



NOTICE OF PUBLIC HEARING REGARDING PROPOSED CHANGES TO WATER AND SEWER RATES

Hearing Date & Time: August 21, 2024, 6:30 PM

Hearing Location: Calexico City Council Chambers
608 Heber Avenue, Calexico, California 92231

Why are you receiving this notice?

The City of Calexico (City) is mailing this notice to you because you are a water and/or sewer customer, or record owner of property that receives one or both services. This notice is being provided pursuant to California Constitution Article XIII D (also known as "Proposition 218"), which requires the City to notify property owners and customers of proposed changes to property-related fees such as those for water or sewer service. This notice describes proposed changes to the rates for these services and provides information about a public hearing to be held at 6:30 p.m. on August 21, 2024, at the City Council Chambers, 608 Heber Avenue, Calexico, CA 92231. **If adopted, the proposed rates for water and sewer service will take effect September 1, 2024.**

What do water and sewer rates fund?

The City provides water and sewer service to residential, multi-family, and non-residential customers within its service territory and is committed to continuing high quality, reliable service at the lowest possible rates for our customers. Water and sewer rate revenue provides funding for costs related to system operations, maintenance, capital projects, repair and replacement of aging system components, debt repayment, administration, as well as costs related to prudent long-term operational or financial management of the utilities, such as maintaining adequate fund reserves and planning for contingencies. Monthly water and sewer rates charged to system users (customers) are the primary source of revenue for these purposes and are used solely for these purposes.

Over the next five years, the City has planned capital improvements to replace water transmission mains, pipelines, pumps and equipment, as well as sewer collection manholes and pipelines, and a significant expansion and upgrade of the City's Wastewater Treatment plant (WWTP).

The proposed rates are based on a comprehensive utility rate study and financial plan completed by an independent consultant. The rate structures for each utility were designed so that revenues derived from the proposed rates do not exceed the amount of revenue required for the City to provide the services. The revenue from the water and sewer rates will not be used for any purposes other than those for which they are imposed. The amount of the proposed rates imposed on any parcel will not exceed the proportional cost of the service(s) attributable to such parcel; and water and sewer charges will be imposed only if water or sewer service is actually used by or available to the property owner or customer.

Why are water and sewer rate changes needed?

The utility rate study and financial plan determined that the City's current water and sewer rates are not sufficient to meet ever increasing costs associated with system operations and maintenance, and costs for the capital projects mentioned above. These costs also include administrative support for operations, repair and replacement of aging system components, repayment of debt, maintenance of designated reserves, and capital facilities projects to ensure quality uninterrupted water and sewer service.

How the water and sewer rates are determined and proposed rate increases

To develop water and sewer rates that generate sufficient revenue to meet fiscal and policy objectives of the City, a determination of the annual revenue requirements from water and sewer rates was completed. As previously mentioned, revenue requirements include projected expenditures for operations, maintenance, repair and replacement of aging system components, equipment, debt repayment, minimum coverage for scheduled debt payments, and capital projects.

The revenue requirement for each utility also includes maintenance of designated reserves. Maintaining appropriate reserve funds is critical to the ability of the City to serve its customers and respond to unforeseen and unpredictable costs. The reserves, like all elements of the water and sewer charges, may only be used to fund costs associated with those systems.

The revenue requirements were compared to the total sources of available funds under existing rates during each year of the forecast period to determine the adequacy of projected revenues to meet those requirements. Where a shortage of revenue was found, a series of revenue adjustments was calculated, which if implemented, will provide revenue sufficient to meet those needs. The proposed rates are determined by calculating the costs associated with providing water and sewer service to each customer class. A description of the proposed water and sewer rates follows.

Water - Proposed water rates consist of 1) a monthly fixed charge per dwelling unit that applies to all residential customers which designates the minimum amount a residential customer will pay per dwelling unit regardless of the amount of water used. There is also a monthly fixed charge for all other customers that varies based on meter size regardless of the amount of water used, and 2) a volumetric rate per 100 cubic feet, based upon the amount of monthly metered water use. This volume charge varies for different customers based on the costs related to their specific demand and peak usage characteristics. The fixed charge recovers the fixed costs of maintaining and operating utility infrastructure and facilities, while the volumetric rate recovers variable costs of pumping, treating, and distributing water. The rate structure was designed so that each system user will be charged an amount that represents their proportional share of the City's cost of serving them, based on their historical demand and usage characteristics.

Sewer – Proposed sewer rates consist of 1) separate monthly fixed charges for Residential and Non-Residential customers, regardless of their usage, and 2) Volumetric rates for *Non-Residential customers only*, per 100 cubic feet, that vary by sewer discharge strength for three different customer categories. Residential customers pay *only* a flat monthly fee, and no volumetric rate per 100 cubic feet. The fixed charges recover the fixed costs associated with the operation and maintenance of sewer collection and treatment facilities, while the volumetric rates recover the variable costs of treatment and disposal of wastewater. The rate structure was designed so each system user will be charged an amount that is proportional to the cost of serving them, based upon their demand, discharge strength and usage characteristics.

