



**CITY OF ONTARIO
NOTICE OF PUBLIC HEARING
Concerning Proposed Rate Increases for
Water, Sewer and Solid Waste Service Charges**



NOTICE IS HEREBY GIVEN THAT the City Council of the City of Ontario will conduct a public hearing on **July 18, 2023, at 6:30 PM**, at the Council Chambers, City Hall, 303 East "B" Street, Ontario, California, at a regular meeting, to consider adopting increases in the rates for its water, sewer and solid waste service charges.

WATER, SEWER AND SOLID WASTE SERVICE CHARGES

The City is committed to providing the highest quality utility services at the lowest possible rates for our customers. To meet this commitment, the City undertook an evaluation of the infrastructure needs, programs, and operations and maintenance costs of the City's water, sewer, and solid waste services. Based on this evaluation, it has been determined that rate increases are necessary for the City's water, sewer and solid waste service charges to enable the City to recover current and projected costs of operations and maintenance, capital infrastructure improvements needed to repair and update the City's aging water and sewer systems, maintain the operational and financial stability of the utilities, and avoid operational deficits and depletion of reserves, all as more specifically described below.

If approved, the proposed rate increases for a typical residential customer would result in an average increase of the combined monthly utility bill of approximately 7% in 2023 and 6% in 2024.

PROPOSED WATER RATE INCREASES

The City projects that operations and maintenance expenses will increase for both potable and recycled/non-potable water service. The City additionally projects approximately \$190 million in new capital projects over the next five years, in order to ensure continued delivery of clean and reliable water. To determine whether current revenues are sufficient to meet these needs and maintain financial stability, the City retained Raftelis Financial Consultants, Inc., an independent rate consultant, to conduct a water and wastewater cost of service analysis and rate study (the "Study"). Based on the Study, and in light of increased costs, increases to the rates for water service fees are required to meet increased costs of service.

The rate structure for water has three customer classes – Single Family Residential Potable ("SFR Potable"), Non-Single Family Residential Potable ("Non-SFR Potable") and Recycled ("Recycled"). The monthly water service charges consist of two components: (1) a fixed monthly service charge (the "Readiness to Serve Charge" which is referred to as the Base Charge on customer bills); and (2) a variable monthly water usage charge (the "Commodity Charge" which is broken down by tier on customer bills). The Readiness to Serve Charge is a fixed charge. The rates for the Readiness to Serve Charge are established on the basis of the meter size of the property receiving water service from the City and are calculated to recover a portion of the City's fixed costs for water facilities, repairs and replacements, as well as the cost of meter reading, billing, customer service, and other costs of operating the system. The rates for the Commodity Charge are calculated on the basis of the cost of providing water, including purchasing water, managing the City's water resources, costs for facilities necessary to accommodate peak use, and other costs that the City incurs that fluctuate with the amount of water consumed, or that are incurred in order to have capacity to serve high water users. For SFR Potable customers, the Commodity Charge consists of three tiers which will impose higher rates per unit of water as the level of consumption increases. For Non-SFR Potable and Recycled customers, the Commodity Charge consists of a single uniform rate.

In addition to the water service charges described above, the City also imposes a monthly private fire service fee on certain properties as a condition of extending or initiating water service by (1) the installation of a private fire hydrant, and (2) upon the request of the consumer or property owner for the delivery of water to the property for the purpose of private fire service protection. The rates for the monthly fire service fees are established on the basis of the size of the pipe through which water is delivered to the private fire hydrant and is calculated to recover the cost of providing water to such properties for private fire service protection.

