

IMPORTANT INFORMATION ABOUT YOUR SEWER SERVICE RATES

NOTICE OF PUBLIC HEARING AND PROTEST INSTRUCTIONS FOR PROPOSED SEWER RATE RESTRUCTURE



The Coachella Valley Water District (CVWD) Board of Directors will conduct a public hearing to consider a proposed restructure of rates and charges for sewer service provided to all customers. **If approved by the CVWD Board of Directors, the new structure will take effect on January 1, 2018.**

Some residential customers will see a small decrease in their sewer rate while others will see an increase of up to \$1.44 per year.

The public hearing will be conducted at the time, date and location specified to the right.

All members of the public are invited to attend the public hearing. This notice is being sent to all record owners of property upon which the proposed charges will be imposed and any tenants who are directly liable for the payment of such charges (i.e., customers of record who are not property owners).

CVWD is dedicated to keeping its customers informed throughout the process. (See "How Can I Participate?" to learn more.) More information about sewer rates and charges is included in this document and available at www.cvwd.org/ratechanges.

PUBLIC HEARING INFORMATION

DATE: Tuesday, June 27, 2017

TIME: 8 a.m.

LOCATION: 75515 Hovley Lane East, Palm Desert, CA 92211



Stay connected with us!
www.cvwd.org



PARA OBTENER EN ESPAÑOL LA NOTIFICACIÓN DE ESTA AUDIENCIA PÚBLICA, Y LAS INSTRUCCIONES PARA PROTESTAR A LA PROPUESTA DE LA REESTRUCTURA DE LAS TARIFAS DE LA ALCANTARILLA, LLAME AL 760-391-9600.

WHY HAVE I RECEIVED THIS NOTICE?

CVWD is committed to providing safe, reliable and affordable sewer service to the communities we serve. The rates the district charges for sewer service are developed to treat all customers fairly, reflect the cost to provide service, and to protect CVWD's financial stability and its ability to provide the same level of service in the future.

You have received this notice to inform you that the CVWD's Board of Directors is considering a restructure of its sewer rates. As part of our commitment to transparency, we are sharing information with the community and seeking input that the Board of Directors will use to make the right decision for the district and its ratepayers.

For those who have septic tanks, you may have received this notice because your home has the ability to connect to our sewer system in the future and we are sending this notice to all potential customers.

This notice was developed to:



Inform you about potential changes to sewer rates.



Explain the reasons changes are being proposed.



Provide details about the proposed rate changes.



Share how you can participate in the process.



Invite you to attend a public hearing.

We invite you to review this information and contact us with your questions at publicinfo@cvwd.org.

ABOUT THE DISTRICT

CVWD provides wastewater services to more than 272,982 customers. It takes a complex sewer system that includes five wastewater reclamation plants and 1,129 miles of pipeline to ensure our customers have service that is safe, reliable and affordable.

Providing your sewer service also requires highly trained staff devoted to quality and dependability.

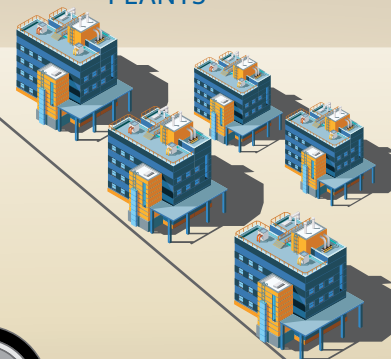


33.5 MILLION GALLONS
TOTAL DAILY PLANT CAPACITY

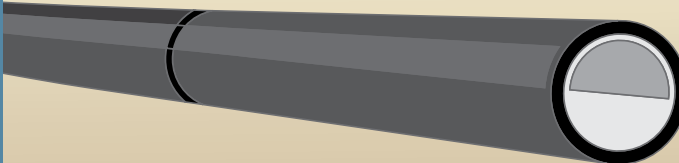
93,969 ACTIVE SEWER CONNECTIONS



5 WASTEWATER
RECLAMATION
PLANTS



1,129 MILES OF SEWER PIPELINE



As a public sewer service provider, CVWD can only charge its customers for the costs associated with providing sewer service. The District cannot earn a profit. When determining sewer rates, CVWD prioritizes the following:



- ✓ Fair treatment of all sewer customers.
- ✓ Charging customers only the cost to provide sewer service.
- ✓ Protecting the District's financial stability.
- ✓ Providing a high-level of service.



