

COACHELLA VALLEY WATER DISTRICT
NOTICE OF PROPOSED CHANGES TO ORDINANCE NO.
1427.6 REGARDING RATES FOR SANITATION SERVICE

NOTICE IS HEREBY GIVEN that on June 24, 2025, the Board of Directors of the Coachella Valley Water District will discuss proposed updates to Ordinance 1427.6 regarding rates for Sanitation Service as part of the Fiscal Year 2026 Budget adoption item at its Regular Board Meeting at 8:00 a.m., at CVWD's Coachella Office, located at 51501 Tyler Street, Coachella CA 92236. Information regarding the proposed Fiscal Year 2026 budget and proposed rates is available online at: [Board Agendas | Coachella Valley Water District - Official Website](#)

Written comments or objections must be submitted to the Clerk of the Board by the end of public comment period at the hearing; failure to timely object in writing bars any right to challenge that fee, charge, or assessment in court, and that any such action will be limited to issues identified in such objections. To protest the rate increases, a property owner or customer or record must submit a signed written protest, stating that it protests the rates and identifies a parcel by address, assessor's parcel number, or CVWD account number, and submit it to the Clerk of the Board at the hearing or via email to SBermudez@cvwd.org or via mail at P.O. Box 1058, Coachella, CA 92236.

Verbal comments may be made during the meeting prior to the conclusion of the consideration of this matter but will not constitute a protest unless a written protest is also submitted. The Board will consider adoption of the following: Ordinance No. 1427.7, Regulations Governing Sanitation Service.

A copy of the Ordinance, as proposed, and the cost of service study which supports it is posted and available for review at the following locations:

Coachella Valley Water District
Steve Robbins Administration Building
75515 Hovley Lane East
Palm Desert, California

Coachella Valley Water District
Coachella Office
51501 Tyler Street
Coachella, California

Additionally, copies are available by calling the District at (760) 398-2651 or at the District's web site: [Public Notices | Coachella Valley Water District - Official Website](#)

Summary of Ordinance: The Ordinance would revise certain provisions of the Regulations Governing Sanitation Service. Revisions impact Appendix A, Table A-2. Proposed rates are at the current Board authorized Proposition 218 rates that were adopted by Ordinance No. 1427.4 at a Public Hearing on May 10, 2022.

DATED: May 9, 2025

/s/Sylvia Bermudez
Clerk of the Board
Coachella Valley Water District

ORDINANCE NO. 1427.~~7~~7

AN ORDINANCE OF THE COACHELLA VALLEY
WATER DISTRICT APPROVING AND ADOPTING
REGULATIONS GOVERNING SANITATION SERVICE

BE IT ORDAINED by the Board of Directors of the Coachella Valley Water District that the following
“Regulations Governing Sanitation Service” are hereby approved and adopted.

COACHELLA VALLEY WATER DISTRICT



REGULATIONS GOVERNING SANITATION SERVICE

Prepared by:
Sanitation Division
Engineering Department
Finance Department
Palm Desert, California

June ~~11~~¹¹24, 2024~~24~~²⁵

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EXHIBIT 1

Contractor Experience Statement for Building and Street Sewer Lateral Connections

Definition of Terms

1-1 Coachella Valley Water District (CVWD) Definitions

Unless the context specifically indicates otherwise, the meaning of words or terms used in these Regulations shall be as follows:

- 1) **ACCESSORY DWELLING UNIT CONVERSION** – An ADU within the proposed space of a single-family dwelling or existing space of a single-family dwelling or accessory structure, including an expansion of not more than 150 square feet beyond the same physical dimensions as the existing accessory structure. The space must have exterior access from the proposed existing single-family structure and the side and rear setbacks must be sufficient for fire and safety.
- 2) **ACCESSORY DWELLING UNIT NEW** – The ADU is a new structure or requires an expansion of the physical dimensions of the single-family dwelling or accessory structure of more than 150 square feet beyond the physical dimensions of the existing structure.
- 3) **ACCESSORY DWELLING UNIT ORIGINAL** – The ADU is constructed as part of a new single-family dwelling.
- 4) **ACTUAL CONSTRUCTION COST (COST)** – Includes the cost of all activities necessary or incidental to the construction of a public utility facility, such as financing, planning, designing, acquisition of Property or interest in Property, construction, reconstruction, or rehabilitation.
- 5) **ACCOUNT CHARGE** – A monthly charge for each sewer account intended to recover the costs of billing.
- 6) **APARTMENT** – Any building containing two or more Dwelling Units, served by one meter that are rented, not separately owned.
- 7) **APPLICANT (PROPOSED CUSTOMER)** – Any person, firm, corporation, association or agency who desires to obtain Sanitation Service from CVWD.
- 8) **ASSESSOR’S PARCEL NUMBER** – A number assigned by tax assessor in order to identify a particular Property.
- 9) **BOARD** – The Board of Directors of the Coachella Valley Water District.
- 10) **BOD (Biochemical Oxygen Demand)** – The quantity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory procedure in five days at 20 degrees centigrade, usually expressed as a concentration in milligrams per

liter (mg/L).

- 11) **BUILDING SEWER LATERAL** – The Applicant or Customer’s pipeline extending from the connection with the Street Sewer Lateral to the Applicants or Customer’s house, building or structure which receives the discharge from soil or waste pipes of the house, building or structure and conveys it to the Street Sewer Lateral or Sanitation System.
- 12) **BUILDING UNIT** – Any unit of nonresidential development.
- 13) **cBOD (Carbonaceous Biochemical Oxygen Demand)** – The quantity of oxygen utilized in the biochemical oxidation of organic matter in a sample in which the contribution from nitrogenous bacteria has been suppressed.
- 14) **COLLECTION SYSTEM** – The combined pipes, conduits, manholes, and other structures, above and below ground, whose purpose is to convey wastewater to CVWD’s Water Reclamation Plant (WRP).
- 15) **CONDOMINIUM** – A condominium consists of an undivided interest in the common area of a portion of real Property coupled with a separate interest in space called a unit, the boundaries of which are described on a recorded final map, parcel map or condominium plan in sufficient detail to locate all boundaries thereof, as defined in Section 1351 of the California Civil Code.
- 16) **CONTRACTOR** – Any individual, firm, corporation, partnership or association duly licensed by the State of California to perform the type of work to be done under a permit or agreement.
- 17) **CUSTOMER** – Any Person, Property Owner, Tenant, firm, corporation, association or agency who uses or desires to obtain Sanitation Service from CVWD.
- 18) **DEVELOPER or SUBDIVIDER** – A person who proposes to divide, divides, or causes to be divided, real Property into a Subdivision for itself or for others, or develops real Property. Except that employees and consultants of such Person, acting in such capacity, are not Developers or Subdividers.
- 19) **DEVELOPMENT** – The uses to which the land shall be put, subject to the tract/parcel map, including the buildings to be constructed on it and all alterations of the land and construction incident thereto.
- 20) **DEVELOPMENT DESIGN MANUAL (DDM)** – CVWD’s Development Design Manual provides comprehensive procedural and technical requirements for the planning, design and construction of CVWD service infrastructure required for new Development.
- 21) **CVWD** – The Coachella Valley Water District, organized and operated pursuant to the provisions of the County Water District Act.

- 22) DOMESTIC WASTEWATER – the liquid and solid waterborne wastes derived from the ordinary living processes of humans of such character as to permit satisfactory disposal, without special treatment, into the Public Sewer Main or by means of a private disposal system.
- 23) DUPLEX – Any building containing two Dwelling Units but not including any building commonly known as a hotel, motel or condominium.
- 24) DWELLING – Any building that contains one or two dwelling units, intended or designed to be built, used, rented, leased, let, hired out to be occupied or that is occupied for living purposes.
- 25) DWELLING UNIT – A single family unit requiring Sanitation Service and intended to be a complete independent living facility for one or more persons, including permanent provisions for living, sleeping, eating, cooking and sanitation, including but not limited to, family residence, each unit of a duplex, each unit of an apartment, condominium, each recreational vehicle and each trailer park space.
- 26) EASEMENT – A nonpossessory interest held by one person in land or right-of-way of another whereby the first person is accorded partial use of such land for a specific purpose. An easement restricts but does not abridge the rights of the Owner to the use and enjoyment of the land.
- 27) EFFLUENT – Wastewater or other liquid, partially or completely treated, or in its natural state, flowing out of a reservoir, basin, water reclamation plant, or industrial treatment plant.
- 28) EQUIVALENT SEWER UNIT (ESU) - An estimate of sewage production based on average water use and a return-to-sewer factor.
- 29) EQUIVALENT DWELLING UNIT (EDU) – The basis for the average amount of wastewater flow generated by one dwelling unit within CVWD’s system.
- 30) FIRST BENEFICIAL USE – Property that has a Street Sewer Lateral and the Sanitation Capacity Charge has been paid.
- 31) GENERAL MANAGER – The General Manager of CVWD or his/her appointed representative.
- 32) HOTEL OR MOTEL – Any building containing six or more guest rooms intended or designed to be used or which are used, rented, or hired out to be occupied or which are occupied for sleeping purposes by guests.
- 33) IMPROVEMENT – Refers to any street work and utilities to be installed or agreed to be installed, by the Subdivider, public agencies, private utilities or any other entity approved by the local agency or by a combination thereof, and is necessary to ensure consistency with, or implementation of, the general plan or any applicable specific plan.

- 34) **INDIRECT DISCHARGE** – The introduction of pollutants into the Water Reclamation Plant (WRP) from any non-domestic source.
- 35) **INDUSTRIAL WASTEWATER** –All liquid carried wastes including, but not limited to, all wastewater from any producing, manufacturing, processing, institutional, commercial, restaurant, agriculture, or other operation where the wastewater discharged contains quantities of wastes of non-human origin excluding domestic wastewater, rainwater, groundwater, storm water, and drainage of uncontaminated water.
- 36) **INSPECTION POINT** – An access point to a unit of pretreatment equipment intended for maintenance and/or inspection of the unit (e.g., the covers over the chambers and sample station of a grease interceptor).
- 37) **INTERCEPTOR/SEPARATOR** – A device designed and installed so as to separate and retain deleterious, hazardous or undesirable matter from normal wastes and permit normal wastewater to discharge by gravity.
- 38) **INTERCEPTOR/SEPARATOR CHARGE** – A monthly charge established to provide inspection during installation and on a periodic basis.
- 39) **INTERFERENCE** – A discharge which, alone or in conjunction with a discharge or discharges from other sources,
 - a) inhibits or disrupts the Sanitation System, its treatment processes or operations, or its sludge processes, use or disposal, and
 - b) therefore is a cause of a violation of any requirement of the Water Reclamation Plant’s Permit (including an increase in the magnitude or duration of a violation) or of the prevention of sewage sludge use or disposal in compliance with federal, state or local regulations.
- 40) **LOT** – That portion of a parcel of land which is delineated or described as a single integral unit on the Subdivision Map.
- 41) **LOT LINE** – A line dividing one lot from another or from a street or any public place.
- 42) **OCCUPANT** – Any person actually occupying any Property, whether an Owner or Tenant.
- 43) **OFF-SITE** – That area which lies outside the peripheral boundary of a subdivided area, a developed area or an area being developed.
- 44) **OFF-SITE FACILITIES** – Facilities under the ultimate control of CVWD including but not limited to sewer pipelines, lift stations, maintenance and inspection facilities, valves, connections, treatment facilities, and other appurtenances and Property up to the point of connection with the On-Site Facilities.

- 45) **ON-SITE FACILITIES** – Facilities under the ultimate control of CVWD including but not limited to sewer pipelines, lift stations, maintenance and inspection facilities, valves, connections, treatment facilities, and other appurtenances and Property located within a Subdivision or Tract.
- 46) **PARCEL** – Generally refers to a piece of land that cannot be designated by a lot number.
- 47) **PASS THROUGH** – A discharge which exits the Water Reclamation Plant into waters of the United States in quantities or concentrations which, alone or in conjunction with a discharge or discharges from other sources, is a cause of a violation of any requirement of the Water Reclamation Plant’s Permit (including an increase in the magnitude or duration of a violation).
- 48) **PERMIT** – An official document or certificate issued by the authority having jurisdiction which authorizes the performance of a specified activity. subject to conditions therein set forth or referenced.
- 49) **PERSON** – Any individual, firm, company, corporation, association, political subdivision, city, county, district, the State of California, or the United States of America or any department or agency of any thereof. The singular in each case shall include the plural.
- 50) **POLLUTANT** – Dredged spoil, solid waste, incinerator residue, filter backwash, garbage, sludge, munitions, medical wastes, chemical wastes, biological materials, radioactive materials, heat, wrecked or discarded equipment, rock, sand, cellar dirt, municipal, agricultural and industrial wastes, and certain characteristics of wastewater (e.g., pH, temperature, total suspended solids, turbidity, color, BOD, cBOD, toxicity, or odor).
- 51) **PRETREATMENT** – The reduction of the amount of pollutants, the elimination of pollutants, or the alteration of the nature of pollutant properties in wastewater prior to, or in lieu of, introducing such pollutants into the Water Reclamation Plant (WRP). This reduction or alteration can be obtained by physical, chemical, or biological processes; by process changes; or by other means, except by diluting the concentration of the pollutants unless allowed by an applicable Pretreatment Standard.
- 52) **PROCESS WATER** - Refers to water used for producing a product or product content or water used for research and development, including, but not limited to, continuous manufacturing processes, water used for testing and maintaining equipment used in producing a product or product content, and water used in combined heat and power facilities used in producing a product or product content. Process water includes water that goes into a product which leaves the manufacturing facility and therefore does not enter the sanitation system. Process water does not mean incidental water uses not related to the production of a product or product content, including, but not limited to, water used for restrooms, landscaping, air conditioning, heating, kitchens, and laundry.

- 53) **PROPERTY** – Any Property, including any Lot, Parcel, Premises, Dwelling Unit or portion thereof that is the subject of a request for service or to which service is being rendered.
- 54) **PROPERTY OWNER or OWNER** – Any person, agent, firm or corporation having legal or equitable interest in the Property.
- 55) **PUBLIC SEWER MAIN** – Any closed conduit, excluding Building Sewer Laterals, which is financed, installed, owned, operated, or maintained by a collection agency for the purpose of transporting wastewater from two or more Building Sewer Laterals.
- 56) **REGULATIONS** – The current edition of, and any amendments or revisions to, CVWD’s Regulations Governing Sanitation Service.
- 57) **REPLENISHMENT ASSESSMENT CHARGE** – A monetary charge authorized by the State Water Code and uniformly applied to extractions of groundwater within certain specified geographic boundaries of CVWD for payments on a water supply purchased to supplement naturally existing water supplies.
- 58) **RETURN TO SEWER FACTOR** – An estimate of how much indoor potable water usage is subsequently discharged to the sewer drain.
- 59) **RIGHT-OF-WAY** – Any strip or area of land, including surface, overhead, or underground, granted by deed or easement, for construction and maintenance according to designated use, such as for drainage and irrigation canals and ditches, electric power, telephone lines, gas, oil, water and other pipelines, highways and other roadways, sewers, surface water detention and flow, and tunnels.
- 60) **SANITATION AVAILABILITY** - Sanitation Service is considered to be available to Property if the Sanitation System has been constructed and is available for Service as provided for in Section 5-5 of these Regulations. Sanitation Service is not available to Property solely adjacent to a force main.
- 61) **SANITATION AVAILABILITY CHARGE** – The annual charge levied against lands to which Sanitation Service is available whether the Service is used or not.
- 62) **SANITATION CAPACITY CHARGE** – Charge for sanitation facilities in existence at the time the charge is imposed or the charge for new facilities to be constructed in the future that are of the benefit to the Property or Owner being charged. It applies to all land development, redevelopment and connection of existing homes to the Sanitation System. The charge consists of the costs associated with the incremental demand per Equivalent Dwelling Unit placed on the Collection System and the treatment and disposal system.
- 63) **SANITATION SERVICE or SERVICE** – The furnishing of facilities for the collection, treatment, and disposal of wastewater, and all the administrative functions auxiliary thereto.

