

Proposed Sewer Rates

Public Hearing Date

April 26, 2022 @ 5pm

Chula Vista City Hall (276 Fourth Ave, Chula Vista)

Website: www.chulavistaca.gov/SewerRates

Email: wastewater@chulavistaca.gov

Phone: 619-476-5380



Agenda Items

- Public Outreach
- Sewer Infrastructure Background
- Overview of Expenses
- Sewer Service Billing Components
- Revenue and Expense Study (Sewer Rate Study)
- Questions



Public Outreach



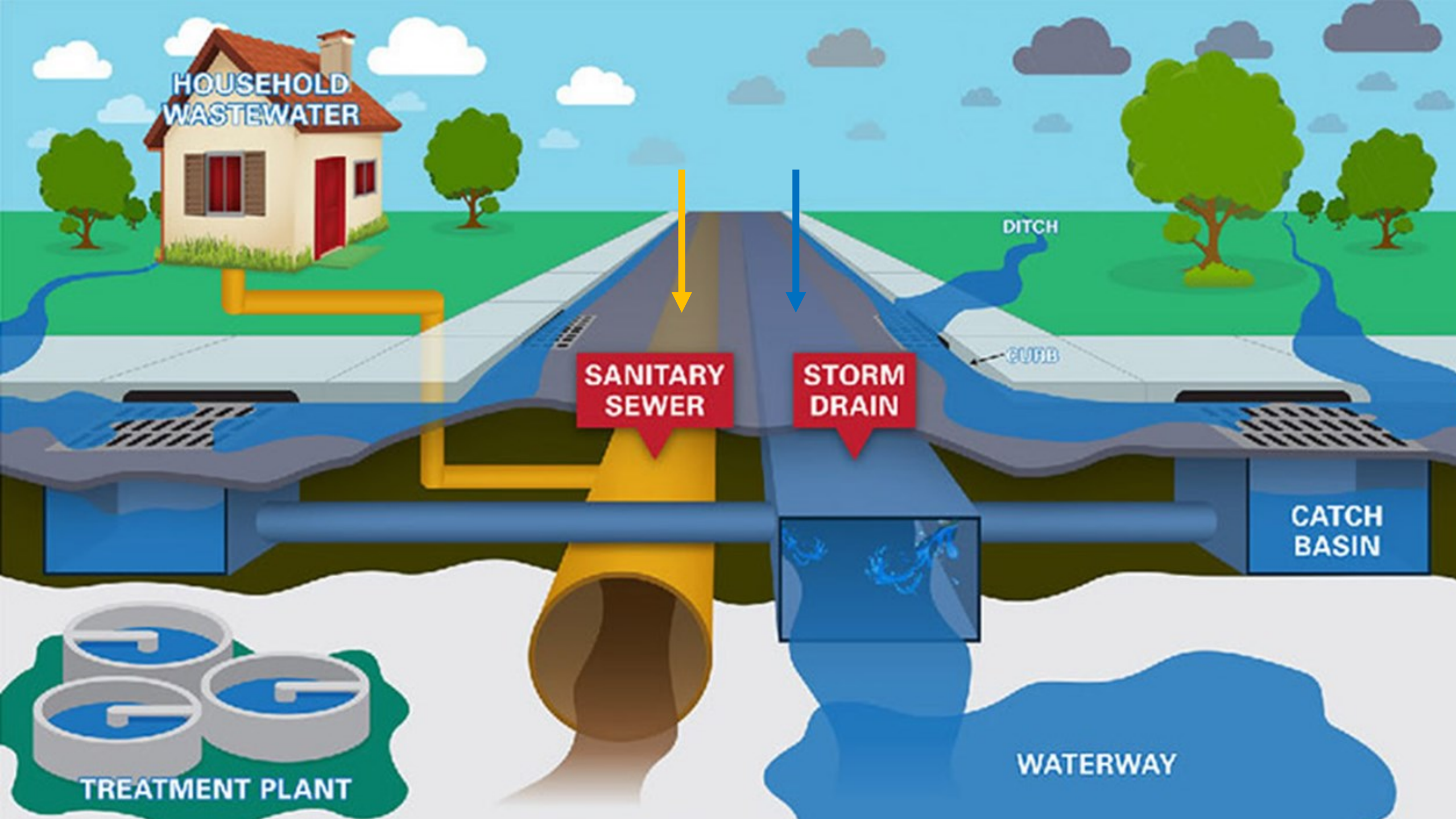
Public Outreach

- Mailed notices (English and Spanish)
- Public Outreach Information Meetings
- City Newsletter posting
- Social media posts
- Website: www.chulavistaca.gov/SewerRates