Because of increases in the costs of providing water service as described above, the City is proposing to increase the rates for its water service charges for a two-year period, commencing July 19, 2023, and July 1, 2024. The current and proposed rates for the City's water service charges are set forth below:

CURRENT AND PROPOSED RATES FOR WATER SERVICE CHARGES

Commodity Charges (Monthly Water Use):								
SFR Potable					Non-SFR Potable			
	<u>Units*</u>	<u>Current</u>	<u>July 19, 2023</u>	<u>July 2024</u>	<u>Units*</u>	<u>Current</u>	<u>July 19, 2023</u>	<u>July 2024</u>
Tier 1	1-10	\$2.23	\$2.28	\$2.40	Uniform	\$2.76	\$2.92	\$3.07
Tier 2	11-18	\$3.02	\$3.63	\$3.82				
Tier 3	Above 18	\$3.91	\$4.38	\$4.59				

Recycled Water

<u>Units*</u>	<u>Current</u>	<u>July 19, 2023</u>	<u>July 2024</u>
Uniform	\$2.07	\$2.20	\$2.40

*Water “Units” measured in HCF (One Hundred Cubic Feet = 748 gallons)

Readiness to Serve (Base Charges):

Potable Water				Recycled Water				Fire Service			
<u>Meter Size</u>	<u>Current</u>	<u>July 19, 2023</u>	<u>July 2024</u>	<u>Meter Size</u>	<u>Current</u>	<u>July 19, 2023</u>	<u>July 2024</u>	<u>Pipe Size</u>	<u>Current</u>	<u>July 19, 2023</u>	<u>July 2024</u>
5/8”	\$28.69	\$29.19	\$30.65	5/8”	\$11.24	\$13.65	\$14.88	2”	\$11.42	\$11.31	\$11.87
3/4”	\$38.38	\$39.09	\$41.04	3/4”	\$12.56	\$15.78	\$17.20	4”	\$22.32	\$21.29	\$22.36
1”	\$57.74	\$58.89	\$61.84	1”	\$15.20	\$20.04	\$21.85	6”	\$47.06	\$43.97	\$46.17
1 1/2”	\$106.17	\$108.40	\$113.82	1 1/2”	\$21.79	\$30.70	\$33.46	8”	\$89.72	\$83.09	\$87.25
2”	\$164.28	\$167.81	\$176.20	2”	\$29.71	\$43.48	\$47.40	10”	\$153.90	\$141.94	\$149.03
3”	\$348.29	\$355.94	\$373.73	3”	\$54.77	\$83.97	\$91.53	12”	\$242.86	\$223.49	\$234.66
4”	\$619.45	\$633.18	\$664.84	4”	\$91.70	\$143.63	\$156.56	16”	\$507.00	\$465.65	\$488.93
6”	\$1,268.34	\$1,296.58	\$1,361.40	6”	\$180.08	\$286.40	\$312.18				
8”	\$2,333.64	\$2,385.74	\$2,505.02	8”	\$325.17	\$520.79	\$567.67				
10”	\$3,689.50	\$3,771.94	\$3,960.54	10”	\$509.83	\$819.11	\$892.83				

Included in the proposed rates are the cost of imported water from wholesale agencies and regulatory fees imposed by the Watermaster.

PROPOSED SEWER RATE INCREASES

Based on the Study, and in light of current revenues, reserve balances, and projected expenses and capital improvements, the Study recommends increases to the rates for sewer service fees to meet increased costs of service. Additionally, the City proposes to continue passing through a treatment charge for costs imposed on the City by Inland Empire Utilities Agency (“IEUA Charge”). The rate structure allocates costs of service to sewer customers based on current circumstances, and fairly and proportionately allocates capital replacement, operations, maintenance, and treatment costs to each customer class.

The rate structure for the sewer rates includes two customer classes – Residential and Non-Residential. Residential customers, including single-family and multi-family, are charged based on equivalent dwelling units (“EDU”) assigned to the property. EDUs are calculated based on the average single family residential household size of 3.83 people, each using 55 gallons per day. In order to come up with the rate for multi-family residential customers, which are projected to have 3.08 people per household, the EDU is multiplied by 80% of a single family residential customer (3.08/3.83 equals approximately 80%). Non-residential customers are proposed to be charged based on 90% of water usage for the applicable billing period. The 90% multiplier represents a return-to-sewer factor, which estimates the amount of water usage that enters the wastewater system based on City data.

The proposed sewer service fees proportionately allocate the costs of providing sewer service to each of the customer classifications.

