



NOTICE OF PUBLIC HEARING PROPOSED SEWER SERVICE RATE CHANGES

PUBLIC HEARING

October 3, 2023 @ 6:00 p.m.

Victorville City Hall Council Chambers

14343 Civic Drive, Victorville, California 92392

PLEASE TAKE NOTICE THAT the City Council of the City of Victorville (the “City”) will hold a public hearing on Tuesday, October 3, 2023 at 6:00 p.m., or as soon thereafter as the matter can be heard, at the location stated above **to consider adopting changes to the rates and fees the City charges its customers for sewer/wastewater services (“Sewer Service Rates”).** This notice is being sent to all property owners of record who receive sewer/wastewater services (“Sewer Services”) from the City to describe the proposed rate changes (“**Proposed Rates**”) and why they are needed.

Toda esta información puede ser encontrada en Español en la pagina web de la Ciudad de Victorville www.victorvilleca.gov/ratestudy. Si tiene preguntas adicionales por favor llame Alejandra Garcia al 760-955-2318.

REASONS FOR THE PROPOSED RATES

The City strives to provide its customers with the most efficient and cost-effective Sewer Services possible. The revenue derived from Sewer Service Rates is used to: (1) cover all sewer system related operations and maintenance costs, including treatment costs; (2) ensure sufficient funding for essential capital improvement projects and equipment; and (3) maintain adequate sewer fund reserves for emergencies and unforeseen costs, including inflation.

Increases to the City’s Sewer Service Rates were last approved via ordinance on June 19, 2018, and became effective August 1, 2018. The approved Sewer Service Rates included a mechanism by which the City could “pass through” to its sewer service customers (following appropriate notice) any increase or decrease in the rates charged to the City by the Victor Valley Wastewater Reclamation Authority (“**VVWRA**”) for the wastewater/sewage treatment services it provides. Such an increase was passed through by the City to its sewer service customers effective July 1, 2020, and as a result, the first year of the Proposed Rates also includes the last year of this VVWRA “pass-through” sewage treatment charge. The amount of any automatic “pass-through” sewage treatment charges that might be imposed by the VVWRA in the future is not known at this time.

The City engaged an independent consultant to perform a comprehensive cost of service/rate study to examine and project the City’s sewer utility system revenue needs (the “**Rate Study**”). The Rate Study revealed that the City needs to raise its Sewer Service Rates over the next five years to ensure continued proper operation and maintenance of the sewer system; cover increased VVWRA sewer treatment costs and other inflationary impacts; meet debt service requirements; rehabilitate and replace aging sewer system assets; and maintain appropriate operating reserves. The Rate Study also recommended modifying how the City calculates certain Sewer Service Rates to ensure costs are borne proportionally by customers according to use.

A copy of the Rate Study, including the data used to calculate the Proposed Rates, is available for review in-person at the office of the City Clerk at City Hall and online at www.victorvilleca.gov/ratestudy. If you have any other questions regarding the Proposed Rates, please call the City's Public Works Department at 760-955-5200.

BASIS UPON WHICH THE PROPOSED RATES WERE CALCULATED

All properties to which Sewer Services are made available are subject to sewer charges. Wastewater is not metered for specific flows. Instead, domestic water usage (not including water used for irrigation) is used to estimate wastewater flows. The methodology the City currently uses to calculate its Sewer Service Rates is based on customer classes and computed as follows:

- Single-Family Residential Customers are billed a fixed monthly service charge for each dwelling unit.
- Multi-Family Residential Customers (such as apartment buildings) are billed a fixed monthly service charge for each dwelling unit. This fixed monthly charge is lower than that charged to Single-Family Customers to account for lower standard usage.
 - A dwelling unit is an individual living unit; for single-family residential customers, this is a single-family home and for multi-family customers, this is an individual unit (for example, an apartment unit, or one of the living units in a duplex or triplex building).
- Commercial Customers are billed a fixed monthly service charge for each account, plus a volumetric charge based on the amount of domestic water used at the property.
- Industrial Customers (user-specific) are billed fixed monthly charges (and in some cases monthly minimum charges), as well as surcharges, which are dependent on the wastewater strength characteristics, including biochemical oxygen demand ("BOD"), chemical oxygen demand ("COD"), suspended solids ("SS"), fixed dissolved solids ("FDS"), and total suspended solids ("TSS").