New water rates

The City is proposing to implement new water rates as a series of annual adjustments starting on September 1, 2024, and then each July 1 thereafter, through July 1, 2028. The following table summarizes the proposed water rates.

**Proposed Monthly Water Rates
July 1, 2024 – July 1, 2028**

Description	Existing Rates	Projected For Fiscal Year Beginning July 1:				
		2024	2025	2026	2027	2028
Monthly Fixed Charge:						
Residential						
First Dwelling Unit	\$ 18.66	\$ 22.52	\$ 24.77	\$ 27.24	\$ 29.70	\$ 32.38
Additional Dwelling Unit	\$ 9.33	\$ 22.52	\$ 24.77	\$ 27.24	\$ 29.70	\$ 32.38
All Other Customers						
3/4 Inch	\$ 20.69	\$ 22.52	\$ 24.77	\$ 27.24	\$ 29.70	\$ 32.38
1.0 Inch	\$ 34.55	\$ 36.98	\$ 40.67	\$ 44.74	\$ 48.78	\$ 53.18
1.5 Inch	\$ 68.90	\$ 73.13	\$ 80.43	\$ 88.47	\$ 96.45	\$ 105.16
2.0 Inch	\$ 110.27	\$ 116.51	\$ 128.14	\$ 140.94	\$ 153.67	\$ 167.53
3.0 Inch	\$ 220.75	\$ 217.73	\$ 239.47	\$ 263.38	\$ 287.16	\$ 313.07
4.0 Inch	\$ 344.88	\$ 362.33	\$ 398.50	\$ 438.30	\$ 477.87	\$ 520.99
6.0 Inch	\$ 689.55	\$ 723.83	\$ 796.08	\$ 875.59	\$ 954.63	\$ 1,040.77
Construction Truck	\$ 110.86	Will now pay based on respective meter size.				
Water for Resale	\$ 110.91	Will now pay based on respective meter size.				
Volumetric Rates Per 100 Cubic Feet:						
Residential	\$ 2.15	\$ 2.39	\$ 2.63	\$ 2.89	\$ 3.15	\$ 3.43
Commercial, Manufacturing and Industrial	\$ 3.45	\$ 2.06	\$ 2.26	\$ 2.49	\$ 2.71	\$ 2.95
Construction/Truck	\$ 8.18	\$ 6.40	\$ 7.03	\$ 7.73	\$ 8.42	\$ 9.17
Water for Resale	\$ 11.76	\$ 2.38	\$ 2.61	\$ 2.87	\$ 3.13	\$ 3.41
City/Government	\$ 3.45	\$ 6.12	\$ 6.72	\$ 7.39	\$ 8.05	\$ 8.77
Commercial Irrigation Only	\$ 3.45	\$ 3.16	\$ 3.47	\$ 3.82	\$ 4.16	\$ 4.53
Schools	\$ 3.45	\$ 3.21	\$ 3.53	\$ 3.87	\$ 4.22	\$ 4.60

New sewer rates

In order to provide necessary funding for the sewer system, the City is proposing to implement new sewer rates as a series of annual adjustments starting on September 1, 2024, and each July 1 thereafter through July 1, 2028.

