mendota Water Authority (SLDMWA) Operations and Maintenance rate, and the State Water Resources Control Board (SWRCB) Water Rights Fee. The District proposes to adopt a schedule of fees or charges authorizing automatic adjustments that pass-through 100% of increases in wholesale charges for water for a period of five (5) years. (Gov. Code § 53756.) The amount of automatic adjustments will be based directly on the incremental difference in costs that the District will incur from other agencies as a result of increases or decreases in the amount such agencies charge the District. Any such adjustments will only be made to the extent such increases or decreases are not already reflected in the schedule of charges then in effect. Data documenting the amount of the increase or decrease in costs and the basis for all adjustment calculations will be made available to the public upon request. The pass-through cost applies only to the four water

² The District's service area is divided into three types: Pre-Merger Lands/Area 1, Merged Lands/Area 2, and Annexed Lands/Area 3. Pre-Merger Lands/Area 1 constitute the jurisdiction of the original Westlands Water District prior to its June 28, 1965 merger with the Westplains Water Storage District. The land comprising the original Westplains Water Storage District constitute Merged Lands/Area 2. Later annexed lands constitute Area 3. See Westlands Water District Dwg. No. 582, dated December 21, 1976, revised November 12, 1986, entitled "Areas of Water Service Priority."

³ This estimate is consistent with the State Water Project's (SWP) initial allocation released on December 2, 2024. The SWP recently increased the allocation to 15% on December 23, 2024. However, SWP and CVP allocations are likely to change over time and may increase or decrease as more information becomes available.

rates described above and will be assessed on each acre-foot delivered. At least 30 days' written notice will be provided before any such adjustments will take effect.

Land-Based Charges (Except SGMA Charge)

The District also proposes to increase land-based charges (except the SGMA charge) for the purpose of collecting funds to cover: (1) debt service required as a result of District Water Supply acquisitions related to the *Sagoupe* settlement agreement; (2) extraordinary repairs and replacements of distribution system pipes; (3) expenses associated with the representation of landowners in dispute with USBR regarding drainage issues; (4) Westlands Water Quality Coalition charges for representative monitoring and reporting under the Regional Water Quality Control Board's Waste Discharge Requirements General Order for the Western Tulare Basin; and (5) debt service required for prepayment of the District's remaining obligation for construction costs of the CVP. The increases are necessary due to inflation and general rising costs of labor, materials, and overhead.

If approved, all land-based charges (except the SGMA charge) will be calculated based on a landowner's irrigable acreage.⁴ To calculate a landowner's cost under each land-based charge (except for the SGMA charge), the District's total cost is divided by the total irrigable acres subject to each specific land-based charge. This amount is then multiplied by a landowner's total irrigable acres to determine the total amount due to the District for each specific land-based charge (except for the SGMA charge).

Enclosed is a listing of proposed land-based charges (the SGMA charge is listed separately) which identifies each landowner of record's parcel, the irrigable acres for each parcel, the charge per irrigable acre, and the total calculated charge per parcel. Payment may be made by the landowner or the tenant.

Landowners with parcels that generate less than \$2.00 in land-based charges (not including the SGMA charge) will not be charged, as the cost to the District to collect those funds exceeds the value. Therefore, if the parcel's irrigable acreage is too small to generate a bill, a listing of proposed land-based charges will not be enclosed.

The District may set each land-based charge to be levied at any amount below the proposed maximum amount without conducting another Proposition 218 process. In no event shall land-based charges collected exceed the actual and proportional cost of service attributable to each parcel.

SGMA Charge

The District proposes to impose a SGMA charge to recover the District's costs of ongoing implementation costs of the GSP, including but not limited to annual Department of Water Resources (DWR) reporting, groundwater monitoring, land subsidence monitoring, water quality monitoring, public outreach, and the preparation of the San Joaquin Valley Westside Subbasin,

⁴ "Irrigable Acres" as used in this Notice and for Proposition 218 purposes has the same meaning as "Eligible Cropland" and "Cropland" as defined in the District's Rules and Regulations, Article 2, Sections 2.2(K) and 2.2(I), respectively.

