

# **NOTICE OF PUBLIC HEARING**

## **FOR PROPOSED CHANGES TO SEWER SERVICE RATES**

### **Tuesday, October 8, 2019 at 7:00 p.m.**

The City of El Cajon is considering rate changes that will affect your bill. This mailing serves as notice to property owners of the public hearing to be held on the proposed sewer rate adjustment. The public hearing will further explain the reasoning and analysis supporting these proposed rate adjustments.

#### **Proposition 218**

Pursuant to Article XIII D of the California Constitution and the Proposition 218 Omnibus Implementation Act, the City of El Cajon (the "City") hereby gives notice that a public hearing will be held on Tuesday, October 8th at 7:00 p.m., or as soon as possible thereafter as the matter can be heard, at the regularly scheduled City Council meeting. The public hearing will be held in the Council Chambers of the City of El Cajon City Hall located at 200 Civic Center Way, El Cajon, CA 92020. Upon conclusion of the public hearing, the City Council will consider a proposed increase in the cost the City charges for sewer service for Fiscal Years 2020 through 2024.

If approved, the rate adjustment will become effective November 22, 2019, which is when the City's first proposed rate adjustment would go into effect. For more detailed information on how the rates were calculated, the rate study analysis (see below) is available at the City of El Cajon City Hall located at 200 Civic Center Way, El Cajon, CA 92020, Telephone No. (619) 441-1776.

#### **Reason for Proposed Rate Increase**

There are several factors the City of El Cajon considers when reviewing a potential rate change including rising expenses for energy, maintenance, treatment, infrastructure, and other cost of services expenses. In addition, the City's rate structure must account for and set rates to reflect the true cost of providing wastewater services. To achieve this, the City hired a third-party engineering and consulting firm to conduct a comprehensive rate study. The proposed rate changes and rate structure adjustments preserve the City's ability to deliver a sustainable wastewater service at rates that are fair and equitable.

The purpose of the proposed rate increases is to allow the City to collect sufficient revenue to enable it to continue providing sewer service to its customers in the face of sharply increasing operating costs from the City of San Diego to fund the Pure Water Program and to enable the City to afford capital improvements that are essential for operating the sewer system in a safe and financially prudent manner. Revenues derived from the City's sewer service charges are used solely for the actual and necessary expenses of providing sewer service to its customers. The City is prohibited by law from making a profit on sewer service. The City elected to conduct a comprehensive review of its sewer rates for all users in an effort to ensure the long-term stability of its sewer services. The new proposed rate increases are based on a rate study conducted by NV5, a well-respected engineering and consulting firm, the combination of which took into consideration all the factors described herein, in conducting the analysis. The rate study and its methodology will be discussed in more detail at the public hearing.

#### **Proposed Increases**

The NV5 study showed that the wastewater service charge revenues at current levels will not be sufficient over the next five years to meet the increasing cost of City operating and capital expenses; the City last adjusted the sewer service charges in July 1, 2016 and the most recent Cost of Service Study was completed in August 2011. The City system of sewer service charges meet regulatory and industry standards and the current rate schedule reflects the proper elements of a cost of service- based rate structure.