- 64) SANITATION SERVICE CONNECTION – see Street Sewer Lateral.
- 65) SANITATION SYSTEM – The facilities for collection, treatment, and disposal of wastewater constructed by or for CVWD, whether acquired for CVWD, and maintained and operated by CVWD for the purpose of providing Sanitation Service.
- 66) SERVICE CHARGE – The monthly charge levied on all Properties, which are provided Sanitation Service for the capability of providing such Service.
- 67) SEWER CLASSIFICATION CODE – A code used in the billing system for purposes of classifying customers based on similar sewer usage characteristics. Details on CVWD Sewer Classification Codes are located in Appendix A, Table A-6.
- 68) SEWER EXTENSION – The additional installation of any Public Sewer Main and appurtenances, either within On-Site or Off-Site Facilities beyond the existing Public Sewer Main.
- 69) SLUG – Any discharge into the Sanitation System in quantities or concentration of any given constituent which exceeds, for more than 15 minutes, five times the average 24 hour quantity or concentration.
- 70) STANDARD SPECIFICATIONS – The current edition of CVWD’s Standard Specifications for Construction of Sanitation Systems.
- 71) STREET – Any highway, road, street, avenue, alley or way, either public or private.
- 72) STREET SEWER LATERAL – The pipeline between a Public Sewer Main and a Building Sewer Lateral.
- 73) STREET SEWER LATERAL CHARGE – The charge levied for the cost of installing a Street Sewer Lateral.
- 74) SUBDIVIDER – A Person, firm, corporation, partnership or association who proposes to divide, divides, or causes to be divided, real Property into a Subdivision for itself or for others except that employees and consultants of such Persons or entities, acting in such capacity, are not Subdividers.
- 75) SUBDIVISION or TRACT – The division, by any subdivider, of any unit or units of improved or unimproved land, or any portion thereof, shown on the latest equalized county assessment roll as a unit or as contiguous units, for the purpose of sale, lease or financing, whether immediate or future. Property shall be considered as contiguous units even if it is separated by roads, streets, utility easements or railroad rights-of-way. Subdivision includes common interest developments, as defined in Section 1351(c) of the Civil Code.
- 76) TAX ROLL – The process of levying property, through annual property taxes, to recapture unpaid charges for sewer and other services.

- 77) TENANT – A person who rents or leases a unit which he/she does not own.
- 78) TRACT – See SUBDIVISION.
- 79) UNAUTHORIZED CONNECTION – Any connection to CVWD’s sanitation system that did not apply for and receive required permits from CVWD and/or failed to pay any required fees.
- 80) WASTEWATER – Liquid and water-carried wastes from residential dwellings, commercial buildings, industrial and manufacturing facilities, and institutions, whether treated or untreated, which are contributed to the Water Reclamation Plant (WRP).
- 81) WATER RECLAMATION PLANT (WRP) – A treatment works, as defined by Section 212 of the Act (33 U.S.C. Section 1292), which is owned by CVWD. This definition includes any devices or systems used in the collection, storage, treatment, recycling, and reclamation of wastewater of a liquid nature and any conveyances, which convey wastewater to a water reclamation plant.

1-2 Other Definitions: Words or terms not defined above shall be defined in accordance with the Processing Water, Wastewater, Residuals, and Excreta for Health and Environmental Protection: An Encyclopedic Dictionary, prepared by the Water Environment Federation.

2-1 General Provisions

2-1.1 Board:

The Board may change these regulations as it deems necessary.

2-1.2 General Manager:

The General Manager may prescribe and enforce additional regulations not in conflict with these Regulations to implement the application, administration, interpretation and enforcement of these Regulations.

2-2 Inspectors

2-2.1 Entry to Property:

The General Manager and other duly authorized employees of CVWD bearing proper credentials and identification shall be permitted to enter upon all Property for any purpose connected with CVWD's operation or enforcement of these Regulations.

2-2.2 Credentials:

When representing or acting on behalf of the General Manager, a person who is not an authorized officer or employee of CVWD shall have, wear, or exhibit a badge or credentials of CVWD.

2-3 Fees, Charges and Services

Fees, charges and services are nonrefundable and nontransferable; however, under special circumstances, the General Manager may grant a refund of fees or charges at his/her discretion.

2-4 Policy Exceptions and Exemptions

Exceptions or exemptions from these regulations shall be approved by the Board. This provision does not apply to the waiver of one-time charges or fees.

Service Connections

3-1 Street Sewer Laterals

3-1.1 General Provisions:

3-1.1.1 Requirements:

After providing Sanitation Service in any area of CVWD, CVWD may declare the further maintenance or use of septic tanks or any other local means of Sewage disposal in such area to be a public nuisance and may require a Property used by human beings, to be connected to the Sewer within 90 days after written notice, provided that the Sanitation System is available for use within 200 feet of the Property.

A Building Sewer Lateral shall be installed in accordance with the requirements of the governing agency. The Applicant shall pay for the cost of installing the Building Sewer Lateral and shall be responsible for the cost of maintaining it. CVWD may inspect the installation.

3-1.1.2 Separate Property:

Separate Property under single control or management shall be furnished Sanitation Service through a separate Street Sewer Lateral unless otherwise approved by the General Manager. Separate houses or buildings on the same Lot, or on adjoining Lots, under single control or management shall be furnished Sanitation Service, at the option of CVWD, by either of the following methods:

- 1) Through a separate Street Sewer Lateral to each house or building; or,
- 2) Through a single Street Sewer Lateral to all houses or buildings.

3-1.1.3 Division of Property:

When Property having a Street Sewer Lateral is divided into two or more Lots, the existing Street Sewer Lateral shall be considered as belonging to the Lot to which it directly enters, and a new Street Sewer Lateral shall be installed for the remaining Lot or Lots at the Applicant's expense.

3-1.1.4 Sewer Charges:

The prevailing Sewer Charges will be imposed on all Property as provided for in Section 5-4 and/or subject to the provisions of Subsection 3-1.1 at the expiration of the 90 day notice period.

3-1.1.5 Contractor Experience Statement and Deposit for Building and Street Sewer Lateral Installation:

Contractors interested in installing Building and Street Sewer Laterals must complete the Contractor Experience Statement in Exhibit 1 in its entirety and submit to CVWD for evaluation. The contractor must submit a \$5,000 cash deposit with the application in the form of cash or check made payable to CVWD. Contractors deemed to have the requisite experience based on the scoring criteria contained in Exhibit 1 of this chapter and that have complied with the deposit requirements will be placed on CVWD's Building and Street Sewer Lateral list.

Parties seeking to perform Building and Street Sewer Lateral installation must utilize a contractor that is included in the Building and Street Sewer Later List. CVWD does not warrant the performance of any of the contractors included on the list and interested parties should perform an independent investigation and evaluation of each company before retaining a contractor to perform work.

3-2 Interceptors/Separators

3-2.1 General Provisions:

3-2.1.1 Requirements:

All Interceptors/Separators (i.e. grease, oil, sand and lint traps) shall be installed in accordance with the governing agency and CVWD. The Applicant shall pay for the cost of installation and shall be responsible for the cost of maintaining it. CVWD may at any time inspect the installation and the operation of the Interceptor/Separator and the facility it serves and require the applicant to perform any maintenance necessary.

3-2.1.2 Interceptor/Separator Charge:

The prevailing Interceptor/Separator Charge as provided for in Section 5-9 will be imposed on all Property required to install Interceptors/Separators.

3-3 Authorization to Connect

No Person shall connect any Property to the Sanitation System without obtaining written authorization from CVWD. An authorization will not be issued by CVWD unless proper application has been made as provided for in Part 4 and the applicable charges have been paid. Any Unauthorized Connection may be subject to: an Unauthorized Connection penalty set

forth in Table A-2, payment of unpaid Sanitation Capacity Charges, and payment of any unpaid Sewer Charges not billed in the previous 12 month period.

3-4 Standards

3-4.1 Plans and Specifications:

All plans and specifications shall be submitted to CVWD in advance of construction and no construction shall start until the plans and specifications have been approved by CVWD. CVWD will provide the applicant the Building and Street Sewer Later List containing the names of contractors eligible to perform work within CVWD's service area.

3-4.2 Installations:

3-4.2.1 Street Sewer Laterals:

A Street Sewer Lateral from an existing Sanitation System shall be installed only by employees of CVWD, or others authorized in writing by CVWD.

All Street Sewer Laterals to be installed in new Subdivisions shall be installed by the Subdivider before streets are paved and shall be terminated in a plug or shall be connected to a Building Sewer Lateral, unless otherwise approved by the General Manager. The Applicant shall pay for the cost of installing the Street Sewer Lateral and shall be responsible for the cost of maintaining it.

CVWD will provide inspection of the Street Sewer Lateral installation from an existing Sanitation System done by others at the applicant's expense, as provided for in Section 5-6.

3-4.2.2 Interceptors/Separators:

No Interceptor/Separator shall be installed without prior approval from CVWD. Applicant shall notify CVWD 48 hours prior to the start of installation and all installations may be inspected by CVWD personnel.

3-5 CVWD Responsibility

The CVWD's responsibility ends at the point where the Sanitation System ends, or in the case of any special installation approved by CVWD, except that such responsibility does not include the Street Sewer Lateral.

Application for Service

4-1 General Provisions

4-1.1 Written Application:

A written application shall be made and signed by each Applicant for Sanitation Service, on a Form supplied by CVWD. Where such Service is for a Residential Unit, it shall be executed by the Owner of the Property.

Each time there is a change of Customer (either Property Owner or Tenant) on any non-residential Property, the new Property Owner or Customer shall notify CVWD immediately.

4-1.2 Description of the Property:

The Applicant shall describe the Property to be served, and only the Property described will be connected to the Sewer.

4-2 Prior Service

4-2.1 Business:

The Applicant may be subject to the provisions of Section 6-3 if a delinquency has occurred at the Property or at another Property owned by the Applicant.

The Applicant may be held responsible for payment of all amounts due for Sanitation Service, including all bills, costs, loss, damage, penalties, charges, or fees regardless of user or use which may remain against the Property.

4-2.2 Residential:

The Applicant may be subject to the provisions of Section 6-3 if a delinquency has occurred at another Property owned or occupied by the Applicant.

The Applicant will not be liable for any unpaid charges from a prior occupant; however, CVWD will require that Service for Applicant be furnished on the account of the property owner.

Part 5

Charges

5-1 Sanitation Capacity Charge

5-1.1 General Provisions:

The Sanitation Capacity Charge is provided for in Table A-2, Charge Number A-2.2, except as modified in the succeeding subsections.

5-1.2 Equivalent Dwelling Unit (EDU):

Except as otherwise provided for in Table A-1, the minimum number of EDUs assigned to any Property shall be one. The General Manager will determine the number of EDUs for Properties not provided for in the Regulations.

5-1.3 Accessory Dwelling Unit:

An Accessory Dwelling Unit (ADU) is subject to the full Sanitation Capacity Charge as provided in Table A-2 except as detailed herein.

- 1) No Sanitation Capacity Charge will be required when an ADU Conversion or ADU New, as defined herein, is constructed using the single-family home's existing Street Sewer Lateral and/or water meter connections;
- 2) A proportionate Sanitation Capacity Charge shall be based on the square feet of the ADU relative to the square feet of the single-family home as recorded with the County of record. A proportionate Sanitation Capacity Charge will be required when an ADU Conversion or ADU New is constructed that connects to a separate Street Sewer Lateral and/or water meter connections.
 - i) CVWD may require an ADU New to install a separate Street Sewer Lateral and water meter connections if the demands of the ADU New exceed the existing utility connections in accordance with CVWD's Development Design Manual. A proportionate fee will be charged if CVWD determines an ADU New requires separate utility connections.
 - ii) ADU Conversions are not required to connect to a separate Street Sewer Lateral and/or water meter connections. However, a customer may request such a connection and must pay applicable fees and charges, including a proportionate Sanitation Capacity Charge as described above.

5-1.4 Palm Desert Country Club Service Area:

Properties included in original Service Area with Sewer available. No charge will be levied.

5-1.5 Payment:

The Sanitation Capacity Charge shall be paid at a time established by the General Manager, but not later than the time of approval of the domestic water and/or Sanitation System improvement plans. If domestic water and/or Sanitation System improvement plans are not required, the Sanitation Capacity Charge shall be paid prior to CVWD providing domestic water service or Sanitation Service.

5-1.6 Increased Sanitation Capacity:

The Sanitation Capacity Charge for non-residential establishments is due when Sanitation Service is initially provided. In addition, if the building is remodeled or the use changed which places an additional demand on the Sanitation System, an additional Sanitation Capacity Charge for the new increased use shall be charged. This shall be calculated based upon the increase in the demand to the Sanitation System.

5-2 Not used

5-3 Street Sewer Lateral Charge

5-3.1 CVWD Installed:

The charge for installation of a Street Sewer Lateral is provided for in Table A-2, Charge Number A-2.4.

5-3.2 Installed by Others:

The charge for the installation of a Street Sewer Lateral constructed for CVWD or for Subdivider without the applicant paying the cost of the Street Sewer Lateral is provided for in Table A-2, Charge Number A-2.4.

A Street Sewer Lateral Charge is not applicable for Street Sewer Laterals Installed for CVWD or for Subdividers that are paid for by the Applicant or by the Economic Development Administration.

5-4 Sewer Charge

5-4.1 General Provisions:

The Sewer Charge shall be applicable only to Properties which are connected to a Street Sewer Lateral or the Sanitation System except as otherwise provided for in Subsection 3-1.1.

5-4.2 Initiation of Charges:

The Sewer Charge shall begin at the time of First Beneficial Use of a Property or within 90 days after a Street Sewer Lateral is constructed to the Property as provided in Subsection 3- 1.1.1.

Sewer Charges for all Sanitation Assessment Districts shall begin when the Property's Building Sewer Lateral is connected to the Street Sewer Lateral.

5-4.3 Amount:

5-4.3.1 Service Charge:

For all customers, the Service Charge shall be the product of the Service Charge per ESU and the number of ESUs assigned to the Property. The Service Charge per ESU shall be as provided for in Table A-2, Charge Number A-2.5.

1) Residential customers are assigned one ESU per dwelling unit.

2) RV/Trailer Park customers are assigned an ESU value based on 55% (return to sewer factor) of their average daily water usage over the previous three years, divided by 200.

3) Commercial customers are assigned an ESU value based on 90% (return to sewer factor) of their average daily water usage over the previous three years, divided by 200.

5-4.3.2 Account Charge:

For all customers the Account Charge shall be the product of the number of sewer accounts and the Account Charge. The Account Charge shall be as provided for in Table A-2, Charge Number A-2.5.

5-4.3.3 Not used.

5-4.3.4 Not used.

5-4.3.5 Not used.