CVWD has not raised its rates for sewer service since 2010 and is not proposing to increase the revenue it receives from sewer charges at this time. Rather, CVWD is proposing to restructure how the rates are calculated and to simplify the rates to reflect current customer demand. The proposed rate structure is based on customers' water use and the amount of water sent into the sewer system by individual customers.

If approved, this restructure would result in some customers paying less and others paying more for their sewer service fees.

The sewer rates you pay go toward providing the important services listed below:

RELIABLE SERVICE

Most homes and businesses are connected to a sewer collection system that takes wastewater from sinks, showers, toilets and appliances to one of five wastewater reclamation plants. The district also recycles more than 2 billion gallons of wastewater each year for reuse, subjecting it to an advanced multi-step treatment process that filters out solids, organic materials, chemicals and germs.

SEWER SYSTEM MAINTENANCE

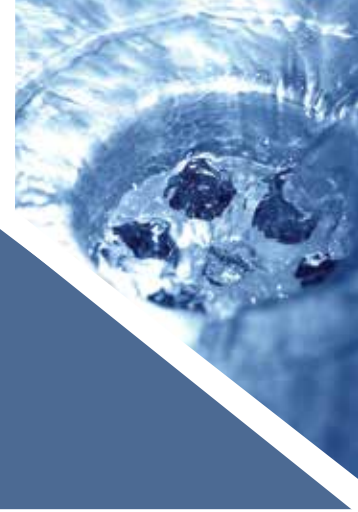
Operation and maintenance of the sewer system, which includes 1,129 miles of pipe leading to five wastewater reclamation plants. Maintenance includes sewer line cleaning, manhole inspections, leak assessment/prevention and responding to customer complaints.

INFRASTRUCTURE IMPROVEMENTS

Proactive system upgrades and improvements to the sewer system are critical to serve the 272,982 customers who depend on CVWD for safe and reliable sewer collection and treatment. These upgrades also save money in the long run, according to the American Society of Civil Engineers: planned replacement of sewer pipes is five times less expensive than fixing pipes once they break.

ABOUT THE DISTRICT | WHY IS A RESTRUCTURE OF RATES BEING CONSIDERED?

PROPOSED RESIDENTIAL CHANGES



Understanding your bill

Most residential customers pay their sewer charge on their annual property tax bill. The proposed charge is made up of two components: The **Account Charge** and the **Service Charge**.

The chart below compares the current rates with the proposed rates. Under the proposed restructure, rates will no longer vary based on geographic area in which your property is located.

Customer Class	Current Charge Per Month	Proposed Account (fixed) Charge Per Month	Proposed Service Charge/ESU* Per Month	Total For Residential Customers
Residential	\$24.50-\$32.40 (varies geographically)	\$1.58	\$23.04	= \$24.62/month

*Equivalent Sewer Units (ESU) are based on the estimated amount of water returned to the sewer system as wastewater. Residential customers are assigned 1 ESU for each household. This unit is equal to indoor drinking water budgets, which is about 200 gallons per day per residential unit, or 50 gallons per person per day for a family of 4.



How will this impact me? The proposed sewer rate restructure will create one rate for all residential sewer users. Under the proposed rate structure, some residential customers will see a decrease in their annual sewer bill while others will see an increase of up to \$1.44 per year.

Most residential sewer customers are billed on their annual property tax bill. If the Board of Directors approves the restructure, the changes will be reflected on your next property tax bill. For customers who are not billed on the tax roll, the change will be reflected on your monthly water bill for services provided on and after January 1, 2018.