CURRENT AND PROPOSED RATES FOR SEWER SERVICE CHARGES

City Sewer Service Charges				IEUA Charge			
<u>Customer Class</u>	<u>Current</u>	<u>July 19, 2023</u>	<u>July 2024</u>	<u>Monthly Rate</u>	<u>Current</u>	<u>July 2023</u>	<u>July 2024</u>
Single Family Residential per Unit	\$13.63	\$13.90	\$14.18	Rate per EDU**	\$21.86	\$23.39	\$24.79
Multi-family Residential per Unit	\$10.96	\$11.18	\$11.40				
Non-residential per HCF*	\$1.44	\$1.38	\$1.41				

(*) HCF (One Hundred Cubic Feet) is used to measure water consumption. Non-residential customers’ sewer service charge is calculated based on billed water usage and the 90% return-to-sewer factor.

(**) EDU (Equivalent Dwelling Unit) is a term used to compare the flows generated by a single family residential unit for non-residential customers. IEUA multi-family is currently calculated at 0.7 EDU (70%).

IEUA Pass Through Treatment Charge: The City’s wastewater is treated by Inland Empire Utilities Agency (“IEUA”) and IEUA in turn imposes the IEUA Charge. In addition to the rates described above, the City is also proposing to authorize passing through to its wastewater service customers any increases in the IEUA Charge that are imposed on the City by IEUA for a five-year period, commencing July 1, 2024, through and including July 1, 2028. Any such annual pass through will only increase the IEUA Charge component of the sewer service fees, shall not exceed 10% in any calendar year, and in no event shall the rates for the sewer service fees be increased by more than the cost of providing sewer treatment services. Prior to implementing any increase in the sewer service fees as a result of passing through increases to the IEUA Charge, the City will provide written notice of the rate increase at least 30 days in advance of the effective date.

PROPOSED SOLID WASTE RATE INCREASES

The City's Integrated Waste Division provides refuse, recycling, and organics collection and related transportation, material processing, and disposal services to City residents and businesses. The City currently has a contract with Burrtec for the processing of its recyclables and organics and a contract with Waste Management for the processing, transfer and disposal of refuse at the El Sobrante Landfill. The existing rates are insufficient to meet the City's costs. The City has continued to experience significant increases to the cost of providing service, including increased costs of operating the system, maintaining solid waste infrastructure, and ensuring ongoing financial stability.

Additionally, as a result of the implementation of the new state-mandated waste diversion programs and organic waste diversion regulations promulgated in response to Senate Bill 1383 ("SB 1383") that took effect January 1, 2022, the City has experienced increased costs relating to legal requirements associated with combining food waste and yard waste in organic carts.

To establish a plan to help ensure that future revenues are sufficient to meet future costs and to maintain financial stability, the City retained HF&H Consultants, LLC, an independent rate consultant, to conduct a solid waste cost of service analysis and rate study (the "Solid Waste Study"). Based on the Solid Waste Study, and in light of increased costs, increases to the rates for solid waste service fees are required to meet increased costs of service.

The rate structure for the solid waste service fees has three customer classes – residential, commercial, and industrial. For residential customers, the City currently offers a monthly rate for bundled refuse, recycling, and organics. The fees are calculated based on the size of containers and type of service, which includes bin, cart, and roll-off service. For commercial customers, the City offers monthly rates for subscription service and per pick-up rates for on-call service for refuse, recycling, and organics bin service. The fees are calculated based on the type and size of containers used, and the frequency of collection service. For industrial customers, the fees are calculated based on the cost to service the roll-off containers and the material type collected.

The fixed collection costs include such items as City administration and City-wide programs. The volumetric collection costs depend on subscribed level of service and are charged based on a full-time equivalent route factor that calculates collection truck capacity, average route hours, and disposal trip time based on each container size, an equivalent container factor ("ECF") that calculates the variable costs per load, and an equivalent container unit ("ECU") that is calculated by multiplying the number of containers by size, by the applicable ECF. Estimated inflationary increases were applied to operating and overhead costs. Annual growth factors were applied to residential, commercial, and industrial customers. The City is proposing increased rates for the solid waste fees. The proposed solid waste fees are determined based on the type of customer, and type of service provided to the customer, all as more fully described in the tables below.