Date	Action
Oct. 22, 2021	Posted Sewer Rate Study & Prop. 218 Notice to www.chulavistaca.gov/SewerRates
Nov. 22, 2021	Mailed Notice of Sewer Rate Increase (Proposition 218)
Dec. 8, 2021	Virtual Public Outreach Meeting
Dec. 14, 2021	Virtual Public Outreach Meeting
Feb. 10, 2022	2nd Mailing of Notice of Sewer Rate Increase (Proposition 218)
April. 26, 2022	Public Hearing @ 5pm at Chula Vista City Hall 276 Fourth Ave, Building A, Chula Vista, CA

Sewer Infrastructure Background



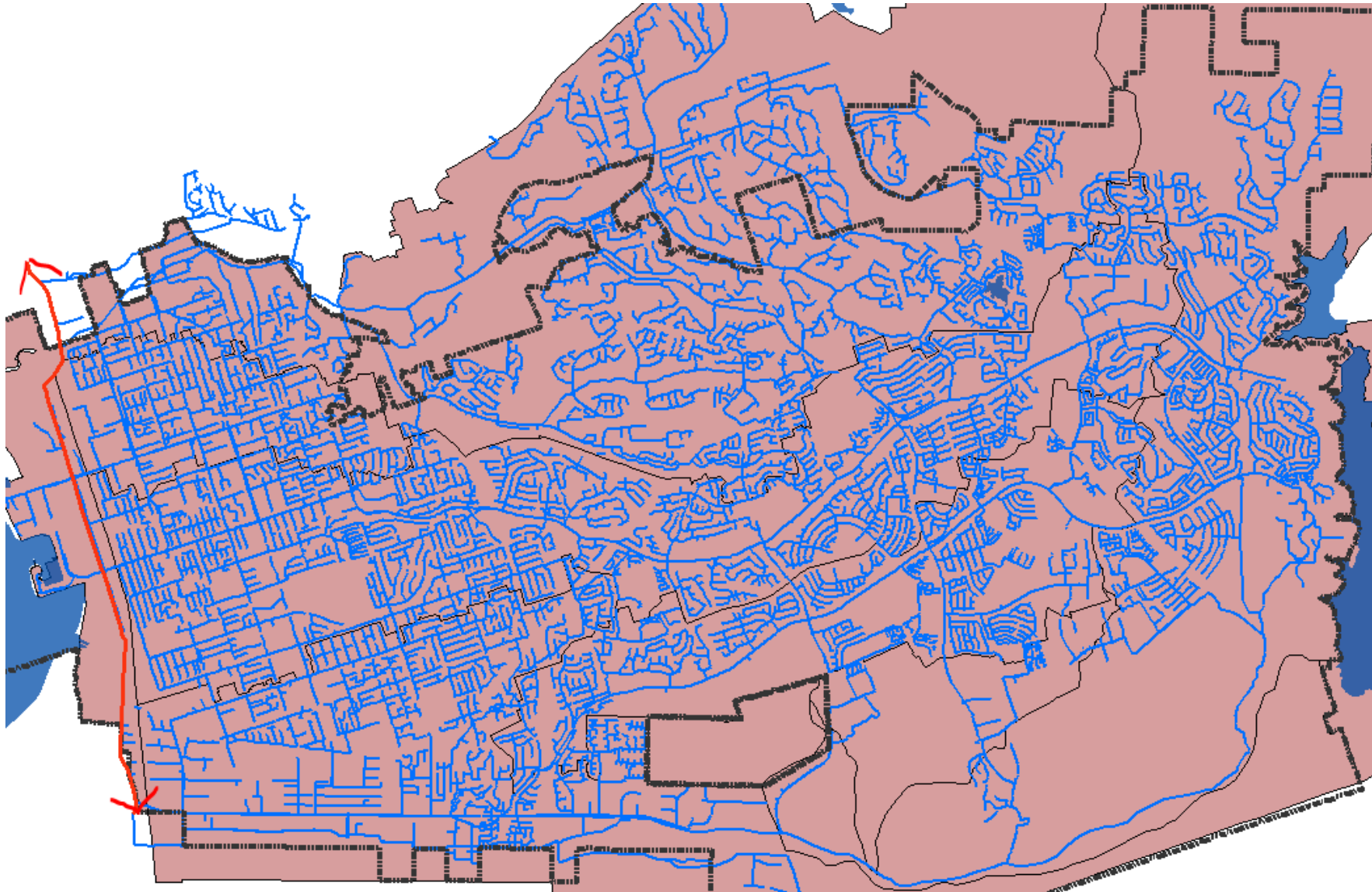


Benefits of sewage collection and treatment

- Promotes health by containing sewage
- Better the Environments by keeping sewage out of our water ways
- Improves aesthetics by reducing odors and visual disturbances



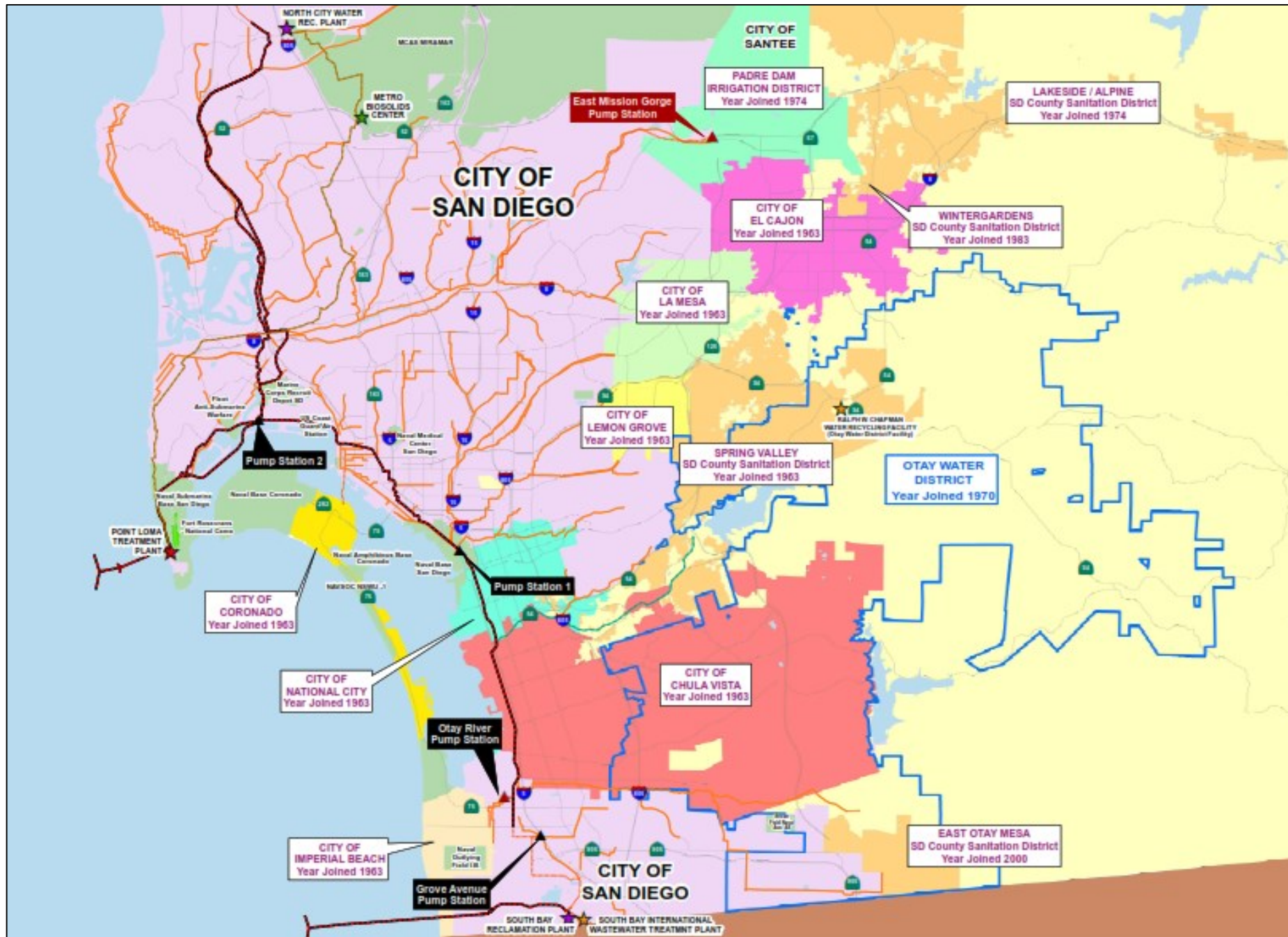
Chula Vista – Collection System



Asset	No.
Pipelines	500 miles
Maintenance Holes	15,000
Pump Stations	13
Flow meters	12