5-4.3.6 Sewer Charge Variance for Non-Residential Accounts:

- 1) Temporary Single Meter Variance – Separate meters are recommended for indoor and outdoor water use, so that only the indoor water use is calculated for the sewer rate. This Temporary Single Meter Variance is being offered to customers with an existing single meter serving both indoor and outdoor water needs in order to provide customers time to install a second meter to separate the water uses. The Temporary Single Meter Variance will be in effect until a new second meter is installed or until December 31,

2018, whichever occurs first. Customers may request this variance by completing a “Temporary Single Meter Variance Application” located on CVWD’s website at cvwd.org

- 2) Calculation of Wastewater Discharge Variance – For sewer only customers, CVWD is estimating the average 3-year water use based on like businesses within CVWD’s service area. This request for variance is being offered to CVWD sewer only customers so that they may provide their actual average domestic water use over the prior three years as the basis for determining the estimated amount of wastewater discharge. This request for variance will be in effect as long as the actual water consumption data for the prior three years is provided annually by the customer. Customers may request this variance by completing a “Request for Variance- Calculation of Wastewater Discharge Application” located on CVWD’s website at cvwd.org
- 3) Process Water - Non-residential customers who meet the criteria for process water may request a variance on their sewer charges by completing a “Request for Process Water Allowance Application” located on CVWD’s website at cvwd.org.

5-5 Sanitation Availability Charge

5-5.1 General Provisions:

The charge will be fixed by the Board on or before the first day of July in each calendar year. The charge so fixed will be for the fiscal year July 1 through June 30.

5-5.2 Applicability:

The Sanitation Availability Charge will be levied on Property within CVWD which meet all of these criteria:

- 1) Domestic water is available from any source.
- 2) Property is within a sanitation improvement CVWD.
- 3) Property is within 660 feet of an existing Sewer as measured along usual land subdivision lines.
- 4) Property does not have a Street Sewer Lateral.

5-5.3 Method of Collection:

The Charge may be filed with the County Auditor who will enter it against the respective Lot or Parcel on the current year’s tax assessment and it will be collected along with the general county taxes.

5-5.4 Amount:

See Table A-2, Charge Number A-2.1.

5-6 Inspection Charge

5-6.1 Amount:

The charge for inspection of a Sewer Extension provided for in Section 8-3 or a Street Sewer Lateral provided for in Subsection 3-4.2.1, will be determined on the basis of the method listed below.

- 1) The rate provided for in Table A-2, Charge Number A-2.7. Hours will be computed to the nearest one-half hour.

5-6.2 Deposit:

The Applicant shall deposit the estimated cost of the inspection prior to the start of construction. When the inspection charges exceed 90 percent of the deposit, the Applicant shall make additional deposits prior to any additional inspection.

5-6.3 Refund:

CVWD will refund any excess funds within 30 days of final acceptance of the Sewer Extension and/or Street Sewer Lateral by CVWD.

5-7 Plan Checking Charge

The charge for reviewing and checking the drawings for a Sewer Extension or Interceptor/Separator, as provided for in Subsection 8-1.2 and Subsection 9-3.1, respectively, is provided in Table A-2, Charge Number A-2.8.

5-8 Septage Disposal Fee

The charge for accepting septage disposal at a Water Reclamation Plant is provided for in Table A-2, Charge Number A-2.6.

5-9 Interceptor/Separator Charge

A monthly charge will be assessed on all facilities required to maintain pretreatment devices. Applicable charges are outlined in Table A-2, Charge Number A-2.12.

5-10 Returned Payment Charge

A charge will be assessed for all payments that are returned unpaid by a financial institution. Applicable charges are outlined in Table A-2, Charge Number A-2.9.

5-11 Checks Drawn on Non-U.S. Banks Charge

A charge for checks drawn on non-U.S. banks is applicable. Applicable charges are outlined in Table A-2, Charge Number A-2.10.

5-12 Unauthorized Connection Charge

A charge for unauthorized connection to the sanitation system. Applicable charges are outlined in Table A-2, charge number A-2.3.

Credit and Billing

6-1 Credit

6-1.1 General Provisions:

The provisions of this Section 6-1 shall apply only to an Applicant or Customer whose Property is provided Sanitation Service by CVWD.

6-1.2 Establishing:

An Applicant may be required to establish credit before receiving Sanitation Service. Credit will be deemed established if the Applicant meets any one of the following conditions:

- 1) If Applicant is the Owner of the Property upon which Service is requested or of other Properties served by CVWD's domestic water system; or,
- 2) If Applicant has been a Customer of CVWD's domestic water system or the Sanitation System for 12 consecutive months of service by CVWD and during such time has paid all bills before delinquent for Domestic Water Service or Sanitation Service.

6-2 Billing

6-2.1 General Provisions:

A Property Owner is responsible for payment, including amounts unpaid by tenant, of bills, costs, loss, damage, penalties, charges, or fees regardless of user or use for Sanitation Service provided to the Property from the acquisition date of the Property until such time as the Property is transferred to new ownership.

A non-residential tenant is responsible for payment of all amounts due for Sanitation Service, including all bills, costs, loss, damage, penalties, charges, or fees regardless of user or use subsequent to the date stipulated on the application and until such time as the Customer makes proper request to CVWD to discontinue the Service, or until a new application for Service is approved.

6-2.1.1 Rendering of Bill:

Charges will be billed monthly. If CVWD also provides domestic water service a single bill will be rendered for both. Sanitation Availability Charges, Service Charges, and Account Charges may be levied annually and appear on the property tax bill.

6-2.1.2 Information on Bill:

The bill will be in the form of a Domestic Water/Sewer Statement.

6-2.2 Person to be Billed:

Charges will be billed to the Customer. The Applicant and/or Customer shall notify CVWD of any change in the ownership or occupancy of the Property at least two days prior to such change.

6-2.3 Payment:

The bill for Service is due and payable upon receipt. A Bill will become delinquent if it is not paid within 15 days from date of invoice.

6-3 Delinquent Account

When a bill becomes delinquent, CVWD after written notice to the Customer, as provided for in Section 7-1, may discontinue Domestic Water Service until outstanding charges, including all bills, costs, loss, damage, penalties, charges, or fees regardless of user or use, if any, are paid in full.

A Customer having a delinquent account on a Septage bill will have their Water Reclamation Plant access halted until the bill is paid. The Customer shall pay the fee set forth in Table A-2.6 to activate the account and grant access to the Water Reclamation Plant and Septage Discharge Facilities.

A Customer having a delinquent account on one Property may not receive service on a new or other Property until the delinquent account has been paid, including penalties if any.

Change in ownership of Property shall in no way cause modification hereof, and the Customer may be subject to the provisions of Section 4-2. If the delinquent amount is paid with a check that is not accepted by the paying bank, for any reason, Service will be discontinued immediately without further notice.

6-4 Late Charges

Late charges of one and one-half (1 ½) percent per month will be charged on all delinquent sewer accounts.

6-5 CVWD Initiated Billing Adjustment

If CVWD discovers that a billing error has been made related to a Customer's account, the CVWD will immediately take all reasonable steps to correct the billing. If the Customer has been under billed, CVWD reserves the right to go back twelve (12) months to recalculate the amount due and payable. The General Manager may provide for reasonable payment arrangements for the balance due to be paid. If CVWD has overbilled the Customer, CVWD shall go back no longer than twelve (12) months to recalculate the amount of overbilling refund due to the Customer.

Discontinuance of Service

7-1 Discontinuance of Service

7-1.1 General Provisions:

CVWD has the right to discontinue Service if a Customer fails to comply with these Regulations. A reasonable effort will be made to notify the Customer, however, a notice is not necessary when the noncompliance, violation or infraction of the Regulations by the Customer results, or is likely to result, in a dangerous or unsanitary condition on the Property, or in the Sanitation System, or elsewhere, or where discontinuance is necessary to protect CVWD from fraud, imposition, loss or abuse. In such case the General Manager may order immediate discontinuance of Service which may include severing connection to Street Sewer Lateral at Customer's expense.

Before discontinuing Service, excepting as otherwise provided above, CVWD will present the Customer a notice in writing specifying the reason or reasons why Service may be discontinued. A Customer may request a hearing by submitting a written appeal to the General Manager in accordance with Part 12, Hearing and Administrative Procedures. If the Customer fails or refuses to comply with the notice or fails to request an opportunity to be heard within a period of five days after the presentation of the notice, then CVWD may discontinue Service to the Customer.

7-1.2 CVWD Initiated:

CVWD may discontinue Service to any Property:

- 1) Where wastes or water defined in Subsection 9-1.1 are discharged into the Sanitation System; or,
- 2) To protect itself against fraud or abusive conduct on the part of the Customer.

7-1.3 At Customer's Request:

A non-residential Customer may have its Service discontinued by notifying CVWD at least 48 hours in advance of the desired date of discontinuance of Water Service and by paying the charge as provided for in Section 5-6. Service will not be discontinued on a Saturday, Sunday or holiday.

A residential Customer may have its Sewer Service discontinued by abandoning the Property's Street Sewer Lateral. Abandonment must be approved by CVWD, and work must be performed by an experienced contractor approved by CVWD and under direct CVWD Inspection or by CVWD staff. All cost associated with the Street Sewer Lateral abandonment will be at Customer's expense.

Sewer Extensions

8-1 General Provisions

8-1.1 CVWD Ownership:

Any facilities installed will be the sole property of CVWD. Before Service is provided for permanent or temporary use, the Applicant shall execute any and all documents required by CVWD to vest title in CVWD to those facilities. As used in this Part 8, the word Applicant shall be deemed to include the word Subdivider.

8-1.2 Specifications:

The size, type, quality of materials, and their actual construction will be done either by a Contractor acceptable to CVWD or by CVWD. The Sewer Extension shall be installed in accordance with the Standard Specifications, CVWD's Development Design Manual, and the approved drawings. The installation of the Sewer Extension will be under the inspection of and subject to the approval of CVWD.

8-1.3 Costs:

Adjustment of any difference between the estimated cost and the actual cost of any Sewer Extension constructed hereunder will be made as provided for in Subsection 8-2.2.

8-1.4 Feasibility:

The right is reserved, as the interests of CVWD may require, to determine the economic and/or engineering feasibility of any Sewer Extension and CVWD will not make those Sewer Extension for which the feasibility is uncertain, in the opinion of the General Manager, whose decision will be final.

8-1.5 Location:

Sewer Extensions will be located in Streets, in Easements provided to CVWD by the Applicant or in Easements obtained by CVWD, or in Property deeded to CVWD.

Prior to installing a Sewer Extension, the Applicant shall provide CVWD with such Easements or deeds as may be necessary or reasonably appropriate to the operation thereof.

Where the Property is located adjacent to a street exceeding 70 feet in width, or a freeway, waterway, or railroad Right-of-Way, CVWD may elect to install a Sewer Extension on the same side thereof as the Property in lieu of extending a Service

Connection across said Street, freeway, waterway or railroad Right-of-Way from an existing or proposed unit.

8-2 Types of Extensions

8-2.1 By CVWD:

CVWD may extend its Sanitation System to the Applicant's Property at the Applicant's expense.

The Applicant shall pay CVWD a deposit equal to the estimated cost of the Sewer Extension, as determined by CVWD. Said deposit shall be used to compensate CVWD and/or any contractors and suppliers engaged by CVWD in the installation of the Sewer Extension. Within 60 days after the Cost of the Sewer Extension has been determined any difference between the Cost and the deposit of the Applicant shall be adjusted by the parties.

Where two or more of the Applicant's apply for Service from the same Sewer Extension, CVWD may allocate the costs proportionally.

8-2.2 By Subdivider:

The Applicant for the installation of a Sewer Extension shall furnish a security deposit to guarantee the installation of the Sewer Extension in the amount of Five Thousand Dollars (\$5,000) or five percent (5%) of the amount of the construction costs of the Sewer Extension, whichever sum is greater, of immediately available funds. The term "immediately available funds" shall mean cash, wire transfer or a cashier's check drawn on good and sufficient funds on a federally insured bank and made payable to the order of CVWD. Upon completion of the Sewer Extension, and acceptance by CVWD, the security will be returned to the Applicant.

A Street Sewer Lateral in accordance with the Standard Specifications shall be placed by the Applicant for each Lot of the Subdivision prior to the installation of Street paving.

8-3 Inspection

CVWD will provide inspection of the Sewer Extension at the Applicant's expense as provided for in Section 5-6.

8-4 Plan Checking

CVWD will review and check the drawings for the Sewer Extension, prior to approval, at the Applicant's expense as provided for in Section 5-7.

Regulations of Wastes and Water

9-1 Prohibited and Controlled Discharges

9-1.1 Prohibited Discharges: No Person shall discharge or cause to be discharged any of the following described wastes or water into the Sanitation System:

- 1) Pollutants which create a fire or explosive hazard in the treatment plants and collection system, including, but not limited to, waste streams with a closed-cup flashpoint of less than 140°F using test methods specified in 40 CFR 261.21.
- 2) Wastewater having a pH lower than 5.0 or higher than 9.5 or otherwise causing corrosive structural damage to the treatment plants and collection system.
- 3) Solids or viscous substances in amounts which will cause obstruction of the flow in the Sanitation System resulting in Interference.
- 4) Pollutants, including oxygen-demanding pollutants (BOD, etc.), released in a discharge at a flow rate and/or pollutant concentration which, either singly or by interaction with other pollutants, will cause Interference with the Sanitation System.
- 5) Wastewater having a temperature greater than 140°F, or which will inhibit biological activity in the treatment plant resulting in interference, but in no case wastewater which causes the temperature at the introduction into the treatment plant to exceed 104°F.
- 6) Petroleum oil, non-biodegradable cutting oil, or products of mineral origin in amounts that will cause interference or pass through.
- 7) Pollutants which result in the presence of toxic gases, vapors, or fumes within the collection system or at a treatment plant in a quantity that may cause acute worker health and safety problems.
- 8) Trucked or hauled pollutants, except at discharge points designated by the General Manager in accordance with Section 9-6.
- 9) Waters or wastes containing substances which are not amenable to treatment or reduction by the treatment processes employed, or are amenable to treatment only to such degree that the Water Reclamation Plant effluent cannot meet the requirements of other agencies having jurisdiction.
- 10) Any waters or wastes containing dissolved, suspended or settleable solids of such character and quantity that additional wastewater treatment processes or expense is required to handle such materials in the Sanitation System.
- 11) Any noxious or malodorous gas or substance in a quantity capable of creating a public nuisance.

9-1.2 Controlled Discharges: Except as hereinafter provided, no Person shall discharge or cause to be discharged any of the following described wastes or water into the Sanitation System without the express written consent of the General Manager:

- 1) Any water or wastes having a BOD or cBOD greater than 400 mg/L by weight.
- 2) Any water or wastes containing more than 500 mg/L by weight of total suspended solids.
- 3) Any water or wastes containing wax, whether emulsified or not, in excess of 100 mg/L or containing substances, which may solidify or become viscous at temperatures between 32°F and 150°F.
- 4) Any food waste that has not been properly shredded to a maximum of 3/8 inch.
- 5) Any radioactive wastes or isotopes of such half-life or concentration as may exceed limits established by the General Manager in compliance with applicable state or federal regulations.
- 6) Unusual volume of flow or concentration of waste constituting Slugs.
- 7) Any waste products resulting from the handling, storage and sale of fruits and vegetables in wholesale or retail produce establishments and wastes from plants engaged in the preparation, processing or preserving of foods not intended primarily for immediate consumption.
- 8) Any waters or wastes which contain more than 150 milligrams per liter (mg/L) of fat, oil, or grease.
- 9) Any storm water, surface water, groundwater, impounded water, lake water, pond water, roof runoff, subsurface drainage, or pool/spa water.
- 10) Industrial waste.
- 11) Any brines or dissolved salts in excess of 1,000 mg/L to the Sanitation System, including discharge of salts from regeneration of water softening units in industrial, commercial establishments, or private residences and homes.
- 12) Water resulting from the operation of equipment that uses water in a single pass operation. Examples of this use include, but are not limited to, water cooled equipment (i.e., cooling towers, refrigerators, freezers, ice makers, chillers, air conditioners, heat exchangers, ice cream dispensers , yogurt dispensers and precoolers) and vehicle washers (i.e., car and/or truck washers).

