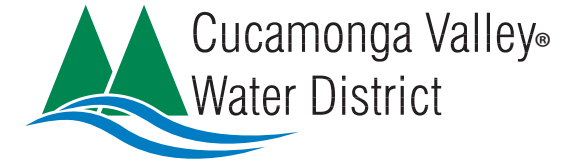


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## Notice of Public Hearing for Proposed Sewer and Recycled Water Rate Increase

**NOTICE IS GIVEN** that the Board of Directors of the Cucamonga Valley Water District will conduct a Public Hearing on Tuesday, **June 11, 2019 at 6 p.m. in the CVWD Board Room, at 10440 Ashford Street, Rancho Cucamonga, CA 91730**, to consider adopting increases in the rates for its sewer and recycled water service charges.

### PROPOSED RATE INCREASES

**Sewer Charge – Cucamonga Valley Water District (CVWD)** charges most customers within its service area a Sewer Service Charge. This charge is not imposed on a customer who has a septic system or receives sewer services from the neighboring cities of Fontana, Ontario or Upland. The rate of the Sewer Service Charge has two customer classes: (1) residential (which includes single family and multi-family customers); and (2) non-residential (which includes commercial, industrial, and institutional customers). The rates consist of two components: (1) a charge for capital replacement, operations and maintenance, billing, customer service, and other related costs (the CVWD Local Service Charge); and (2) a charge for sewage treatment and disposal (the Treatment Charge) to recover wholesale charges imposed on CVWD by the **Inland Empire Utilities Agency (IEUA)**, the agency that treats and disposes of sewage collected by CVWD.

discharge permit). The rates are calculated to proportionately allocate the costs of providing sewer services among the customer classes.

CVWD has conducted a financial analysis of the CVWD Local Service Charge (currently \$5.73 per EDU per month) and determined that it is not necessary to increase the rate of this charge for the next five years. However, the IEUA Board of Directors voted to increase the wholesale charge it imposes on CVWD for the treatment and disposal of the sewage CVWD collects. This increase is effective beginning July 1, 2019. In order to recover the costs of providing sewer services, it is necessary to increase the rate of the Treatment Charge-IEUA. If approved, the proposed increase will be in effect beginning July 1, 2019. The amount of the current rates and the proposed rate increase on the Treatment Charge-IEUA are listed in the table on the next page.

California law allows a public agency (such as CVWD) that provides water, wastewater, or sewer services to authorize automatic adjustments to its rates that pass-through to its customers any increases in the wholesale charges for water, sewage treatment, or wastewater treatment that are imposed on it, such as the Treatment Charges imposed on CVWD by IEUA. This can be done for a period of no more than five years, and only the proportionate share of the adopted increases or decreases in the wholesale charges may be passed on.

Because CVWD anticipates that there will be future increases in the rates that IEUA imposes

The rate for the CVWD Local Service Charge is determined on an equivalent dwelling unit basis (EDU). For residential and multi-family properties, one EDU is equivalent to approximately 270 gallons of discharge per day; therefore, these customers are assigned one EDU. Non-residential properties are assigned one or more EDU's, depending on the projected quantity of wastewater a customer contributes (flow) to the wastewater system (determined on the basis of the number of fixture units) and the loads that a customer's wastewater discharges put on the system (strength as determined on the basis of its

**Public Hearing**  
**June 11, 2019 at 6 p.m., at the**  
**Cucamonga Valley Water District Board Room**  
**10440 Ashford Street**  
**Rancho Cucamonga, CA 91730**

### PROPOSED RATES AT A GLANCE

**CVWD Local Sewer Service Charge . . . . . 0%**  
**IEUA Sewer Treatment Charge . . . . . +2.1%**  
**Recycled Water Rates . . . . . +3%**



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Sewer Rate Components	Current Monthly Rate Effective 7/1/2018	Proposed Monthly Rate Effective 7/1/2019	Increase
Treatment Charge – IEUA	\$19.59	\$20.00	0.41¢
Local Service Charge – CVWD	\$ 5.73	\$ 5.73	0.00¢
<b>Total Rate per Dwelling Unit</b>	<b>\$25.32</b>	<b>\$25.73</b>	<b>0.41¢</b>

on CVWD for sewage treatment and disposal, CVWD is also proposing to pass-through any future increases in the wholesale charges imposed by IEUA on CVWD. If approved, these pass-through increases will impact the rates for the Treatment Charge set forth in the table above. If approved, the annual pass-through adjustments may be implemented each fiscal year beginning July 1, 2019, and may be adjusted each fiscal year thereafter, through and including fiscal year commencing July 1, 2023. Provided, however, that the rate for the Treatment Charge will only increase if IEUA increases the charges it imposes for sewage treatment and disposal. It is unknown what future increases IEUA will impose, but in no event will any pass-through adjustment increase the rate for the Treatment Charge by more than 20% per year. A notice of any automatic pass through adjustment will be given at least 30 days before the effective date of any increase. The notice may appear in the CVWD's regular billing statement or through a direct mail notice to the address which CVWD mails the billing statement.