CURRENT AND PROPOSED RATES FOR SOLID WASTE SERVICES CHARGES

Automated 3-cart Set				Automated Extra Refuse Cart			
<u>Gallons</u>	<u>Current</u>	<u>July 19, 2023</u>	<u>July 2024</u>	<u>Gallons</u>	<u>Current</u>	<u>July 19, 2023</u>	<u>July 2024</u>
96	\$35.75	\$39.78	\$43.81	96	\$11.38	\$11.81	\$12.15
64	\$31.76	\$35.60	\$39.45	64	\$7.19	\$7.52	\$7.73
32	\$28.04	\$31.82	\$35.60	32	\$3.49	\$3.65	\$3.75
Automated Extra Recycling Carts				Automated Extra Organics Waste Carts			
<u>Gallons</u>	<u>Current</u>	<u>July 19, 2023</u>	<u>July 2024</u>	<u>Gallons</u>	<u>Current</u>	<u>July 19, 2023</u>	<u>July 2024</u>
96	\$4.60	\$6.18	\$7.34	96	\$8.56	\$12.14	\$13.69

Commercial Solid Waste Rates										
	Carts	Bins					Compactor			
	96 gal	1.5 yd	2 yd	3 yd	4 yd	6 yd	2 yd	3 yd	4 yd	6 yd
Once per week service – first container:										
Current	\$16.81	\$140.01	\$152.79	\$172.83	\$200.24	\$255.04	\$219.73	\$284.28	\$356.18	\$522.07
July 19, 2023	\$16.81	\$140.01	\$152.79	\$175.44	\$208.60	\$274.92	\$230.41	\$307.63	\$393.89	\$666.50
July 2024	\$16.81	\$140.01	\$154.23	\$179.09	\$213.25	\$281.57	\$235.71	\$315.26	\$404.12	\$684.98
Each additional pickup per week – first container:										
Current	\$22.13	\$50.28	\$63.06	\$83.10	\$110.50	\$165.31	\$129.99	\$194.54	\$266.45	\$432.34
July 19, 2023	\$23.12	\$56.45	\$71.90	\$96.03	\$129.19	\$195.50	\$150.99	\$228.21	\$314.47	\$587.09
July 2024	\$23.80	\$58.15	\$74.07	\$98.92	\$133.08	\$201.40	\$155.54	\$235.09	\$323.96	\$604.82
Once per week service – each additional container:										
Current	\$11.38	\$29.52	\$44.34	\$65.22	\$92.83	\$148.45	\$113.66	\$180.42	\$254.53	\$422.63
July 19, 2023	\$11.81	\$39.74	\$56.06	\$81.45	\$116.03	\$184.15	\$134.17	\$213.66	\$302.20	\$577.09
July 2024	\$12.15	\$40.94	\$57.75	\$83.91	\$119.53	\$189.71	\$138.21	\$220.11	\$311.31	\$594.52

Each additional pickup per week – each additional container:

Current	\$17.12	\$52.49	\$67.31	\$88.19	\$115.80	\$171.42	\$136.62	\$203.38	\$277.50	\$445.60
July 19, 2023	\$23.12	\$56.45	\$71.90	\$96.03	\$129.19	\$195.50	\$150.99	\$228.21	\$314.47	\$587.09
July 2024	\$23.80	\$58.15	\$74.07	\$98.92	\$133.08	\$201.40	\$155.54	\$235.09	\$323.96	\$604.82

