



# TOWN OF APPLE VALLEY

## TOWN COUNCIL STAFF REPORT

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**To:** Honorable Mayor and Town Council      **Date:** November 14, 2017  
**From:** Marc Puckett, Assistant Town Manager      **Item No:** 11  
**Subject:** **ADOPT RESOLUTION NO. 2017-34, A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF APPLE VALLEY, CALIFORNIA, 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

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### RECOMMENDED ACTION:

That the Town Council adopt Resolution No. 2017-34 stating its intention to hold a Public Hearing on January 9, 2018 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 (VWVRA) 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 VWVRA increase was 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 VWVRA and became effective for all member agencies on July 1, 2014. Further, VWVRA has just initiated a financial study of their rate structure which may or may not result in further impacts upon the rates charged to the Town.

As reported to Council previously, the Town did not fully pass through prior cost increases and absorbed over \$140,000 in increased sewer costs at the time of the public hearing in March 2013. These VWVRA rate increase had the effect of increasing 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 VWVRA rate increase without passing through the additional costs.

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 thirty-one dollars and forty-three cents (\$31.43) per equivalent dwelling unit (EDU) per month. This fee was temporarily reduced from the prior FY16-17 rate of \$35.04 as part of a settlement agreement while the Town completed a new nexus study. The study has been completed and the fee proposed to be implemented in January based upon the study is \$37.18 per EDU. The nexus study also proposes rates of \$38.99 for FY18-19, \$40.42 for FY 19-20, \$41.91 for FY20-21 and \$43.47 for FY21-22.

If the Town Council adopts Resolution No. 2017-34, the prescribed 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 January 9, 2018. 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 January 10, 2018.

**ATTACHMENT:**

Resolution No. 2017-34

**RESOLUTION NO. 2017-34**

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF APPLE VALLEY, CALIFORNIA, SETTING THE TIME AND PLACE FOR A PUBLIC HEARING ON SEWER FEE INCREASES OVER THE NEXT FIVE FISCAL YEARS 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 five years beginning in 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**, VWVRA has initiated a new financial study of their rates structure, and

**WHEREAS**, the Town as a member entity of the VWVRA, is charged the increased costs for sewage treatment over that same five-year period as outlined above; and

**WHEREAS**, the Town currently charges sewer user fees of Thirty-One Dollars and Forty-Three Cents (\$31.43) per EDU (the current sewer user fee) representing a temporary reduction in the FY17 then in effect of \$35.04 as part of a settlement agreement; and

**WHEREAS**, the Town is requesting to increase the current sewer user fee over the next five years to \$37.18 effective January 10, 2018, and proposes future rate increases of \$38.99 for FY18-19, \$40.42 for FY 19-20, \$41.91 for FY20-21 and \$43.47 for FY21-22 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 as supported by the Town's nexus study; and

**WHEREAS**, the current Sewer User Fee will be increased by Five Dollars and Seventy-Five Cents (\$5.75) to Thirty-Seven Dollars and Eighteen Cents (\$37.18); 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: January 9, 2018  
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 January 9, 2018. 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 14th day of November 2017.

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Scott Nassif, Mayor

**ATTEST:**

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La Vonda M-Pearson, Town Clerk