- 13) Any waste diluted with water or in any way dilute waste as a partial or complete substitute for adequate treatment to achieve compliance with CVWD requirements, except where expressly authorized by the General Manager.

9-2 Admission of Controlled Discharges

If any waters or wastes are discharged, or are proposed to be discharged to the Sanitation System, which waters or wastes contain the substances or possess the characteristics enumerated in Subsection 9-1.2, and which in the judgment of the General Manager, may have a deleterious effect upon the Sanitation System, or which otherwise create a hazard to life or constitute a public nuisance, the General Manager will in writing:

- 1) Reject the wastes; or,
- 2) Require pretreatment to an acceptable condition for discharge to the Sanitation System, verified by monitoring and reporting; and/or,
- 3) Require control over the quantities and rates of discharge to the Sanitation System; and/or,
- 4) Require payment to cover the added cost of handling and treating the waters or wastes not covered by existing taxes or charges under the provisions of these Regulations.

9-2.1 Discharge from Cooling Towers:

9-2.1.1 General Provisions:

Discharges from a cooling tower into the Sanitation System may be allowed by the General Manager as provided for in Section 9-2 with payment to cover the added cost of handling and treating said discharge(s), if a permit is first obtained from CVWD.

9-2.1.2 Permit:

A written application for a permit to discharge water or wastes from a cooling tower into the Sanitation System shall be made and signed by each Applicant, on a form supplied by CVWD. This permit application shall include an evaluation of costs and benefits associated with using alternative methods to dispose or reclaim discharges from the cooling tower(s). Applications deemed complete will be considered by the General Manager and a permit shall be issued when it is determined, in the opinion of the General Manager, that a discharge into the Sanitation System is the only reasonable method to dispose or reclaim discharges from the cooling tower(s). Site conditions, costs, feasibility, permit conditions and characteristics of the discharge shall be considered when determining if a cooling tower discharge into the Sanitation System is reasonable. Incomplete applications shall be returned to the Applicant within 30 days.

A non-refundable application fee as set forth in Appendix A of these Regulations shall be submitted with the application. .

9-2.1.3 Permittee Responsibilities-Domestic Water:

The Permittee shall comply with the permit conditions and the following requirements in accordance with CVWD's Regulations Governing Domestic Water Service:

1) Installations:

- (i) New Installation: Provide at Permittee's sole cost and expense, a separate service connection and domestic water meter determined by CVWD to measure the amount of water supplied to the cooling tower. Permittee shall pay to the CVWD the cost for the water meter installation, service connection charge, and backflow device as determined by the CVWD based on the cooling tower demand. Payment shall be made within thirty (30) days of receipt of invoice from CVWD.
- (ii) Existing Facility: If the cooling tower is located at an existing facility the Permittee shall be required to equip the cooling tower with a sub-metering device on the intake side immediately prior to entering the cooling tower. Such meters shall be approved by CVWD, as to make, model, and location.
- (iii) Private Water Source: If the cooling tower is served by a private water supply source, no meter will be required on the intake side but the customer is subject to CVWD's groundwater Replenishment Assessment Charge (RAC) program specified in sections 31630-31639 of the California Water Code.

2) Amounts:

- (i) Pay to the CVWD the applicable monthly service charge and domestic water consumptive rate for the service connection supplying water to the cooling tower. A Permittee using a private water supply for the cooling tower(s) is exempt from this provision but is subject to CVWD's RAC program.

Pay to CVWD the Building Unit Charge (BUC) component of the Water System Backup Facilities Charges (WSBFC) related to the provision of domestic water service to the cooling tower. The BUC will be determined by the formula as set forth in Table A-3, and shall be paid within thirty (30) days of receipt of invoice from CVWD. A Permittee using a private water supply for the cooling tower(s) is exempt from this provision but is subject to CVWD's RAC program.

9-2.1.4 Permittee Responsibilities-Sanitation:

The Permittee shall comply with the permit conditions and the following requirements in accordance with these Regulations:

- 1) Pay to CVWD the Sanitation Capacity Charge (SCC) for the proposed cooling tower discharge as set forth in Table A-2, Charge Number A-2.2. The initial SCC shall be paid within thirty (30) days of receipt of invoice from CVWD. If it is determined the operation of the cooling tower places an additional demand on the Sanitation System an additional SCC will be assessed to cover the increased capacity in accordance with Subsection 5-1.6. Any additional SCC for increased capacity shall be assessed at the prevailing rate and shall be due within thirty (30) days of receipt of invoice from CVWD. Failure to pay the additional SCC within thirty (30) days may result in discontinuance of service to the cooling tower.
- 2) Pay to CVWD the commercial consumptive charge for sanitation service provided to the cooling tower.
- 3) Install a wastewater sampling port approved by CVWD on the cooling tower discharge line prior to connection to the Sanitation System at a location approved by CVWD.
- 4) Install a water-measuring device approved by CVWD, as to make, model, and location, and which is capable of accurately measuring and registering the accumulated amount of water discharged from the cooling tower(s) into the Sanitation System.
- 5) Perform pretreatment in accordance with Section 9-3 or discontinue discharge in response to State or Federal discharge regulations if notified in writing by CVWD.

9-2.1.5 Fees:

Fees as set forth in Appendix A and as applicable as listed below:

- | | | |
|----------------------------|-------------|--------|
| 1) Application Fee | See Section | A-2.11 |
| 2) Plan Check Fee | See Section | A-2.8 |
| 3) Initial Capacity Charge | Calculated | A-2.11 |
| 4) Inspection Fee | See Section | A-2.7 |

9-3 Pretreatment

9-3.1 General Provisions:

The General Manager may require the Customer provide at its own expense such pretreatment or handling as may be necessary to meet CVWD's requirements. Any plans, specification and any other pertinent information in relation to proposed preliminary treatment, Interceptors/Separators, or handling devices shall be submitted for approval to the General Manager and no construction of such devices shall commence until approval is obtained and standards set forth in this Part 9 are met.

9-3.2 Industrial Waste:

Pretreatment of Industrial Waste shall be in accordance with the United States Environmental Protection Agency pretreatment standards which have been promulgated for specific industrial processes.

9-3.3 Maintenance of Pretreatment Facilities:

When pretreatment is provided for any water or wastes to meet the requirements of this Part 9, it shall be maintained in satisfactory and effective operation by the Customer at its expense.

9-3.4 Control Mechanisms:

9-3.4.1 General Provisions:

When the General Manager has required a proposed discharge of waters or wastes enumerated in Subsection 9-1.2 be pretreated, controlled, or surcharged, CVWD shall prepare and issue a control mechanism to the Customer. Said control mechanism may be a Permit, Authorization, or Special Agreement. Control mechanisms shall be issued for a specified period not to exceed five years. Control mechanisms may be renewed.

9-3.4.2 Application:

A written application to discharge Waters or wastes enumerated in Subsection 9-1.2 shall be made and signed by each Applicant on a form supplied by CVWD. Applications deemed complete will be considered by the General Manager and an appropriate control mechanism shall be prepared. Incomplete applications shall be returned to the Applicant within 30 days.

A non-refundable application fee as set forth in Appendix A of these Regulations shall be submitted with the application.

9-3.4.3 Permit:

A permit will specify discharge limitations, monitoring requirements, reporting requirements, special conditions, and set forth CVWD's standard conditions for controlled discharges.

9-3.4.4 Authorization:

An Authorization will specify monitoring and reporting requirements.

9-3.4.5 Special Agreement:

A special agreement will specify Customer obligations and CVWD obligations pertinent to a specific discharge.

9-4 Monitoring

9-4.1 Control Manhole:

When required by the General Manager, a Customer discharging Industrial Wastes shall install a suitable control manhole together with such necessary meters and other appurtenances in the Building Sewer Lateral to facilitate observation, samples, and measurements of the wastes. The manhole shall be installed by the Customer in accordance with plans approved by the General Manager. The manhole shall be maintained by the Customer and shall be safe and accessible at all times.

9-4.2 Sampling:

All measurements, tests, and analyses of the characteristics of water and wastes to which reference is made in these Regulations shall be determined in accordance with 40CFR 136, or the latest edition of "Standard Methods for the Examination of Water and Wastewater," published by the American Public Health Association, and shall be determined at the control manhole provided, or upon suitable samples taken at said control manhole. In the event that no control manhole has been required, the control manhole shall be considered to be the nearest downstream manhole in the Sanitation System from the point where the building sewer is connected. Sampling shall be carried out by customarily accepted methods to reflect the effect of constituents upon the Water Reclamation Plant and to determine the existence of hazards to life, limb and property.

9-5 Interceptors/Separators (i.e., grease, oil, sand, and lint)

9-5.1 Installation & Maintenance:

Interceptors/Separators shall be provided when, in the opinion of the General Manager, they are necessary for the proper handling of liquid wastes containing grease in excessive amounts, or any flammable wastes, sand, or other harmful ingredients; except that such Interceptors/Separators shall not be required for Dwelling Units. All Interceptors/Separators shall be of a type and capacity approved by the General Manager, and shall be located as to be readily and easily accessible for cleaning and inspection. Interceptors/Separators shall be maintained in continuously efficient operation at all times by the Customer and at Customer's expense.

9-5.2 Sampling:

Interceptors/Separators shall be sampled at the sample station immediately downstream of the interceptor/separator.

9-5.3 Plan Checking:

CVWD will review and check the drawings and specifications for Interceptors/Separators, prior to approval, at the Applicant's expense, as provided for in Section 5-7.

9-6 Effluent from Cesspools, Septic Tanks and Chemical Toilets

9-6.1 General Provisions:

Septic tank, cesspool or chemical toilet effluent which does not contain concentrations of Industrial Waste, oil, grease or any other substances prohibited in Section 9-1, except for the BOD, cBOD, total dissolved solids, and total suspended solids limitation may be placed in a Water Reclamation Plant if a permit is first obtained from CVWD.

9-6.2 Permit:

The permit for discharging septic tank, cesspool or chemical toilet effluent into the Water Reclamation Plant may be granted only upon written application by a Person engaged in the business of disposing of said effluent. A liquid waste hauler load ticket book will be issued for the billing purposes. Each load ticket is numbered serially and shall be returned to CVWD at the time of discharge. If the load tickets are not returned in sequential order or accounted for, or the gallons of effluent discharged is not listed, the Permittee will be charged based on the volume of the assigned vehicle at the then prevailing fee schedule. See Table A-2.6

An application charge will be paid at the time the application is made. The fee includes 3 trucks. Supplemental fees apply to additional trucks. See Table A-2.6. This charge shall be forfeited and a new application charge shall be paid prior to any future placement of effluent in the Water Reclamation Plant if any load contains any of the substances prohibited in Section 9-6.1. This charge is in addition to penalties imposed in Section 9-7.

9-6.2.1 Permit Duration:

Permits for discharging septic tank, cesspool, or chemical toilet effluent into the Water Reclamation Plant shall be issued for a specified time period not to exceed 5 years. A new permit renewal application and renewal fee will be assessed prior to the end of the 5-year period to continue septage service. If a renewed permit is not completed by the discharger, the permit will be terminated.

9-6.2.2 Permit Modification:

The General Manager or designated representative of CVWD may modify a permit for good cause including, but not limited to, the following:

- a) To incorporate any new or revised Federal, State or local requirements;
- b) To incorporate new vehicles, or remove those no longer in service;
- c) A change in any condition at the Water Reclamation Plant that requires either a temporary or permanent reduction or elimination of the authorized discharge;
- d) Information indicating that the permitted discharge poses a threat to the Sanitation System, CVWD personnel, or CVWD compliance with an Order issued by the Regional Water Quality Control Board, Colorado River Region;
- e) Violation of any terms or conditions of the permit;
- f) Misrepresentation or failure to disclose fully all relevant facts in the application or in any required reporting;
- g) To correct typographical or other errors in the permit.

9-6.2.3 Permit Termination:

Permits may be revoked for good cause including, but not limited to:

- a) Falsifying load tickets or other reports;
- b) Tampering with the Septage Receiving Station; including discharging septage effluent on ground or undesignated areas of the plant;
- c) Refusing to allow Water Reclamation Plant personnel to collect a sample of a truck's contents;
- d) Failure to meet effluent limitations;
- e) Failure to pay fines;
- f) Failure to pay charges and fees;
- g) Failure to renew permit.

9-6.2.4 Permit Suspension:

Permits may be suspended for good cause including, but not limited to:

- a) Accessing the plant and septage facilities illegally without prior permission, unassigned access cards and/or Radio Frequency Identification Access Tags. Each vehicle is individually permitted;
- b) Failure to provide a completed load ticket for each load discharged;
- c) Allowing insurance to lapse or failing to provide proper insurance certificates and endorsement. Insurance must be kept up to date for the duration of the permit;
- d) Any violation of 9-1.1 will result in immediate suspension for one year, during which the discharger will not be permitted to apply for a permit.

9-6.2.5 Permit Fines:

Permittees may be fined for good cause including, but not limited to:

- a) Missing required information on the Liquid Waste Hauler Ticket such as permit number, date, time of discharge, discharge origin, load volume, PH value vehicle license number and driver signature.
- b) Failure to conduct appropriate housekeeping; including washing down all areas of the unloading bay, discharge hoses, concrete floors, drains and gutters; the emptying and water flushing of the rock trap; the mechanical removal by shovel or rake of all debris, screenings material, rags, rocks and grit from the manual bar screens, drain channels and gutters; and the proper disposal of these materials in the proper water bins provided by CVWD.
- c) A fine per truck will apply as provided in Table A-2, charge A-2.6.9-6.2.6

9-6.2.6 Permit Application and Renewal Fees:

See Table A-2.6 for applicable fees

- a) New Permittee: The discharger shall apply for permits by submitting a complete permit application and payment for applicable fee(s).
- b) Renewal: The discharger shall submit a complete application and payment for applicable fee(s) to renew permit(s). Applications to renew shall be submitted a minimum of ninety (90) days prior to the expiration of the discharger's existing permit. If a permit is not renewed by the expiration date, the permit will remain in effect for 30 days after the expiration of the permit.
- c) If a permit is revoked, the permit holder may apply and complete all requirements for a new permit, which may be granted in the sole discretion of CVWD.
- d) If a permit is suspended, a reactivation fee will be applied per truck, see reactivation fee per truck, charge A-2.6

9-7 Fines

Any violation in Section 9-1.1 and 9-1.2 will be assessed a Discharge Violation charge per Table A-2, charge A-2.6. Each day in which the violation remains uncorrected shall be considered an occurrence.

10-1 General Provisions

The following procedures are established as a means of enforcement of the terms and conditions of these Regulations, and not as a penalty. All Persons shall be held strictly responsible for any and all acts of tenants, agents or employees done under the provisions of these Regulations.

Any Person violating any of the provisions of these Regulations is liable to CVWD for any expense, loss or damage occasioned by CVWD by reason of these Regulations.

10-2 Violations

10-2.1 Written Notice:

Any Person found to be violating any provision of these Regulations will be notified as provided for in Subsection 7-1.1 excepting when immediate discontinuance of Service is required as provided for in Section 7-1.