PROPOSED RATE RESTRUCTURE CHARGES EXPLAINED



ACCOUNT CHARGE: Administrative Costs

The Account Charge is a fixed monthly cost designed to recover billing, customer service and other administrative costs. Under the proposed restructure, residential customers who are billed on their annual property tax bill will pay a lower **Account Charge** than businesses and others who are billed monthly.



SERVICE CHARGE: Operation, Maintenance & Capital Costs

Service Charge: This charge is billed based on the estimated amount of wastewater sent into the sewer system. Under the proposed rate restructure, residential customers would be assigned one Equivalent Sewer Unit (ESU) for each household. One ESU is equal to the indoor domestic water budget, which is 200 gallons of water per day per household.

Operation & Maintenance Costs: The **Service Charge** is designed to recover the costs associated with operating and maintaining the sewer system that carries wastewater from your home to one of five wastewater reclamation plants.

Capital Costs: Infrastructure improvements to the 1,129 mile sewer system and at five wastewater treatment plants are needed to provide reliable service while meeting regulatory requirements.



PROPOSED RESIDENTIAL RATE RESTRUCTURE

PROPOSED CHANGES FOR BUSINESSES, RV/TRAILER PARKS & INSTITUTIONS



Understanding your bill

Business customers pay their sewer charge on their monthly water bill. The charge is made up of two components: The Account Charge and the Service Charge.

Under the new proposal, non-residential customers are charged based on estimated sewage production and water use. Values are calculated using a customer's average water use over a rolling 3-year period. Customers can reduce sewer bill costs by reducing their water use.

The chart below compares current rates with the proposed rates. The proposed sewer rate restructure will create one rate for all non-residential sewer customers eliminating the complex formulas used in the current rate structure.

Customer class	Current charge	Proposed Account Charge (fixed) per month	Proposed Service Charge per ESU ⁽¹⁾ per month
RV/Trailer Park, Hotel/Motel, Institutions & Agencies	\$24.50-\$32.40 per EDU ⁽²⁾	\$3.98	\$23.04
Business (retail), Commercial/ Industrial (laundry, restaurant)	\$24.50-\$32.40 per EDU (for first 23ccf ⁽³⁾) or \$1.07 - \$1.43/ccf (when exceeding 24 ccf of water or more)	\$3.98	\$23.04
Schools	Per pupil count ⁽⁴⁾	\$3.98	\$23.04

⁽¹⁾Equivalent Sewer Units (ESU) are based on water use and an estimated amount of wastewater sent into the sewer system.

⁽²⁾Equivalent Dwelling Unit (EDU) is a term used to compare the wastewater flows generated from a business to those generated by a single family residential unit.

⁽³⁾One ccf is equal to 748 gallons of water.

⁽⁴⁾Schools are currently charged per pupil, which does not properly reflect water use or how much water is sent into the sewer system.

PROPOSED RATE RESTRUCTURE CHARGES EXPLAINED

ACCOUNT CHARGE: Administrative costs

Administrative Costs: The **Account Charge** is a fixed monthly cost designed to recover billing, customer service and other administrative costs, on a per-account basis for all customers.



SERVICE CHARGE: Operation, Maintenance & Capital costs

Service Charge: This charge is billed per unit based on the estimated amount of wastewater sent into the sewer system. Under the proposed restructure, businesses would be assigned a specific number of Equivalent Sewer Units (ESUs) based on their average water use over a three-year period.

Operation & Maintenance Costs: The Service Charge is designed to recover the costs associated with operating and maintaining the sewer system that carries wastewater from your business to one of five wastewater reclamation **plants**.

Capital Costs: Infrastructure improvements to the 1,129 mile sewer system and at five wastewater treatment plants are needed to provide reliable service while meeting regulatory requirements.

How will this impact me?

