

Agenda Item 5A

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STAFF REPORT

TO: Board of Directors

PREPARED BY: Steven Palmer, PE, CSDM, General Manager *SP*

SUBJECT: Continued from Agenda Item 8A on May 19, 2026; Conduct Proposition 218 Public Hearing and Adopt Ordinances Implementing New Water and Wastewater Rates

RECOMMENDATION

Staff recommends that the Board of Directors: (1) find whether or not a majority protest exists; and (2) if there is not a majority protest, adopt Ordinance No. 2026-01 setting water rates and charges and Ordinance No. 2026-02 setting wastewater rates and charges, both effective with the July 2026 quarterly billing.

BACKGROUND

The Donner Summit Public Utility District (DSPUD) Board initially considered this item at the May 19, 2026 Board meeting. At that meeting, the Board approved the rate study, received public comment, closed the public comment period, and conducted an initial tally of protests received. Due to the large number of protests received, the item was continued to 6pm on June 2, 2026 without making a finding regarding a majority protest and without action on the ordinances to adopt the proposed rates. The Board continued the item to allow more time for the protests to be validated and counted. At the meeting, the Board offered to make the validation open to the public and customer Shawn Forry volunteered to attend.

DISCUSSION AND ANALYSIS

Majority Protest Finding

The protest validation occurred at 9am on Wednesday, May 27, 2026 in the District boardroom. The validation process was performed by Schaelene Rollins from Rollins Consulting and Celeste Woods, Administrative Analyst from Tahoe-Truckee Sanitation Agency (TTSA), and was observed by the District General Manager and customer Shawn Forry.

The initial count of protests was 199 water and 201 wastewater protests. After reviewing the protests to determine if they met the requirements listed in the Proposition 218 Notice, Ms. Rollins and Ms. Woods validated 152 protests for water and 154 protests for wastewater. The customer counts, protest thresholds, and validated protests as calculated by Ms. Rollins and Ms. Woods on May 27, 2026, are tabulated below.

Count	Water	Wastewater
Customers/Parcels	404	369
Protest Threshold	203	186
Valid Protests Received	152	154
<i>Protest Met (Y or N)</i>	<i>N</i>	<i>N</i>

A majority protest does not exist for either the proposed water or wastewater rates and the Board may adopt the proposed ordinances.

On May 28, 2026, the General Manager reviewed all the invalid protests and made the following findings:

- Approximately 30 of the 199 water and 201 wastewater protests submitted were from properties that are not and never have been customers of the District.
- The remainder of the invalid protests were invalidated because they either did not include an original signature, were not signed, or were signed by someone who could not be verified as either a property owner or a customer of record.
- One water rate protest was inadvertently counted as invalid. This would bring the total water protests to 153 and the total number of customers/parcels to 405, which is still below the protest threshold.

Proposed Ordinances

Two ordinances are proposed for adoption. Ordinance No. 2026-01 amends and replaces Ordinance No. 03-2021 (previously Ordinance No. 03-2016) and sets the water service rates and charges effective July 2026 through June 2031. Ordinance No. 2026-02 amends and replaces Ordinance No. 04-2021 and sets sewer service rates and charges for the same five-year period.

The proposed ordinances are included as Attachment 1 and Attachment 2, respectively.

FISCAL IMPACT

Adoption of the proposed rates is essential to the District's fiscal sustainability. The new rates are designed to fund regular operations and maintenance with projected cost escalation, meet existing debt obligations, support new debt financing for critical capital projects, rebuild operating cash reserves to a minimum of four months of operating expenses, and to start building capital reserves over the five-year period.

Combined, the rate increases and associated debt proceeds are expected to return the District to financial health by 2031. As of March 31, 2026, total cash balances were \$483,011, less than the restricted cash requirement to meet Federal and State loan covenants. With the proposed rates, total cash is projected to recover to over \$2.5 million by 2031.

A budget amendment for the current fiscal year is not required.

CEQA ASSESSMENT

The adoption of utility rates and charges is not a project under the California Environmental Quality Act (CEQA). No CEQA review is required.

ATTACHMENTS

1. Ordinance 2026-01
2. Ordinance 2026-02

Attachment 1

**ORDINANCE 2026-01
OF THE
DONNER SUMMIT PUBLIC UTILITY DISTRICT TO
AMEND AND MODIFY ORDINANCE NO. 81-10 SETTING WATER
RATES AND CHARGES**

WHEREAS, the Board of Directors has analyzed and considered the current and projected cost of maintenance, operation and debt service of its water service facilities and the cost and expense of providing such service; and

WHEREAS, pursuant to the above, the Board of Directors deems it necessary and has determined that its water service rates will be increased to meet these costs and expenses for providing water service, maintaining, operating and paying debt service for its water service facilities;

NOW, THEREFORE BE IT ENACTED by the Board of Directors of the Donner Summit Public Utility District as follows:

1. That Section 5.2 of Ordinance No. 81-10, as previously amended and modified, is amended and modified to read as follows:

5.2 – SCHEDULE IV – WATER RATES/METERED SERVICE

SEE ATTACHED EXHIBIT A

2. EFFECTIVE DATE

This Schedule of Water Service Rates and Charges, as set forth above in this ordinance shall become effective with the July 2026 quarterly billing.

