NOTICE OF PUBLIC HEARING

PROPOSED CHANGES TO WATER AND WASTEWATER RATES



- Your.

Date / Time:

Location:

feedback is welcome Tuesday March 8, 2022 9:30 AM Norman F. Feldheym Central Library 555 West 6th Street San Bernardino, CA 92410

Important Information About Your Rates

The City of San Bernardino Municipal Water Department (SBMWD or Department) Water Board will conduct a public hearing to consider a proposed schedule of increases and changes to the rates and charges for water and wastewater services provided to its customers. If approved by the City of San Bernardino Water Board, the increases would take effect on April 1, 2022, with subsequent annual increases on July 1, 2022, through July 1, 2025.

The public hearing will be conducted at the time, date and location specified above. All members of the public are invited to attend the public hearing. Should public health concerns, protocols, or regulations require that the public hearing be held

with a virtual option, or entirely virtually, information relating to how to attend virtually will be posted.

This notice is being sent to all record owners of property upon which the proposed charges will be imposed and any tenants who are directly liable for the payment of such charges (i.e., customers of record who are not property owners).

SBMWD is dedicated to keeping its customers informed throughout the process. More information about water and wastewater rates and charges is included in this document and available online at www.SBMWD.org/Rates2022

Why have I received this notice?

In compliance with Proposition 218 SBMWD is notifying all customers about proposed changes to drinking water and wastewater rates and the public hearing where adoption will be considered.

SBMWD recently completed its first independent cost study since 2015 and is proposing changes to current water and wastewater rates. These changes are needed to respond to the Department's revenue requirements and to keep pace with the rising costs of providing trusted, quality water and wastewater services.

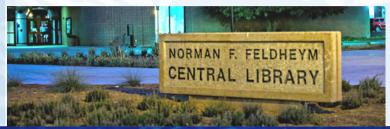
As part of a commitment to transparent operations, SBMWD created this notice to:

- Inform you about all potential changes that may affect your bill
- Let you know the reasons for the water and wastewater rate changes
- Invite you to the public hearing where the changes will be considered
- Share how you can participate in the process

What to Know About the Proposed Rate Changes

- As a public agency SBMWD cannot earn a profit from the services it provides and must charge no more than the actual costs
- SBMWD is proposing a 4-year schedule of water and wastewater rate changes
- Most residential customers would see an average bill increase of approximately \$3.00 per month starting April 1, 2022
- A public hearing for proposed rate changes will be held at:

Feldheym Central Library on March 8, 2022 at 9:30 AM



SBMWD.ORG



Para obtener esta notificación de audición pública en español, llame al (909) 384-5141.

Why are new rates being considered?

Several factors have driven the decision to update SBMWD's water and wastewater rates. SBMWD has not adopted increases to its water and wastewater rates in more than five years, during which time SBMWD's expenses and projected future revenue requirements have changed considerably.

A rate setting process began last year when SBMWD hired Raftelis, an independent financial consulting firm, to conduct an extensive Cost of Service analysis of the Department's revenues and rate structures. Like other household expenses, costs related to services SBMWD provides have increased in recent years. The study found that if rates remained unchanged, SBMWD's operational and capital costs would rise to levels greater than what current rates and charges can support. Additionally, the study identified opportunities for SBMWD to establish simplified water and wastewater rates that promote greater transparency and equity across all classes reflecting current costs rate circumstances.

Raftelis helped the Department develop a four-year plan that will enable SBMWD to continue providing reliable and affordable water and wastewater services at predictable and sustainable costs. As SBMWD's Water Board considers changes, our goal is to set water and wastewater rates that minimize the impact to customers, encourage water conservation and more accurately reflect the true cost of the Department's services based on SBMWD's current cost of service. The proposed changes will allow the Department to continue to deliver trusted, quality water and wastewater services to our community.

Key objectives in the development of SBMWD's proposed water and wastewater rates are to:

- Promote transparency by adopting a simplified and easy to understand rate structure
- Provide water and wastewater revenue stability
- Maintain affordable and equitable billing
- Adequately respond to emergency drought curtailments
- Maintain water supply reliability
- Encourage water use efficiency

Trusted, Quality Service Since 1905

SBMWD maintains a complex system of water and wastewater infrastructure including more than 700 miles of drinking water and nearly 500 miles of sewer collections pipeline. Each year, SBMWD makes strategic investments which improve and protect Department infrastructure to ensure safe, reliable and efficient drinking water distribution and wastewater conveyance systems.