Currently, sewer rates are overly complex, varying by geography and with different formulas for different types of customers. The proposed restructure would eliminate the disparity and charge all businesses the same rate per Equivalent Sewer Unit (ESU) with an assigned number of ESUs based on a customer's

average water use over a three-year period.

Approximately 40% of businesses will receive a small decrease in their monthly sewer charge. Approximately 60% will see an increase ranging from minimal to significant. If approved, look for estimated charges on your bill starting in October, to understand how your business will be affected.

Note: Customers who maintain grease traps currently pay an Inspection Point Charge of \$15 per month. Under the proposed changes, the charge would be lowered to \$12 per month.

PROPOSED CHANGES FOR BUSINESSES, RV/TRAILER PARKS & INSTITUTIONS

SEWER OPERATION & MAINTENANCE QUICK FACTS

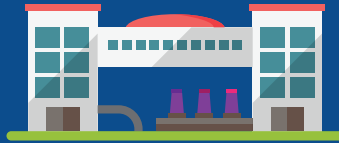
We often don't think about the water that gets flushed or washed down the drain into the sewer pipes beneath our streets. Sewer system pipes need constant attention to remain steadfast and efficient. We are all stewards of the wastewater infrastructure that previous generations handed down to us, and our sewer Service Charge pays to keep those pipes strong and reliable.



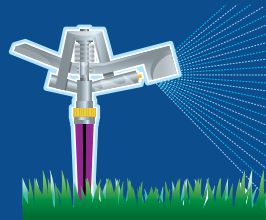
Below are some interesting facts about what it takes to maintain and operate our complex sewer system



EVERY DAY!

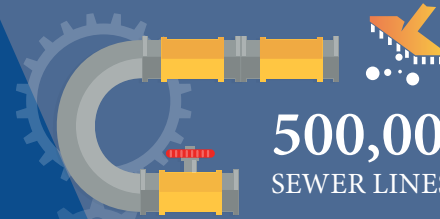


17 MILLION GALLONS OF WASTEWATER IS RECEIVED FOR TREATMENT AT FIVE WASTEWATER RECLAMATION PLANTS



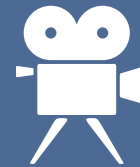
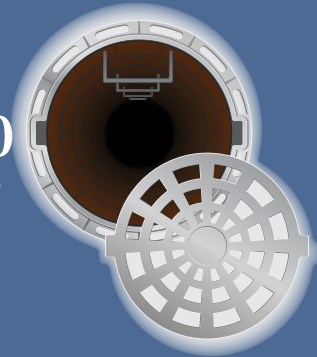
10 MILLION GALLONS OF WASTEWATER IS PROCESSED AND RECYCLED FOR REUSE AT CVWD'S RECLAMATION PLANT IN PALM DESERT.

PER YEAR!



500,000 FEET OF SEWER LINES ARE CLEANED

10,000 MANHOLES INSPECTED



300,000 FEET OF SEWER LINES ARE ASSESSED BY VIDEO TO PREVENT LEAKS AND SPILLS (THAT'S 5.9% OF OUR 5.9 MILLION FEET OF SEWERLINES).

PLANNED SEWER & RECYCLED WATER IMPROVEMENT PROJECTS

These projects help to provide reliable service, improve groundwater sustainability, and maintain a complex sewer system.

- ✓ Wastewater Reclamation Plants (WRP) 4, 7 & 10 – Chemical Safety System Upgrades
- ✓ WRP 10 Aeration Tank Improvements
- ✓ WRP 7 Biosolids Upgrade
- ✓ WRP 7 Secondary Clarifiers Upgrade
- ✓ Three lift station upgrades
- ✓ Three sewer pipeline projects
- ✓ Grant Project – St. Anthony's Mobile Home Park Sewer Project
- ✓ Expansion of the blended water & recycled water system



SEWER OPERATION & MAINTENANCE QUICK FACTS

Keeping costs as low as possible



CVWD places extreme importance on keeping the rates for sewer service low, and considers potential financial impacts in all its decisions. The District continually looks for opportunities to lower costs while improving service to customers. This approach has enabled us to keep rates unchanged since 2010 and develop a proposed restructure without increasing revenue.