10-2.2 Corrective Action:

Upon being notified by the General Manager of any defect arising in any Street Sewer Lateral or of any violation of these Regulations, the Customer shall immediately take whatever corrective action may be necessary to meet CVWD's specifications.

10-2.3 Judicial Process:

Sections 31105 and 31106 of the Water Code of the State of California provide that the violation of an ordinance, rule or regulation of a County Water District by any Person is a misdemeanor punishable by a fine not to exceed \$1,000, imprisonment not to exceed one year, or both. Each incident in violation of these Regulations shall be deemed a separate violation and each day or part of a day a violation of these Regulations continues shall be deemed as a separate offense hereunder and shall be punishable as such.

10-3 Public Nuisance

Continued habitation of any building or continued operation of any industrial facility in violation of the provisions of these Regulations is hereby declared to be a public nuisance. CVWD may cause proceedings to be brought for the abatement of the occupancy of the building or industrial facility during the period of such violation.

10-4 Discontinuance of Service

The General Manager may discontinue Service as provided for in Section 7-1.

10-5 Abatement

During any period of discontinuance of Service habitation of such Property by human beings shall constitute a public nuisance, whereupon CVWD may cause proceedings to be brought for the abatement for the occupancy of said Property by human beings during the period of such discontinuance. In such event, and as a condition of restoration of Service, the Customer shall pay to CVWD a reasonable attorney's fee and the cost of suit arising in said action.

11-1 Validity

If any portion of these Regulations or the application thereof to any Person or circumstance is for any reason held to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portions of these Regulations or the application of such provision to other Persons or circumstances.

The Board hereby declares that in the event that a court of competent jurisdiction determines that any provision of these Regulations to be unconstitutional or otherwise invalid, it would nevertheless have adopted the remaining provisions.

Hearing and Administrative Procedures

12-1 Hearing and Administrative Procedures

A customer may appeal a decision, enforcement of a policy or procedure, rate, fee, charge, or penalty by submitting a written appeal to the General Manager of CVWD. However, the appeal rights set forth in this Section shall not apply to termination of service for non-payment of a Sanitation Service bill. An appeal must be made in writing and submitted to the General Manager within five (5) business days after presentation of the notice of service discontinuance, or within thirty (30) days of the effective date of any other enforcement action or decision. Any such appeal shall include the specific decision, policy, procedure, rate, charge, or penalty being challenged, a detailed description regarding the nature of the challenge, evidence supporting the challenge, and the remedy requested.

The hearing on the Customer's appeal will be conducted by CVWD's General Manager, or his or her designated representative. The hearing shall be held as soon as reasonably possible. If notice of service discontinuance has been provided to the Customer, reasonable efforts should be made to hold the hearing within five (5) business days of receipt of the written appeal and the Customer shall be promptly notified of the date, time and place of the hearing. At the hearing, the Customer shall be given a reasonable opportunity to present information in support of the Customer's appeal. CVWD staff will be given the opportunity to reply.

Absent extenuating circumstances, written notice of the decision by the General Manager, or his or her designated representative, should be given to the Customer within five (5) business days of the close of the hearing. The decision by the General Manager, or his or her designated representative, will be final.

A failure to file a timely appeal in accordance with this Section shall be deemed a waiver of the right to appeal and will be considered a failure to exhaust administrative remedies which may impact any attempt by the Customer for any judicial review.

12-2 Suspension of Enforcement

In the event a Customer submits an appeal under the procedures set forth in Section 12-1 above, enforcement of the violation shall be suspended until written notice of the decision by the General Manager or his or her designated representative has been submitted to the Customer. The notice of the decision shall be deemed to be submitted to the Customer upon CVWD depositing it in the U.S. mail. Termination for nonpayment of a Sanitation Service bill is not subject to appeal and as a result, such enforcement will not be suspended.

A-1 General Provisions

The following charges are hereby established and fixed. All charges, unless otherwise provided for in these Regulations, are payable in advance of CVWD providing the Service intended.

A-2 Amounts

See following pages.

A-3 Frequency

The frequency of a charge is shown on the following pages by these notations:

- 1) O = One time
- 2) A = Annual
- 3) M = Monthly
- 4) S = Special (as required)

Table A-1

EQUIVALENT DWELLING UNIT (EDU)

Single Family Residential	1.0
Duplex	2.0
Triplex	3.0
More than three Residences, per Residence	1.0
Apartment Building, per Apartment	1.0
Condominium, per Residence	1.0
Mobile Home	1.0
Motel, per Room	0.5
Hotel, per Room	0.5
Recreation Vehicle Space, per Space	0.2
Travel Trailer Space, per Space	0.2
Church	$\frac{(\text{No. of seats})(5 \text{ gals/day per seat})}{250 \text{ gals/day per EDU}}$
Church (with kitchen waste)	$\frac{(\text{No. of seats})(7 \text{ gals/day per seat})}{250 \text{ gals/day per EDU}}$
Church (with daycare)	$\frac{(\text{No. of seats})(5 \text{ gals/day per seat})}{250 \text{ gals/day per EDU}}$ Plus $\frac{(\text{No. of students})(20 \text{ gals/day per student})}{250 \text{ gals/day per EDU}}$
Office Building	(No. of suites)(1.0 EDU)
Office, Warehouse	(No. of restrooms)(1.0 EDU)
Restaurant (internal seating; external seating with heaters and misters; bar seating with food service)	$\frac{(\text{No. of seats})(28.4 \text{ gals/day per seat})}{250 \text{ gals/day per EDU}}$
Restaurant (bar seating without food service)	$\frac{(\text{No. of seats})(20 \text{ gals/day per seat})}{250 \text{ gals/day per EDU}}$
Restaurant (external seating without heaters and misters)	$\frac{(\text{No. of seats})(14.2 \text{ gals/day per seat})}{250 \text{ gals/day per EDU}}$
Bar/Tavern (without food service)	$\frac{(\text{No. of seats})(20 \text{ gals/day per seat})}{250 \text{ gals/day per EDU}}$

Table A-1 (continued)

EQUIVALENT DWELLING UNIT (EDU)

Bar/Tavern (with food service)	$\frac{\text{(No. of seats)(28.4 gals/day per seat)}}{250 \text{ gals/day per EDU}}$
Medical Office (12 employees or less)	$\frac{\text{(No. of employees)(20 gals/day per employee)}}{250 \text{ gals/day per EDU}}$
Dental Office	2.0
Hair or nail salon (without pedicures)	2.0
Hair or nail salon (with pedicures)	3.0
Hair and nail salon	3.0
Hospitals	$\frac{\text{(Total no. of beds)(250 gals/day per bed)}}{250 \text{ gals/day per EDU}}$
Hospitals (kitchen waste only, plus 25 gals. per bed)	$\frac{\text{(Total no. of beds)(275 gals/day per bed)}}{250 \text{ gals/day per EDU}}$
Hospitals (laundry waste only, plus 40 gals. per bed)	$\frac{\text{(Total no. of beds)(290 gals/day per bed)}}{250 \text{ gals/day per EDU}}$
Elementary School	$\frac{\text{(No. of students)(20 gals/day per student)}}{250 \text{ gals/day per EDU}}$
High School (with gym)	$\frac{\text{(No. of students)(25 gals/day per student)}}{250 \text{ gals/day per EDU}}$
High School (with gym and cafeteria)	$\frac{\text{(No. of students)(28 gals/day per student)}}{250 \text{ gals/day per EDU}}$
Theatres	$\frac{\text{(No. of seats)(5 gals/day per seat)}}{250 \text{ gals/day per EDU}}$
Other premises	Based on water consumption study performed on similar premise.

Table A-2
CHARGES

<u>Charge Number</u>	<u>Description</u>	<u>Amount</u>	<u>Frequency</u>	<u>Reference</u>
A-2.1	Sanitation Availability Charge, all Areas	\$30 per Lot or Parcel	A	5-5.4
A-2.2	Sanitation Capacity Charge for all service areas except as listed below: A. Collection System Component B. Treatment Facility Component Total Palm Desert Country Club Service Area Premises included in the original Service Area with sewer available	\$4,533 \$2,748per EDU \$1,785per EDU \$4,533 None	O	5-1.1 5-1.4
A-2.3	Unauthorized Connection	\$1,500	O	3-3
A-2.4	Street Sewer Lateral (Installation): CVWD Installed Installed by Others	Actual cost including Administration and General Overhead Bid price for the Street Sewer Lateral plus CVWD Inspection Charges	O	5-3.1 5-3.2

Table A-2 (continued)

CHARGES

<u>Charge Number</u>	<u>Description</u>	<u>Amount</u>	<u>Frequency</u>	<u>Reference</u>
A-2.5	Service Charges	\$ 29.48 <u>31.96</u> per ESU	M	5-4.3.1
	Account Charges;			
	Residential	\$ 1.73 <u>1.91</u> per account	M	5-4.3.2
	RV Trailer Parks/Nonresidential	\$ 5.05 <u>5.57</u> per account	M	5-4.3.2
A-2.6	Septage Disposal Fee:			5-8
	Initial Application Fee includes 3 trucks	\$ 1,000.00	O	9-6.2
	Additional truck per application	\$ 50.00	S	9-6.2
	Reactivation fee per truck	\$ 65.00	S	9-6.2.6 (c-d)
	Fine per violation per truck	\$ 65.00	S	9-6.2.5
	Renewal Fee	\$ 175.00	A – 5yrs	9-6.2.1
	Minimum Septage Disposal Fee (1,000 gallons or less)	\$ 130.00	S	
	Disposal Fee (greater than 1,000 gallons)	\$.16 per gallon	S	5-8
	Discharge Violation	\$ 1,000.00 per occurrence	S	9-7
	Sampling Fee	\$ 1,000.00 per occurrence	S	

Table A-2 (continued)

CHARGES

<u>Charge Number</u>	<u>Description</u>	<u>Amount</u>	<u>Frequency</u>	<u>Reference</u>
A-2.7	Inspection: Regular Overtime Television Inspection: Street Sewer Lateral Sewer Extension	See Ordinance Establishing a Schedule of Special Charges for Miscellaneous Services currently in effect \$150.00 for crew, vehicle and equipment Actual cost for crew, vehicle and equipment plus 10 percent	S	5-6
A-2.8	Plan Checking	See Ordinance Establishing a Schedule of Special Charges for Miscellaneous Services currently in effect \$150.00 Application Fee per Interceptor/Separator plan plus \$65.00 per hour	S S	9-2.1.5
A-2.9	Returned Payment Charge	See Ordinance Establishing a Schedule of Special Charges for Miscellaneous Services currently in effect		
A-2.10	Checks Drawn on Non-U.S. Banks Charge	See Ordinance Establishing a Schedule of Special Charges for Miscellaneous Services currently in effect	S	
A-2.11	Cooling Tower Discharge Permit Fees Application Fee Cooling Tower Capacity Charge	\$ 200.00 See Table A-3	O	9-2.1.5
A-2.12	Miscellaneous Charges Interceptor/Separator Charge (Based on number of Inspection Points)	\$ 12.00	M	5-9

Table A-3

COOLING TOWER CAPACITY CHARGE CALCULATIONS

Sanitation Capacity Charge

$$\text{Sanitation Capacity Charge} = (\text{EDU}_{\text{ct}}) (\text{SCC})$$

$$\text{EDU}_{\text{ct}} = \frac{(\text{PDR}) (\text{POH}) (60 \text{ minutes/hour}) (\text{S})}{250 \text{ gallons/EDU}}$$

- EDU_{ct} = Number of Equivalent Dwelling Units displaced by the peak daily discharge from cooling tower(s)
- PDR = Peak combined discharge rate for operating cooling tower(s) in gallons per minute
- POH = Peak number of operating hours for cooling tower(s) in any day
- EDU = Equivalent Dwelling Unit (250 gallon per day)
- S = strength factor for salinity concentration = 1.63
- SCC = Sanitation Capacity Charge Rate

Water System Backup Facility Charge – Building Unit Charge Component¹

The Building Unit Charge (BUC) component of the Water System Backup Facilities Charge (WDBFC) is calculated as follows:

$$\text{BUC} = (\text{DUC}) (\text{EDUd}_{\text{wct}})$$

$$\text{EDUd}_{\text{wct}} = (\text{PDD}_{\text{ct}}/\text{PDD}_{\text{du}})$$

- DUC = Dwelling Unit Charge
- EDUd_{wct} = Number of Equivalent Dwelling Units displaced by the peak daily domestic water demand for the cooling tower(s)
- PDD_{ct} = Peak Daily Demand for the cooling tower(s) determined in gallons per minute (gpm)
- PDD_{du} = Peak Daily Demand for a residential dwelling unit

Sanitation Capacity Charge and Water System Backup Facilities Charge – Building Unit Charge data is informational only as explanation of fee calculations.

¹ NO WSBFC will be required when an ADU Conversion or ADU New is constructed using the single-family home's existing Street Sewer Lateral and/or water meter connections. For ADUs described in 5-1.3(2), the WSBFC may be charged proportionally in the same manner as described in 5-1.3(2)

Table A-6
SEWER CLASSIFICATION CODES

Class 11

Mobile Home Parks

Class 60 (Public Agency/Institutions)

Public Agency
Police
Post Office
Government Office
Library
Fire Department
Public Schools/Administration Offices
College Facility
Recreation Centers
Public Parks (buildings/restrooms)
City Buildings
Hospitals
Medical Facility
Church
Senior Centers
Desert Arc
City of Palm Desert Aquatic Center
Urgent Care Facility
YMCA/Boys and Girls Clubs
Rehabilitation Facility (example: Betty Ford Center/Shelter from the Storm)
Assisted Living Facility

Table A-6 (continued)
SEWER CLASSIFICATION CODES

Class 70 (Business)

Angel View
Goodwill
Dental Office
Food Service (without grease interceptor example: Subway, Togo's)
Coffee Shops (without grease interceptor)
Ice Cream Shops
Juice Shops
Clubhouse (without grease interceptor)
Theatres
Dry Cleaning (without lint trap)
Grocery Store (without grease interceptor)
Comfort Stations
Guard House
Pool/Restrooms
Ice Rink
Retail Store
Car dealer (without carwash)
Airport Hanger (with restrooms)
Gas Station/Convenience Store (without Carwash or grease interceptor)
Public Gym
Private Recreation Centers
Bowling Alley (without grease interceptor)
Auto shops (ex. Jiffy Lube, Big O Tires, mechanic)
Testing Laboratories
Nursery with Office
Ice House
Dog Park
Cereal Manufacturer
Brewery
Pet Facilities (Vet, grooming, overnight stay)
Cement Manufacture
Cemetery/Funeral Homes
Private Medical Facility
Day Care Centers

Table A-6 (continued)
SEWER CLASSIFICATION CODES

Class 71

Hotels
Motels

Class 80 (Commercial/Industrial)

Gas Stations/Convenience Store (with carwash)
Car Wash Facility
Private Water Park
Hair Salon
Nail Salon
Clubhouse (with grease interceptor)
Restaurant (with grease interceptor)
Bowling Alley (with grease interceptor)
Casino
Commercial Laundry Mat
Grocery Stores (with grease interceptor) (example: Ralphs, Costco/Sam's
Club/Walmart)
Cooling Towers
Car Dealership (with carwash)
Sports Complex (example: Indian Wells Tennis Garden, Field of Dreams,
Motorsports Park, HITS "Horse Show and Competition")
Meat Markets
Dry Cleaners (with lint traps)

COACHELLA VALLEY WATER DISTRICT



EXHIBIT 1

CONTRACTOR EXPERIENCE STATEMENT

FOR

BUILDING AND STREET SEWER LATERAL CONNECTIONS

February 2016

COACHELLA VALLEY WATER DISTRICT

P. O. Box 1058

Coachella, CA 92236

**COACHELLA VALLEY WATER DISTRICT
CONTRACTOR EXPERIENCE STATEMENT
FOR BUILDING AND STREET SEWER LATERAL CONNECTIONS**

Dear General and Underground Contractor:

Thank you for your interest in pursuing the Contractor Experience Statement for Building and Street Sewer Lateral Connections with Coachella Valley Water District (CVWD).

