

ORDINANCE NO. 36

AN URGENCY ORDINANCE OF THE UKIAH VALLEY SANITATION DISTRICT AMENDING SECTION 8.12 OF ORDINANCE NO. 12 AND OF ORDINANCE NO. 25 PERTAINING TO SEWER SERVICE CHARGES AND REPEALING ORDINANCE NO. 34

WHEREAS, Section 2.3 of Amendment No. 2 to the Participation Agreement between the City of Ukiah (City) and the Ukiah Valley Sanitation District (District), requires each party to the agreement to establish sewer service charges and connection fees which are sufficient to pay its share of Project Costs as apportioned pursuant to said amendment, said amendment having been executed on December 15, 2004, and

WHEREAS, the City commissioned Hilton Farnkopf & Hobson, LLC (Consultant), to prepare a sewer rate study for the purpose of forecasting costs over a ten year period beginning with fiscal year 2010-2011 associated with the administration, maintenance, operation, needed capital improvements, and debt service for the Combined Sewer System which includes both the District's and City's Sewer Infrastructure and Wastewater Treatment Plant with the specific purposes of determining revenue requirements for the five year rate period from August 1, 2010 to June 30, 2015 and for recommending sewer service charges that are needed to generate sufficient revenue to equal revenue requirements, and

WHEREAS, on July 21, 2010, the City Council conducted the public hearing to consider adoption of the sewer rate schedule that was recommended in the rate study prepared by Consultant and amended by City staff and the City Council did adopt said sewer rate schedule, and

WHEREAS, the District Board of Directors (District Board) elected to wait an additional year before taking action on a new sewer rate structure to better understand the direction in which the economy might be heading for the near future and how it may affect the demand for new connections, to provide the District an opportunity to optimize the revenue stream under the current rate structure and to re-study the assumptions made in the Connection Fee Study prepared in 2005 by Bartle Wells, and

WHEREAS, the District Board has (1) implemented measures to maximize revenue from the existing sewer rate structure, (2) completed a Sewer Connection Fee Study and (3) is contemplating the adoption of an ordinance which will modify the amount of the connection fee to ensure that sufficient revenue is generated from connection fees to adequately service the bond debt associated with expansion of the Wastewater Treatment Plant, and

WHEREAS, revenues from the sale of new connections is not sufficient to make the debt service related to expansion and, therefore, it is necessary that the new revised sewer service charges generate the revenue needed to cover the anticipated revenue shortage, and

WHEREAS, on April 21, 2011, the District completed its review of the revenue requirements that will satisfy the District's financial obligations to the City based upon the City's ten year forecast of costs related to the administration, maintenance, operation, capital improvements, and debt service for the Combined Sewer System and the Board (1) selected a sewer rate schedule that will generate sufficient revenue and which more fairly distributes the cost of the sewer system based upon usage amongst District rate payers, (2) set a public hearing date of June 30, 2011 to consider adoption of the proposed sewer rate schedule, and (3) directed its District Manager to mail the 45 Day Notice of Public Hearing, and

WHEREAS, on May 13, 2011, the 45 Day Notice of Public Hearing was mailed to each record owner as recorded on the current property assessment role of parcels within the District and to those tenants having District sewer accounts as reported by the City of Ukiah, said 45 Day Notice describing the amount of the fee or charge to be imposed, the basis upon which the amount of the fee or charge is calculated, the reason for the fee or charge, and the date, time, and location of the public hearing at which the proposed fees or charges would be considered for adoption, and

WHEREAS, on June 30, 2011, beginning at 6:00 p.m. at the Ukiah City County Chambers, the District Board conducted the public hearing to consider adoption of the proposed sewer rate schedule and heard and considered public comment on the proposed changes in sewer rates, and

WHEREAS, the District Board did not receive at or prior to the public hearing written protests from a majority of the property owners within the District and the District Board has determined that the process the District Board followed in adopting revised sewer rates comply with the requirements of Section 6 of Article XIII.D of the California Constitution, and

WHEREAS, to generate sufficient revenue that will offset the costs of the sewer system, it is paramount that the provisions of the ordinance take effect immediately as the proposed changed sewer rates are structured to be effective the first month of the fiscal year of 2011/2012.

