



TOWN OF APPLE VALLEY

TOWN COUNCIL STAFF REPORT

To: Honorable Mayor and Town Council **Date:** April 8, 2014

From: Marc Puckett, Assistant Town Manager **Item No:** 8
Finance & Administration

Subject: ADOPT RESOLUTION NO. 2014-10, A RESOLUTION SETTING THE TIME AND PLACE FOR A PUBLIC HEARING ON SEWER USER CHARGE INCREASES AND PROVIDING DIRECTION TO STAFF TO PROCEED WITH THE SPECIAL NOTICE PROCEEDING AS REQUIRED BY LAW

T.M. Approval: _____ **Budgeted Item:** Yes No N/A

RECOMMENDED ACTION:

That the Town Council adopt Resolution 2014-10 stating its intention to hold a Public Hearing on May 27, 2014 to increase sewer user charges and direct staff to proceed with the special notice as required by law.

SUMMARY:

In March, 2014, the Victor Valley Waste Water Reclamation Authority (VWRA) proposed an incremental increase totaling 43.0% (FY15 - 9%, FY16 – 9%, FY17 – 9%, FY18 – 9%, FY19 – 7%) in the sewer user charge for member agencies over the next five fiscal years beginning July 1, 2014. The VWRA increase is intended to provide resources to fund the construction of sub-regional treatment plants for reclaimed water and fund the capital cost of maintaining its facilities and sewer system infrastructure. This increase was approved by VWRA and becomes effective for member agencies on July 1, 2014.

As reported to Council during Fiscal Year 2013, the Town did not fully pass through the prior cost increase and absorbed over \$140,000 in increased sewer costs at the time of the public hearing in March, 2013. This VWRA rate increase will increase the Town's sewage charges by approximately \$18,500 per month in the first year. The Town's Sewer Fund cannot sustain the increased costs due to the VWRA rate increase.

Further, for any proposed fee increase the Town must comply with the Proposition 218 notice requirements. This requirement provides that notices of the proposed fee increase must be sent to the owner of record of each identified parcel upon which any new or increased sewer rates or charges are being proposed for adoption at least forty-five (45) days in advance of the Public Hearing. This notice procedure will cost the Town approximately \$15,000.

Currently, the Town charges sewer users twenty-eight dollars and nineteen cents (\$28.19) per equivalent dwelling unit (EDU) per month. The fee is proposed to increase by three dollars and twenty-four cents (\$3.24) or 11.5% to thirty-one dollars and forty-three cents (\$31.43) per EDU per month effective May 28. Increasing the sewer user charges by 11.5% by passing through the VVWRA rate increase will allow the Town to recapture its future increased cost for waste water treatment from VVWRA, a portion but not all of the previous increased treatment costs that were not passed through by the Town and fund necessary future capital improvements.

If the Town Council adopts Resolution Number 2014-10, the notice will be mailed and distributed to the property owners of record. Each property owner will have the right to submit a written or oral protest against the proposed fee increase and may do so by mail or in person to the Town Clerk no later than the conclusion of the Public Hearing on May 27, 2014. At the Public Hearing, the Town Council will consider all protests against the proposed fee increase. If written protests against the proposed fee increase are presented by a majority of property owners of identified parcels, the protest would be affirmed and the Town would not impose the proposed fee increase. If there is no majority protest, the Town Council would then consider a resolution to adopt the proposed fee increase. If adopted, the fee increase would become effective on May 28, 2014.

ATTACHMENT:

Resolution No. 2014-10

RESOLUTION NO. 2014-10

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF APPLE VALLEY SETTING THE TIME AND PLACE FOR A PUBLIC HEARING ON THE SEWER FEE INCREASE IN AN AMOUNT OF FORTY-EIGHT PERCENT OVER THE NEXT FIVE YEARS PER EQUIVALENT DWELLING UNIT AND DIRECTING STAFF TO PROCEED WITH THE SPECIAL NOTICE REQUIRED BY LAW

WHEREAS, the Town Council of the Town of Apple Valley is a member entity of the Victor Valley Wastewater Reclamation Authority (VWVRA), a Joint Powers Authority, duly formed under the laws of the State of California; and