In order to be considered and become part of the list of contractors able to install Building and Street Sewer Lateral connections, the attached application package must be reviewed thoroughly, completed in its entirety, and submitted for review. The contractor will also be required to submit a cash deposit to be part of the Building and Street Sewer Lateral connection lists. The deposit is required as follows:

- Contractor to make a \$5,000.00 dollar cash deposit in the form of cash or check made payable to CVWD, with exclusive right of withdrawal.
- CVWD shall have absolute right, subject to a notification to the contractor, to draw all or a portion of the cash funds as may be necessary to complete any work not performed by the contractor, and to repay CVWD's costs.
- The contractor may withdraw the cash deposit upon ten (10) business days' prior written notice to CVWD. Upon withdrawal of the cash deposit, the contractor shall be removed from the Building and Street Sewer Lateral connection list.

Completed application packages shall be submitted via mail to CVWD, 75515 Hovley Lane East, Palm Desert, California, 92211 or via e-mail to arodriguez@cvwd.org. Completed application packages may be submitted at any time, CVWD will review application packages within two weeks of submission.

The contractor shall provide only complete and accurate information. The contractor acknowledges that CVWD is relying on the truth and accuracy of the responses contained herein. Each Experience Statement Package must include a signed affidavit, which shall be signed under penalty of perjury in the manner designated and by an individual who has the legal authority to bind the contractor. If any information provided by a contractor becomes inaccurate, the contractor must immediately notify CVWD and provide updated accurate information in writing, under penalty of perjury. Should a contractor omit requested information or falsify information, CVWD may determine that the contractor is not prequalified.

CVWD reserves the right to waive irregularities and omissions in the information contained in the submitted Experience Statement Package and to make all final determinations with regards to whether a contractor has passed or failed. CVWD may refuse to grant further review where information and materials requested herein are not provided. There is no appeal from CVWD's decision not to pass a contractor due to an incomplete or late Experience Statement Package.

Should you have any questions or require additional information regarding the Experience Statement Package, please contact Mr. Armando Rodriguez via e-mail at arodriguez@cvwd.org or by telephone at (760) 398-2661 ext. 2365.

Thank you again for your interest in working with CVWD.

Dated: February 22, 2016

Mark L. Johnson, Director of Engineering

**COACHELLA VALLEY WATER DISTRICT
CONTRACTOR EXPERIENCE STATEMENT
FOR
BUILDING AND STREET SEWER LATERAL CONNECTIONS**

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**INSTRUCTIONS FOR PREPARATION AND SUBMISSION
OF EXPERIENCE STATEMENT PACKAGES**

Each contractor wishing to be on CVWD Building and Street Sewer Lateral List must fully complete the Experience Statement Package and provide all information and materials requested. Each Experience Statement Package must be signed under penalty of perjury by an individual who has the legal authority to bind the contractor on whose behalf that person is signing.

The Experience Statement Packages that are incomplete or unsigned will be returned, and the contractor will not be eligible to participate in the Building and Street Sewer Lateral work connections within CVWD's boundary. Attach additional sheets as needed to provide complete responses. All required contractor's information, including but not limited to experience, equipment and personnel, must be provided for the entity holding the contractor's license.

The experience of the contractors will be determined by evaluation of the information submitted by contractors. CVWD may verify any or all information provided in the completed Experience Statement Package and may conduct such reviews as CVWD deems appropriate to assist in the evaluation of contractor's responsibility and experience.

CVWD will evaluate all completed Experience Statement Packages on a Pass/Fail basis. Contractors who do not obtain a "Pass" rating will not be deemed to have the necessary sewer installation experience.

CVWD reserves the right to reject any or all Experience Statement Packages and to waive any irregularities in any submittal. CVWD reserves the right to determine that any contractor does not have the necessary experience at any time before or after the Experience Statement Packages are received and evaluated if it finds that information provided in the response is inaccurate or false, or upon evidence of collusion or other illegal practices on the part of a contractor.

If any information provided by a contractor becomes inaccurate, the party who provided the information must immediately notify CVWD and provide updated accurate information in writing and under penalty of perjury.

By my signature below, I acknowledge receipt of the Experience Statement Package and agree to be bound by its terms and agree to submit it as part of the Experience Statement Package.

Dated: _____

Name of contractor on whose behalf
this document is signed: _____

**COACHELLA VALLEY WATER DISTRICT
CONTRACTOR EXPERIENCE STATEMENT
FOR
BUILDING AND STREET SEWER LATERAL CONNECTIONS**

CONTACT INFORMATION

Full Name of Contractor (as it appears on license): _____

Type of Organization (Corporation, Partnership, Sole Proprietor, Joint Venture, etc.): _____

Is the corporation currently registered and in good standing with the State of California Secretary of State? _____

Street Address of Contractor:

Contractor's Contact Person: _____

Phone: _____

Fax: _____

Email Address: _____

**COACHELLA VALLEY WATER DISTRICT
CONTRACTOR EXPERIENCE STATEMENT
FOR
BUILDING AND STREET SEWER LATERAL CONNECTIONS**

QUESTIONS

1. List all California construction license numbers, classifications and expiration dates of the California contractor licenses held by the contractor. At a minimum, contractors shall possess a valid Class A – General Engineering Contractors or Class 34 - Pipeline License to be considered.

2. Contractor will comply with and provide all insurance as defined in attached “CVWD Minimum Insurance Requirements”. Prior to CVWD scheduling or performing any inspections on a project contractor must deliver to CVWD properly executed certificates of insurance providing all of the insurance required.

Yes No

3. Has the contractor’s license been revoked at any time in the last five years?

Yes No

4. How many years has the contractor been in business in California as a contractor under the contractor’s present business name and license number?

_____ years

5. List all contractor equipment and size of construction crews: _____

6. In the past five years has any claim against the contractor concerning the contractor’s performance of a construction project been filed in court or arbitration or pursued by an owner?

Yes No

If “yes,” on separate signed sheets of paper identify the claim(s) by providing the project name, date of the claim, name of the claimant, a brief description of the nature of the claim, the court in which the case was filed and a brief description of the status of the claim (pending or, if resolved, a brief description of the resolution). If “yes”, are there any current claims against the contractor that should you lose the claim(s), would adversely affect the contractor’s financial position or the contractor’s ability to meet the contractor’s obligations if awarded the contract for this project? If so, please explain.

7. In the past five years has the contractor made any claim against a project owner concerning work on a project or payment for a contract and filed that claim in court or arbitration?

Yes No

If “yes,” on separate signed sheets of paper identify the claim by providing the project name, date of the claim, name of the entity (or entities) against whom the claim was filed, a brief description of the nature of the claim, the court in which the case was filed and a brief description of the status of the claim (pending, or if resolved, a brief description of the resolution). If “yes”, are there any current claims against a project owner that should the contractor lose the claim(s), would adversely affect the contractor’s financial position or the contractor’s ability to meet the contractor’s obligations if awarded the contract for this project? If so, please explain.

8. Has the contractor or any of its owners, officers or partners ever been found liable in a civil suit or found guilty in a criminal action for making any false claim or material misrepresentation to any public agency or entity?

Yes No

If “yes,” explain on a separate signed page, including identifying who was involved, the name of the public agency, the date of the investigation and the grounds for the finding.

9. Bonding capacity: Provide documentation from the contractor’s surety identifying the following:

Name of bonding company/surety: _____

Bonding amount: _____

Name of surety agent, address and telephone number: _____

10. Has CAL OSHA cited and assessed penalties against the contractor for any “serious,” “willful” or “repeat” violations of its safety or health regulations in the past five years?

Yes No

If “yes,” attach a separate signed page describing the citations, including information about the dates of the citations, the nature of the violation, the project on which the citation(s) was or were issued, and the amount of penalty paid, if any. If the citation was appealed to the Occupational Safety and Health Appeals Board and a decision has been issued, state the case number and the date of the decision.

CVWD MINIMUM INSURANCE REQUIREMENTS

Insurance Requirements

For the Contractor to stay on the Building and Street Sewer Lateral Connection list, the Contractor shall carry and maintain insurance, at Contractor's sole cost and expense, at all times, with a reputable company or companies reasonably acceptable to CVWD:

- (a) Commercial General Liability Insurance written on an occurrence basis of at least \$1,000,000 per occurrence, for bodily injury and property damage including coverage for contractual liability, personal injury, independent contractors, broad form property damage, ongoing, and products and completed operations. CVWD, its officials, officers, employees, agents and authorized volunteers shall be named as additional insureds on Contractor's Commercial General Liability policy using ISO CG form 20 38 (or endorsements providing the exact same coverage). Contractor and its insurer shall provide a waiver of subrogation in favor of CVWD, its officials, officers, employees, agents and authorized volunteers on the Commercial General Liability policy.
- (b) Commercial Automobile Liability Insurance written on a per occurrence basis with a single limit of liability in the amount of \$1,000,000 for bodily injury and property damage. Said policy shall include coverage for owned, non-owned, leased and hired cars. CVWD, its officials, officers, employees, agents and authorized volunteers shall be named as additional insureds on Contractor's Commercial Auto Liability policy. Contractor and its insurer shall provide a waiver of subrogation in favor of CVWD, its officials, officers, employees, agents and authorized volunteers on the Commercial Auto Liability policy.
- (c) Workers' Compensation Insurance as required by the Labor Code or is legally self-insured pursuant to Labor Code section 3700 et. seq. along with Employer's Liability limits of \$1,000,000. Contractor and its insurer shall provide a waiver of subrogation in favor of CVWD, its officials, officers, employees, agents and authorized volunteers on the Workers' Compensation Insurance policy.
- (d) Prior to commencement of any work, Contractor shall deliver to CVWD the certificates of insurance and endorsements covering all policies providing the required insurance referred to above, which shall be signed on behalf of the insurer by its authorized representative. Contractor shall, upon written request by CVWD, furnish copies of such policies certified by an authorized representative of the insurer.

END OF INSURANCE REQUIREMENTS

SCORING INSTRUCTIONS

QUESTIONS

1. List all California construction license numbers, classifications and expiration dates of the California contractor licenses held by the contractor. At a minimum, contractors shall possess a valid Class A – General Engineering Contractors or Class 34 - Pipeline License to be considered.

An answer listing licenses not including, at minimum, a Class A – General Engineering Contractors License or Class 34 – Pipeline License to Question 1 will be rated a “Fail” and the contractor will be immediately disqualified.

2. Contractor will comply with and provide all insurance as defined in attached “CVWD Minimum Insurance Requirements”. Prior to CVWD scheduling or performing any inspections on a project contractor must deliver to CVWD properly executed certificates of insurance providing all of the insurance required.

Yes No

An answer of “no” to Question 2 will be rated a “Fail” and the contractor will be immediately disqualified.

3. Has the contractor’s license been revoked at any time in the last five years?

Yes No

An answer of “yes” to Question 3 will be rated a “Fail” and the contractor will be immediately disqualified.

4. How many years has the contractor been in business in California as a contractor under the contractor’s present business name and license number?

0 – 5 years = 0 points

5 – 9 years or more = 2 points

9 – 12 years = 3 points

12 – 15 years = 4 points

15 years or more = 5 points

5. List all contractor equipment and size of construction crews:

***3 points for an answer listing equipment and crews CVWD deems to be sufficient
0 points for any other answer***

6. In the past five years has any claim against the contractor concerning the contractor’s performance of a construction project been filed in court or arbitration or pursued by an owner?

Yes No

5 points for either "No" or "Yes" indicating 1 such instance
3 points for "Yes" indicating 2 such instances
0 points for "Yes" if more than 2 such instances

7. In the past five years has the contractor made any claim against a project owner concerning work on a project or payment for a contract and filed that claim in court or arbitration?

Yes No

5 points for either "No" or "Yes" indicating 1 such instance
3 points for "Yes" indicating 2 such instances
0 points for "Yes" if indicating more than 2 such instances

8. Has the contractor or any of its owners, officers or partners ever been found liable in a civil suit or found guilty in a criminal action for making any false claim or material misrepresentation to any public agency or entity?

Yes No

5 points for "No"
Subtract 5 points for "Yes"

9. Bonding capacity: Provide documentation from the contractor's surety identifying the following:

Name of bonding company/surety: _____

Bonding amount: _____

Name of surety agent, address and telephone number: _____

Bonding capacity > \$1,000,000 = 3 points
Bonding capacity < \$1,000,000 = 0 points

10. Has CAL OSHA cited and assessed penalties against the contractor for any "serious," "willful" or "repeat" violations of its safety or health regulations in the past five years?

Yes No

5 points for either "No" or "Yes" indicating 1 such instance
3 points for "Yes" indicating 2 such instances
0 points for "Yes" indicating more than 2 such instances

11. Has the contractor satisfactorily completed projects involving sewer pipeline installations that included shored excavations?

Yes No

5 points for 10 projects or more
2 points for 5 to 9 projects
0 points for less than 5 projects

EXPERIENCE STATEMENT PACKAGE EVALUATION

Contractor Name: _____

	Evaluation Criteria	Maximum Points Available	Required Score	Actual Score
Q1-Q3	Essential Requirements	Pass	Pass	Pass / Fail (circle one)
Q4-Q11	Qualifications & Project Experience	36 points	27 points	
Q11	Project Experience (more than 1 unsatisfactory response)	Pass	Pass	Pass / Fail (circle one)

REPEALS:

BE IT ORDAINED that Ordinance No. 1427.~~56~~ and all other ordinances or parts of ordinances in conflict with the provisions of this Ordinance, are hereby expressly repealed.

BE IT FURTHER ORDAINED that this Ordinance shall become effective July 1, 20~~24~~25.

ADOPTED this ~~11~~24th day of June, 20~~24~~25.

John P. Powell, Jr., President
Coachella Valley Water District

I, the undersigned Clerk of the Board of Directors, do hereby certify that the foregoing is a true and correct copy of Ordinance No. 1427.*7 of said District introduced and passed at meeting of said Board held June~~14~~24, 20~~24~~25, and that said Ordinance was passed by the following vote:

Directors:

Noes:

Absent:

I further certify that said Ordinance was thereupon signed by the President of the Board of Directors of said District.

(SEAL)

Sylvia Bermudez, Clerk of the Board
Coachella Valley Water District

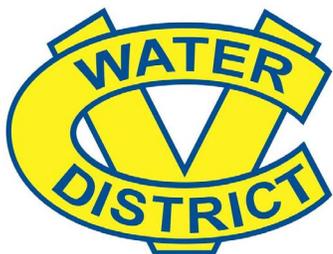
NewGen Strategies & Solutions

www.newgenstrategies.net

REPORT

SANITATION FUND COST OF SERVICE STUDY

APRIL 2022



Prepared for:
Coachella Valley Water District
51-501 Tyler Street
Coachella, California 92235

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Blank pages have been included to facilitate double-sided printing.