**Recycled Water Charges** – In 2005, CVWD began the sale and distribution of recycled water. CVWD purchases recycled water directly from IEUA. The rate structure for CVWD's Recycled Water Charges is comprised of two components: (1) fixed meter service charge (the Meter Charge) that is determined on the basis of the size of the meter serving the property; and (2) a commodity charge (the Recycled Water Commodity Charge) that is determined on the basis of the amount of recycled water delivered to a property. The Meter Charge is designed to recover CVWD's fixed costs of providing recycled water service (e.g., customer service, billing, debt repayment and reserve funding). The Recycled Commodity Charge is designed to recover CVWD's costs of purchasing wholesale recycled water from

IEUA and other operating costs (e.g. inspection, operations and maintenance, capital replacement and other related costs). CVWD's recycled water rates are calculated based on the cost of providing recycled water to only those customers receiving that service.

IEUA has estimated increases in its costs of providing wholesale recycled water over the next two years. CVWD conducted a Rate Study and, as a result of the IEUA cost increases and its own cost increases, has determined that a modest 3% rate increase is required to offset the rising costs of recycled water. CVWD is proposing to increase the rates for the Recycled Water Commodity Charge to pass-through the increases in the rate for purchased recycled water that IEUA imposes on CVWD as well as these other costs. The proposed increases are listed in the table on the next page.

CVWD anticipates that IEUA may increase the rates of wholesale recycled water that is delivered to CVWD and may impose other charges on CVWD related to wholesale recycled water. To ensure there are sufficient revenues to provide water service to our customers, CVWD is proposing to annually pass-through to customers any increases that are greater than those projected. CVWD pass-through rates appear in the form of a variable (commodity) charge based on the amount of recycled water used.

If approved by the Board of Directors, CVWD may annually implement Pass-Through Adjustments for a five-year period commencing July 1, 2019, provided that:

- Any increase in the rates as a result of any Pass-Through Adjustment shall not exceed \$1.00 per hundred cubic feet (HCF; 1 HCF=748 gallons) in any one year;
- In no event shall such rates be increased as a result of a Pass-Through Adjustment by more than the cost of providing recycled water service.

Current Recycled Water Rates	Proposed Rates and Charges (3% Annual Increase)					
	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023
Monthly Meter Charge (1-inch)	\$28.79	\$29.66	\$30.55	\$31.47	\$32.41	\$33.38
Commodity Rate per HCF	\$ 1.73	\$ 1.78	\$ 1.83	\$ 1.88	\$ 1.94	\$ 2.00

It is important to note that IEUA has not yet adopted such increases; however, CVWD has included them here for your information and will only enact these increases if necessary. Prior to implementing any Pass-Through Adjustment to the rates of the Commodity

Charge, CVWD will provide all customers notice of the adjustment at least 30 days prior to its effective date. This notice will appear in your billing statement or through a direct mail notice.

## HOW TO PARTICIPATE

The record owner of any parcel upon which the fees or charges are to be imposed and any tenant directly responsible for the payment of sewer charges or recycled water charges (i.e., a customer of record) may submit a written protest to the proposed rate increases; provided, however, only one protest will be counted per identified parcel. Any written protest must: (1) state the protest is being submitted in opposition to the proposed rate increases; (2) identify the specific rate increase(s) for which the written protest is being submitted; (3) provide the location of the identified parcel (by assessor's parcel number or street address); and (4) include the name and signature of the property owner or tenant directly responsible for the payment of the sewer charges or recycled water charges submitting the protest. Written protests may be submitted by mail or in person to the Clerk of the Board at 10440 Ashford Street, Rancho Cucamonga, CA 91730, or at the Public Hearing on June 11, 2019 at 6 p.m., so long as they are received prior to the conclusion of the public input portion of the Public Hearing. 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 Clerk of the Board, that the enclosed protest is for the Public Hearing on the Proposed Increases in Rates for Sewer and Recycled Water Charges.

The CVWD Board of Directors will hear oral comments made and consider all written protests submitted at the Public Hearing to the proposed rate increases. Oral comments at the Public Hearing will not qualify as formal protests unless accompanied by a written protest. Upon the conclusion of the Public Hearing, the Board of Directors will consider adoption of the proposed rate increases for the sewer and recycled water charges and automatic pass-through adjustments. If written protests against the proposed rates as outlined above are not presented by a majority of the property owners and tenants directly responsible for the payment of sewer and/or recycled water charges of the identified parcels upon which the rates and charges are proposed to be imposed, the Board of Directors will be authorized to impose the rate increases and automatic pass-through adjustments.

Further details regarding the basis and reasons for the proposed rate increases to the sewer and recycled water charges are available for review at the CVWD office or on its website: CVWDwater.com. For any questions you may have regarding whether you receive these services, your customer classification, the number of EDUs assigned to your property, or the rates proposed to be imposed on your property, please call CVWD at (855)654-2893.