WHEREAS, the VWVRA approved a 43.0% increase in total (FY15 - 9%, FY16 – 9%, FY17 – 9%, FY18 – 9%, FY19 – 7%) in the sewer user fees for member agencies over the next five years beginning fiscal year 2014-15 effective on July 1 which increased VWVRA's rates for FY15 from \$2,528 per million gallons treated, to \$2,756 per million gallons treated or a \$228 increase per MG treated and from Twenty Two Dollars Twenty Seven Cents (\$22.27) to Twenty Four Dollars Twenty Seven Cents (\$24.27) per equivalent dwelling unit (EDU) per month; and

WHEREAS, the Town as a member entity of the VWVRA, will be charged the additional 43.0% increase for sewage treatment costs over the next five years beginning July 1, 2014 as outlined above; and

WHEREAS, the Town currently charges sewer user fees of Twenty-Eight Dollars and Nineteen Cents (\$28.19) per EDU (the current sewer user fee); and

WHEREAS, the Town is requesting to increase the current sewer user fee by an amount of 48% in total (FY15 – 11.5%, FY16 – 11.5%, FY17 - 9%, FY18 – 9%, FY19 – 7%) or Three Dollars and Twenty-Four Cents (\$3.24) equaling 11.5% beginning May 28, 2014 with incremental increases as stated herein thereafter to be effective each July 1 of each subsequent fiscal year in order to recapture and recover the additional sewage treatment charges to the Town charged to it by the VWVRA; and

WHEREAS, the current Sewer User Fee will be increased by Three Dollars and Twenty-Four Cents (\$3.24) to Thirty-One Dollars and Forty-Three Cents (\$31.43); and

WHEREAS, the revenues derived from the fees and charges, as amended, will not exceed the cost reasonably borne in providing the services, and will not be used for any purposes other than that for which the fees and charges are imposed, and the fees and charges are not being imposed for general governmental services.

WHEREAS, the Town desires to comply with Section 6 of Article XIII(D) of the California Constitution regarding the notice, hearing and protest procedures.

NOW, THEREFORE, BE IT RESOLVED by the Town Council of the Town of Apple Valley as follows:

- 1) The revenues derived from the proposed fee increase shall not exceed the funds required to provide the property related services.
- 2) The revenues derived from the proposed fee increase shall not be used for any purpose other than that for which the proposed fee is imposed.
- 3) The hearing on the proposed fee increase shall be held on the date of the Town Council's regularly scheduled meeting on

Date: May 27, 2014
Time: 6:30 p.m., or as soon thereafter as the matter may be heard
At: Town Council Chambers
14955 Dale Evans Parkway
Apple Valley Ca, 92307

- 4) The Town shall give notice of the time and place of the Public Hearing of the proposed fee increase to all property owners within the Town affected by the proposed fee increase by causing the publishing of this Resolution once in the local newspaper for two consecutive weeks not less than ten (10) days before the date of the Public Hearing, and by posting it on the sites customarily used by the Town Council for the posting of notices.
- 5) In addition to the published noticed provided in #4 above, the special notice proceeding on the proposed fee increase pursuant to Section 6, of Article XIII(D) of the California Constitution consists of a mailed notice, distributed to property owners of record within the Town as of the County's last equalized roll. The notice shall be in writing and shall state all of the following:
 - a. The amount of the proposed fee increase proposed to be imposed upon each parcel; and
 - b. The basis upon which the amount of the proposed fee increase was calculated; and
 - c. The reason for the proposed fee increase; and
 - d. The date, time, and location of the Public Hearing on the Proposed fee increase

Each property owner has the right to submit a protest against the proposed fee increase, either in writing or orally, to the Town Clerk no later than the conclusion of the Public Hearing on May 27, 2014. At the Public Hearing, the Town Council shall consider all protests against the proposed fee increase and if said protests are presented fairly by a majority of the owners of the identified parcels, the Town shall not impose the proposed fee.

APPROVED and **ADOPTED** by the Town Council of the Town of Apple Valley this 8th day of April, 2014.

Art Bishop, Mayor

ATTEST:

La Vonda M-Pearson, Town Clerk