



MHSD
P.O. Box 209
Mokelumne Hill CA 95245
mhsanitarydistrict@outlook.com
<http://www.mhsdprop218.com>

NOTICE OF TWO PUBLIC MEETINGS REGARDING PROPOSED CHANGES AND INCREASES TO WASTEWATER RATES

You are receiving this notice as an owner of property within the Mokelumne Hill Sanitary District (MHSD or District) boundary, and/or customer receiving sewer service from the District. The Board of Directors will hold two public meetings. The first is an informational Town Hall Meeting on March 18, 2026 for the Board to share information and hear public input. No action will be taken by the Board at this meeting. The second is a public hearing on April 15, 2026, where the Board will take action to potentially adopt wastewater rate changes for the next five years.

TOWN HALL INFORMATIONAL MEETING TO DISCUSS THE PROPOSED RATE ADJUSTMENT

March 18, 2026, 6:30 p.m. Mokelumne Hill Town Hall 8283 Main Street, Mokelumne Hill, CA 95245

PUBLIC HEARING FOR BOARD TO TAKE ACTION ON THE PROPOSED RATE ADJUSTMENT

April 15, 2026, 6:30 p.m. Mokelumne Hill Town Hall, 8283 Main Street, Mokelumne Hill, CA 95245

What Does the District Do? MHSD provides wastewater collection, treatment, and disposal services to about 300 customers, operates an 80-acre wastewater treatment facility, and maintains 3.6 miles of pipeline. The Board of Directors is composed of five community members elected to four-year terms. District operations are supported by a working board and a board president with a Grade 1 Wastewater operators permit. Three (3) part time employees overseen by the Board President perform maintenance and repairs whenever feasible, reducing the need for expensive contractors.

How Does the District Stay Financially Sound? The District primarily relies on rate revenues to fund safe and reliable wastewater service. The District has achieved significant cost savings for ratepayers by pursuing competitive grants for major wastewater treatment improvements. In 2019, the District applied for and received a \$500,000 feasibility grant followed by an application for an \$11 million construction grant that was awarded to the District in 2024. These funds will be used to:

- Replace 3 sewer mainlines (Easy Bird, Maretta Lane and Garden Lane)
- Eliminate the need for two sewer lift stations and replace them with a gravity fed main line to the treatment plant
- Upgrade the treatment plant office/lab
- Line two wastewater treatment lagoons (mandated by the State Regional Water Quality Board)
- Automate the disposal of treated wastewater on the District's four spray fields

These capital improvement projects are 100% grant funded at no expense to ratepayers. In addition, since 2015, the District has successfully applied for and been awarded CalFIRE and CalOES grants for essential projects and FEMA grants to mitigate damage caused by the Butte Fire and Atmospheric River events. Despite these efforts, there are major factors outside of the District's control that contribute to the continual increase in the cost of running the District, including; escalating state fees and licenses, insurance (workers compensation, property and equipment), capital expenditures, electricity, propane, and the cost of labor, materials and supplies.

How Are District's Rates Set? The District engaged an independent ratemaking consultant to conduct a rate study to estimate revenues, expenses, and capital improvement costs over the next five years and to recommend rates sufficient to cover operating, capital and equipment costs. The proposed wastewater rates do not exceed the proportional cost of the service attributable to each parcel. The cost of service includes operating costs, debt service payments (from previous capital improvement projects), infrastructure expenses, and maintaining reasonable reserves. A copy of the Rate Study is available at <http://www.mhsdprop218.com>, viewing at the Moke Hill Library (front desk), or by contacting MHSD at mhsanitarydistrict@outlook.com to request a copy.

What Are the Proposed Rates? The District recovers the cost of sewer service by billing customers based on equivalent dwelling units (EDUs). All residential customers, including single family homes, duplexes, apartments, mobile homes, and accessory dwelling units are charged one EDU per dwelling unit. The annual charge per EDU is listed in Table 1 below.