911-A Commerce Road
Annapolis, MD 21401
Phone: (410) 266-9101

April 28, 2022

Geoffrey S. Kiehl
Director of Finance
Coachella Valley Water District
75515 Hovley Lane East
Palm Desert, CA 92211

Subject: Coachella Valley Water District Sanitation Fund Cost of Service Study

Dear Mr. Kiehl:

NewGen Strategies and Solutions, LLC ("NewGen") was engaged by the Coachella Valley Water District ("CVWD" or "District") to conduct a cost of service study for the District's Sanitation Fund. The attached report presents our findings and recommendations based on our analysis.

We appreciate the opportunity to provide our services to CVWD and would like to express our sincere appreciation to CVWD staff. The dedication and assistance provided by CVWD staff was essential to the completion of this study. It has been a distinct pleasure to work with the District.

Very truly yours,

DocuSigned by:


C11651334F8F462...
Eric Callocchia

Principal

NewGen Strategies and Solutions, LLC

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EXECUTIVE SUMMARY

The Coachella Valley Water District (“CVWD” or “District”) engaged NewGen Strategies and Solutions, LLC (“NewGen”) to complete a cost-of-service study for the District’s Sanitation Fund. This report summarizes the results of the study, including a five-year financial plan, cost of service analysis, and rate recommendations. The study includes recommended rates over the period of Fiscal Year (“FY”) 2023 through 2027.

Five-Year Financial Plan

The five-year financial plan is driven by two objectives: revenues must meet annual revenue requirements and the Sanitation Fund must satisfy CVWD’s designated reserves policies.

Forecasted Net Revenue Requirement

The five-year Net Revenue Requirement is based on CVWD’s FY 2022 operating and maintenance (“O&M”) budget and reasonable estimates of cost escalation. Also included are pay-as-you-go (“PAYGO”) and debt financing assumptions for CVWD’s Sanitation Fund Capital Improvement Plan (“CIP”), customer growth consistent with CVWD’s most recent Sanitation Capacity Charge (“SCC”) study, and annual transfers into the Sanitation Fund of CVWD’s Water Demand Offset Fee. The study period forecast of the Sanitation Fund Net Revenue Requirement is shown in Table E-1 below.

Table E-1¹
Five-Year Forecasted Net Revenue Requirement

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
	Budget	Forecast	Forecast	Forecast	Forecast	Forecast
Operating Expenses	\$36,991,409	\$38,134,959	\$39,736,672	\$41,349,992	\$43,038,992	\$44,739,225
Non-Operating Expenses	\$3,100	\$3,165	\$3,232	\$3,299	\$3,369	\$3,439
Existing Debt Service	\$ -	\$900,259	\$1,104,555	\$1,104,555	\$1,104,555	\$1,104,555
Projected Debt Service	\$306,000	\$900,334	\$1,294,817	\$1,694,386	\$2,129,956	\$2,594,788
CIP PAYGO	\$11,073,765	\$18,225,333	\$20,670,378	\$18,739,982	\$16,996,546	\$15,267,384
CIP SCC Funded	\$1,422,500	\$4,084,000	\$5,983,611	\$6,966,055	\$4,748,806	\$1,759,673
Total Revenue Requirement	\$49,796,774	\$62,248,051	\$68,793,265	\$69,858,269	\$68,022,223	\$65,469,064
Less: Non-Op. Revenue	(\$7,955,255)	(\$9,557,024)	(\$9,433,081)	(\$9,371,703)	(\$9,454,205)	(\$9,695,682)
Net Revenue Requirement	\$41,841,519	\$52,691,026	\$59,360,184	\$60,486,566	\$58,568,018	\$55,773,382

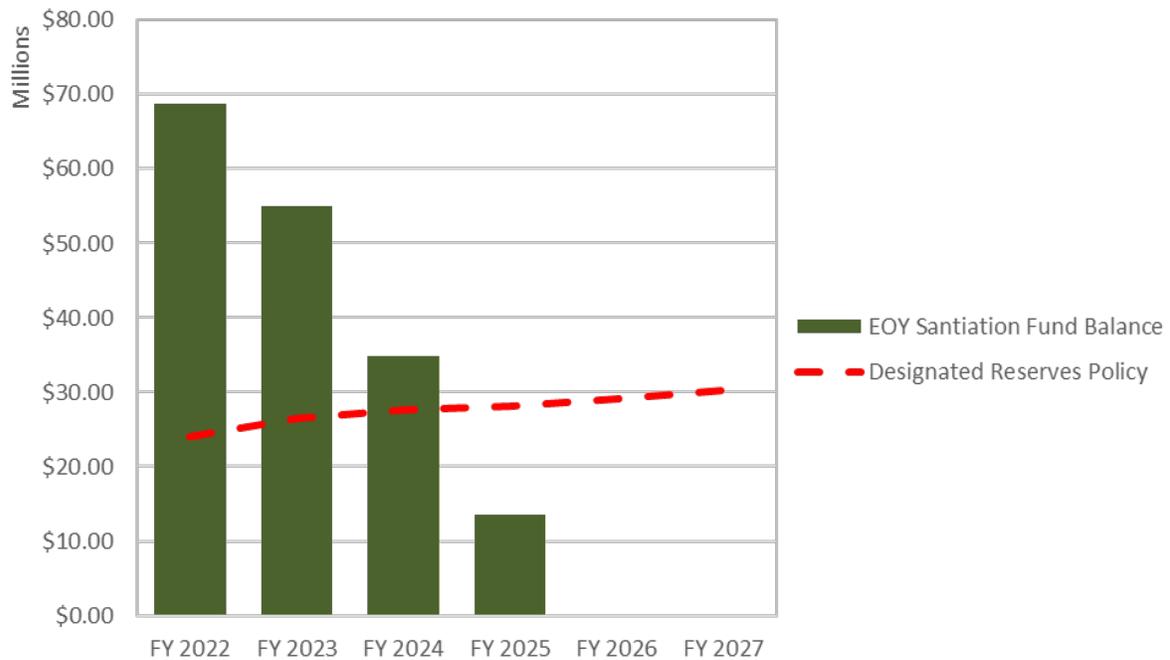
Fund Balance Forecast

If CVWD does not increase rate revenues and FY 2022 Sewer Service Charges remain in effect over the study period, Figure E-1 shows the forecasted Sanitation Fund end-of year (“EOY”) Balance from FY 2022 – FY 2027.

¹ Figures in this report may not sum due to rounding.



Figure E-1. Forecasted Sanitation Fund Balance under FY 2022 Rates



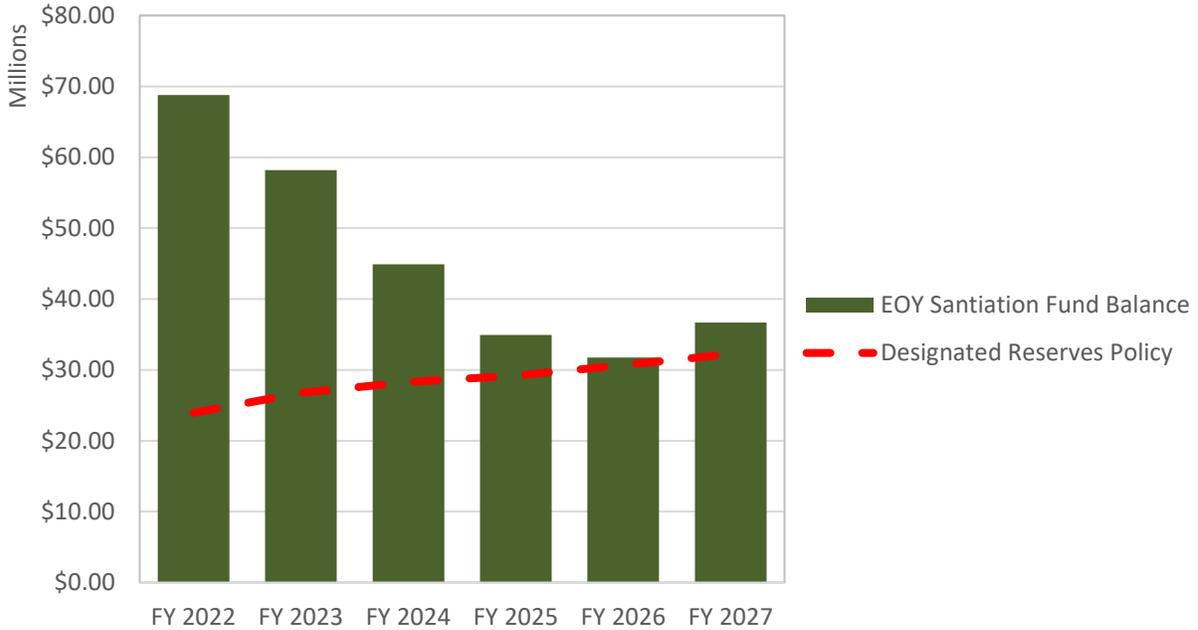
NewGen developed five-year financial plan to increase Sewer Service Charges to meet annual revenue requirements and satisfy CVWD’s designated Sanitation Fund balance policies. Table E-2 shows the five-year revenue increase plan for CVWD’s Sewer Service Charges.

**Table E-2
Recommended Sewer Service Charge Revenue Increases**

	FY 2022 Budget	FY 2023 Forecast	FY 2024 Forecast	FY 2025 Forecast	FY 2026 Forecast	FY 2027 Forecast
Monthly Account Charge						
Residential	0.0%	8.5%	8.5%	8.5%	8.5%	8.5%
RV/Commercial	0.0%	8.5%	8.5%	8.5%	8.5%	8.5%
ESU Charge						
Residential	0.0%	8.5%	8.5%	8.5%	8.5%	8.5%
RV/Commercial	0.0%	8.5%	8.5%	8.5%	8.5%	8.5%

Figure E-2 below shows the forecasted Sanitation Fund balance assuming CVWD adopts the revenue increase recommended in each year of the financial plan.

Figure E-2. Forecasted Sanitation Fund Balance under Recommended Revenue Increases



Cost-of-Service Analysis

The purpose of the cost-of-service analysis is to align system costs with revenues generated from each of CVWD’s Sanitation Fund customer classes. This is done by distributing costs into system functions, aligning those functions with the demands of customers, and allocating the costs of each function to the appropriate customer class. The result of the cost-of-service analysis is shown in Table E-3 below.

Table E-3
Test Year FY 2022 Cost of Service Results

Customer Class	Cost of Service Allocation	Revenue at Existing Rates	\$ Difference	% Difference
Residential	\$32,797,838	\$31,336,206	\$1,461,632	4.7%
RV/Trailer Parks	\$858,427	\$826,020	\$32,408	3.9%
Commercial	\$6,159,633	\$5,821,309	\$338,324	5.8%
Totals	\$39,815,898	\$37,983,534	\$1,832,363	4.8%

The results of the cost-of-service analysis show a system wide under collection of revenues of 4.8%. NewGen calculated a five-year forecast of rates that increases revenues to meet system costs and aligns revenues by class with the results of the cost-of-service analysis.

Recommended Rates and Bill Impacts

The District currently classifies customers in three customer classes: Residential, RV/Trailer Park, and Commercial. The current rate structure has two components – a Monthly Account Charge and a Charge per Equivalent Sewer Unit (“ESU”). Residential customers are assigned one ESU per dwelling unit. Most RV/Trailer Park accounts are assigned 1 ESU per dwelling unit, however some RV/Trailer Park accounts that are served by master meters providing both landscape irrigation and indoor water for trailers/mobile homes are assigned ESUs based on a 55% return to sewer factor of their average daily water usage over the previous three years, divided by 200 (200 Gallons per day is the indoor water usage assumed for Residential customers). Commercial customers are charged per assigned ESUs based on a 90% return-to-sewer factor.

NewGen’s recommended five-year rates to generate sufficient revenue to meet Sanitation Fund revenue requirements and satisfy designated reserve polices consistent with the financial plan. Table E-4 shows NewGen’s recommended five-year rate forecast.

**Table E-4
Recommended Sewer Service Charges**

	FY 2022 Actual	FY 2023 Forecast	FY 2024 Forecast	FY 2025 Forecast	FY 2026 Forecast	FY 2027 Forecast
Residential						
Monthly Account Charge	\$1.58	\$1.55	\$1.69	\$1.73	\$1.91	\$2.07
Charge per ESU	\$23.04	\$24.98	\$27.10	\$29.48	\$31.96	\$34.68
RV/Trailer Parks						
Monthly Account Charge	\$3.98	\$4.53	\$4.91	\$5.05	\$5.57	\$6.04
Charge per ESU	\$23.04	\$24.98	\$27.10	\$29.48	\$31.96	\$34.68
Commercial						
Monthly Account Charge	\$3.98	\$4.53	\$4.91	\$5.05	\$5.57	\$6.04
Charge per ESU	\$23.04	\$24.98	\$27.10	\$29.48	\$31.96	\$34.68

The impact of the five-year forecasted rates on a sample Single-Family Residential and Commercial customer monthly bill is shown in Table E-5.

Table E-5
Impact of Recommended Rates on Example Customers

	FY 2022 Actual	FY 2023 Forecast	FY 2024 Forecast	FY 2025 Forecast	FY 2026 Forecast	FY 2027 Forecast
Single Family Residential (1 ESU)						
Monthly Sewer Bill	\$24.62	\$26.53	\$28.79	\$31.21	\$33.87	\$36.75
<i>\$ Change</i>	-	\$1.91	\$2.25	\$2.43	\$2.66	\$2.88
<i>% Change</i>	-	7.8%	8.5%	8.4%	8.5%	8.5%
Commercial (1 ESU)						
Monthly Sewer Bill	\$27.02	\$29.51	\$32.01	\$34.53	\$37.53	\$40.72
<i>\$ Change</i>	-	\$2.49	\$2.51	\$2.52	\$3.00	\$3.19
<i>% Change</i>	-	9.2%	8.5%	7.9%	8.7%	8.5%

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Section 1

STUDY BACKGROUND AND OBJECTIVES

This section of our report will describe the background of CVWD’s Sanitation Fund, the study’s objectives, and the period over which our cost-of-service study will recommend Sewer Service Charges.

System Overview

CVWD’s Wastewater Treatment services are accounted for in the Sanitation Fund.

Wastewater Treatment

CVWD began wastewater collections and treatment services in 1968, when it acquired the Palm Desert Country Club’s water and sewer systems. Today the District provides wastewater service to more than 96,000 home and business accounts. It operates five water reclamation plants from Palm Desert to Bombay Beach and maintains more than 1,100 miles of sewer pipelines and more than thirty lift stations that collect and transport wastewater to the nearest water reclamation facility. The District treats more than six billion gallons of wastewater yearly.

Study Objectives

The objectives of the cost-of-service study were as follows:

- Review and evaluate existing rate-related policies and procedures;
- Evaluate current rate structure and recommend any modifications to methodology;
- Evaluate adequacy of the projected revenues under existing rates with anticipated revenue requirements;
- Develop five-year financial plan for CVWD’s Sanitation Fund incorporating both O&M and planned CIP costs;
- Propose Sewer Service Charges for five years in accordance with Water Environment Federation (“WEF”) guidelines, the California Constitution Articles XIII, C and D (Proposition 218), Proposition 26, and Senate Bill X7-7 (SBX 7-7) and all applicable laws;
- Evaluate departmental operations and budgets, based on current service levels, and estimated future levels of service;
- Reflect in the cost of service the required revenues to execute the current sewer system master plan’s infrastructure needs;
- Identify and evaluate existing and potential funding mechanisms to finance wastewater operations and capital improvements; and
- Minimize rate impacts to customers to the greatest extent possible.