Department of Water Resources Bulletin 118 Basin No. 5-022.09 (Basin) Groundwater Sustainability Plan's (GSP) required five-year evaluations and updates.⁵ These costs are included in the District's draft FY 2025–26 budget pursuant to its role as the Groundwater Sustainability Agency (GSA) for the Basin. The increases are necessary due to inflation and general rising costs of labor, materials, and overhead.

The District is not seeking to increase the SGMA meter installation charge adopted on February 22, 2024 pursuant to Board Resolution No. 102-24.

If approved, the SGMA charge will be calculated based on a landowner's gross acres located within the boundaries of the Basin. To calculate a landowner's per acre cost under the SGMA change, the District's total GSP implementation costs will be divided by the total gross acres within the Westside Subbasin. If approved, all landowners within the Westside Subbasin, except *de minimis* users, will be charged on a per acre basis.⁶ The District will account for costs accruing to *de minimis* users, as well as District-owned land, via permissible funding sources.

Enclosed is a listing of the proposed SGMA land-based charge which identifies each landowner of record's parcel, the total acres for each parcel, the charge per acre, and the total calculated charge per parcel. Payment may be made by the landowner or the tenant.

Landowners with parcels that generate less than \$2.00 in SGMA charges will not be charged, as the cost to the District to collect those funds exceeds the value. Therefore, if a parcel's gross acreage is too small to generate a bill, a listing of the proposed SGMA charge will not be enclosed.

The District may set each land-based charge to be levied at any amount below the proposed maximum amount without conducting another Proposition 218 process. In no event shall the collected SGMA charge exceed the actual and proportional cost of service attributable to each parcel.

Automatic Inflationary Adjustments

To enable the District to recover its costs each year, each water rate, land-based charge, and SGMA charge is subject to an annual automatic inflationary increase each March 1 for the next five (5) years based on the Consumer Price Index (CPI) for all urban consumers in the Pacific Division, series ID CUUR0490SA0. (See Gov. Code § 53756.)

Protests and Written Objections

Written objections and protests against any or all proposed water rate(s) and/or land-based charge(s) must be filed with the District Secretary before the close of the public hearing scheduled for 9 a.m. on February 20, 2025. **Failure to submit a timely written objection bars any right to challenge the District's water rates or land-based charges in a legal proceeding.** (See District's Rate Adoption Policy, dated January 6 2025; Gov. Code §§ 53759.1, 53759.2.)

⁵ As a GSA, the District may use any existing fee authority to impose a SGMA charge and/or the funding authority granted by SGMA. See Water Code §§ 10730(e), 10730.2(e).

⁶ *De minimis* users are those that extract two acre-feet or less of groundwater per year for domestic purposes. Water Code § 10721(e).

All written protests and objections must identify the water rate(s), land-based charge(s), and/or SGMA charge being opposed and include a description of the land owned sufficient to identify it. If the name on the written protest or objection does not appear on the last equalized assessment roll of the District as the owner of the land, the signer of the protest must also submit written evidence of ownership. Written objections must also specify the grounds for alleging non-compliance.

Written protests and objections may be mailed to:

District Secretary
Westlands Water District
P.O. Box 5199
Fresno, CA 93755

If written protests against a proposed water rate, land-based charge, or SGMA charge are filed by a majority of the affected landowners, the District shall not impose the water rate, land-based charge, or SGMA charge.

Any judicial action or proceeding to attack, review, set aside, void, validate, or annul an ordinance, resolution, or motion adopting a water rate, charge, or land-based charge, or modifying or amending an existing water rate, land-based charge, or SGMA charge shall be commenced within 120 days of the effective date, or the date of the final passage, adoption, or approval of the ordinance, resolution, or motion adopting, modifying, or amending the water rate, land-based charge, or SGMA charge, whichever is later. (See Gov. Code § 53759.)