Sewer flows for non-residential parcels are based on winter water use (typical non-irrigation months). Once annually, the District reviews the metered water usage records from the months of December, January, and February. The average three-month usage is compared to 200 gallons per day per EDU to assign EDUs to each parcel. For example, if a restaurant has metered winter water usage of 600 gallons per day, the restaurant would be assigned 3 EDUs. This is calculated as 600 gallons per day divided by 200 gallons per EDU to equal 3 EDUs.

Table 1 below identifies the current and proposed wastewater rates. Rates are billed annually on the Calaveras County property tax roll. If adopted, the rates will be implemented July 1 of each year from 2026 through 2030. For more information about your rates or your assigned number of EDUs call the MHSD Board Clerk at: (800)-223-6503.

Table 1: Current & Proposed Annual Wastewater Rates

| | Current | Proposed | | | | |
|--|----------|--------------|--------------|--------------|--------------|--------------|
| | | July 1, 2026 | July 1, 2027 | July 1, 2028 | July 1, 2029 | July 1, 2030 |
| Proposed Increase | | +6% | +6% | +6% | +6% | +6% |
| Residential Rate per dwelling unit [1] | \$849.12 | \$900 | \$954 | \$1,012 | \$1,072 | \$1,137 |
| Non-residential Rate per EDU [2] | \$849.12 | \$900 | \$954 | \$1,012 | \$1,072 | \$1,137 |

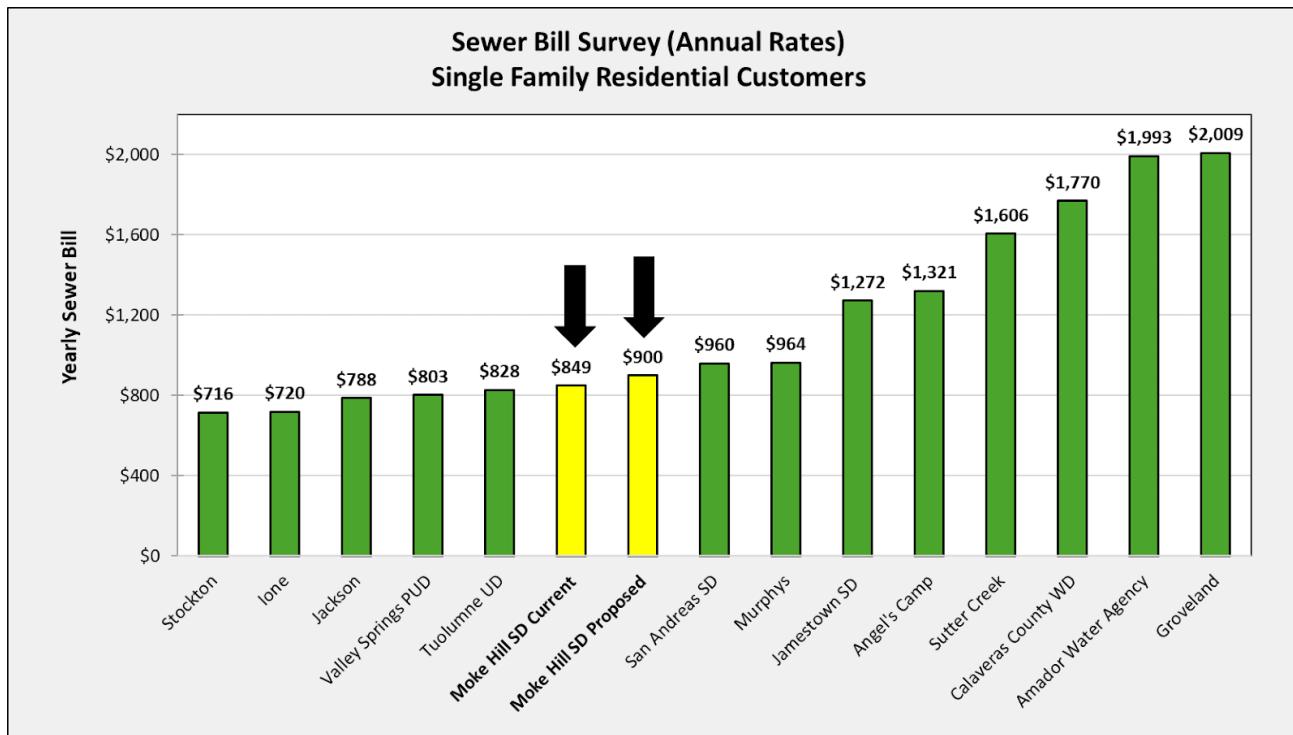
EDU – Equivalent Dwelling Unit equal to 200 gallons per day of sewer flow

