

Valley Sanitary District FAQs Regarding Proposed Rate Increase

The following list of Frequently Asked Questions (FAQs) provides detailed information regarding the proposed rate increase that Valley Sanitary District has determined is vital for the continuation of collecting, treating and discharging wastewater so that it is available for reuse for customers within the District.

I received a Prop 218 Notice. What does this mean?

Following Proposition 218 procedures for new or increased fees and charges, the agency shall provide written notice by mail of the proposed fee or charge to the record owners of each identified parcel upon which the fee or charge is proposed for imposition, the amount of the fee or charge proposed to be imposed upon each, the basis upon which the amount of the proposed fee or charge was calculated, the reason for the fee or charge, together with the date, time, and location of a public hearing on the proposed fee or charge.

Why is the District proposing an increase in rates?

Valley Sanitary District is 98 years old, and in addition to an aging infrastructure that requires major improvements, the District is also facing the need to implement capital projects in order to comply with specific legal requirements as part of regulatory state and federal mandates which will be essential to the District's operational permit.

Some of the key projects include:

- A. **The Recycled Water Project:** This project is needed to achieve a tertiary water treatment process. Proper tertiary wastewater treatment can eliminate over 99 percent of impurities from sewage. Tertiary wastewater treatment involves a set of additional steps following secondary treatment to further reduce organics, turbidity, nitrogen, phosphorus, metals and pathogens. Tertiary wastewater treatment improves the quality of the water for industrial and domestic standards, or to meet specific requirements around the safe discharge of water. For example, water handled with tertiary treatment also involves the removal of germs, which ensures that water is safe for irrigating purposes. The tertiary treatment adds a third, more advanced and rigorous level of treatment. *The cost estimate is \$197 million.*



- B. **Sewer Main Rehabilitation:** A complex restoration of the infrastructure is a necessity in order to repair and replace the sewer system in Indio, covering 19 square miles (with 260 miles of piping). The sewer system was implemented in 1925. *The cost estimate is \$52 million.*

This project entails:

- 1) Water reclamation service (one of the most capital-intensive products)
- 2) Addressing asset life (varying between 20 to 80 years), which requires the replacement of piping and other essential equipment at the end of their useful life. The process of gaining access to these assets is quite involved, with most of the infrastructure buried underground in hard to see and difficult to access areas.

