



City of Norco
2870 Clark Ave.
Norco, CA 92860

PUBLIC HEARING

DECEMBER 7, 2016 AT 7:00 PM

NOTICE OF PROPOSED

MULTI-YEAR WATER AND SEWER RATE INCREASE

NOTICE OF PROPOSED MULTI-YEAR RATE INCREASE
FOR WATER AND SEWER SERVICES

NOTICE IS HEREBY GIVEN, in Compliance with Article XIID of the State of California Constitution and the Proposition 218 Omnibus Implementation Act, the City Council of the City of Norco will hold a public hearing on Wednesday, December 7, 2016, at 7:00 p.m. or thereafter in the City Council Chambers, 2820 Clark Avenue, Norco, CA 92860, to consider adopting increases in the rates for its water and sewer services, which shall be implemented beginning January 1, 2017 through July, 1, 2020. This proposed multi-year rate increase will be used to balance shortfalls in the operating funds for water and sewer and for repair/replacement of the City's deteriorating water and sewer infrastructure.

WATER AND SEWER SYSTEM

The City of Norco provides safe, reliable and affordable drinking water and sewer service to the residents and businesses located within the City of Norco. The City is committed to providing these high-quality utility services at the lowest possible rates for our customers. The City's current 5-year capital improvement program includes over \$42 million in water and sewer infrastructure improvements. The City has over 100 miles of individual water and sewer mainlines, with a significant portion of these mainlines exceeding its useful life. However, the City's current rates are unable to properly fund the planned annual capital improvement projects.

WATER AND SEWER RATE STUDY

The City has retained the services of Hawksley Consulting to complete a comprehensive water and sewer rate study to determine the annual cash needs of the water and sewer systems over the next five fiscal years and the appropriate level of revenue required to fund rehabilitation and replacement of the aging water and sewer system infrastructure.

Water and sewer rates are carefully designed to treat all customers fairly by reflecting the cost of providing the respective services. Water and sewer rates are also designed to protect the financial viability of the water and sewer utilities in order to ensure that the City is able to continuously provide high-quality services in the future.

The study calculated the annual revenues necessary for the City to recover current and projected costs of operations, maintenance and capital infrastructure projects, while ensuring sufficient reserves for unplanned events. A copy of the water rate study can be viewed on the City of Norco's website at <http://www.norco.ca.us/>.

RATE STUDY FINDINGS

Over the last few years, the revenues generated by the water system have been insufficient to fund operating and capital costs due to significant reductions in annual water usage as a result of the recent drought and the subsequent conservation efforts. The City has seen water usage decline by nearly 30 percent over the past three years, which directly impacts total water revenues. At this time, if additional revenues are not generated for the water system, the City will be at risk of defaulting on debt covenants and jeopardize its ability to purchase water and execute critical infrastructure repair and replacement projects.

While sewer rates are currently generating sufficient revenues to support the sewer operations and maintenance, additional revenue will be required over the coming years to address the increasing cost of wastewater treatment operations and infrastructure repair and replacement projects.

PROPOSED RATE INCREASE OBJECTIVES

The planned rate increases outlined in this notice provide a phased approach to meet water and sewer funding requirements. Immediate rate increases will be necessary for the Water Fund given its current financial condition. The planned rate increases will allow the City to:

- Address current fiscal deficits within the Water Fund;
- Ensure that the Sewer Fund continues to sustain operating, capital and debt expenses;
- Fund half of the City's adopted Capital Improvements Plan for the water and sewer systems (i.e. the previous five-year plan will now be deferred over a ten year period); and
- Establish and maintain target cash reserves in the event of future unplanned expenditures or revenue shortfalls.

HOW WILL THIS IMPACT YOUR WATER RATES?

The proposed rates for the City’s water service shall become effective January 1, 2017 and every July 1 thereafter, as set forth in the table below.