Commercial Recycling Rates

	Carts	Bins					Compactor			
	96 gal	1.5 yd	2 yd	3 yd	4 yd	6 yd	2 yd	3 yd	4 yd	6 yd
Once per week service – first container:										
Current	\$6.48	\$98.21	\$107.56	\$126.27	\$144.98	\$193.77	\$134.86	\$178.61	\$214.76	\$309.83
July 19, 2023	\$9.04	\$98.21	\$107.56	\$126.27	\$144.98	\$193.77	\$138.47	\$197.65	\$246.58	\$375.21
July 2024	\$10.21	\$98.21	\$107.56	\$126.27	\$144.98	\$193.77	\$141.14	\$202.46	\$253.14	\$386.42
Each additional pickup per week – first container:										
Current	\$15.69	\$51.03	\$60.38	\$79.09	\$97.80	\$146.59	\$87.68	\$131.43	\$167.58	\$262.65
July 19, 2023	\$17.49	\$51.13	\$61.78	\$84.08	\$104.23	\$159.90	\$111.26	\$170.45	\$219.38	\$348.01
July 2024	\$18.98	\$55.67	\$66.11	\$86.97	\$107.84	\$165.54	\$115.09	\$176.41	\$227.09	\$360.37
Once per week service – each additional container:										
Current	\$4.60	\$30.27	\$41.67	\$61.20	\$80.12	\$129.74	\$71.35	\$117.30	\$155.66	\$252.94
July 19, 2023	\$6.18	\$37.16	\$48.10	\$69.51	\$91.08	\$148.55	\$94.43	\$155.90	\$207.10	\$338.01
July 2024	\$7.34	\$38.46	\$49.79	\$71.96	\$94.30	\$153.85	\$97.76	\$161.42	\$214.45	\$350.07
Each additional pickup per week – each additional container:										
Current	\$10.35	\$41.76	\$53.15	\$72.69	\$91.61	\$141.22	\$82.83	\$128.78	\$167.14	\$264.43
July 19, 2023	\$17.49	\$53.87	\$63.94	\$84.08	\$104.23	\$159.90	\$111.26	\$170.45	\$219.38	\$348.01
July 2024	\$18.98	\$55.67	\$66.11	\$86.97	\$107.84	\$165.54	\$115.09	\$176.41	\$227.09	\$360.37

	Commercial Green Waste Rates						Commercial Organics Rates					
	Carts	Bins					Carts			Bins		
	96 gal	1.5 yd	2 yd	3 yd	4 yd	6 yd	32 gal	64 gal	96 gal	1.5 yd	2 yd	3 yd
Once per week service – first container:												
Current	\$10.93	\$109.27	\$122.66	\$149.45	\$176.24	\$229.82	\$6.67	\$10.95	\$15.03	\$292.06	\$302.23	\$322.57
July 19, 2023	\$15.03	\$109.27	\$122.66	\$149.45	\$176.24	\$229.82	\$9.29	\$15.61	\$21.70	\$292.06	\$302.23	\$322.57
July 2024	\$16.72	\$109.27	\$122.66	\$149.45	\$176.24	\$229.82	\$9.96	\$16.82	\$24.14	\$292.06	\$302.23	\$322.57
Each additional pickup per week – first container:												
Current	\$19.65	\$63.15	\$76.55	\$103.34	\$130.13	\$183.71	\$15.39	\$19.66	\$23.75	\$53.48	\$63.64	\$83.98
July 19, 2023	\$23.45	\$63.15	\$76.55	\$103.34	\$130.13	\$183.71	\$17.70	\$24.02	\$30.12	\$113.24	\$143.10	\$202.83
July 2024	\$25.34	\$63.15	\$76.55	\$103.34	\$130.13	\$183.71	\$18.59	\$25.44	\$32.76	\$117.78	\$148.92	\$211.90
Once per week service – each additional container:												
Current	\$8.56	\$42.40	\$57.83	\$85.46	\$112.46	\$166.85	\$4.21	\$8.53	\$12.66	\$42.72	\$59.93	\$86.10
July 19, 2023	\$12.14	\$42.74	\$57.83	\$85.46	\$112.46	\$166.85	\$6.25	\$12.68	\$18.81	\$96.53	\$127.26	\$188.25
July 2024	\$13.69	\$43.96	\$57.83	\$85.46	\$112.46	\$166.85	\$6.80	\$13.76	\$21.11	\$100.57	\$132.60	\$196.18
Each additional pickup per week – each additional container:												
Current	\$14.30	\$53.88	\$69.32	\$96.94	\$123.94	\$178.34	\$9.96	\$14.27	\$18.41	\$54.20	\$71.41	\$97.58
July 19, 2023	\$23.45	\$59.46	\$71.39	\$96.94	\$123.94	\$178.34	\$17.70	\$24.02	\$30.12	\$113.24	\$143.10	\$202.83
July 2024	\$25.34	\$61.18	\$73.45	\$97.98	\$123.94	\$178.34	\$18.59	\$25.44	\$32.76	\$117.78	\$148.92	\$211.90