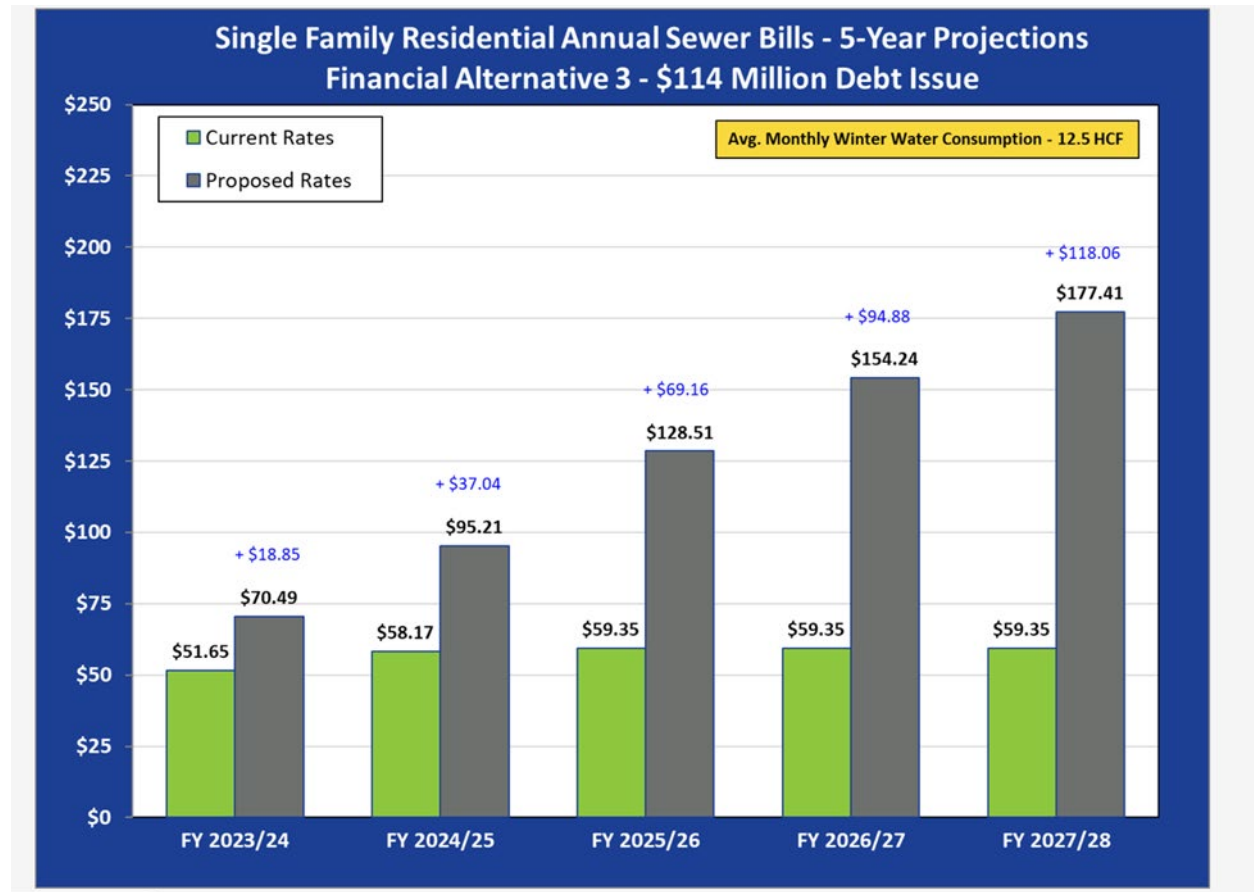
- C. **Biosolid Conversion:** This project will allow the District to turn biosolids (organic waste from humans) into a liquid fertilizer that can be utilized by agriculture and golf courses. Biosolids are currently transported to Arizona; however, Arizona has placed a measure on the ballot to no longer allow outside waste to be transported into the state. Not only will this project allow for an environmentally-friendly disposal of biosolids, but it will help address the issue of the likelihood that Arizona will no longer accept biosolid waste from California. *The cost estimate is \$3 million.*

What are the proposed rates?

Proposed Annual Sewer Rate Schedule July 1, 2023 – June 30, 2028:

| Annual Sewer Rate Schedule | Current | FY 2023/24 | FY 2024/25 | FY 2025/26 | FY 2026/27 | FY 2027/28 |
|--------------------------------------------------------|-----------------|-----------------------------------------------------------------------------------------------------|------------|------------|------------|------------|
| Programa Anual de Tarifas de Alcantarillado | Ahora | | | | | |
| Fixed Service Charges (Cargo Por Servicio Fijo) | | | | | | |
| Residential | | Rates Per EDU or Account | | | | |
| Single-Family Residential (Unifamiliar) | \$385.56 | \$591.82 | \$798.96 | \$1,078.60 | \$1,294.32 | \$1,488.47 |
| Multi-Family Residential (Multifamilia) | \$168.75 | \$269.26 | \$363.50 | \$490.73 | \$588.88 | \$677.21 |
| Mobile Home (Casas Moviles) | \$203.94 | \$300.49 | \$405.66 | \$547.64 | \$657.17 | \$755.75 |
| RV Park (Parque RV) | \$158.91 | \$228.25 | \$308.14 | \$415.99 | \$499.19 | \$574.07 |
| Non-Residential | | Rates Per EDU | | | | |
| Commercial - Low Strength (Baja Resistencia) | \$223.91 | \$355.34 | \$479.71 | \$647.61 | \$777.13 | \$893.70 |
| Commercial - High Strength (Alta Resistencia) | \$682.88 | \$1,076.04 | \$1,452.65 | \$1,961.08 | \$2,353.30 | \$2,706.30 |
| Volumetric Rate (Tasa Volumetrica) | | | | | | |
| Residential | | \$/HCF - Average Winter Water Consumption (\$ por hcf consumo medio de agua en invierno) | | | | |
| Single-Family Residential (Unifamiliar) | \$1.10 | \$1.69 | \$2.29 | \$3.09 | \$3.71 | \$4.27 |
| Multi-Family Residential (Multifamilia) | \$1.10 | \$1.69 | \$2.29 | \$3.09 | \$3.71 | \$4.27 |
| Mobile Home (Casas Moviles) | \$1.10 | \$1.69 | \$2.29 | \$3.09 | \$3.71 | \$4.27 |
| Non-Residential | | \$/HCF - Annual Water Consumption (\$/hcf del consume de agua anualizado) | | | | |
| RV Park (Parque RV) | \$1.23 | \$1.77 | \$2.39 | \$3.23 | \$3.88 | \$4.46 |
| Commercial - Low Strength (Baja Resistencia) | \$0.99 | \$1.57 | \$2.12 | \$2.86 | \$3.43 | \$3.94 |
| Commercial - High Strength (Alta Resistencia) | \$2.25 | \$3.55 | \$4.79 | \$6.47 | \$7.76 | \$8.92 |