Some of these improvements are needed due to aging infrastructure, while others are forward-thinking investments that will increase and build a more resilient local water supply.

The following are a few system related accomplishments completed in 2021:

AWARDED \$2.5
Million in Grants

for Advanced Meter Infrastructure project 1,100 Water Leaks REPAIRED

REPLACED
12,800
Feet of water line

460
Miles of Sewer Line

Keeping costs as low as possible

SBMWD recognizes the importance of providing customers with essential services that are reliable and affordable. The Department weighs financial impacts in all decisions and works diligently to keep water and wastewater rates as low as possible to minimize increases to customer bills without impacting the high quality of service SBMWD delivers.

It is SBMWD's mission to meet the needs of the community by providing sustainable, high-quality water supply and wastewater services in the most professional, environmentally responsible, and cost-effective manner possible. As a public agency, SBMWD cannot earn a profit from the services it provides and must charge no more than the actual costs associated with providing those services.

Some of the ways SBMWD has worked to keep costs down include:



Securing federal and state funding such as low interest loans and grants to fund Capital Improvement Projects.



Implementing new finance, billing and asset management systems to significantly improve efficiency across the Department.



Operating a field leak detection program and replacing aging meters with leak detecting meters.

Your Dollars at Work

SBMWD's costs are not only for the supplies needed to deliver water and wastewater services but for many other costs including items such as debt service, capital expenditures, labor and benefits, as well as treatment and maintenance.









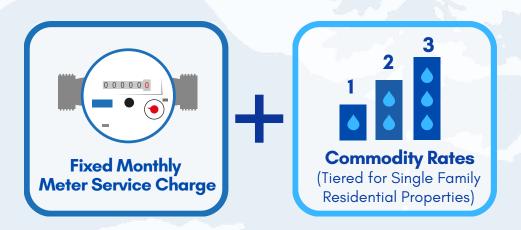
This graphic shows dollar for dollar how SBMWD allocates funds to provide the water and wastewater services it delivers.





Proposed Water Rates

The proposed water rate structure is comprised of three key components: Fixed Monthly Meter Charge, Commodity (Usage) Rate, and Drought Surcharge. The Fixed Charge and Commodity Rates are constant regardless of drought conditions. Activation of Drought Surcharge would require Water Board action as a result of local or state mandated water curtailments due to drought emergency.



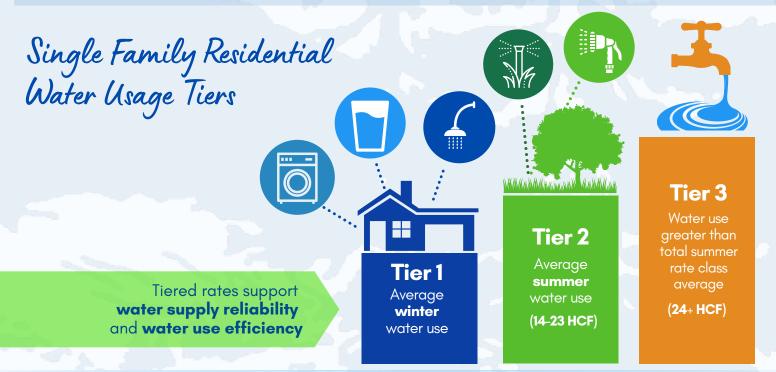
Proposed Monthly Meter Service Charges

Meter Size	Current	April 1, 2022	July 1, 2022	July 1, 2023	July 1, 2024	July 1, 2025
5/8" or 1/2"	\$23.39	\$20.49	\$21.72	\$22.59	\$23.27	\$23.97
3/4"	\$29.28	\$28.17	\$29.87	\$31.07	\$32.01	\$32.98
1"	\$40.98	\$43.51	\$46.13	\$47.98	\$49.42	\$50.91
11/2"	\$70.35	\$81.87	\$86.79	\$90.27	\$92.98	\$95.77
2"	\$105.52	\$127.91	\$135.59	\$141.02	\$145.26	\$149.62
3"	\$187.66	\$388.77	\$412.10	\$428.59	\$441.45	\$454.70
4"	\$286.63	\$772.38	\$818.73	\$851.48	\$877.03	\$903.35
6"	\$598.33	\$1,232.72	\$1,306.69	\$1,358.96	\$1,399.73	\$1,441.73
8"	\$950.34	\$2,153.40	\$2,282.61	\$2,373.92	\$2,445.14	\$2,518.50
10"	\$1,361.01	\$4,224.92	\$4,478.42	\$4,657.56	\$4,797.29	\$4,941.21
12"	\$1,361.01	\$4,224.92	\$4,478.42	\$4,657.56	\$4,797.29	\$4,941.21

Rates for Monthly Meter Service Charges are established based on the size of the water meter serving each property. These rates apply to Single Family and Multiple Family Residential customers as well as water services for commercial, landscape, industrial and institutional use. These charges are calculated to recover a portion of fixed costs that do not vary depending the amount of water delivered.