**Proposed Monthly Sewer Rates
July 1, 2024 – July 1, 2028**

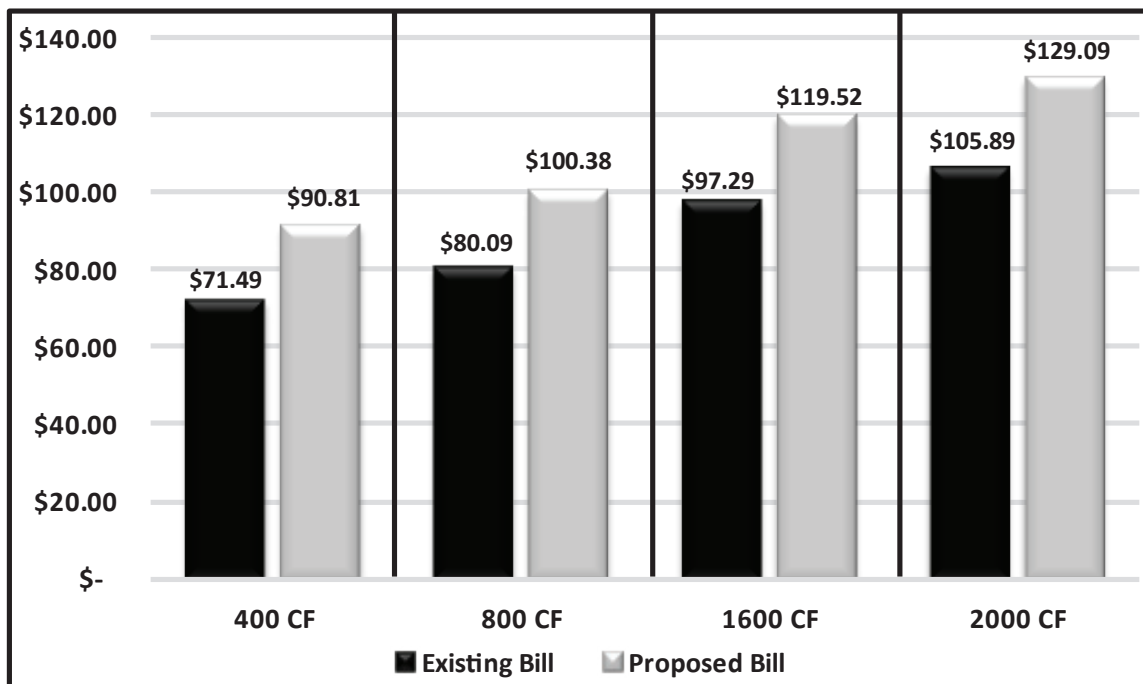
Description	Existing Rates	Projected For Fiscal Year Beginning July 1:				
		2024	2025	2026	2027	2028
Monthly Fixed Charge:						
Residential ^[1]						
First Dwelling Unit	\$ 44.23	\$ 58.71	\$ 79.26	\$ 80.85	\$ 82.47	\$ 84.12
Additional Dwelling Unit	\$ 22.11	\$ 58.71	\$ 79.26	\$ 80.85	\$ 82.47	\$ 84.12
Non-Residential						
Commercial Rate II	\$ 41.22	\$ 33.13	\$ 44.72	\$ 45.62	\$ 46.53	\$ 47.46
Commercial Rate III	\$ 46.45	\$ 33.13	\$ 44.72	\$ 45.62	\$ 46.53	\$ 47.46
Commercial Rate IV	\$ 51.56	\$ 33.13	\$ 44.72	\$ 45.62	\$ 46.53	\$ 47.46
Volumetric Rates Per 100 Cubic Feet:						
Commercial Rate II	\$ 4.12	\$ 1.97	\$ 2.65	\$ 2.70	\$ 2.75	\$ 2.81
Commercial Rate III	\$ 4.64	\$ 4.52	\$ 6.09	\$ 6.20	\$ 6.32	\$ 6.46
Commercial Rate IV	\$ 5.15	\$ 8.28	\$ 11.16	\$ 11.37	\$ 11.58	\$ 11.83

Notes:

[1] All residential customers only pay a flat fee per dwelling unit, regardless of usage.

Impact on your water and sewer bill

Per the proposed rates, effective September 1, 2024, the combined water and sewer bill for a typical single-family home that uses 1,600 cubic feet of water per month would increase from \$97.29 per month to \$119.52 per month. The accompanying graph provides a summary of existing and proposed rates under various usage scenarios.



How do you file a protest or participate in the public hearing?

The City will consider the new water and sewer rates at a Public Hearing on Wednesday, August 21, 2024, at 6:30 p.m. at the City Council Chambers, 608 Heber Avenue, Calexico, CA 92231. You are invited to present oral or written testimony at the Public Hearing. ***Any owner or customer of record of a parcel subject to the proposed rates may submit a written protest against the proposed rate revisions. If written protests are filed for a majority of the affected parcels, the proposed rate revisions will not be adopted.***

In order for a written protest to be counted, it must include the following: a statement indicating that the identified property owner or customer of record is in opposition to the proposed water or sewer rate changes; the street address or Assessor's Parcel Number (APN) for the parcel(s) with respect to which the protest is made; and the name and signature of the owner or customer.

Protests may be mailed, or hand delivered, to the City Clerk at 608 Heber Avenue, Calexico, CA 92231, prior to 4:00 p.m. on August 21, 2024, or hand delivered to the City Clerk at the Public Hearing on August 21, 2024. To be counted, a signed written protest must be received by the City Clerk before the conclusion of the Public Hearing. Protests submitted via e-mail or other electronic means will not be accepted. For any written protest, whether mailed or submitted in person to the City Clerk, please identify on the front of the envelope that the enclosed protest is for the Public Hearing on the Proposed Rate Changes – Water and Sewer Rates. While both property owners and customers of record may submit written protests, only one protest will be counted for each parcel.

The City Council will hear and consider all written and oral protests related to the proposed rate changes at the Public Hearing. Oral comments at the Public Hearing will not qualify as formal protests unless accompanied by a written protest. If written protests, as outlined above, are not presented by a majority of property owners or customers of record, the City Council will be authorized to adopt the proposed rates. If adopted, the rates for water and sewer service will take effect beginning **September 1, 2024**.

In accordance with Government Code section 53759, there is a 120-day statute of limitations for challenging any new, increased, or extended fee or charge for water or sewer service, beginning from the effective date or the date of final passage, adoption, or approval of the resolution adopting the rates, whichever is later.

If you have any questions regarding this notice, or would like to view the rate study report, please contact the Public Works Department at (760) 768-2160.