What will the average single-family residential customer pay?



Why is there a change from the 2021 study?

After the 2021 rate study was completed and implemented, construction and inflation costs increased exponentially. One example is that the Recycled Water Project Phase 1 came in \$30.3 million over the original estimate. Should the rate increase not be implemented now, costs will continue to go up. At some point, rates will ultimately have to go up to address the imminent mandates and infrastructure erosion, and they will need to be increased more than what has been proposed now due to the continual rise in construction and inflation costs.

What will happen if the rate increase does not pass?

If the rate increase does not move forward at this time, infrastructure projects will be put on hold as construction and inflation costs go up. At some point, a rate increase will need to be revisited. At that time, project costs will have risen – meaning, the next proposed rate increase in the future will be higher than what is currently proposed.

Furthermore, if the necessary projects are paused, the District's aging infrastructure is at risk for a sewer spill – which could leak sewage into the streets and cost health issues. In addition, state and federal

finances imposed following a sewer spill could be a minimum of \$10,000 per day, which would severely impact the District's budget – necessitating a rate increase higher than what is currently proposed.

Is the District doing anything to try to secure funding other ways?

Yes, the District is actively pursuing grant opportunities to help cover as much of the project costs as possible. Some of these grants require a funding commitment to transitioning to recycled water (the state is moving towards a mandate of 300 million gallons of reclaimed water per day). The rate increase is necessary in order for the District to make that commitment required by grantors, which will make it eligible for a number of grant funding opportunities. The District Board has made a firm commitment to securing as many grants as possible to help bear the costs necessary with the implementation of these projects to help offset what is billed to the rate payers.

How can my voice be heard regarding the rate increase?

There are a number of ways for those served by the District to let their voice be heard. First of all, the Board encourages all customers to reach out with any specific questions not answered by the FAQs. This can be done by emailing your questions to info@valley-sanitary.org.

Secondly, you can submit a protest to the rate increase, in writing, by 1:00 p.m. on Tuesday, May 23, 2023. *All written protests must be received by 1:00 p.m. Tuesday, May 23, 2023.* Only one written protest will be counted per parcel. Mail your protest to: 45500 Van Buren Street, Indio, CA 92201;

- a description of the property (parcel #)
- state if you are the property owner of record or tenant, and
- The parcel owner's signature or tenant's signature.

While there is a public hearing at the District offices at 1:00 p.m. on May 23, 2023, *all protests MUST be received PRIOR to that hearing by 1:00 p.m. on May 23rd to be counted.* Anyone who wishes to attend the hearing is welcome; however, comments made at the hearing will not count as a protest. At the public hearing, the agency shall consider all protests against the proposed fee or charge. Per Prop 218, if written protests against the proposed fee or charge are presented by a majority of owners of the identified parcels, the agency shall not impose the fee or charge.