San Diego – Transport & Treatment



LEGEND

- ★ WASTEWATER TREATMENT PLANT
- ★ RECYCLED WATER PLANT
- ★ METRO BIOSOLIDS CENTER
- ★ OTHER AGENCY PLANTS
- ▲ METRO PUMP STATIONS
- ▲ MAJOR MUNI PUMP STATIONS
- SLUDGE LINES
- METRO PIPELINES
- FORCE MAINS
- MUNI PIPELINES
- SPRING VALLEY SANI DIST TS

San Diego Regional Facilities

- Point Loma Wastewater Treatment Plant & Outfall
- 4 Pump Stations
- Metro Interceptors & Force Mains
- North City Water Reclamation Plant
- Metro Biosolids Center
- South Bay Wastewater Treatment Plant & Water Reclamation Plant
- Pure Water – Phase I & 2



Overview of Expenses



Chula Vista Costs (35% of total sewer costs)

- Operations and Maintenance Expenses
- Provide reliable infrastructure
- Capital projects to protect environment



Chula Vista Costs: \$14.5M (Fiscal Year 2021-2022)

San Diego Costs (65% of total sewer costs)

- Operations and Maintenance of Regional Facilities
 - Point Loma WWTP
 - South Bay Treatment Facilities
 - Metro Biosolids Center
 - Pipes, pump stations, etc.
- Regional capital projects
 - Point Loma WWTP
 - Pipes, pump stations, & manholes
 - Pure Water Program



San Diego Regional Costs: \$24.5M (Fiscal Year 2021-2022)

Sewer Service Billing Components



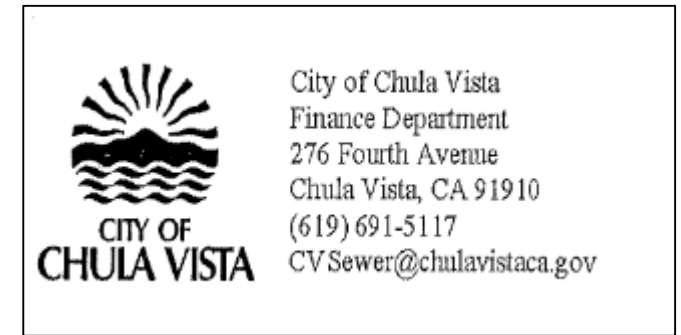
Sewer Charges

Each sewer bill has two parts:

- Fixed Charge
- Volumetric Charge

Rates vary based on customer classes:

- Single Family
- Multi-Family
- Mobile Home
- Commercial (low, medium, high strength)



Single Family Residential Sewer Bill

A two-story single-family residential house with a garage, palm trees, and a clear blue sky. The house is light-colored with a dark roof and has two windows on the upper floor. The driveway is paved, and there is a lawn with a young tree in the center.

Fixed Charge

Same charge for all Single-Family Homes

Volumetric Charge

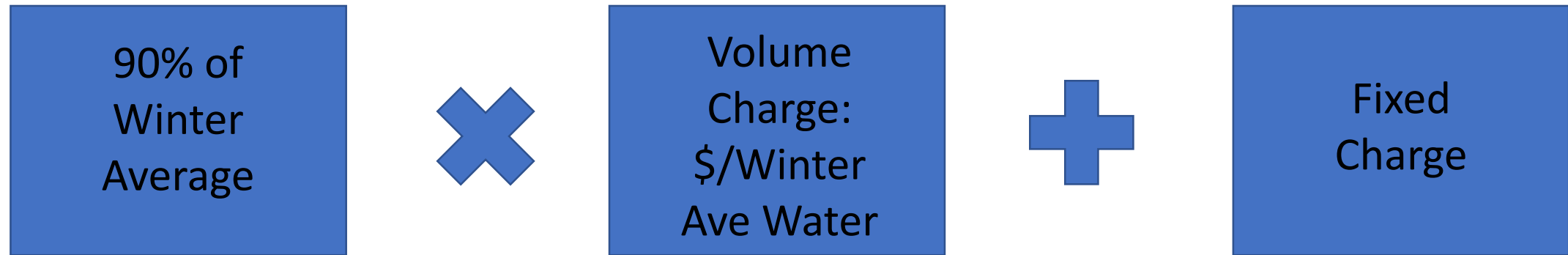
Single family residential bills are based on water average or water use during winter (November 1 – April 30) and are set for the subsequent year.