The proposed changes to the current Sewer Service Rates methodology are as follows:

- The Industrial Customers (user-specific) class has been divided into two separate rate classes: Industrial Customers and User Specific Rate Customers.
 - Industrial Customers will be billed a fixed monthly service charge, a volumetric charge based on the amount of domestic water consumed, plus surcharges for wastewater strength characteristics, including biochemical oxygen demand ("BOD"), total suspended solids ("TSS").
 - User Specific Rate Customers will each be billed fixed and/or minimum monthly charges and various applicable surcharges based on their wastewater strength characteristics.

A table showing the current and Proposed Rates can be found on the last page of this notice.

PUBLIC HEARING AND PROTEST

Any property owner of record (per the San Bernardino County Tax Roll) of a parcel identified as subject to the current and Proposed Rates may submit a written protest against the Proposed Rates. **In order to be valid, each written protest must:** (1) state that the protest is being submitted in opposition to the Proposed Rates for Sewer Services; (2) provide the identified assessor's parcel number (APN) for which the protest is being submitted; and (3) include the printed name and original signature of the property owner of record submitting the protest. **Only one written protest per identified parcel will be counted.**

Written protests may be submitted by mail or personal delivery to: Victorville City Clerk, 14343 Civic Drive, Victorville, California 92392. **On the front of each envelope in which a protest is submitted, please write or type "Sewer Rate Protest" and the Assessor's Parcel Number (APN) to which the enclosed protest relates.** Protests submitted by email or other electronic means will not be accepted. Written protests may also be submitted at the October 3, 2023 public hearing; however, in order to be counted, all written protests, whether mailed or delivered in person, must be received by the City Clerk prior to the close of the public testimony portion of the public hearing. The City is sending this public hearing notice and conducting this majority protest proceeding in order to comply with Proposition 218 requirements.

At the October 3, 2023 public hearing, the City Council will consider all written protests timely submitted and hear all public comment on the Proposed Rates. Oral comments made at the public hearing will not be counted as protests unless accompanied by a valid written protest. If, at the close of the public hearing, valid written protests are submitted by the owners of record of a majority of the identified parcels subject to the Proposed Rates (50% plus one, a "**Majority**

Protest”), the City Council will not impose the Proposed Rates.

If, at the close of the public hearing, a Majority Protest does not exist, the City Council may consider for introduction and the first reading a Sewer Rate Ordinance to impose the Sewer Service Rates up to the maximum amounts proposed in this notice. If the Sewer Rate Ordinance is adopted for final passage on October 17, 2023, the Sewer Service Rates will become effective for all billings made on or after December 1, 2023, and on each July 1 thereafter in 2024, 2025, 2026, and 2027.

CURRENT AND PROPOSED SEWER SERVICE RATES

The following table compares the current and recommended Proposed Rates:

Sewer Rate Schedule	Current Rates	Recommended Sewer Rates				
		FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28
Residential Customers¹						
Monthly Fixed Service Charge, per Dwelling Unit:						
Single-Family Residential	\$ 51.89	\$ 59.62	\$ 62.60	\$ 65.73	\$ 69.01	\$ 72.46
Multi-Family Residential	\$ 38.09	\$ 31.32	\$ 32.89	\$ 34.53	\$ 36.26	\$ 38.07
Commercial Customers						
Monthly Fixed Service Charge, per Account:	\$ 51.89	\$ 59.62	\$ 62.60	\$ 65.73	\$ 69.01	\$ 72.46
Volumetric Charge, per hcf ²	4.41	\$ 4.54	\$ 4.77	\$ 5.01	\$ 5.26	\$ 5.52
Industrial Customers³						
Monthly Fixed Service Charge, per Account:	\$ 51.89	\$ 59.62	\$ 62.60	\$ 65.73	\$ 69.01	\$ 72.46
Volumetric Charge, per hcf ²	4.41	4.54	4.77	5.01	5.26	5.52
BOD Charge, per lb	-	\$ 2.10	\$ 2.21	\$ 2.32	\$ 2.43	\$ 2.55
TSS Charge, per lb	-	\$ 2.03	\$ 2.14	\$ 2.24	\$ 2.35	\$ 2.47
User-Specific Rates						
Federal Corrections Complex (FCC)						
Monthly Fixed Charge Per EDU ⁴	\$ 52.22	\$ 64.32	\$ 67.54	\$ 70.92	\$ 74.46	\$ 78.18
BOD Charge, per lb ⁵	\$ 2.19	\$ 2.10	\$ 2.21	\$ 2.32	\$ 2.43	\$ 2.55
TSS Charge, per lb ⁵	\$ 2.20	\$ 2.03	\$ 2.14	\$ 2.24	\$ 2.35	\$ 2.47
Kuerig Dr. Pepper (KDP)⁶						
Monthly Min Charge (excluding capital recovery) ⁷	\$ 162,500	\$ 162,500	\$ 162,500	\$ 162,500	\$ 162,500	\$ 162,500
Monthly Fixed Charge (Ion Exchange Service) ⁸	\$ 10,200	\$ 10,200	\$ 10,200	\$ 10,200	\$ 10,200	\$ 10,200
Volumetric Charge, per 1,000 gal ⁶	\$ 0.37	\$ 0.37	\$ 0.37	\$ 0.37	\$ 0.37	\$ 0.37
COD Charge, per lb ⁶	\$ 0.13	\$ 0.13	\$ 0.13	\$ 0.13	\$ 0.13	\$ 0.13
FDS Charge, per lb ⁹	\$ 2.91	\$ 2.99	\$ 3.07	\$ 3.15	\$ 3.24	\$ 3.32
BOD Charge, per lb ¹⁰	N/A	-	-	-	-	-
TSS Charge, per lb ¹⁰	N/A	-	-	-	-	-

1. Residential customers are assessed on the basis of their number of dwelling units.
2. Volumetric charge will apply to monthly water consumption.
3. All industrial dischargers that discharge wastewater of unusual strength or character are required to obtain a wastewater discharge permit from IWWTP or VVWRA, respectively. Additional surcharges may apply based on wastewater characteristics. Plastipak and Hydration Source included in this customer category.
4. FCC will be billed based on a flow estimate of 200 gallons per day, per EDU.
5. FCC surcharges for BOD and TSS apply to concentrations above 200 mg/l for BOD and 250 mg/l for TSS.
6. Volumetric charges (per 1,000 gal or lbs) for KDP shall apply accordingly if discharge exceeds 585,000 gpd, 28,100 lbs/day of COD or 1,400 lbs/day of SS in accordance with Wastewater Capacity and Treatment Agreement. Volumetric charges for KDP listed in rate table are in accordance with the Wastewater Capacity and Treatment Agreement.
7. Monthly minimum charge for KDP in accordance with Wastewater Capacity and Treatment Agreement.
8. Monthly fixed charge per Woodard and Curran operational expenses.
9. The FDS surcharge was calculated by Woodard & Curran and is subject to a 2.7% general cost inflation factor in FY 2019/20 and beyond. This will apply to all pound of FDS treated. Source: 2018.03.21 FDS Surcharge Limit Table.xlsx
10. BOD and TSS charges not applicable to KDP due to wastewater strength characteristics.

Future rate increases imposed on the City by the VVWRA may be passed through to customers as additional adjustments to the rates and fees shown above, following notice and as otherwise provided for in Government Code Section 53756.