Roll-Off Containers*

	<u>Current</u>	<u>July 19, 2023</u>	<u>July 2024</u>
10 YD – Refuse	\$332.37**	\$243.28	\$247.61
20 YD – Refuse	\$469.02**	\$243.28	\$247.61
30 YD – Refuse	\$513.08**	\$243.28	\$247.61
40 YD – Refuse	\$579.18**	\$243.28	\$247.61
Recycling per load	\$248.70	\$243.28	\$247.61
Inert/Green Waste per load	\$248.70	\$243.28	\$247.61
Compactor	\$280.05	\$278.25	\$283.68
Dry run / Other Haul Charge	\$100.00	\$243.28	\$247.61

* Proposed charges are for collection only. Disposal costs based on weight will be added.

** Included some disposal charges.

PUBLIC HEARING

Any property owner or any tenant directly responsible for the payment of water, sewer, or solid waste service charges (i.e., a customer of record) may submit a written protest to the proposed increases to the rates for the City's water, sewer, or solid waste service charges; provided, however, only one protest will be counted per identified parcel. Any written protest must: (1) state the specific rate increase (water, sewer, and/or solid waste) for which the protest is being submitted in opposition; (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 directly responsible for the payment of the water, sewer, and/or solid waste service charges submitting the protest. If a property owner or tenant is protesting one or more rate increases, the property owner or tenant should identify which rate increase or increases they are protesting. Written protests may be submitted by mail or in person to the City Clerk at the City of Ontario, 303 East "B" Street, Ontario, California 91764, or at the Public Hearing, 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 City Clerk, that the enclosed protest is for the Public Hearing on the Proposed Increases in Rates for Water, Sewer, and Solid Waste Service Charges.

The City Council will hear and consider all written and oral protests to the proposed rate increases at the Public Hearing. 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 City Council will consider adoption of the proposed rate increases for the water, sewer, and solid waste service charges described herein. If written protests against the proposed rates as outlined above are not presented by a majority of the property owners or tenants directly responsible for the payment of water, sewer, and/or solid waste service charges of the identified parcels upon which the rates and charges are proposed to be imposed, the City Council will be authorized to impose the respective rate increases. Please note that pursuant to SB 323, there is a 120-day statute of limitations to challenge any new or increased rates for water and sewer service fees. The statute of limitations commences on the effective date of the resolution or ordinance adopting the new or increased rates.

For further details regarding the basis and reasons for the proposed rate increases to the water, sewer, and solid waste service charges, or for any questions you may have regarding your customer classification, service area, or the rates proposed to be imposed on your parcel, please visit our website at www.ontarioca.gov/OMUC or contact Mike Sigsbee, Assistant General Manager – Administration & Customer Service, with the Ontario Municipal Utilities Company at (909) 395-2653.

Para más detalles acerca de las razones detrás del propuesto aumento de tarifas para agua, alcantarillado y basura o para cualquier pregunta que tenga acerca de su clasificación de cliente, área de servicio, o tarifas propuestas para ser impuestas a su parcela, visite nuestra página web www.ontarioca.gov/OMUC o comuníquese con Mike Sigsbee, Asistente Gerente General – Administración y Servicio al Cliente de la Compañía de Utilidades Municipal de Ontario (909) 395- 2653.