Winter Average (Single Family Only)

- Winter averaging is a billing method developed to estimate the amount of water going to the sewer.
- This method takes the lowest 2 months of water consumed in the winter or rainy season (November 1 through April 30 or 6 months) as the basis for billing sewer charges throughout the year.
- Winter water usage better represents indoor water use which typically goes to the sewer whereas summer water use includes more water used for outdoor usage (e.g. landscaping, swimming pools, etc.).
- The lowest consecutive 2-months of winter water usage is converted to a monthly usage and is further reduced by 10% to account for some water not going to the sewer.



Monthly Single Family Sewer Bill Calculation



Example:

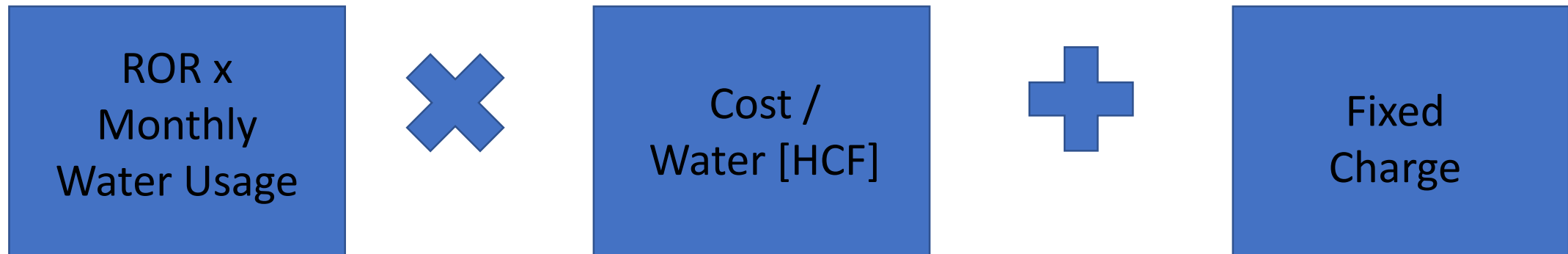
$$[90\% \times 7 \text{ HCF} \times \$4.26/\text{HCF}] + \$14.53 = \$41.37$$

*Single Family Residential does not include multifamily residential (apartments, condos, etc.).

Multifamily, Commercial, Industrial

- Fixed charge: based on meter size
- Volume Charge:

based on monthly water usage and a Rate of Return (ROR) to the sewer



Rate of Return (ROR) to the sewer:

Multifamily: 79%

Mobile Home Park: 84%

Commercial/Industrial: 90%

HCF = hundred cubic feet

Revenues and Expenses Study (Sewer Rate Study)



Sewer Rate Study – Willdan Financial Group

- Independent and 3rd Party Study
- 10 and 5-year Financial Plan
- Review included:

- Operating and Maintenance expenses
- Debt service
- Capital Projects projections
- Adequacy of Cash Reserves
- San Diego Regional Expenses*



*San Diego Public Utilities Department 5-Year Financial Outlook published annually

Sewer Rate Study - Recommendations

1. Removal of US EPA Permit Renewal Liability Reserve
2. Implementation of City of San Diego Direct Cost Recovery
3. Annual increases of 4.5% to 5.5% (4 years)



1. Remove the US EPA Permit Renewal Liability Reserve

- Reason for Reserve in 2013
 - Capital investments were needed to maintain the permit waiver
 - Costs were unknown
 - Financing was unknown
- Today
 - Waiver was renewed on the condition of the water reuse project would be implemented, Pure Water Program
 - Cost Estimates are known and a maximum contractual amount included
 - San Diego is financing the capital expenses and including them in the quarterly bills
- Reason for Removal
 - Costs are known
 - Chula Vista's contribution is financed
 - Chula Vista's contribution is included expense projects
 - Proposed rates include the financed costs

2. Implement San Diego Direct Cost Recovery

- City of San Diego bills for treatment expenses based on actual costs.
- The rates shown include projected San Diego treatment expenses.
- Each year the actual expenses will be known, and actual amount will be reflected in customer's rates the following year.
- Notice of changes provided 30-days in advance of billing.

