



Proposition 218 Notice of Proposed Sewer Rate Adjustments

NOTICE OF PUBLIC HEARING

A public hearing regarding Tuolumne City Sanitary District's proposed sewer rate increases will be held on:

DATE: Tuesday, May 5, 2026

TIME: 6:00 p.m.

WHERE: Tuolumne City Sanitary District Office, 18050 Box Factory Road, Tuolumne, CA 95379

Written protests to the proposed rate increases will be accepted if received at the District office by the end of the public hearing on May 5, 2026, as long as the protests conform to the Proposition 218 procedures provided in this notice.

The rate study is available on the District website and at the District Office.

INTRODUCTION

The last sewer rate study conducted by the Tuolumne City Sanitary District (District) occurred in 2011. Since that time, regulations and costs for the District have changed considerably. The District, as required by Article XIID of the California Constitution (Proposition 218), has conducted a new sewer rate study to review the existing rates, and to determine the estimated future costs of maintaining the District's high level of service and meeting State regulations.

This 45-day notice is hereby given in accordance with Section 6(a) of Article XIID of the California Constitution. The purpose of this notice is to provide you with information about the proposed rate increase and changes in methodology, and to inform you about your opportunity to protest the rate increase by submitting written protests prior to or during the public hearing. On March 3rd, the District considered the sewer rate study and directed District staff to send out this notice.

REASONS FOR THE CHANGES

As a public agency, the revenues collected from rates must adequately fund District operations, maintenance, capital improvement projects, and compliance with existing or new State of California regulations; and meet environmental standards. The immediate needs over the next five years include:

- **Funding Capital Projects** – The District must maintain the sewer system assets on a regular basis to ensure that major system failures do not occur. While rates will not fully cover the projects, some mix of rates, loans, and grants may be required.
- **Maintaining Healthy Reserves** – The District must prepare for future capital replacements and potential emergencies. In order to be fully prepared for all situations the District is building a reserve fund.

District staff provided a history of financial information to demonstrate the need to increase rates to support the ongoing operation of the District. The sewer rate study was conducted by Robert D.

Niehaus, Inc. (RDN), an independent economic consulting firm. Using economic trends in California and the District’s detailed financial history, RDN recommended revenue increases to ensure the sewer utility meets its reserve goals while having the funds to upgrade its aging systems and equipment, extend the life of existing equipment, and build reserve funds. As a public agency, all rates, fees and charges are calculated to cover only the actual cost of providing safe and reliable sewer service that meets State and Federal requirements. The District does not make a profit.

HOW THE RATES WERE CALCULATED

Financial Planning and Revenue Requirements: The rate study calculated a 5-year financial plan based on the projected revenues and annual costs which include operating, debt service, and capital expenses. The District’s target reserve level should also be considered as part of the financial planning. Based on the financial planning, revenue requirements are determined for each year of the study period.

Cost of Service: The study evaluated the customer classifications and allocated costs based on their service requirements.

Rate Design: The study designed rates to equitably recover the rate revenue requirements from each customer.

THE PROPOSED RATE STRUCTURE CHANGES ARE AS FOLLOWS:

The proposed rates maintain the District’s current rate structure of billing customers based on an (Equivalent Dwelling Unit) EDU basis. The recommended rate adjustments will allow the District to maintain healthy reserve fund balances, maintain planned debt service requirements, and execute necessary capital improvement projects over five-year study period. Proposed annual revenue adjustments presented in this Study are 6.0 percent per year as outlined in Table 1 below. If approved, this rate adjustments will take place on July 1, 2026.

Table 1. Current and Proposed Fixed Charges

Fixed Charge	Current	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Charge per EDU	\$52.75	\$55.92	\$59.28	\$62.84	\$66.61	\$70.61

HOW TO PROTEST PROPOSED SEWER RATE CHANGES AND INCREASES

This notice has been mailed to each parcel owner and account holder. Persons responsible for the payment of the sewer 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 assessor parcel relating to the rate increase will be heard.** Written protests must be received prior to or during the public hearing on May 5, 2026. Any written protests received after the close of the public hearing will not be counted. All written protests must (at a minimum) include the following information to be counted: Address or assessor parcel numbers of property subject to the rate increase, and a clear statement protesting a particular rate or rates pursuant to this notice. The District will not 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.

Protests may be mailed or personally delivered to: **Tuolumne City Sanitary District Office, 18050 Box Factory Road (Box 1238) Tuolumne, CA 95379.** Any protest must be received at District Office no later than the end of the public hearing on May 5, 2026. Any protests received after the end of the public hearing will not be counted. E-mail or electronic protests will not be counted.

Pursuant to Government Code Section 53759, a judicial action to challenge any new, increased, or extended fee or charge must be brought within 120 days of the final approval of the fee or charge.



Customer Address:

PROTEST FORM

To protest the proposed Sewer Rate Increase, you may complete this protest form and mail, or hand deliver to:

Tuolumne City Sanitary District Office
P.O. Box 1238
18050 Box Factory Road
Tuolumne, CA 95379

To be counted, the District must receive a mailed or hand delivered written protest no later than 6:00 PM May 5, 2026. Protests may be hand-delivered up until the end of the Public Hearing. Only one protest is allowed per parcel.

Parcel APN(s): _____

Parcel Address(s): _____

I protest the proposed sewer rate increase to fund operation, maintenance and replacement costs related to providing sewer service to properties within the Tuolumne City Sanitary District Service Area.

I hereby declare under penalty of perjury that I am the owner of the above-listed property or the authorized representative of the owner of the above listed property.

Please sign here: _____

Please print the property owner name(s) here: _____

Comments, if any:
