



**PROPOSITION 218
NOTICE TO PROPERTY OWNERS OF PROPOSED
WASTEWATER RATE INCREASES AND PUBLIC HEARING PROCEEDINGS**

PROPOSED WASTEWATER (SANITARY SEWER) RATES

The City of Davis (the “City”) will hold a Public Hearing to consider proposed increases to the City’s wastewater (also called sanitary sewer) rates and adjustments to the cost allocation for its wastewater services. The hearing will take place on **January 16, 2024, at 6:30 p.m. in the City of Davis Community Chambers, located at 23 Russell Blvd. in Davis.**

This Notice of Public Hearing provides information on the proposed wastewater rate changes as required by State law. This notice also provides information on how the rates are calculated, the reasons for the required rate changes, how customers can receive more information on the impacts of the rate changes and how to protest the proposed rate changes.

WASTEWATER SYSTEM OVERVIEW

The City provides wastewater collection and treatment services to all residents and businesses within the City and some properties in unincorporated areas including North Davis Meadows and El Macero. The City relies on revenues from wastewater rates to pay for the operations and maintenance of the collection system, the wastewater treatment plant, pipes and pump stations that transport the wastewater from homes and businesses to the wastewater treatment plant and the administrative and regulatory costs to maintain the wastewater system. In addition, wastewater rates support the repair and maintenance of equipment, necessary system improvements to meet new regulations and prudent reserves for the wastewater system. Since December 1, 2014, rates have been adjusted only once, to reflect customer demand and treatment cost changes after the completion of the remodeled wastewater treatment plant. This previous adjustment did not change the overall rate revenue from City wastewater customers.

A Wastewater Rate Study was recently conducted by an independent consultant, Bartle Wells Associates, which determined that revenue from current wastewater charges will not be sufficient to meet future expenses.

The proposed wastewater rates were calculated to:

- Fund current and projected increases in the costs of operations and maintenance of sanitary wastewater infrastructure
- Fund utility repair, replacement and capital improvement costs
- Distribute costs equitably between customer classes while minimizing the impact on ratepayers
- Further refine the treatment costs to include the cost of treating ammonia

WASTEWATER RATE SUMMARY

In addition to the calculations described in the previous section, the proposed rates are structured to better reflect the higher proportion of “fixed” charges associated with the utility (the charges that do not vary based on wastewater demand). This shift would be to a 60% fixed, 40% volumetric rate structure and with this proposed restructure, the fixed component of the rate will increase, while volumetric rate component will see a commensurate decrease. Should the proposed rates be adopted, this one-time restructure will occur first, followed by the annual rate adjustment per the table below.

Residential customers are charged wastewater rates according to three categories:

- **Fixed Base Rates** recover billing and administrative charges for wastewater service. This rate is fixed each month for all customers.
- **Residential Fixed Rates** recover a portion of the City’s fixed costs for providing wastewater services to residential users. Changes to the structure of residential fixed rates also includes:
 - Simplifying multi-family fixed rates by condensing the multi-family per-dwelling unit rates to a single user class.
 - The introduction of a dormitory-style multi-family fixed rate for housing developments that have more than five beds per dwelling unit.
- **Volumetric charges** recover volumetric costs based per unit of winter water use (November – March) in the prior year, subject to a cap. One unit is equivalent to 748 gallons, or 100 cubic foot (CCF) of water use. As with the residential fixed rates, multi-family volumetric rates have been simplified to a single charge for all users in this category. Multi-family includes any parcel with two or more dwelling units (with the exception of housing developments that fall into the dormitory-style category).

The proposed rates are scheduled to increase gradually over the next 5 years to minimize the impact on ratepayers. If adopted, rates will be effective starting February 1, 2024, and increase each May 1 until 2028, as shown below.

PROPOSED WASTEWATER RATES

	Current Rates	Fixed/Volumetric Rate Restructure	Rate Adjustment by Year				
			2024	2025	2026	2027	2028
			February 1	May 1	May 1	May 1	May 1
Fixed Rates - Monthly \$/account			Fixed Rates				
All Users	\$3.94	\$4.24	\$4.45	\$4.67	\$4.90	\$5.15	\$5.41
Monthly per Dwelling Unit Rate			Monthly per Dwelling Unit Rate				
Single-Family	\$18.26	\$26.33	\$27.65	\$29.03	\$30.48	\$32.01	\$33.61
Multi-Family	varies	\$18.81	\$19.75	\$20.74	\$21.78	\$22.87	\$24.01
Dormitory ** (per bed)	N/A	\$8.78	\$9.22	\$9.68	\$10.16	\$10.67	\$11.20
Volumetric Rate* - Per CCF			Volumetric Rate				
Residential	\$3.13	\$1.99	\$2.09	\$2.19	\$2.30	\$2.42	\$2.54

(1 CCF = 748 gallons)

*billable use equal to average monthly winter water use (in CCF) from November – February of prior year, subject to a cap

**dormitory rates apply to multi-family apartments with more than 5 beds per dwelling unit.

PUBLIC HEARING

The City Council will hold a Public Hearing on January 16, 2024, at 6:30 p.m., in the City of Davis Community Chambers, located at 23 Russell Blvd. in Davis, to consider adopting the proposed wastewater rates. Any owner of a property that receives wastewater service or property tenant who is directly responsible for the payment of the wastewater service charges (i.e., a customer of record) may submit a written protest against the proposed wastewater rates. If a parcel has more than one customer, only one protest will be counted per identified parcel.

Written protests may be submitted by mail or in person to the City Clerk at 23 Russell Blvd., Suite 1, Davis, CA, 95616-3896 or at the Public Hearing (date and time noted above), provided they are received prior to the conclusion of the public comment portion of the Public Hearing. Please identify on the front of the envelope for any protest, whether mailed or submitted in person to the City Clerk, Attn: Public Hearing on Wastewater Rate Adjustment.

Any written protest must:

- (1) State that the identified property owner or customer of record is in opposition to the proposed wastewater rates;
- (2) Provide the location of the identified parcel (by assessor's parcel number, street address or customer account);
- (3) Include the name and signature of the record property owner or customer of record who is submitting the protest.

Any protest submitted via e-mail or other electronic means will not be accepted.

The City Council meeting agenda for the Public Hearing will be available by Friday, January 12, 2024 at <https://www.cityofdavis.org/city-hall/city-council/city-council-meetings/agendas>. At the Public Hearing, the City Council will hear and consider all written and oral protests to the proposed wastewater rates. Oral comments at the Public Hearing, however, will not qualify as formal protests unless accompanied by a written protest. At the conclusion of the Public Hearing, the City Council will consider adoption of an ordinance authorizing the proposed wastewater rates as described herein. The City Council cannot adopt the proposed wastewater rates if a majority protest exists.

If a majority of property owners submit valid written protests against the proposed cost allocation adjustments, the City Council shall not adopt the proposed wastewater rates which are subject to the majority protest. **If adopted, the proposed wastewater rates will take effect beginning February 1, 2024.**

The reasons for the cost allocation changes, the basis upon which they were calculated, and the amount of the proposed wastewater rates, are described in more detail in the Wastewater Rate Study that is on file with the City Clerk and available for inspection and that is posted to the City's web site at <https://www.cityofdavis.org/city-hall/public-works-utilities-and-operations/wastewater/wastewater-rate-studies>

If you have questions regarding this notice or how it may impact your property, please email pwweb@cityofdavis.org with your name and question, along with your property address and City Services Bill account number (you can find this in the Account Summary box on your bill).