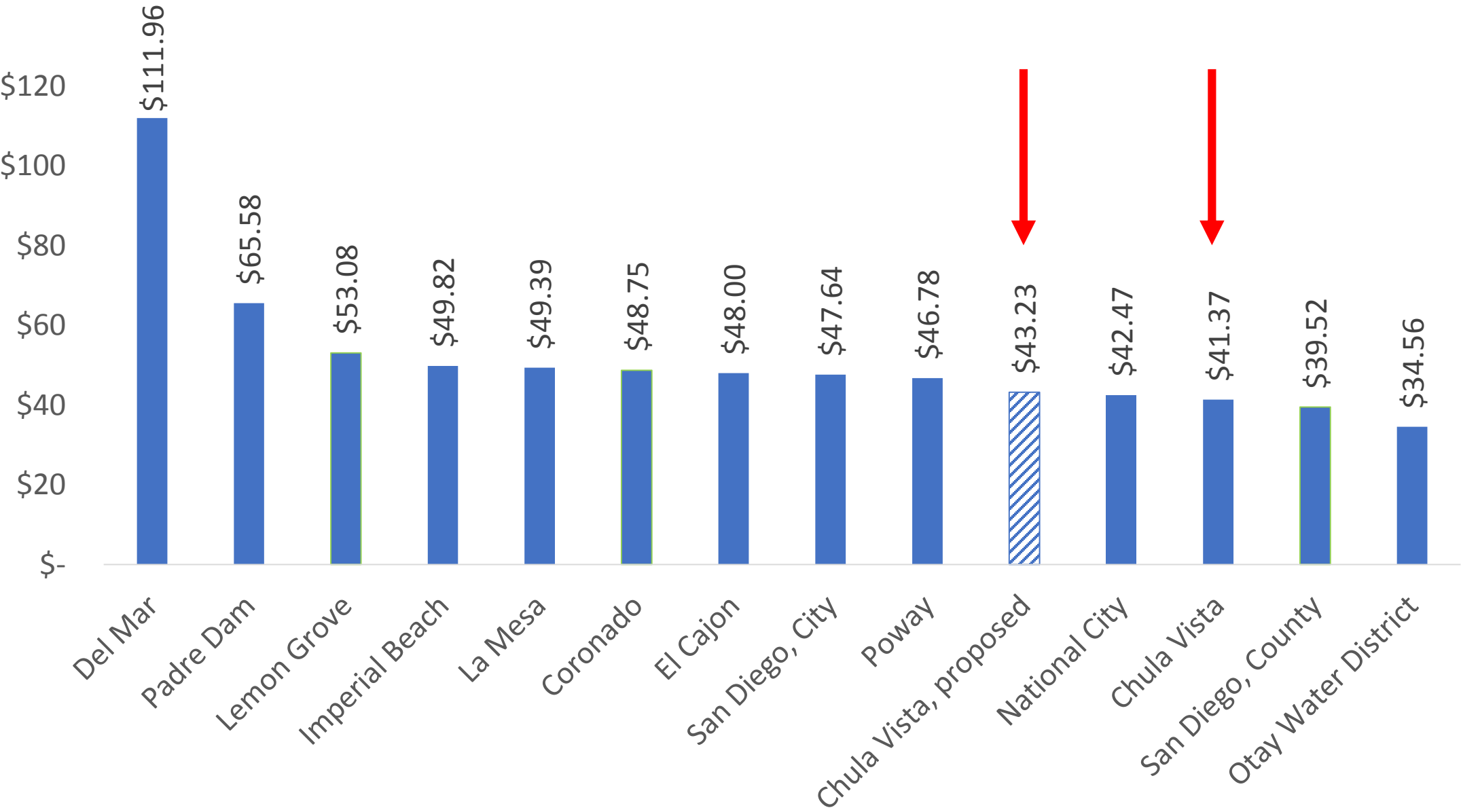


3. Proposed Sewer Rates Increases

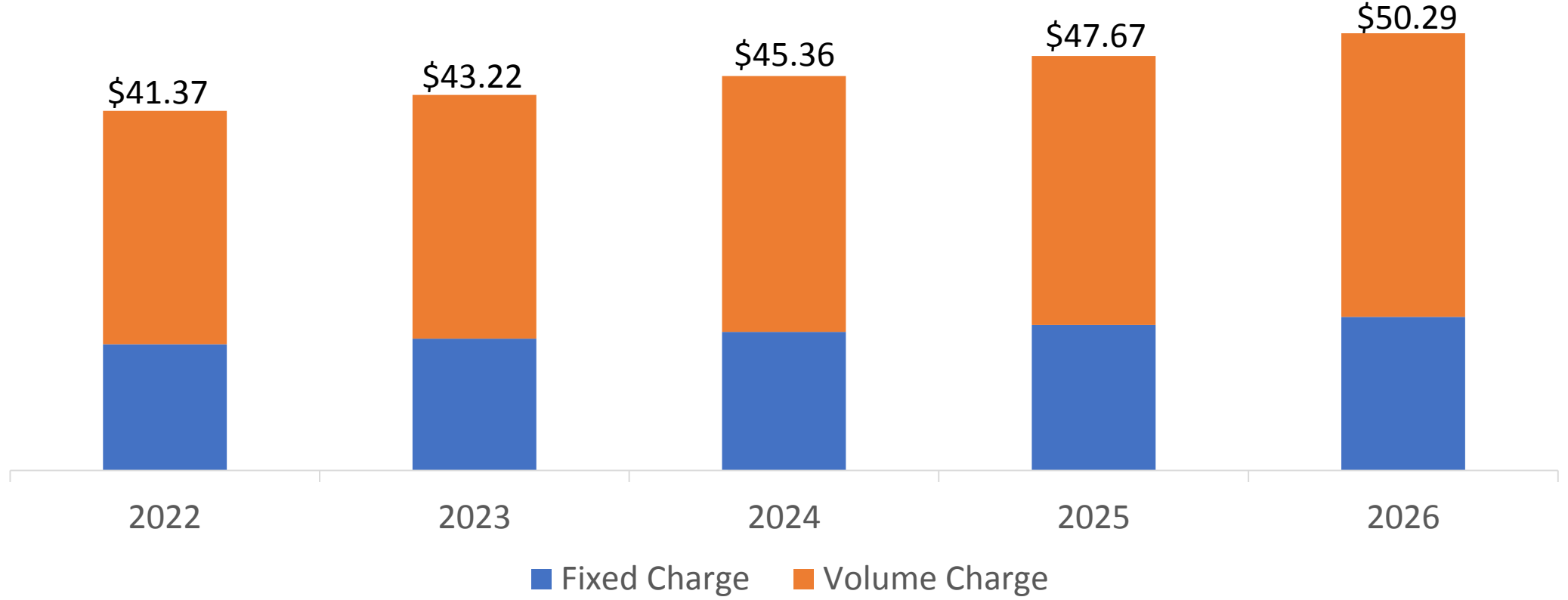
Start Date	Sewer Rate Increase
Upon Approval	0%
July 1, 2022	4.5%
July 1, 2023	5%
July 1, 2024	5%
July 1, 2025	5.5%



Regional Monthly Sewer Bill – 2021 Avg Residence



Typical Single Family Residential Bill



Rate Through July 1 of [Year]