Proposed Water Rates (Continued)

Commodity Rates are determined based on the amount of water delivered to a property in hundred cubic feet (HCF). One HCF is equivalent to 748 gallons of water. In the new proposed Commodity Rate structure, Single Family Residential customers will pay Commodity Rates based on their usage in one of three consumption tiers that are specifically tailored to the demand characteristics of their customer class usage.



Proposed Commodity (Usage) Rates

Customer Class	Current*	April 1, 2022	July 1, 2022	July 1, 2023	July 1, 2024	July 1, 2025
Single Family Residential	*Current elevation	Commodity cha zone charges w	rges reflect rate hich have been	es including cor consolidated v	nservation, replen vithin the newly p	ishment and proposed rate
Tier 1 (0-13 HCF)	\$1.43	\$1.35	\$1.44	\$1.50	\$1.55	\$1.60
Tier 2 (14-23 HCF)	\$1.43	\$1.83	\$1.94	\$2.02	\$2.09	\$2.16
Tier 3 (24+ HCF)	\$1.92	\$2.33	\$2.47	\$2.57	\$2.65	\$2.73
Multi-Family Residential	\$1.43	\$1.51	\$1.61	\$1.68	\$1.74	\$1.80
Commercial	\$1.43	\$1.65	\$1.75	\$1.82	\$1.88	\$1.94
Irrigation	\$1.43	\$2.32	\$2.46	\$2.56	\$2.64	\$2.72
Institutional	\$1.43	\$2.06	\$2.19	\$2.28	\$2.35	\$2.43
Other (All Consumption)	\$1.43	\$3.82	\$4.05	\$4.22	\$4.35	\$4.49

Water utility systems must be designed to provide water to its users, regardless of how much water is consumed. Tiered rates ensure that those customers driving SBMWD to incur higher costs of providing service, are paying rates commensurate with such increased cost of service.

Responding to Drought Mandates

Water utilities can only charge for the cost of services they provide. Some costs depend on the amount of water delivered, while other costs are fixed and do not vary based on the quantity of water sold. This means that, even when less water is being delivered during emergency drought mandates, SBMWD continues to incur those same, fixed costs.

To adequately cover the costs of service during emergency drought mandates, SBMWD is proposing adoption of a Drought Surcharge Rate which would ensure the Department has sufficient revenues to cover the costs of providing water service. The proposed Drought Surcharge Rates would be applied only in the event of a local or statewide drought emergency that requires mandatory curtailments in customer water usage.



\$84.26

Bill with Drought

Surcharge

Customer meets 10%

water reduction target



April 1, 2022

(18 HCF)

Proposed Drought Surcharge Rates are calculated based on an adjustment percentage needed to recover the cost of operations at different levels of mandatory water curtailments. Just as operational costs are not directly proportional to the amount of water sold, SBMWD's revenue loss during a water curtailment is higher than the water reduction target. The proposed rate surcharge percentages of +12.6%, +20.2%, +28.8% and +50.5% reflect the actual commodity rate adjustments needed to cover operational costs over revenue losses.