Cost saving strategies include:



Operations, maintenance and capital improvement projects that could be responsibly postponed were deferred during the recession.



On-going energy efficiency programs are frequently being implemented, including the Southern California Edison's Energy Demand Reduction Program. For instance, SCE presented CVWD with a \$227,000 rebate check in December 2016 for energy-saving upgrades at the district's largest wastewater reclamation plant.



CVWD continues to seek available grant funds and has received numerous state and federal grants for eligible projects.



Staffing levels were reduced in 2009 and through the recession. Many of the positions remain unfilled today.



Employees now pay for a larger portion of their medical benefits and retirement plans.

How to participate

CVWD welcomes your input as its Board of Directors consider the changes explained in this notice. If you have questions or comments, you can participate in the following ways:



Call, visit or log-on — The Cost of Service Study and more information on the proposed rate restructure are available on our website www.cvwd.org/ratechanges, at CVWD's offices, or by calling (760) 391-9600.



Write to us — Any record owner of a parcel upon which the proposed sewer service charges will be imposed and any tenant directly liable for the payment of sewer service charges may submit a written protest to the proposed rates, but only one protest will be counted per parcel. **Written protests may be mailed to: Coachella Valley Water District,**

Attention: Clerk of the Board, PO Box 1058, Coachella, CA 92236 or hand delivered to: Coachella Valley Water District, Attention: Clerk of the Board, 51501 Tyler Street, Coachella, CA 92236 or 75515 Hovley Lane, Palm Desert, CA 92211, or at the public hearing (date, time and location noted to the right). To be counted, written protests must be received prior to the conclusion of the public input portion of the public hearing.

Protests to the proposed rate restructure must include the following information to be considered valid (in accordance with state law):

- ✓ Your name
- ✓ Original signature
- ✓ Street address
- ✓ Parcel number (located above your mailing address on the back of this notice) and/or account number.
- ✓ Please identify on the front of the envelope for any protest, whether mailed or submitted in person: Public Hearing on Proposed Rates.

Protests submitted by fax, email or other electronic means do not qualify as a formal written protest.

If you cannot attend the public hearing, you can email your comments to publicinfo@cvwd.org. Comments will be shared with the CVWD Board of Directors. Comments received by email do not count as official protest.

Attend the public hearing — The public hearing will take place at 8 a.m. on June 27, 2017, at the CVWD Steve Robbins Administration Building, 75515 Hovley Lane, Palm Desert, CA 92211. After the conclusion of the public hearing, the Board of Directors will make a recommendation for the adoption of proposed rate increases. At the public hearing, all members of the public will have an opportunity to speak, but verbal comments alone do not qualify as a formal protest.



Public hearing process — The Board of Directors will consider all written protests timely submitted and hear and consider all public comments made at the public hearing. Oral comments at the public hearing will not qualify as formal protests unless accompanied by a written protest. At the conclusion of the Public Hearing, the Board of Directors will determine whether to adopt the proposed rate increases described in this notice. If, after the close of the public hearing, written protests against the proposed rate increases are not presented by a majority of the record owners and customers of record of the identified parcels upon which they are proposed to be imposed, the Board of Directors will be authorized to impose the rate increases. If adopted, the proposed rate restructure will become effective January 1, 2018.

PUBLIC HEARING: Tuesday, June 27, 2017

Time – 8 a.m. Located at – 75515 Hovley Lane East, Palm Desert, CA 92211 (Board will vote whether to approve proposed rate structure changes).





Coachella Valley Water District
PO Box 1058
Coachella, CA 92236

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U.S. POSTAGE

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PALM DESERT, CA
92260



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