



City of San Clemente
 Utility Billing Division
 910 Calle Negocio
 San Clemente, CA 92672

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NOTICE OF PUBLIC HEARING ON PROPOSED CHANGE IN SEWER RATES

July 18th, 2023 at 6:00 PM
City Hall Council Chambers
910 Calle Negocio
San Clemente, CA 92673

NOTICE IS HEREBY GIVEN that the City of San Clemente (the "City") will hold a Public Hearing on July 18th, 2023 at 6:00 p.m. in the City Council Chambers located at 910 Calle Negocio, San Clemente, to consider adjustments to the rates of the City's current sewer service fees.

About the City's Public Sanitary Sewer System

The City of San Clemente owns and maintains the public sanitary sewer system serving the community and is responsible for safely collecting, treating, disposing, and recycling of wastewater (sewage) and industrial waste.

All of the water used in the home that goes down the drains or into the sewage collection system is wastewater. This includes water from baths, showers, sinks, dishwashers, washing machines, and toilets. Small businesses and industries can also contribute large amounts of wastewater to sewage collection systems. The average American contributes 150 gallons of wastewater each day. Wastewater is about 99% water by weight and is generally referred to as influent as it enters the San Clemente Wastewater Reclamation Plant.

Wastewater that comes from homes and business in the City of San Clemente's service area is treated through 5 different processes:

- Preliminary Treatment - Removes grit, rags, and other inorganic heavy debris.
- Primary Settling - Settles the heavier organic solids.
- Aeration (Activated Sludge) - Aerobic bacteria consumes smaller organics called suspended solids (SS) or biological oxygen demand (BOD).
- Secondary Settling - Settles out microorganisms in the activated sludge that consumed the suspended solids.
- Tertiary Filtration - Filters out remaining waste particles through sand filtration.

IMPACT ON YOUR BILL

The typical single-family residential combined monthly utility bill will increase from \$125.51 to \$130.11. For a typical single-family home that uses an average of 10 units of water during winter months, the monthly sewer bill will increase from \$36.78 to \$41.38.

The typical commercial account combined monthly utility bill will change from \$519.21 to \$473.26. Commercial customer bills are going down because the fixed charge is now proportional to revised AWWA hydraulic capacity factors. The monthly sewer bill for a typical commercial account, which uses 40 units of water per month, will change from \$219.12 to \$173.17.

You are hereby notified, pursuant to Government Code Section 53759, there is a 120-day statute of limitations for challenging any new, increased, or extended sewer fee, rate, or charge. As such, any judicial action or proceeding to attack, review, set aside, void, validate, or annul the City's adoption of the proposed sewer rates must be commenced within 120 days of the effective date or of the date of the final passage, adoption, or approval of the ordinance or resolution adopting the sewer rates.

What's Next: Comprehensive Cost-of-Service Study - Water Rates

The City will be starting a Cost-of-Service Study for the Water system in Fiscal Year 2024. This study will determine the cost recovery approach the Water utility will utilize as the basis for water rates for the next five to ten-year timeframe. The Study will:

- determine the current and projected costs of providing water service;
- review the existing water rate structure, customer classifications, and tier widths;
- consider alternative pricing methodologies and review industry standards within California;
- model the impact of the current and/or future droughts on system operations and rates; and
- develop a rate model for use over the next five to ten-year timeframe.

Recommendations, including possible rate increases or adjustments, from the Study will be presented at a future Public Hearing for consideration, deliberation, and adoption by City Council.

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QUESTIONS AND ANSWERS

Why are you receiving this notice?

You have received this notice because the City of San Clemente provides sanitary sewer service to your property. The City is proposing a rate increase in order to pay projected costs needed for the City’s collection and treatment system. As a property owner or resident within the City’s service area, your monthly sewer service fees will pay for these services. [This letter serves as notice that a public hearing will be held on July 18, 2023, at 6:00 p.m., in the City Council Chambers located at 910 Calle Negocio, San Clemente, to consider adjustments to the rates of the City’s current sewer service charges.](#) If approved, rate adjustments will take effect on August 19, 2023.

What do sewer rates fund?

The City provides sewer services to 16,700 customers (residential and commercial) within the city limits. Monthly rates paid by users are the primary source of revenue to fund operations. All revenue generated from the sewer portion of your combined monthly utility bill is used to maintain and operate the sewer systems; it is not used for other general governmental purposes. These revenues must meet costs such as electricity, chemicals, maintenance, salaries and benefits for utility enterprise staff.

Why are rate adjustments necessary?

The current sewer rates became effective on August 1, 2016, and were based on an update of an earlier cost-of-service rate study completed on May 30, 2012. The cost to provide the sewer service has continued to increase while rates have not increased since 2016. Rates have not increased primarily due to cost saving measures and alternative revenue sources.

The City is committed to providing the highest quality utility services at the lowest possible rates for our customers. To meet this commitment, in 2019 the City undertook an evaluation of the infrastructure needs, programs, and operations and maintenance costs of the City’s sewer services and the rates charged for those services for the next five years. Based on this evaluation, it has been determined that rate increases are necessary to enable the City to: recover current and projected costs of operations and maintenance; to provide funds to repair and replace existing capital infrastructure, replenish reserves needed based on capital plans to update the City’s aging sewer systems; maintain the operational and financial stability of the utilities; comply with State and Federal mandated regulatory requirements; and avoid operational deficits and depletion of reserves.

How do I protest the proposed fees?

