

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF BOARD GOVERNED COUNTY SERVICE AREAS
AND RECORD OF ACTION**

March 28, 2023

FROM

BRENDON BIGGS, Director, Department of Public Works – Special Districts

SUBJECT

Introduction of Proposed Ordinance Relating to Recommended Water and Sanitation User Rates for Various Board Governed County Service Areas and Zones

RECOMMENDATION(S)

Acting as the governing body of the Board Governed County Service Areas and Zones providing water and sanitation services:

1. IT IS ANTICIPATED THAT THE PUBLIC HEARING FOR RECOMMENDATION NO. 1 WILL BE OPENED AND THEN CONTINUED TO MAY 9, 2023
Conduct a public hearing pursuant to Proposition 218 for the recommended water and sanitation user rates beginning 2023-24 through 2025-26 for the following districts:
 - a. Sanitation Districts: County Service Area 53, Zone B (Fawnskin)
 - b. Water Districts: County Service Area 70, Zone CG (Cedar Glen)
 2. Conduct a public hearing pursuant to Proposition 218 for the recommended water and sanitation user rates beginning 2023-24 through 2025-26 for the following districts:
 - a. Sanitation Districts
 - i. County Service Area 42 (Oro Grande)
 - ii. County Service Area 64 (Spring Valley Lake)
 - iii. County Service Area 70, Zone BL (Bloomington)
 - iv. County Service Area 70, Zone GH (Glen Helen)
 - v. County Service Area 70, Zone S-3 (Lytle Creek)
 - vi. County Service Area 70, Zone SP-2 (High Country)
 - vii. County Service Area 82 (Searles Valley)
 - b. Water Districts
 - i. County Service Area 42 (Oro Grande)
 - ii. County Service Area 64 (Spring Valley Lake)
 - iii. County Service Area 70, Zone F (Morongo Valley)
 - iv. County Service Area 70, Zone J (Oak Hills)
 - v. County Service Area 70, Zone W-3 (Hacienda)
 - vi. County Service Area 70, Zone W-4 (Pioneertown)
 3. Consider proposed ordinance for water and sanitation user rates beginning 2023-24 through 2025-26.
 4. Make alterations, if necessary, to proposed ordinance.
 5. Approve introduction of proposed ordinance.
 - a. An Ordinance of San Bernardino County, State of California, Acting as the Governing Body of Board Governed County Service Areas and Their Zones Relating to Sanitation and Water Fees and Charges.
 6. SCHEDULE ORDINANCE FOR FINAL ADOPTION ON TUESDAY, APRIL 11, 2023 on the Consent Calendar.
- (Presenter: Brendon Biggs, Director, 387-7906)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Operate in a Fiscally-Responsible and Business-Like Manner.

FINANCIAL IMPACT

Approval of this item will not result in the use of Discretionary General Funding (Net County Cost). The following table displays the total revenue projected from the recommended water and sanitation user rates for the various County Service Areas (CSAs) and their Zones included in the proposed ordinance. The estimated revenue of \$14,500,000 is anticipated for 2023-24, \$15,000,000 for 2024-25, and \$15,500,000 for 2025-26.

The revenue amounts reflect a 3.5% annual increase to the water and sanitation user rates included in the proposed ordinance. The revenue generated from these user rates will continue to be used to offset the costs of providing services, including the cost of paying for conservation mandates, regulatory changes, ongoing operation, maintenance, and repair and replacement of the existing water and sanitation systems. Appropriation and revenue related to this item will be included in the 2023-24 recommended budget for the applicable CSAs and Zones, as well as future recommended budgets.

BACKGROUND INFORMATION

The Department of Public Works – Special Districts (Department) has reviewed the water and sanitation user rates for the various CSAs and Zones (Districts) providing such services. Considering that these rates have not been revised for a vast majority of the Districts for the last six years, coupled with rising costs to provide services, the Department is recommending a modest increase to the rates of 3.5% annually over the next three-years for all Districts.

Rates were increased in 2013-14 for CSA 42 (Oro Grande), CSA 53, Zone B (Fawnskin), CSA 70, Zone F (Morongo Valley), CSA 70, Zone S-3 (Lytle Creek), and CSA 70, Zone W-3 (Hacienda); in 2014-15 for CSA 64 (Spring Valley Lake); in 2015-16 for CSA 70, Zone J (Oak Hills), CSA 70, Zone SP-2 (High Country), and CSA 70, Zone W-4 (Pioneertown); and in 2017-18 for CSA 70, Zone BL (Bloomington), CSA 70, Zone GH (Glen Helen), CSA 82 (Searles Valley), and CSA 70, Zone CG (Cedar Glen).

The additional revenue from this recommendation is needed to mitigate the effects of current and future increases to the cost of providing service. The effective date of the proposed ordinance with these rate increases is July 1, 2023.

Beginning in November 2022, the Department sent letters to all water and sanitation customers informing them of public meetings being held for their particular CSA to discuss the rising costs to provide services and a proposed increase in rates. The Department met individually with each CSA from November 2022 through February 2023 to communicate the proposed rate increase with customers/residents, explain the factors considered in formulating the proposed increase, and convey the importance of building reserves for future construction projects.

Several Department staff members were available at each meeting to answer customer/resident questions, comments, and concerns. There were total of seventeen meetings. There were five in-person meetings held for Cedar Glen, Spring Valley Lake, Fawnskin, Oak Hills, and Lytle Creek between November 2022 and February 2023, with an attendance of about 40 people. There were 12 virtual meetings held for all the Districts, except Bloomington, between December 2022 and February 2023, with an attendance of about 33 people. Due to the low number of connections in Bloomington (five connections of which four are commercial), a meeting was not set up. Proposition 218 notices were mailed out for this district, giving property owners a chance to protest the rate increase.

Pursuant to Proposition 218 requirements, on February 7, 2023, parcel owners and tenants were mailed a notice of the Department's intent to recommend new rates for water and sanitation

services. Each owner/tenant had at least 45 days to submit a written protest to the recommended rate and to appear at the public hearing to present any protests against the increased rates. If there is a majority protest within any individual CSA, the proposed ordinance would be altered to eliminate the rate change for that individual CSA. Subject to the alteration, the remainder of the ordinance could move forward.

On April 11, 2023, a separate public hearing is scheduled for the Board of Supervisors to consider a proposed ordinance and resolutions relating to fees and charges for the various CSAs and Zones that the Department administers. That separate ordinance does not include the water and sanitation rates subject to Proposition 218, which are included in this agenda item.

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Aaron Gest, Deputy County Counsel, 387-5455) on March 7, 2023; Finance (Tom Forster, Administrative Analyst, 387-4635) on March 9, 2023; and County Finance and Administration (Paloma Hernandez-Barker, Deputy Executive Officer, 387-5423) on March 13, 2023.