If you have questions about the proposed water rates, land-based charges, or SGMA charge, please call Dalia Lopez at (559) 241-6227.

WESTLANDS WATER DISTRICT
286 W. Cromwell Ave, Fresno, CA 93711
P.O. Box 5199, Fresno, CA 93755
Telephone (559) 224-1523

PROPOSED WATER RATES AND CHARGES
For Hearing of February 20, 2025

Information about this listing of proposed rates and charges is provided in the enclosed Notice

<u>Description</u>	<u>Amount</u>	<u>Unit</u>	<u>Reason for the Charge</u>
United States Bureau of Reclamation			
Ag Water - Contract	\$ 34.19	[1]	AF Water supply cost paid to levying agency
Ag Water - Restoration Fund	\$ 13.33	[1]	AF Water supply cost paid to levying agency
San Luis Delta-Mendota Water Authority			
Authority Operations & Maintenance	\$ 76.03	[1]	AF Water supply cost paid to levying agency
State Water Resource Control Board			
Water Rights Fee	\$ 27.34	[1]	AF Water supply cost paid to levying agency
Westlands Water District			
District O&M	\$ 83.43	[2] [3]	AF Portion of District operations and maintenance activities and programs
Groundwater Management Program	\$ 650.00	[2]	AF Operating cost of Groundwater Management Program
Groundwater Management Program - ISMP	\$ 270.00	[2]	AF Operating cost of Irrigation System Management Program
Overuse of Water Supply	\$ 960.00	[2] [3]	AF Acquisition of water supply for water user deliveries exceeding allocation
Temporary Facilities Surcharge	\$ 160.00	[2]	AF Operating cost of temporary diversion facilities
Water Exchange Obligation	\$ 20.75	[2] [4]	AF Cost of water supply to repay historical water exchange
Municipal and Industrial			
Acquired Supply	\$ 308.70	[2] [3]	AF Delivered cost of Municipal & Industrial water
Acquired Supply - NASL	\$ 987.58	[2] [3]	AF Delivered cost of Municipal & Industrial water
Sustainable Groundwater Management Act			
Service Charge per Groundwater Well Location	\$4,700.00	[5]	EA Cost of flow meter and installation per groundwater well
Land-based Charge			
District Water Supply Debt Service - Pre-Merger Lands (Area 1)	\$ 2.10	[2]	Cost to repay the financing of the acquisition of District Water Supply
District Water Supply Debt Service - Merged Lands (Area 2)	\$ 4.88	[2]	Cost to repay the financing of the acquisition of District Water Supply
Extraordinary Pipe Repair	\$ 2.91	[2]	Cost to repair and replace certain Distribution system pipe
Drainage Service Area	\$ 1.49	[2]	Cost for management and Representation of Landowners in relation to Drainage Impacted Lands
Westlands Water Quality Coalition	\$ 2.61	[2]	Cost for funding the Westlands Water Coalition
SGMA	\$ 1.41	[2]	Cost for funding the Groundwater Sustainability Agency's Westside Subbasin Sustainability Plan
USBR Capital Repayment Debt Service	\$ 26.16	[2]	Cost to repay the 2020A and 2020B bonds

[1] For the current year and next four fiscal years, these amounts will be automatically adjusted to pass-through the adopted increases or decreases in the rates, charges or costs established by the levying agency.

[2] Subject to an annual automatic inflationary increase each March 1 for the next five (5) years based on the Consumer Price Index (CPI) for all urban consumers in the Pacific Division, series ID CUUR0490SA0. (See Gov. Code § 53756.)

[3] Calculated at a 5% Water Supply forecast

[4] The Water Exchange Obligation does not require repayment for a CVP allocation of less than 8%. This rate may change as the CVP allocation fluctuates. It consists of USBR Agricultural Water - Contract, USBR Restoration, SLDMWA O&M, and SWRCB Fees.

[5] The SGMA meter well installation charge is not proposed to be increased and is therefore included here only for completeness.