1 – The residential rate applies to all types of residential dwelling units including single family homes, each unit of a duplex, apartments, mobile homes, and accessory dwelling units.

2 – Non-residential customers are assigned EDUs based on average metered winter water usage from December to February where 1 EDU equals 200 gallons per day. Each non-residential customer is subject to a minimum of 1 EDU.

Figure 1: Foothill Area Annual Sewer Charges

The chart below shows the District's current and proposed annual rates compared to the annual wastewater cost of service charged by other local utilities. With the proposed rate increase, the District's rates will remain in the bottom half of rates charged by neighboring agencies.



Rates effective as of January 1, 2026

Future rate increases by other agencies not reflected

How Do You Participate? The proposed rate increases are governed by section 6 of Article XIII D of the California Constitution (Proposition 218), Government Code sections 53751 et seq. and 53759 et seq., and related laws. Property owners may learn more and participate by:

- Visit <http://www.mhsdprop218.com> to get more information, view and download the Rate Study
- View the Rate Study at the Mokelumne Hill Branch Library (front desk) 8328 Main Street
- Contact MHSD at mhsanitarydistrict@outlook.com
- Call the District Board Clerk at (800) 223-6503
- Attend one or both of the afore mentioned public meetings

How do You File a Protest or Participate in the Public Hearing? Proposition 218 provides that "Property Related Fees" such as these proposed rates are subject to a "majority protest" process. Any property owner of an affected parcel within District boundaries may submit one written protest per parcel prior to the close of the public hearing. Only one protest will be counted per parcel. Immediately following the close of the public hearing on April 15, 2026, protests will be counted and validated. If valid protests are submitted for a majority (50% plus 1) of the parcels subject to the proposed rate increases, the Board will not adopt the rates. If less than 50%, the Board may adopt the proposed rates. The first rate change, if approved, will start on 7/1/2026.

Every written protest MUST include ALL of the following to be counted:

1. A statement of protest against the proposed wastewater rates;
2. Name of the property owner who is submitting the protest;
3. Identification of the assessor's parcel number or street address (service address) of the property for which the protest is made; and
4. An original signature of the property owner of record who is submitting the protest.

Written protests may be submitted by:

1. Mail to: MHSD Prop 218 Protest, P.O. Box 209, Mokelumne Hill CA 95245
2. Call (800) 223-6503 to arrange in-person drop-off
3. Submit your written protest before the end of the Public Hearing, on April 15, 2026

Regardless of how the written protest is submitted, it must be received by the District before the end of the public hearing to be held on April 15, 2026, beginning at 6:30 p.m. at 8283 Main Street, Mokelumne Hill, CA 95245. (Postmark dates will not be accepted.) To ensure protests are genuine, they will not be accepted by e-mail or other electronic means. Please identify on the front of the envelope for any written protest, whether mailed or submitted in person to the District, that the enclosed protest is for the Public Hearing on the Proposed Wastewater Rate Increases. Oral comments at the public hearing will not qualify as formal protests unless accompanied by a written protest, but the Board welcomes that input.

Pursuant to California Government Code 53759, a 120-day statute of limitations applies to any legal challenge to a new, increased, or extended fee adopted by the District Board of Directors pursuant to this notice. If you challenge this proposal in court, you may be limited to raising only those issues you, or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the District at, or prior to, the public hearing.