Proposed Drought Surcharge Commodity Rates

Water Board

Drought Surcharge

Adoption

Mandatory Drought

Water Curtailment

Customer Class	April 1, 2022 Proposed Commodity Rate	April 1 , 2022 April 1 , 2022 Rate at 10% Rate at 15% Mandate Mandate		April 1 , 2022 Rate at 20% Mandate		April 1, 2022 Rate at 30% Mandate			
Single Family Residential			ommodity 2.6%		mmodity .2%		mmodity 3.8%		ommodity 0.5%
Tier 1 (0-13 HCF)	\$1.35	+\$0.17	\$1.52	+\$0.27	\$1.62	+\$0.39	\$1.74	+\$0.68	\$2.03
Tier 2 (14-23 HCF)	\$1.83	+\$0.23	\$2.06	+\$0.37	\$2.20	+\$0.53	\$2.36	+\$0.92	\$2.75
Tier 3 (24+ HCF)	\$2.33	+\$0.29	\$2.62	+\$0.47	\$2.80	+\$0.67	\$3.00	+\$1.18	\$3.51
Multi-Family Residential	\$1.51	+\$0.19	\$1.70	+\$0.30	\$1.81	+\$0.44	\$1.95	+\$0.76	\$2.27
Commercial	\$1.65	+\$0.21	\$1.86	+\$0.33	\$1.98	+\$0.48	\$2.13	+\$0.83	\$2.48
Irrigation	\$2.32	+\$0.29	\$2.61	+\$0.47	\$2.79	+\$0.67	\$2.99	+\$1.17	\$3.49
Institutional	\$2.06	+\$0.26	\$2.32	+\$0.42	\$2.48	+\$0.59	\$2.65	+\$1.04	\$3.10
Other (All Consumption)	\$3.82	+\$0.48	\$4.30	+\$0.77	\$4.59	+\$1.10	\$4.92	+\$1.93	\$5.75



Proposed Monthly Private Fire Line Charge

Private Fire Line Charges are imposed to recover the costs of private fire lines installed on certain properties. These charges vary based on the size of the private fire line connection, and are only imposed on those customers with a dedicated private fire suppression system on their property.

Private Fire Connection Size	Current	April 1, 2022	July 1, 2022	July 1, 2023	July 1, 2024	July 1, 2025
1"	\$2.70	\$5.21	\$5.53	\$5.76	\$5.94	\$6.12
11/2"	\$10.75	\$5.32	\$5.64	\$5.87	\$6.05	\$6.24
2"	\$10.75	\$5.50	\$5.83	\$6.07	\$6.26	\$6.45
3"	\$16.15	\$6.17	\$6.55	\$6.82	\$7.03	\$7.25
4"	\$21.49	\$7.33	\$7.77	\$8.09	\$8.34	\$8.60
6"	\$32.24	\$11.48	\$12.17	\$12.66	\$13.04	\$13.44
8"	\$42.99	\$18.64	\$19.76	\$20.56	\$21.18	\$21.82
10''	\$53.74	\$29.42	\$31.19	\$32.44	\$33.42	\$34.43
12"	\$64.48	\$44.35	\$47.02	\$48.91	\$50.38	\$51.90

Proposed Wastewater Rates

SBMWD maintains a sewer collections system that spans over a 58 square mile service area with nearly 500 linear miles of pipeline and thousands of maintenance holes. SBMWD also operates a Water Reclamation Plant which treats approximately 22 million gallons of wastewater per day and currently provides wastewater services to over 35,000 connections within San Bernardino. Additionally, SBMWD currently provides wastewater treatment to neighboring county areas, the City of Loma Linda, and East Valley Water District. East Valley Water District is expected to separate from the Department's wastewater system when its new wastewater treatment facility becomes operational in 2022.

The Cost of Service study completed by Raftelis and SBMWD staff found that due to rising costs and pending changes to incoming wastewater revenues, the Department will not be able to adequately recover costs for the essential services it provides unless wastewater rate adjustments are made. The study also determined that consolidation of sewer treatment and sewer collection rates would simplify and support greater transparency of the Department's wastewater service charges.

SBMWD's proposed wastewater rates have been structured to adequately support the costs to collect, treat, and dispose of the wastewater from its customers.

Proposed Wastewater Monthly Service Charges (Inside City)

Class	Current	April 1, 2022	July 1, 2022	July 1, 2023	July 1, 2024	July 1, 2025
Residential	Line.			3.0		4 - 1
Residential	\$33.00	\$37.83	\$41.99	\$45.35	\$48.98	\$52.90
Multi-Family (2 units)	\$66.05	\$75.66	\$83.98	\$90.70	\$97.96	\$105.80
Multi-Family (3 units)	\$99.04	\$113.49	\$125.98	\$136.05	\$146.94	\$158.69
All Non-Residential	\$6.62	\$16.56	\$18.38	\$19.85	\$21.44	\$23.16
Domestic Liquid Waste	N/A	N/A	N/A	N/A	N/A	N/A
Industrial	\$4.93	\$16.56	\$18.38	\$19.85	\$21.44	\$23.16

Proposed Wastewater Monthly Service Charges (Loma Linda)