	Current Rate	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21
Monthly Fixed Charge (Service Size) <i>SFR, MFR, Commercial, Industrial, Irrigation, and Municipal</i>						
3/4"	\$ 20.87	\$ 35.74	\$ 39.42	\$ 43.27	\$ 47.10	\$ 47.85
1"	\$ 33.12	\$ 53.09	\$ 58.54	\$ 64.26	\$ 69.96	\$ 71.01
1 1/2"	\$ 83.23	\$ 124.04	\$ 136.75	\$ 150.14	\$ 163.48	\$ 165.95
2"	\$ 108.31	\$ 159.55	\$ 175.90	\$ 193.13	\$ 210.29	\$ 213.47
3"	\$ 290.80	\$ 417.94	\$ 460.73	\$ 505.88	\$ 550.86	\$ 559.23
4"	\$ 521.75	\$ 744.95	\$ 821.21	\$ 901.69	\$ 981.87	\$ 996.81
6"	\$ 1,247.06	\$ 1,771.94	\$ 1,953.30	\$ 2,144.75	\$ 2,335.48	\$ 2,371.04
8"	\$ 2,843.06	\$ 2,843.06	\$ 3,134.02	\$ 3,441.22	\$ 3,747.24	\$ 3,804.31
10"	\$ 3,172.60	\$ 4,497.90	\$ 4,958.21	\$ 5,444.23	\$ 5,928.38	\$ 6,018.68
12"	N/A	\$ 7,393.83	\$ 8,150.49	\$ 8,949.43	\$ 9,745.30	\$ 9,893.75
Monthly Commodity Charge (Per Unit = 100 cubic feet or HCF) <i>SFR, MFR, Commercial, Industrial, Irrigation, and Municipal</i>						
Rate Per HCF	\$ 2.22	\$ 2.12	\$ 2.22	\$ 2.44	\$ 2.66	\$ 2.70
Monthly Fireline Fixed Charge (Service Size) <i>All Customer Classes</i>						
2"	\$ 20.87	\$ 36.48	\$ 40.85	\$ 45.35	\$ 49.88	\$ 50.88
3"	\$ 20.87	\$ 37.88	\$ 42.42	\$ 47.09	\$ 51.80	\$ 52.83
4"	\$ 20.87	\$ 40.29	\$ 45.13	\$ 50.09	\$ 55.10	\$ 56.20
6"	\$ 20.87	\$ 48.96	\$ 54.84	\$ 60.87	\$ 66.96	\$ 68.30
8"	\$ 20.87	\$ 63.92	\$ 71.59	\$ 79.46	\$ 87.41	\$ 89.16
10"	\$ 20.87	\$ 86.42	\$ 96.79	\$ 107.43	\$ 118.17	\$ 120.54
12"	\$ 20.87	\$ 117.59	\$ 131.71	\$ 146.19	\$ 160.81	\$ 164.03
Monthly Commodity Charge (Per Unit = 100 cubic feet or HCF) <i>Firelines</i>						
Any consumption recorded on the meter will be charged at double the regular commodity rate (No charge shall be assessed when extinguishing fires or testing fire equipment).						
Rate Per HCF	\$ 4.44	\$ 4.24	\$ 4.44	\$ 4.88	\$ 5.32	\$ 5.40

HOW WILL THIS IMPACT YOUR SEWER RATES?

The proposed rates for the City’s water service shall become effective January 1, 2017 and every July 1 thereafter, as set forth in the table below.

	Current Rate	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21
Monthly Sewer Fixed Charge <i>SFR, MFR, Commercial, Industrial, and Municipal</i>						
Rate	\$ 51.00	\$ 51.00	\$ 51.00	\$ 53.81	\$ 56.77	\$ 59.89
Monthly Sewer Commodity Charge (Per Unit of Water Used above 10 Units) <i>MFR, Commercial, Industrial, and Municipal</i>						
Rate	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.44	\$ 8.90	\$ 9.39
Monthly Sewer Fixed Non-Connect Charge <i>SFR, MFR, Commercial, Industrial, and Municipal</i>						
Rate	\$ 19.00	\$ 19.00	\$ 19.00	\$ 20.05	\$ 21.15	\$ 22.31

