

Proposed Changes to Sewer Service Charges



Notice of Public Hearing
January 17, 2023
6:00 PM

Chico City Council Chambers
421 Main Street
Chico, CA 95928

Cambios propuestos a las tarifas de alcantarillado, consulte el sitio web de la ciudad para obtener más detalles:
ChicoCA.gov

City of Chico
Phone: (530) 894-4200
www.chicoca.gov



City of Chico
PO Box 3420
Chico, CA 95927

[NAME]

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[CITY, STATE, ZIP CODE]

Notice of Public Hearing

On January 17, 2023, or as soon thereafter as the matter may be heard, the Chico City Council will hold a public hearing during its regularly scheduled meeting to consider proposed changes to sewer service charges described in this notice.

This notice has been sent to all customers that receive sewer service provided by the City of Chico.

What wastewater services are provided by the City?

Safe, reliable wastewater collection, treatment, and disposal services are provided by the City of Chico. Wastewater from homes and businesses is carried through the City's underground sanitary sewer collection system and is treated at the City's Water Pollution Control Plant.

The City owns and maintains a network of roughly 280 miles of sanitary sewer pipelines, 19 pump stations, and the Water Pollution Control Plant.

What is the purpose of sewer service charges?

The purpose of the charge is to collect revenue for the cost of maintenance, operation, replacement, and improvement of the city sewerage facilities used for the collection, treatment, and disposal of sewage.

What is the basis for the proposed charges?

30% of the sewer collection system has reached its useful life, and there are significant capital improvements required at the Water Pollution Control Plant in the coming years. Proposition 218 requires charges for utilities to correspond to the cost associated with providing the services, and that customers within each user classification pay their fair share of the total cost. The City retained a third-party consultant, NBS Government Finance Group, to prepare a Sewer Rate Study that provided a rate structure that recovers sufficient revenue to cover infrastructure repair and replacement needs as well as day-to-day services, in compliance with Proposition 218.

What are the proposed charges and when would they go into effect?

The proposed charges are presented in this notice. Sewer service charges for residential customers are currently a fixed or “flat rate” charge regardless of water use. Sewer service charges for commercial customers are a mix of fixed and volumetric rates based on water consumption amounts as measured by California Water Service Company.

The proposed charges are the result of a shift from solely fixed rates for residential customers, to a mix of fixed rate plus volumetric rate for residential customers starting February 1, 2022. The volumetric portion of the rate (\$1.22 per Hundred Cubic Feet) will be based on the previous DEC-MAR water consumption amounts when irrigation rates are lowest, and most water consumed reaches the sewer. Individual volumetric charges will be based on each individual usage by HCF.

The rates will adjust for most customers in year one, then remain relatively consistent for the remaining years. Commercial customer charges will remain a mixed, fixed/volumetric rate.

The proposed charges will also include a provision that allows for the adjustment of rates in the future as needed, for only the cost-of-living adjustment increases based on the U.S. Bureau of Labor Statistics Consumer Price Index.

The City has commissioned a Sewer Rate Study regarding the proposed sewer service charges, which is available on the City Website: chicoca.gov

When was the last time the sewer service rate structure was changed?

The City adopted the current rate schedule in 2011.

Why does the rate structure need to change?

State law requires a public agency, such as the City of Chico, set rates and levy charges that are sufficient to cover the cost to provide sewer service, including maintenance, operations, replacement, and improvements. Aging

infrastructure replacement needs, and rising operating costs are the primary factors. The proposed rate structure collects a portion of revenue via fixed charges and a portion via volumetric (or use) charges. This will improve overall equity and fairness of the rates because costs will better reflect the actual cost of service to each customer. The City of Chico remains dedicated to keeping costs and customer bills as low as possible.

What is the process for sewer service charges to be changed?

Chico City Council will hold a public hearing on January 17, 2023 or as soon thereafter. This hearing will consider adoption of the proposed charges. At the time of the hearing, the Council will hear and consider all written protests and public comments. After the public hearing, if a majority of the property owners or customers of record of the effected parcels submit written protests in opposition to the proposed rate increases, they will not be imposed. If a majority written protest is not received, the Council may adopt the proposed changes, though it is not obligated to.