Class	Current	April 1, 2022	July 1, 2022	July 1, 2023	July 1, 2024	July 1, 2025
Residential			5/3			N. 1
Residential	\$21.55	\$21.02	\$23.33	\$25.20	\$27.22	\$29.39
Multi-Family (2 units)	\$43.10	\$42.04	\$46.67	\$50.40	\$54.43	\$58.79
Multi-Family (3 units)	\$64.64	\$63.06	\$70.00	\$75.60	\$81.65	\$88.18
All Non-Residential	\$3.52	\$6.00	\$6.66	\$7.19	\$7.77	\$8.39

Proposed Wastewater Rates (Continued)

Proposed Wastewater Commodity Rates (Inside City)

Class	Billing Unit	Current	April 1, 2022	July 1, 2022	July 1, 2023	July 1, 2024	July 1, 2025
Residential							
Residential	\$/HCF	N/A	N/A	N/A	N/A	N/A	N/A
Multi-Family (2 units)	\$/HCF	N/A	N/A	N/A	N/A	N/A	N/A
Multi-Family (3 units)	\$/HCF	N/A	N/A	N/A	N/A	N/A	N/A
Low Strength Non-Residential							
Laundromats	\$/HCF	\$2.70	\$2.15	\$2.39	\$2.58	\$2.78	\$3.01
Schools, Churches, Nursery Schools	\$/HCF	\$2.20	\$2.15	\$2.39	\$2.58	\$2.78	\$3.01
Medium Strength Non-Residential							175
Multi-Family, Mobile Home Parks (4+ units)	\$/HCF	\$2.40	\$2.71	\$3.01	\$3.25	\$3.51	\$3.79
Hospitals, Convalescent Homes	\$/HCF	\$2.50	\$2.71	\$3.01	\$3.25	\$3.51	\$3.79
Retail, Commercial, Light Industrial	\$/HCF	\$3.42	\$2.71	\$3.01	\$3.25	\$3.51	\$3.79
Auto Repair, Car Wash	\$/HCF	\$2.45	\$2.71	\$3.01	\$3.25	\$3.51	\$3.79
Office, Motels (No Restaurant)	\$/HCF	\$2.70	\$2.71	\$3.01	\$3.25	\$3.51	\$3.79
High Strength Non-Residential							
Restaurants, Hotels	\$/HCF	\$4.15	\$6.42	\$7.13	\$7.70	\$8.31	\$8.98
Domestic Liquid Waste	\$/Gallons	\$0.0500	\$0.0714	\$0.0793	\$0.0856	\$0.0924	\$0.0998
Industrial							
Flow	\$ Per MG	\$1,094.00	\$1,420.83	\$1,577.12	\$1,703.29	\$1,839.55	\$1,986.72
BOD	\$ Per 1,000 lbs.	\$438.00	\$ 648.28	\$719.59	\$777.16	\$839.33	\$906.48
TSS	\$ Per 1,000 lbs.	\$778.00	\$648.50	\$719.84	\$777.42	\$839.62	\$906.78

Proposed Wastewater Commodity Rates (Loma Linda)

Class	Billing Unit	Current	April 1, 2022	July 1, 2022	July 1, 2023	July 1, 2024	July 1, 2025
Outside City							100
Residential							
Residential	\$/HCF	N/A	N/A	N/A	N/A	N/A	N/A
Multi-Family (2 units)	\$/HCF	N/A	N/A	N/A	N/A	N/A	N/A
Multi-Family (3 units)	\$/HCF	N/A	N/A	N/A	N/A	N/A	N/A
Low Strength Non-Residential			and A				7. 11
Laundromats	\$/HCF	\$1.83	\$1.56	\$1.73	\$1.87	\$2.02	\$2.18
Schools, Churches, Nursery Schools	\$/HCF	\$1.33	\$1.56	\$1.73	\$1.87	\$2.02	\$2.18
Medium Strength Non-Residential							. 4,1
Multi-Family, Mobile Home Parks (4+ units)	\$/HCF	\$1.53	\$1.87	\$2.08	\$2.24	\$2.42	\$2.61
Hospitals, Convalescent Homes	\$/HCF	\$1.63	\$1.87	\$2.08	\$2.24	\$2.42	\$2.61
Retail, Commercial, Light Industrial	\$/HCF	\$2.55	\$1.87	\$2.08	\$2.24	\$2.42	\$2.61
Auto Repair, Car Wash	\$/HCF	\$1.58	\$1.87	\$2.08	\$2.24	\$2.42	\$2.61
Office, Motels (No Restaurant)	\$/HCF	\$1.83	\$1.87	\$2.08	\$2.24	\$2.42	\$2.61
High Strength Non-Residential		11 23	- 1	25 00			
Restaurants, Hotels	\$/HCF	\$3.28	\$4.67	\$5.18	\$5.60	\$6.05	\$6.53

How would the proposed changes affect my bill?