NOW, THEREFORE:

The Board of Directors of the Ukiah Valley Sanitation District hereby ordains as follows:

1. This Ordinance No. 36 shall supersede and replace any prior provisions of any ordinances of the Ukiah Valley Sanitation District pertaining to sewer rates, including all amendments thereto.

2. Ordinance No. 34 is hereby deleted.

3. Section 8.12 of Ordinance Numbers 12 and 25 is amended to read as follows:

Section 8.12 Sewer Rates and Application of Sewer Rates

A. Section Supersedes Inconsistent Provisions of Article 8 of Ordinance No. 12 and 25. Notwithstanding any provision of any prior ordinance of the District, Section 8.12 of Ordinance 12 and 25, as amended, shall supersede any inconsistent provisions of Sections 8.2, 8.5, 8.6, 8.7, and 8.8 and any amendments to any of these sections mentioned in this paragraph B. If there is any conflict or inconsistency between these sections or any provisions of the ordinances of the District and this section, the provisions of this section shall prevail over the inconsistent or conflicting provisions in those sections.

B. Purpose of Sewer Rates and Rate Setting Ordinance

(1) Revenue. The purpose of imposing the sewer rates onto properties connected to the public sewer under the jurisdiction of the District is to generate the revenue needed to pay for the costs of providing sewer service. Cost of providing sewer service includes the cost of administration, operation, maintenance, capital improvements, and debt service payments associated with the Combined Sewer System which includes the sewer infrastructures owned by both the District and the City of Ukiah. The Combined Sewer System collects, transports, and treats sewer effluent that is generated from properties connected to the public sewer within the District and the City of Ukiah. Cost of service shall also include, on a temporary basis, the generation of revenue which is needed to offset the shortage in revenue generated from sewer connection fees that are used to make annual debt service payments allocated to the District and associated with the expansion of the Wastewater Treatment Plant.

(2) Rate Setting Ordinance. The purpose of this ordinance is to establish a method of sharing the cost of sewer service among the users of the sewer system.

C. Territory In Which Sewer Rates Apply. The sewer rates herein shall apply to all parcels that are connected to or will be connected to the public sewer within the boundaries of the Ukiah Valley Sanitation District and to those parcels outside the boundaries of the District and City which are connected to the public sewer under the jurisdiction of the District.

D. Sewer Rates

(1) Sewer Bills. Sewer bills are based on consumption but in no case are sewer bills less than the fixed/minimum service charge that is applied to the sewer bill for the residential customer. The monthly sewer bill for the Residential category is the sum of the fixed/minimum service charge and the water consumption charge for water consumption exceeding 3.4 units of water.

(2) Definition of Consumption. "Consumption" shall mean a three month average of winter water use as measured and recorded at the water meter serving the same parcel or premise receiving sewer service for the months of January, February, and March. The water meter readings may include portions of the preceding month from January or a portion of the succeeding month from March; it is intended that a three month average is calculated from three consecutive water meter reading periods established by the water purveyors for the stated three months. If the water consumption readings for the three winter months indicate that the premise being served sewer service was vacant during a portion of the three winter months, the District Manager is authorized to average the water consumption for the period the premise appeared to be occupied. The District Manager is also authorized to eliminate from the calculation water readings which are clearly not representative of average monthly water use when compared to water readings for two of the three months.

(3) Water Consumption Measurements. Water consumption is measured in units of one hundred cubic feet ("hcf"). One hcf equals 748 gallons.

(4) Water Consumption Rate. Each unit of water consumption is billed at the consumption rate for the customer category/group. For the Residential category only, 3.4 units of water are subtracted from the water consumption amount before the residential water consumption rate is applied.