**Proposed Schedule of Sewer Charges**

|  | EFFECTIVE 11/22/2019 |                              | EFFECTIVE 7/1/2020 |                              | EFFECTIVE 7/1/2021 |                              | EFFECTIVE 7/1/2022 |                              | EFFECTIVE 7/1/2023 |                              |
|--|----------------------|------------------------------|--------------------|------------------------------|--------------------|------------------------------|--------------------|------------------------------|--------------------|------------------------------|
| User Class                               | Base Charge          | Volumetric Charge (per HCF*) | Base Charge        | Volumetric Charge (per HCF*) | Base Charge        | Volumetric Charge (per HCF*) | Base Charge        | Volumetric Charge (per HCF*) | Base Charge        | Volumetric Charge (per HCF*) |
| <b>RESIDENTIAL</b>                       |                      |                              |                    |                              |                    |                              |                    |                              |                    |                              |
| Single Family                            | \$24.86              | \$4.49                       | \$28.59            | \$4.94                       | \$34.31            | \$5.53                       | \$40.14            | \$6.03                       | \$46.96            | \$6.51                       |
| Multi-Family/Condo w/o Irrigation Meter  | \$24.86              | \$3.92                       | \$28.59            | \$4.31                       | \$34.31            | \$4.83                       | \$40.14            | \$5.26                       | \$46.96            | \$5.69                       |
| Multi-Family/Condo w/ Irrigation Meter   | \$24.86              | \$4.49                       | \$28.59            | \$4.94                       | \$34.31            | \$5.53                       | \$40.14            | \$6.03                       | \$46.96            | \$6.51                       |
| <b>NON-RESIDENTIAL</b>                   |                      |                              |                    |                              |                    |                              |                    |                              |                    |                              |
| Commercial - Low w/o Irrigation Meter    | \$33.90              | \$4.04                       | \$38.99            | \$4.45                       | \$46.78            | \$4.98                       | \$54.73            | \$5.43                       | \$64.04            | \$6.19                       |
| Commercial - Low w/ Irrigation Meter     | \$33.90              | \$4.49                       | \$38.99            | \$4.94                       | \$46.78            | \$5.53                       | \$54.73            | \$6.03                       | \$64.04            | \$6.51                       |
| Commercial - Medium w/o Irrigation Meter | \$33.90              | \$5.30                       | \$38.99            | \$5.83                       | \$46.78            | \$6.53                       | \$54.73            | \$7.12                       | \$64.04            | \$8.12                       |
| Commercial - Medium w/ Irrigation Meter  | \$33.90              | \$5.89                       | \$38.99            | \$6.48                       | \$46.78            | \$7.26                       | \$54.73            | \$7.91                       | \$64.04            | \$8.54                       |
| Commercial - High w/o Irrigation Meter   | \$33.90              | \$7.05                       | \$38.99            | \$7.75                       | \$46.78            | \$8.68                       | \$54.73            | \$9.46                       | \$64.04            | \$10.79                      |
| Commercial - High w/ Irrigation Meter    | \$33.90              | \$7.83                       | \$38.99            | \$8.61                       | \$46.78            | \$9.65                       | \$54.73            | \$10.51                      | \$64.04            | \$11.36                      |
| <b>OTHER</b>                             |                      |                              |                    |                              |                    |                              |                    |                              |                    |                              |
| Septic Haulers                           |                      | \$7.87                       |                    | \$8.66                       |                    | \$9.70                       |                    | \$10.57                      |                    | \$11.41                      |

\*HCF = Hundred Cubic Feet; 1 HCF = approximately 748 gallons.

Rates may increase in future years by any amount of pass-through charges, per section 53756 of the California Government Code, see below.

**Pass-through Costs**

The sewer rates as shown and proposed within this notice are based in part on projections provided by the City of San Diego Metropolitan Sewer Treatment System. Actual future pass-through rate information is not available at this time. At the public hearing, the City of El Cajon shall consider establishing a “pass-through” ordinance that will pass along higher than anticipated costs per section 53756 of the California Government Code. If higher cost should materialize, the City would only pass-through the costs needed to pay for increases unknown at the time this study was prepared. Pass-through increases are necessary in order to maintain the safety and reliability of the City’s sewer system and avoid deficits and depletion of financial reserves when costs arise that are not within the City’s control.

**Protest Procedure**

The property owner of record may file a written protest to the proposed rate adjustment. Property owners do not have to attend the hearing in order to file a protest. Protests may be mailed to: City Clerk, City of El Cajon City Hall located at 200 Civic Center Way, El Cajon, CA 92020. Written protests may also be delivered to the City Clerk during the protest hearing; after the close of the public hearing no further protests may be submitted. Only one (1) written protest for each parcel will be counted.

If protesting by mail, please write on the front of the envelope that the enclosed letter of protest is for the proposed sewer rate adjustments. All protests must be received before the close of the public comment portion of the public hearing. Owners of multiple properties must file a separate written protest for each property.

The City of El Cajon encourages the participation of individuals with disabilities, in services, activities and programs provided by the City. Individuals with disabilities, who require reasonable accommodation under the Americans with Disabilities Act in order to participate in the public hearing should contact the City Clerk's Office as far in advance of the public hearing as possible.

If you have any questions about the proposed rate adjustments or the process for submitting a written protest, call the City of El Cajon at (619) 441-1653, email [publicworks@cityofelcajon.us](mailto:publicworks@cityofelcajon.us) or visit our website at [www.cityofelcajon.us](http://www.cityofelcajon.us).