SBMWD wants customers to understand the bill impacts of the proposed rate changes if approved by the City Water Board. The table below lists an average Single Family Residential customer's combined monthly water and wastewater bill and shows how that bill would change with the proposed rates.

Current Bill Proposed April 1, 2022 Proposed July 1, 2022 \$82.13 \$85.02 \$92.13

Get an estimate of your own bill with the **Bill Calculator!**

Just log on to **www.SBMWD.org/Rates2022** to use your own account information and compare proposed rate changes to an old bill, or enter estimated water use to see how your bill compares.



How do we compare?



This graph provides a combined water and wastewater local bill comparison based on an average Single Family Residential customer with 5/8" meter using 18 HCF of water.

How Can I Participate?

The City of San Bernardino Municipal Water Department welcomes your input as the City Water Board considers the changes explained in this notice. If you have questions or comments you can:



Review more information about the proposed rate changes and find updates on all additional public meeting dates, times, and locations by visiting: www.SBMWD.org/Rates2022 or calling (909) 384-5141.



Any record owner of a parcel upon which the proposed charges will be imposed as well as tenants directly liable for the payment for the proposed charges has the right to submit a formal written protest to the proposed rates, but only one protest may be counted per parcel. Written protests may be mailed to:

City of San Bernardino Municipal Water Department Attention: Miguel J. Guerrero, General Manager P.O. Box 710, San Bernardino, CA, 92402



Written protests may also be emailed to **Rates2022@SBMWD.org** or hand delivered at the public hearing (date, time and location noted below). Emailed protests must include a scanned written protest with a signature. Written protests must be received prior to the conclusion of the public input portion of the public hearing. Protests to the proposed rates must include your name, signature, street address, parcel number and/or your account number. Protests by other electronic means do not count as formal written protests.



Attend a public meeting/hearing. The public hearing will take place on Tuesday, March 8, 2022 at 9:30 a.m., at **Norman F. Feldheym Central Library, 555 West 6th Street, San Bernardino, CA, 92410.** After the conclusion of the public hearing the City Water Board may take action regarding the adoption of the proposed rate increases. At the public hearing, all members of the public will have an opportunity to speak, but verbal comments alone do not qualify as a formal protest.

PUBLIC HEARING PROCESS:

At the time of the public hearing, the City Water Board will hear and consider all written protests and public comments. After the hearing, if a majority of the property owners of the impacted parcels, or tenants directly liable for the payment of the charges, submit written protests in opposition to the proposed rate changes, the changes will not be imposed. If a majority protest is not received, SBMWD's Water Board may adopt the proposed changes, though they are not obligated to. If adopted, the proposed rates will become effective April 1, 2022 with subsequent annual increases effective starting July 1, 2022, through July 1, 2025.

Pursuant to Senate Bill 323, there is a 120-day statute of limitations for challenging any new, increased, or extended fee or charge.



CITY OF SAN BERNARDINO

Municipal Water Department P.O. Box 710 San Bernardino, CA 92402

Important Information About Your Rates

PRESORT STD
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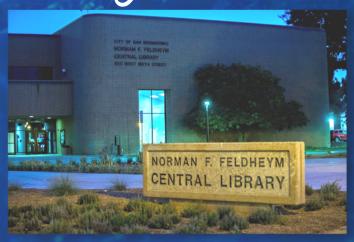
Join us at a Public Meeting

SBMWD will host public meetings to discuss the proposed rate changes with the community. All members of the public are invited to attend, ask questions and share feedback. Should public health concerns, protocols, or regulations require that public meetings be held with a virtual option, or entirely virtually, information relating to how to attend virtually will be posted.

For more information including additional upcoming public meeting dates, times and locations, or to estimate a future bill under the proposed rates, please visit:

WWW.SBMWD.ORG/RATES2022

Para obtener esta notificación de audición pública en español, llame al (909) 384-5141.



PUBLIC MEETING:

Monday, January 31, 2022

5:00 PM

Norman F. Feldheym Central Library 555 West 6th Street San Bernardino, CA 92410