(5) Customer Categories/Groups. Sewer customers are classified as Residential, Commercial or Industrial based on the content and strength of the discharge as established by industrial standards and California State Water Resources Control Board guidelines.

a. Determination of Customer Classification. The District Manager shall determine the classification of sewer customers following industry standards and California State Water Resources Control Board guidelines.

b. Monitoring of Discharge. The District Manager may have the discharge of a customer monitored to determine the appropriate classification and/or to establish a special rate for commercial and industrial users.

(6) Unit Rate Established by Category. It is intended that unit sewer rates for each customer category/group are based on the cost of treating each unit of effluent for that category.

(7) Delegation of Duties. With the consent of the City, the District Board may delegate the specific duties to be carried by the District Manager as specified herein to the Public Works Director as long as the Participation Agreement between the City and the District remains in effect. Said delegation shall be made by resolution of the District Board.

(8) Appeal Process. The determinations made by the District Manager or the Public Works Director as to the amount of water consumption or customer classification may be appealed to the District Board. Appeals shall be in writing to the Chair of the Board of Directors not less than (30) days prior to the District Board meeting date at which time this matter would be heard as a regular agenda item. The decision by the District Board shall be final.

(9) Monthly Fixed/Minimum Service Charge. The fixed/minimum service charge shall be applied to each residential living unit whether it is a single family home, a mobile home space, or an apartment. All commercial and industrial customers pay no less than the fixed/minimum service charge; customers, regardless of classifications, whose consumption times the unit rate for their customer group is less than the fixed/minimum service charge shall pay the fixed/minimum service charge. For the Residential category only, the fixed/minimum service charge includes up to 3.4 units of water consumption.

(10) Sewer Unit Rates and Fixed/Minimum Service Charges. Sewer unit rates and fixed minimum service charge are presented in the Table below:

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Use	Effective Dates for Sewer Rates				
	Current	7/1/2011	7/1/2012	7/1/2013	7/1/2014
Residential Dwelling Units Including Multi-family units of Apartment Complexes and Mobile-home Parks					
Fixed Minimum Charge for each Dwelling Unit: includes up to 3.4 units of water consumption	\$47.18	\$53.47	\$53.47	\$53.47	\$53.47
Consumption Rate per One Unit of Water 1 unit = 100 cubic feet = 748 gallons. Applies when water consumption is greater than 3.4 units	\$1.85	\$3.40	\$4.45	\$5.50	\$6.60
Commercial and Industrial Rates: Based on consumption, but in no case will the sewer bill be lower than the fixed minimum charge for Residential Dwellings. No credit for the first 3.4 units of water use is provided.					
Commercial Low Strength	\$7.40	\$7.91	\$8.46	\$9.06	\$9.69
Commercial Moderate Strength	\$7.91	\$8.46	\$9.05	\$9.68	\$10.36
Commercial Medium Strength	\$13.99	\$14.96	\$16.00	\$17.12	\$18.32
Commercial High Strength	\$18.02	\$19.26	\$20.61	\$22.05	\$23.60
Commercial Special Circumstances	Determined on a case-by-case basis considering all aspects of the impact on the system and all other information deemed pertinent				
Industrial	Determined on a case-by-case basis considering all aspects of the impact on the system and all other information deemed pertinent				

4. This ordinance shall become effective immediately after adoption.

PASSED AND ADOPTED by the Board of Directors of the Ukiah Valley Sanitation District, County of Mendocino, State of California, on this 30th day of June, 2011, by the following roll call vote:

AYES: Marshall, Pallesen, McNerlin, Ronco
 NOES:
 ABSENT: Porter
 ABSTAIN:

 James Ronco, Board Chair

ATTEST:

APPROVED AS TO FORM:

 Rick Kennedy
 District Manager/Board Clerk

 Ross Walker
 Deputy County Counsel