Any record owner of a parcel upon which the proposed sewer service charges are to be imposed or any tenant directly responsible for the payment of sewer service fees and charges (i.e., a customer of record who is not a property owner) may submit a written protest to the proposed rate increases for the City’s sewer service fees and charges; provided, however, only one protest will be counted per identified parcel. Any written protest must: (1) state the protest is being submitted in opposition to the proposed rate increase; (2) provide the location of the identified parcel (by street address or assessor’s parcel number); and (3) include the name and original signature of the property owner or tenant responsible for the payment of the sewer charges submitting the protest. Written protests may be submitted by mail or in-person to the **City Clerk at 910 Calle Negocio, San Clemente, CA 92673**, or at the Public Hearing (date and time noted above). The City Clerk must receive written and signed protests delivered by mail no later than 4:00 p.m. on the date of the Public Hearing, or if delivered in person, prior to the close of the public comment 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, **“Attn: Public Hearing on Rate Increases.”**

The City Council will consider all written protests and hear and consider all oral comments to the proposed rate increases and annual rate adjustments at the Public Hearing. Oral comments at the Public Hearing will not qualify as formal protests unless accompanied by a written and signed protest. Upon the conclusion of the Public Hearing, the City Council will consider adoption of the proposed rate increases for the sewer service fees and charges. If written protests against the proposed rates as outlined above are not presented by a majority of the parcels directly responsible for the payment of sewer 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 rate increases as outlined above. If adopted, the proposed rate increases for sewer service charges will take effect beginning August 19, 2023. Subsequent rate increases in the five-year period will become effective January 1st of each year.

For any questions you may have regarding the rates or the rates applicable to your property, please contact the City at 949-361-8315 or by email at waterbilling@san-clemente.org.

PROPOSED SEWER SERVICE FEES

The City hired Raftelis Financial Consultants to conduct a cost of service study that determined the City’s total costs of providing sewer services and then equitably apportioned those costs to each customer class based on the City’s costs of providing sewer services to that class. The cost of service study detailing the basis for the rate calculations is available at www.san-clemente.org/sewerratestudy and can be provided by the City Clerk, upon request by email (CampagnolOL@san-clemente.org) or by public records request online at <https://www.san-clemente.org/prr>.

The rate structure for the sewer service fees consists of three customer classes—residential, commercial, and mixed-use (a property with both commercial and residential uses). Within the commercial customer class, there are subclasses of customers. The subclasses are classified based on the type of commercial activity and constituents that they discharge into the sewer system—low strength, medium strength, medium-high strength, and high strength.

The City’s sewer service charges are comprised of two components – a fixed Meter Charge and a variable Commodity Charge. The Meter Charge is a monthly fixed charge calculated on the basis of the size of the water meter serving the property (in inches). The Commodity Charge is a variable charge determined on the basis of a customer’s metered water use (in HCF) and assumptions regarding the volume of water returned to the sewer system. The current return to sewer assumptions are based on historic wastewater flows. However, due to a decrease in wastewater flows, these assumptions are also proposed to be updated as shown in the table below. This change will directly affect the calculations for Variable Sewer Commodity Charges.

RETURN TO SEWER ASSUMPTIONS		
CUSTOMER TYPE	CURRENT RATES	PROPOSED RATES
Residential Single Family	90% of average water use during October-March	75% of average water use during February-March
Residential Multi-Family	90% of current period water use	85% of current period water use
Commercial Low-Strength	90% of current period water use	80% of current period water use
Commercial Medium Strength	90% of current period water use	85% of current period water use
Commercial Med-High Strength	90% of current period water use	85% of current period water use
Commercial High Strength	90% of current period water use	85% of current period water use
Mixed-Use	90% of current period water use	85% of current period water use

The current and proposed rates for the sewer service charges are shown in the tables below.

CURRENT AND PROPOSED SEWER SERVICE CHARGES						
METER SIZE	FIXED METER CHARGE					
	CURRENT RATES	PROPOSED RATES				
		EFFECTIVE AUG 19, 2023	EFFECTIVE JAN 1, 2024	EFFECTIVE JAN 1, 2025	EFFECTIVE JAN 1, 2026	EFFECTIVE JAN 1, 2027
1" and under	\$23.82	\$26.15	\$27.72	\$29.10	\$30.56	\$31.93
1 1/2"	\$78.60	\$50.78	\$53.83	\$56.52	\$59.35	\$62.02
2"	\$126.24	\$80.35	\$85.17	\$89.43	\$93.90	\$98.12
3"	\$262.02	\$173.97	\$184.40	\$193.62	\$203.31	\$212.45
4"	\$404.92	\$311.93	\$330.64	\$347.18	\$364.54	\$380.94
6"	\$793.18	\$642.05	\$680.58	\$714.61	\$750.34	\$784.10
ACCOUNT TYPE	VARIABLE SEWER COMMODITY CHARGE					
	CURRENT RATES	PROPOSED RATES				
		EFFECTIVE AUG 15, 2023	EFFECTIVE JAN 1, 2024	EFFECTIVE JAN 1, 2025	EFFECTIVE JAN 1, 2026	EFFECTIVE JAN 1, 2027
Residential Single Family	\$1.44	\$3.05	\$3.23	\$3.39	\$3.56	\$3.72
Residential Multi-Family	\$1.44	\$3.04	\$3.23	\$3.39	\$3.56	\$3.72
Commercial Low-Strength	\$1.97	\$1.28	\$1.36	\$1.42	\$1.50	\$1.56
Commercial Medium Strength	\$2.58	\$2.73	\$2.90	\$3.04	\$3.19	\$3.34
Commercial Med-High Strength	\$4.57	\$4.27	\$4.52	\$4.75	\$4.99	\$5.21
Commercial High Strength	\$6.38	\$7.17	\$7.60	\$7.98	\$8.38	\$8.75
Mixed-Use	\$2.61	\$2.56	\$2.71	\$2.85	\$2.99	\$3.13