



# News Release

**Contact:** Raul Mendez, City Manager

**July 17, 2015**  
**FOR IMMEDIATE RELEASE**

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## **Hughson City Council Moves Forward with Water Rate Increase to Access Low Interest State Funding for Water System Improvements**

On July 13, 2015, the Hughson City Council conducted a public hearing to consider adoption of a proposed Proposition 218 water rate increase for the City of Hughson. After public comment was received and protest votes were tallied, the Hughson City Council directed City staff to move forward with the water rate increase in order to access Safe Drinking Water State Revolving Funds (SDWSRF) for the Well No. 7 Replacement Project in the amount of \$8,327,753. The funding is expected to be provided at an interest rate of 1.663% with a 30 year repayment schedule.

The City's expert consultants (Bartle Wells Associates and Shoreline Engineering) were on hand to make a short presentation describing the City's strategy to address its water infrastructure needs and to answer questions from residents in the audience regarding the proposed water rate increase and the water system improvements.

In July of 2012, the California Department of Public Health (CDPH), Drinking Water Division confirmed receipt of the City of Hughson's Universal Pre Application for the Well No. 7 Replacement Project. The Well No. 7 Replacement Project includes an arsenic treatment facility located in the southern portion of the City. To completely eliminate arsenic from the municipal water system, a third compliant well is needed. Toward that end, CDPH, now a division of the State Water Board, encouraged the expansion of the City's new treatment plant project to include a third well.

The nearest well site to the new proposed site is Well No. 5, located in the parking lot of the wood truss plant on Tully Road approximately a ¼ mile away. The existing Well No. 5 shaft would be abandoned and a new deeper shaft will be sunk on the same site. The water would then be piped to the new treatment plant site so that the City would have two water wells feeding into a central arsenic treatment facility. This project will satisfy the Compliance Order that the City of Hughson's Municipal Water System is currently working under. Based on the City's proposed plan, the Compliance Order deadline was extended by the State to accommodate completion of the project. Failure to comply with the Order would subject the City to strict fines by the State Water Board.

The project cost estimate, prepared by Shoreline Engineering, for the Well #7 replacement project is \$8,327,753. The original figure was revised to account for inflation and the current construction environment, a more durable concrete storage tank rather than steel as originally proposed, and a contingency level appropriate to address the current well installation unpredictability across the State of California.

The City of Hughson working with Bartle Wells Associates determined that the revised project cost estimate and associated debt through the SDWSRF funding necessitated a water rate increase to demonstrate to the State of California, as required, the ability for repayment. The City's current average residential bill is approximately \$46.77.

On May 11, 2015, Bartle Well Associates presented three funding options to the City Council based on the level of system depreciation funding. At the end of a five year phase in, average residential water bills would be increased to \$56.44 with a no depreciation funding option, \$62.98 with a half depreciation funding option, and \$69.58 with a full depreciation funding option. The Hughson City Council selected the full depreciation funding option. The selected rates were mailed to customers in the form of a Proposition 218 Notification as required both in English and Spanish.

The City team hosted two informational workshops on June 17 and July 8, 2015 to provide information on the recommended plan and to answer questions from residents regarding the proposed water rate increase and the associated water system improvement project.

Residents had the opportunity to protest the proposed water increase through a formal written and signed response. The City of Hughson currently provides water service to 2,169 parcels and received a total of 39 written protests and thus insufficient of the majority needed to prohibit the City Council from taking action to move forward.

City staff will move forward with the proposed water rate increase as directed, and anticipated to become effective August 1, 2015, and work with the State Water Board on a funding agreement for the Well No. 7 Replacement Project. The funding agreement with the State of California will be brought forward to a future City Council meeting for formal consideration.

The Hughson City Council meets at 7:00 p.m. the 2<sup>nd</sup> and 4<sup>th</sup> Monday of the month. Meetings of the Hughson City Council are held at City Hall located at 7018 Pine Street, Hughson, CA. For more information, please visit the City of Hughson website at [www.hughson.org](http://www.hughson.org) or call 209.883.4054.

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