	CURRENT	FY2021-22	FY2022-23	FY2023-24	FY2024-25	FY2025-26
RATE INCREASE	0%	0%	4.5%	5%	5%	5.5%
	MONTHLY FIXED SERVICE CHARGE					
Single Family	\$14.53	\$14.53	\$15.18	\$15.94	\$16.74	\$17.66
All Others						
Meter Size: 5/8"	\$14.53	\$14.53	\$15.18	\$15.94	\$16.74	\$17.66
Meter Size: 3/4"	\$14.53	\$14.53	\$15.18	\$15.94	\$16.74	\$17.66
Meter Size: 1"	\$28.49	\$28.49	\$29.77	\$31.26	\$32.82	\$34.63
Meter Size: 1 1/2"	\$51.77	\$51.77	\$54.10	\$56.80	\$59.64	\$62.93
Meter Size: 2"	\$79.68	\$79.68	\$83.27	\$87.43	\$91.80	\$96.85
Meter Size: 3"	\$154.15	\$154.15	\$161.08	\$169.14	\$177.59	\$187.36
Meter Size: 4"	\$237.91	\$237.91	\$248.62	\$261.05	\$274.10	\$289.17
Meter Size: 6"	\$470.61	\$470.61	\$491.70	\$516.38	\$542.20	\$572.02
Meter Size: 8"	\$936.01	\$936.01	\$978.13	\$1,027.04	\$1,078.39	\$1,137.70
	VOLUME CHARGE/HCF*					
Residential						
Single Family	\$4.26	\$4.26	\$4.45	\$4.67	\$4.91	\$5.18
Multi-Family	\$4.26	\$4.26	\$4.45	\$4.67	\$4.91	\$5.18
Mobile Homes	\$4.26	\$4.26	\$4.45	\$4.67	\$4.91	\$5.18
Non-Residential						
Commercial - Low	\$4.26	\$4.26	\$4.45	\$4.67	\$4.91	\$5.18
Commercial - Med	\$6.02	\$6.02	\$6.29	\$6.61	\$6.94	\$7.32
Commercial - High	\$9.59	\$9.59	\$10.02	\$10.52	\$11.05	\$11.66
Special Users	Varies	Varies	Varies	Varies	Varies	Varies
*HCF - Hundred Cubic Feet						
Rates include the Sewer Service Charge and Sewer Facilities Replacement Fee. The rates do not include the Storm Drain Fee.						

Questions



Background Slides



Sewer Variance Process

- Written request to the City Manager
- Application Fee of \$150 to cover investigation costs
- Residential – requires sufficient evidence to prove that the winter average does not correlate to the amount of sewage discharged
- Non-residential – water consumption is not substantially discharged into the sewer system
- Detailed in Chula Vista Municipal Code 13.14.130

13.14.130 Sewer service charge variances permitted when – Application – Contents – Fees.

A. The City Manager shall have the power to establish rules and regulations for the granting of variances from the established sewer service charges; provided, such rules and regulations shall be approved by resolution of the City Council. The City Manager or his/her designee shall have the power to grant variances from established sewer service charge billing categories upon receipt of a variance application as hereinafter provided from the owner or occupant of any premises, and one or more of the following situations exist:

1. Where a nonresidential user's wastewater contains a total suspended solids concentration sufficiently low as to qualify for a different sewer service charge strength category.
2. Where a substantial portion of the premises of an industrial or commercial establishment is used for industrial, commercial, recreational, horticultural or agricultural purposes of such a nature that the water supplied to such premises is not substantially discharged into the sewer system.
3. Where a residential user (with a separate water meter) has sufficient evidence to prove that his or her average winter consumption (usage from November 1st through April 30th), which forms the basis of their monthly sewer service charge, does not substantially correlate to the amount of sewage discharged into the sewer collection system.

B. The owner or occupant of any premises subject to the sewer service charge may apply in writing to the City Manager for a reclassification of such premises ("variance") under the provisions of subsections [\(A\)\(1\)](#), [\(A\)\(2\)](#) [\(A\)\(3\)](#) of this section; provided, however, that no rebate upon such reclassification shall be allowed for a period more than 90 days preceding the filing of such application. The City Manager or his/her designee shall render a decision as soon as practical, but not longer than 60 days after receipt of the request for a variance. The applicant shall bear the burden of proof and furnish substantial engineering and factual data to support the applicant's contention, by clear and convincing evidence, that the premises should be reclassified as provided in this section.

C. The owner or occupant of any premises requesting a variance from the sewer service charges pursuant to the provisions of this section and the rules and regulations approved by resolution of the City Council shall pay the required fee(s) to cover the cost of investigation of said request (if any); provided, however, that no fee shall be charged for a request for total exemption from the sewer service charge. In addition, a special handling charge to cover the cost of billing and inspections to be paid per billing may be established in the resolution granting the variance by resolution of the City Council. (Ord. 2966 § 1, 2004; Ord. 2506 § 1, 1992; Ord. 2466 § 7, 1991; Ord. 2107 § 1, 1985).

Master Fee Schedule

SEWER SERVICE VARIANCE FEES

The owner or occupant of any premises requesting a variance from the sewer service charges pursuant to the provisions of this section and the rules and regulations approved by resolution of the City Council shall pay a fee in the sum of \$150.00 to cover the cost of investigation of said request; provided, however, that no fee shall be charged for a request for total exemption from the sewer service charge. In addition, a special handling charge to cover the cost of billing and inspection to be paid per building may be established in the resolution granting the variance, provided that the minimum such charge shall be in the sum of \$3.75.