How do I protest the proposed charges?

Owners of record of real property who pay sewer rates, as well as customers who will be directly responsible for paying the charge, may file a written protest against the proposed rate adjustments. Only one written protest per parcel shall be counted in calculating the majority protest as explained above. Written protests will be treated as public records once opened.

Written protests may be mailed to the City Clerk at PO BOX 3420 Chico CA 95927 or delivered in person to the City Clerk at 411 Main Street Chico CA 95928. Protests will be received up until close of business (5:00 PM) on the date of the public hearing. Protests may also be submitted at the Council Meeting before the close of the public hearing.

To be counted, protests must include: the rate or charge being protested, your name, parcel number and/or service address, and your signature. Objections submitted by email or other electronic

means will not be counted as formal written protests.

Proposed Rate Schedule: (+CPI increase to be determined annually)*

Sewer Rate Schedule	Current Rates (Within City)	Current Rates (Outside City)	Proposed Sewer Rates 2022-2027
FIXED MONTHLY CHARGES			
Residential (\$/Unit/mo.)			
Single Family	\$22.98	\$23.67	\$26.84
Multi-Family	\$22.98	\$23.67	\$15.20
Duplex - 2 Meters	\$22.98	\$23.67	\$8.70
Duplex - 1 Meter	\$22.98	\$23.67	\$17.42
Commercial (\$/EDU/mo.)			
Bars without Dining	n.a.	n.a.	\$26.84
Brewery	\$22.98	\$23.67	\$26.84
Car Wash	\$22.98	\$23.67	\$26.84
Dorms	n.a.	n.a.	\$26.84
Hospital & Convalescent	n.a.	n.a.	\$26.84
Hotels w/o Dining	n.a.	n.a.	\$26.84
Hotels with Dining	n.a.	n.a.	\$26.84
Industrial Laundry	n.a.	n.a.	\$26.84
Laundromat	n.a.	n.a.	\$26.84
Markets/Bakeries	\$22.98	\$23.67	\$26.84
Mortuary	n.a.	n.a.	\$26.84
Restaurants	\$22.98	\$23.67	\$26.84
School	n.a.	n.a.	\$26.84
All Other	\$22.98	\$23.67	\$26.84
VOLUMETRIC CHARGES PER HCF¹			
Residential			
House	n.a.	n.a.	\$1.22
Multi-Family	n.a.	n.a.	\$1.22
Duplex - 2 Meters	n.a.	n.a.	\$1.22
Duplex - 1 Meter	n.a.	n.a.	\$1.22
Commercial			
Bars without Dining	\$2.71	\$2.71	\$0.83
Brewery	\$8.72	\$8.72	\$1.94
Car Wash	\$2.94	\$2.94	\$0.57
Dorms	\$2.71	\$2.71	\$0.71
Hospital & Convalescent	\$2.71	\$2.71	\$0.68
Hotels w/o Dining	\$2.71	\$2.71	\$0.76
Hotels with Dining	\$5.87	\$5.87	\$1.54
Industrial Laundry	\$2.71	\$2.71	\$1.76
Laundromat	\$2.71	\$2.71	\$0.65
Markets/Bakeries	\$5.87	\$5.87	\$2.07
Mortuary	\$2.71	\$2.71	\$2.51
Restaurants	\$5.87	\$5.87	\$2.06
School	\$2.71	\$2.71	\$0.60
All Other	\$2.71	\$2.71	\$0.93

1. HCF = hundred cubic feet, equal to 748 gallons of water based on average winter consumption. If the property is not metered by CalWater, or lacks sufficient metered data, then the average consumption for the applicable classification will be used to calculate the volumetric portion of the rate. (9.39 HCF for Single Family Residential, 6.33 for Multifamily).

Multi-family is defined as structures with adjoining, or common walls. All others shall be single-family (except duplexes).

*To estimate your bill, multiply your average monthly water consumption for DEC-MAR by the volumetric charges per HCF, then add that to the fixed charge.

Example for a typical house: (9.0 HCF x \$1.22) + \$26.84 = \$37.82. Your actual bill will be based on your actual average DEC-MAR water usage in HCF X \$1.22 + 26.84.