PASSED AND ADOPTED this 2nd day of June 2026 at a Regular Meeting of the Board of Directors of the Donner Summit Public Utility District by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

VACANCY:

DONNER SUMMIT PUBLIC UTILITY DISTRICT
ORDINANCE 2026-01, PAGE #2

DONNER SUMMIT PUBLIC UTILITY DISTRICT

By: _____
Cathy Preis
President, Board of Directors

ATTEST:

By: _____
Dawn Parkhurst
Secretary of the Board

DONNER SUMMIT PUBLIC UTILITY DISTRICT
 ORDINANCE 2026-01, PAGE #3

EXHIBIT A

Meter Size	Current	Calculated WATER Rates Next Five Years				
		7/1/2026	7/1/2027	7/1/2028	7/1/2029	7/1/2030
		Monthly Fee				
3/4"	\$117.65	\$127.05	\$137.26	\$148.30	\$157.98	\$168.30
1"	\$217.66	\$211.74	\$228.77	\$247.17	\$263.31	\$280.50
1.5"	\$294.12	\$423.49	\$457.54	\$494.34	\$526.61	\$561.00
2"	\$470.60	\$677.58	\$732.07	\$790.94	\$842.58	\$897.60
3"	\$764.72	\$1,355.17	\$1,464.13	\$1,581.88	\$1,685.16	\$1,795.20
4"	\$2,058.90	\$2,117.45	\$2,287.71	\$2,471.69	\$2,633.06	\$2,805.01
6"	\$3,082.45	\$4,234.89	\$4,575.42	\$4,943.38	\$5,266.13	\$5,610.01
		per thousand gallons				
Overage & Temporary	\$11.765	\$12.705	\$13.726	\$14.830	\$15.798	\$16.830

Source: HEC 2026 rate study.

Attachment 2

**ORDINANCE 2026-02
OF THE
DONNER SUMMIT PUBLIC UTILITY DISTRICT TO AMEND AND
MODIFY ORDINANCE NO. 81-09 SETTING SEWER RATES AND
CHARGES**

WHEREAS, the Board of Directors has analyzed and considered the current and projected cost of maintenance, operation and debt service of its sewer service facilities and the cost and expense of providing such service; and

WHEREAS, pursuant to the above, the Board of Directors deems it necessary and has determined that its sewer service rates will be increased to meet these costs and expenses for providing sewer service, maintaining, operating and paying debt service for its sewer service facilities;

NOW, THEREFORE BE IT ENACTED by the Board of Directors of the Donner Summit Public Utility District as follows:

1. That Section 7 of Ordinance No. 81-09, as previously amended and modified, is amended and modified to read as follows:

SECTION 7 – SEWER SERVICE RATES AND CHARGES

SEE ATTACHED EXHIBIT A

2. **EFFECTIVE DATE**
This Schedule of Sewer Service Rates and Charges, as set forth above in this ordinance shall become effective with the July 2026 quarterly billing.

PASSED AND ADOPTED this 2nd day of June 2026 at a Regular Meeting of the Board of Directors of the Donner Summit Public Utility District by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:
VACANCY:

DONNER SUMMIT PUBLIC UTILITY DISTRICT
ORDINANCE 2026-02, PAGE #2

DONNER SUMMIT PUBLIC UTILITY DISTRICT

By: _____
Cathy Preis
President, Board of Directors

ATTEST:

By: _____
Dawn Parkhurst
Secretary of the Board

DONNER SUMMIT PUBLIC UTILITY DISTRICT
 ORDINANCE 2026-02, PAGE #3

EXHIBIT A

Rates by Customer	Current	Calculated WASTEWATER Rates Next 5 Years				
		7/1/2026	7/1/2027	7/1/2028	7/1/2029	7/1/2030
Existing Customers		Monthly Fee per EDU				
Inside CFD No. 1	\$190.75	\$202.86	\$215.53	\$228.83	\$240.06	\$251.63
Outside CFD No. 1	\$240.16	\$252.28	\$264.95	\$278.25	\$289.48	\$301.05
CalTrans	\$178.22	\$192.18	\$204.86	\$218.16	\$229.38	\$240.96
Future Customers						
Inside CFD No. 1	\$101.64	\$106.77	\$113.10	\$119.75	\$125.37	\$131.15
Outside CFD No. 1	\$151.05	\$156.18	\$162.52	\$169.17	\$174.79	\$180.57
		Special Taxes per EDU				
Inside CFD No. 1 - All EDUs	\$49.42	\$49.42	\$49.42	\$49.42	\$49.42	\$49.42

Source: HEC 2026 rate study.