DROUGHT SURCHARGE RATES

Pursuant to State law and recognizing that water is our most vital resource, the City has adopted a water shortage contingency plan that addresses specific “stages” of action to be undertaken in response to the eventuality of various water shortage conditions. The City’s Water Conservation Program establishes five (5) water shortage stages (each a “Level”) and associated conservation mandates to reduce unreasonable and wasteful water use and preserve the City’s water supplies. The City Council may elect to enact the following drought surcharge rates during each respective Level as a means to stabilize rate revenue. The surcharge rates would be assessed to all metered water usage.

Drought Level	Conservation Target	Drought Surcharge Rate (per Hundred Cubic Feet)
Level 1	0%	\$ -
Level 2	20%	\$0.37
Level 3	30%	\$0.71
Level 4	40%	\$1.14
Level 5	>50%	\$1.73

PUBLIC HEARING INFORMATION AND PROTEST

A public hearing on the proposed rate adjustments will be held as part of the regular City Council meeting, which starts at 7:00 p.m. on December 7th, 2016 at the City Council Chambers, located at 2820 Clark Avenue, Norco, California. At the time of the Public Hearing, the City Council will hear and consider all protests and objections concerning the proposed rates and will consider and may adopt the adjusted rates and charges.

Any property owner or any tenant directly responsible for the payment of water service fees may submit a written protest to the proposed rate increases to the City of Norco's water service fees; provided, however, only one protest will be counted per identified parcel. Any written protest must : (1) state that the identified property owner or tenant is in opposition to the proposed water rate increases; (2) provide the location of the identified parcel (by assessor's parcel number or street address); and (3) include the name and signature of the property owner or tenant submitting the protest. Written protests may be submitted by mail or in person to the City Clerk, City of Norco, 2870 Clark Avenue, Norco, CA 92860 or at the Public Hearing, December 7, 2016 at 7 pm, provided they are received prior to the close of the Public Hearing, which will occur when public testimony is concluded. Any protest submitted via e-mail or other electronic means will not be accepted. Please identify on the front of the envelope for any protest, whether mailed or submitted in person to the City Clerk's Office, Attn: Public Hearing on Water and Sewer Rate Increases.

The City Council will hear and consider all written and oral protests to the proposed rate increases for the City of Norco's service area at the Public Hearing. Oral comments at the Public Hearing will not qualify as formal protests unless accompanied by a written protest. Upon close of the Public Hearing, the City Council will consider adoption of a resolution authorizing the rate increases to the City of Norco's water and sewer service fees. If written protests against the proposed rate increases as outlined above are not presented by a majority of property owners or customers of record of the identified parcels upon which the rates are proposed to be imposed, the City of Norco will be authorized to impose the rate increases. For information regarding the proposed water and sewer rate increase, the Water and Sewer Rate Study, or questions about the Proposition 218 process, please contact the City of Norco at (951) 270-5678. For specific information regarding the proposed water rate increase and your water account, please contact Utility Billing at (951) 270-5654. Information is also available on our website at www.norco.ca.us.

EN ESPAÑOL: Si hablan y tienen preguntas sobre este documento, por favor llamen a (951) 270-5654.

We apologize for any duplicate mailers your household or business may have received. Addresses were gathered from both our customer database and the property tax rolls to ensure all rate payers are notified properly, according to the requirements established in Proposition 218.

PROTEST OF THE PROPOSED MULTI-YEAR WATER AND SEWER RATE INCREASE

I _____ protest this proposed multi-year increase to water and sewer rates.
PRINT

Property Address or
Assessor's Parcel Number: _____

Signature: _____ Date: _____

If you wish to use this form as your protest, please fill out
and submit in person or mail in a stamped envelope to:

City Clerks Office, Attention: Cheryl Link - City Clerk, City Hall
Norco City Hall, 2870 Clark Ave, Norco, CA 92860