NewGen used industry standard wastewater ratemaking practices as described in Water Environment Federation (“WEF”) Manual of Practice 27: *Financing and Charges for Wastewater Systems*. The study followed a three-step process:



Section 1

- 1. Develop Financial Plan:** The first step is to develop a forecast of the total costs, i.e., “revenue requirements,” to operate and maintain the wastewater system. This includes operating expenses, debt service, capital improvements, and the maintenance of adequate reserves. Included in this step is a determination of the system’s customer base and how it is estimated to grow over the five-year study period.
- 2. Cost-of-Service Analysis:** Once the total costs of the Sanitation Fund are determined, they are distributed to the system’s customer classes consistently with the usage characteristics of each class.
- 3. Rate Design Evaluation:** Given the results of the cost-of-service analysis, NewGen determined a recommended rate schedule for the system’s residential and non-residential customers complying with California Constitution article XIII D, section 6, commonly referred to as “Proposition 218”.

Study Period

CVWD operates on a Fiscal Year (“FY”) beginning July 1st each year and ending June 30th the following year. All years referenced in this report are Fiscal Years. For example, FY 2023 refers to the year beginning July 1, 2022, and ending June 30, 2023. The study period over which this report will detail cost-of-service based rates is FY 2023 – FY 2027, with a cost of service “Test Year” of FY 2022.

Section 2

REVENUE REQUIREMENTS AND FINANCIAL PLAN

This section of the report details the data and assumptions relied upon to develop a five-year revenue requirements and financial plan for CVWD’s Sanitation Fund.

Revenue Requirements

There are two cost categories that comprise the District’s annual revenue requirement: Operating and Maintenance (“O&M”) costs and Capital Costs (i.e., non-operating costs). Capital costs include debt service, pay-as-you-go (“PAYGO”) funded capital improvements, as well as minor capital outlays. NewGen used CVWD’s FY 2022 Sanitation Fund budget as the basis for the study’s forecasts.

Designated Reserve Policies

The CVWD Board has approved several financial policies that apply to the Sanitation Fund. NewGen’s study is predicated on maintaining compliance with these policies, which are as follows:

- **Operating Reserve:** 25% of annual operating expenses, less depreciation and capital outlay
- **Rate Stabilization Reserve:** 10% of annual rate revenues, less depreciation and capital outlay
- **Capital Reserve:** 25% of the average five-year forward looking annual PAYGO CIP spending
- **Emergency Reserve:** 1.0% of net book value of assets
- **Motor Pool Reserve:** 100% of annual vehicle replacement costs
- **Debt Service Reserve:** One year of annual debt service

CVWD’s policy is to maintain these reserves in these minimum amounts within the Sanitation Fund. In any year in which these reserve goals are not met, then policy dictates that a five-year plan be developed to bring the fund back into compliance with each reserve policy. Table 2-1 shows the forecasted designated reserve included in this cost-of-service study.

Table 2-1
Forecasted Designated Reserve Policy Requirement

Category	FY 2022 Budget	FY 2023 Forecast	FY 2024 Forecast	FY 2025 Forecast	FY 2026 Forecast	FY 2027 Forecast
Operating	\$9,247,852	\$9,533,740	\$9,934,168	\$10,337,498	\$10,759,748	\$11,184,806
Rate Stabilization	\$3,854,862	\$4,206,354	\$4,610,331	\$5,053,099	\$5,538,314	\$6,070,257
Capital	\$6,554,442	\$7,095,276	\$7,131,977	\$6,664,201	\$6,664,201	\$6,664,201
Emergency	\$3,738,000	\$3,850,140	\$3,965,644	\$4,084,614	\$4,207,152	\$4,333,366
Motor Pool	\$248,000	\$255,440	\$263,103	\$270,996	\$279,126	\$287,500
Debt Service	\$306,000	\$1,800,594	\$2,399,372	\$2,798,942	\$3,234,511	\$3,699,343
Designated Reserves Policy	\$23,949,156	\$26,741,543	\$28,304,595	\$29,209,349	\$30,683,051	\$32,239,474



Section 2

In addition to the reserve policies described above, the study's recommended financial plan results in a debt service coverage ratio (operating revenues less operating expenses divided by annual debt service) for the Sanitation Fund never falling below 2.18 over the study period.

Operating and Maintenance Costs

The day-to-day operating costs of CVWD's Sanitation Fund are accounted for in the following categories:

- Salaries and Wages
- Benefits
- Supplies and Services
- Utilities

Table 2-1 below shows the FY 2022 budget and five-year study period forecast of CVWD Sanitation Fund operating expenses. Salaries, Wages and Benefits are escalated at 6.0% in FY 2023 and 4.5% per year thereafter based on Employment Cost Trends developed by the US Bureau of Labor Statistics. All other O&M costs are escalated at 2.1% per year, reflecting a generally accepted rate of historical inflation.²

**Table 2-2
Forecasted Operating and Maintenance Costs**

Category	FY 2022 Budget	FY 2023 Forecast	FY 2024 Forecast	FY 2025 Forecast	FY 2026 Forecast	FY 2027 Forecast
Salaries and Wages ³	\$12,962,381	\$13,075,124	\$13,693,430	\$14,339,559	\$15,014,764	\$15,720,353
Benefits	\$8,608,414	\$9,124,919	\$9,535,540	\$9,964,639	\$10,413,048	\$10,881,635
Supplies and Services	\$10,781,968	\$11,198,859	\$11,672,187	\$12,108,733	\$12,570,440	\$12,990,642
Utilities	\$4,638,646	\$4,736,058	\$4,835,515	\$4,937,061	\$5,040,739	\$5,146,594
Total O&M Expenses	\$36,991,409	\$38,134,959	\$39,736,672	\$41,349,992	\$43,038,992	\$44,739,225

The Supplies and Services category also includes increases in O&M costs related to the addition/expansion of the wastewater customer base and of capital assets. As CVWD's system grows and the District invests in its wastewater collection and treatment facilities, additional O&M costs will be incurred. Accordingly, the projections here rise by more than 2.1% per year to reflect anticipated growth.

Capital Costs

The five-year financial forecast includes capital costs related to PAYGO funded projects and debt service funded capital projects.

Capital Improvement Plan

NewGen's forecast includes escalation of planned capital improvement projects into future dollars based on the same rate of general inflation used for O&M costs. The funding sources for capital projects are:

- Sanitation Capacity Charge ("SCC"): The SCC is levied on each new connection to the sanitary sewer system. The SCC has two components. The Collection component recovers costs related to trunk sewers, lift stations, and force mains. The Treatment component recovers costs related to liquid and solids processing, reuse, and disposal.

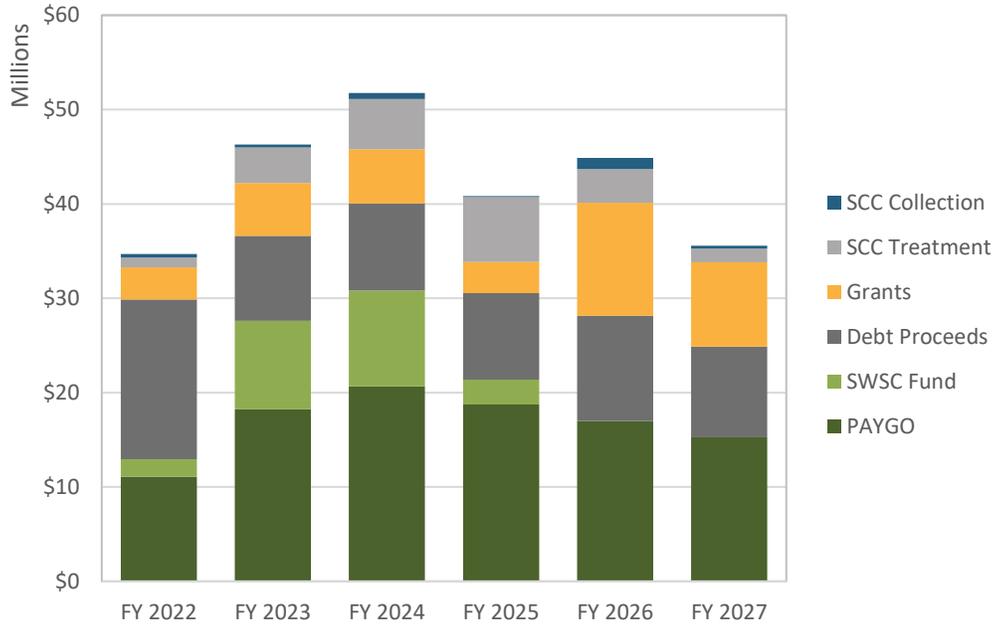
² GDP Chained Price Index (Blue Chip Economic Indicators Vol. 46, No. 10, October 11, 2021)

³ Net of capitalized Labor and Pass-Through Contra-Expenses

- Grants: Grants for qualifying projects.
- Debt Proceeds: New debt issued to support capital projects.
- Supplemental Water Supply Charge (“SWSC”) Fund: Transfers totaling \$12.0 million from the SWSC to support NPW projects.
- PAYGO – Funding from annual Sanitation Fund revenues.

Figure 2-1 shows the study period capital improvement plan by funding source.

Figure 2-1. CVWD Capital Improvement Plan by Funding Source



Appendix A of this report shows a detailed list of the capital improvement projects included in this study.

Appendix B of this report is a Technical Memorandum developed by West Yost & Associates, Inc. confirming that the CIP described in this report aligns with CVWD’s Sewer System Master Plan.

Debt Service Forecast

At the time of this study, the Sanitation fund had only one approved outstanding debt issue related to FY 2018 NPW connection projects. NewGen’s study also included and estimation of debt service payments for new debt in process at the time of the study related to FY 2022 NPW connection projects. The study also includes the assumption of transfers totaling \$12.0 million from the Supplemental Water Supply Charge (“SWSC”) Fund to the Sanitation Fund that will reduce the District’s need to incur debt to support NPW capital projects over the study period.

Additional planned debt service is based on information provided by the District to NewGen relating to future capital projects that qualify for California Clean Water State Revolving Fund (“CWSRF”) grant and loan programs. Figure 2-2 shows the forecasted debt service payable by the Sanitation Fund.

Figure 2-2. Five-Year Forecasted Sanitation Fund Debt Service



Five-Year Revenue Requirement Forecast

To forecast the five-year revenue requirement for the Sanitation Fund, it is necessary to offset the total revenue requirement by non-rate revenues to arrive at the net revenue requirement, i.e., the amount that must be raised by Sewer Service Charges each fiscal year.

Non-Operating Revenues

Various non-operating (i.e., non-rate) revenues support the Sanitation Fund. There are three key assumptions included in the rate study forecast that have a material impact on the recommendations made in this report.

- **Pooled Interest Income:** The study assumes that the District earns 2.0% in interest per year on Sanitation Fund balance throughout the forecast period.
- **Sanitation Capacity Charge (SCC):** The study includes the recently adopted SCC of \$4,533 per Equivalent Dwelling Unit and an assumed rate of 1.0% customer growth rate throughout the projection period (average of 964 new connections per year). One percent customer growth is consistent with the most recently completed SCC study.
- **Water Demand Offset Fee:** The study assumes about \$1.3 million per year of receipts from the District’s Water Demand Offset Fee⁴ to support recycled water projects paid out of the Sanitation Fund.

The revenues in Table 2-3 offset the Sanitation Fund revenue requirement each year.

⁴ Fee of \$1,918 per Acre Foot (“AF”) of proposed water use charged on new development.

**Table 2-3
Forecasted Non-Operating Revenues**

	FY 2022 Budget	FY 2023 Forecast	FY 2024 Forecast	FY 2025 Forecast	FY 2026 Forecast	FY 2027 Forecast
Commercial Dumping Fees	\$476,800	\$486,813	\$497,036	\$507,474	\$518,131	\$529,011
Availability Fees	\$80,000	\$81,680	\$83,395	\$85,147	\$86,935	\$88,760
RDA Pass Through	\$930,000	\$959,760	\$990,472	\$1,022,167	\$1,054,877	\$1,088,633
Property Taxes - Current Year	\$906,000	\$934,992	\$964,912	\$995,789	\$1,027,654	\$1,060,539
In Lieu Taxes	\$180,000	\$185,760	\$191,704	\$197,839	\$204,170	\$210,703
Property Taxes - Prior Year	\$26,000	\$0	\$0	\$0	\$0	\$0
Homeowners Property Tax Relief	\$8,000	\$8,256	\$8,520	\$8,793	\$9,074	\$9,365
Property Tax Penalties & Interest	\$25,000	\$25,800	\$26,626	\$27,478	\$28,357	\$29,264
Other Customer Installations	\$26,100	\$26,648	\$27,208	\$27,779	\$28,362	\$28,958
Construction Inspection Fees	\$77,100	\$78,719	\$80,372	\$82,060	\$83,783	\$85,543
Other Fees and Charges	\$2,000	\$2,042	\$2,085	\$2,129	\$2,173	\$2,219
Other Revenues - Current Year	\$3,800	\$3,880	\$3,961	\$4,044	\$4,129	\$4,216
Pooled Interest Income	\$1,972,000	\$1,163,326	\$898,188	\$699,077	\$635,379	\$733,963
Sanitation Capacity Charges	\$1,297,500	\$4,283,685	\$4,329,015	\$4,369,812	\$4,415,142	\$4,455,939
Water Demand Offset Fee	\$1,944,955	\$1,315,664	\$1,329,586	\$1,342,116	\$1,356,039	\$1,368,569
Total Non-Operating Revenues	\$7,955,255	\$9,557,024	\$9,433,081	\$9,371,703	\$9,454,205	\$9,695,682

Five-Year Financial Plan

The five-year financial plan is driven by two objectives: revenues must meet annual revenue requirements (including use of fund balance) and the Sanitation Fund must satisfy CVWD’s designated reserves policies.

**Table 2-4
Five-Year Forecasted Net Revenue Requirement**

	FY 2022 Budget	FY 2023 Forecast	FY 2024 Forecast	FY 2025 Forecast	FY 2026 Forecast	FY 2027 Forecast
Operating Expenses	\$36,991,409	\$38,134,959	\$39,736,672	\$41,349,992	\$43,038,992	\$44,739,225
Non-Operating Expenses	\$3,100	\$3,165	\$3,232	\$3,299	\$3,369	\$3,439
Existing Debt Service	\$ -	\$900,259	\$1,104,555	\$1,104,555	\$1,104,555	\$1,104,555
Projected Debt Service	\$306,000	\$900,334	\$1,294,817	\$1,694,386	\$2,129,956	\$2,594,788
CIP PAYGO	\$11,073,765	\$18,225,333	\$20,670,378	\$18,739,982	\$16,996,546	\$15,267,384
CIP SCC Funded	\$1,422,500	\$4,084,000	\$5,983,611	\$6,966,055	\$4,748,806	\$1,759,673
Total Revenue Requirement	\$49,796,774	\$62,248,051	\$68,793,265	\$69,858,269	\$68,022,223	\$65,469,064
Less: Non-Op. Revenue	(\$7,955,255)	(\$9,557,024)	(\$9,433,081)	(\$9,371,703)	(\$9,454,205)	(\$9,695,682)
Net Revenue Requirement	\$41,841,519	\$52,691,026	\$59,360,184	\$60,486,566	\$58,568,018	\$55,773,382

Section 2

The net revenue requirement is the amount of revenue that must be generated by Sewer Service Charges each year to support the Sanitation Fund. Figure 2-3 below shows the forecast of total Sanitation Fund expenses and revenues assuming no changes in Sewer Service rates.

Figure 2-3. Total Expenses vs. Total Revenues at FY 2022 Rates

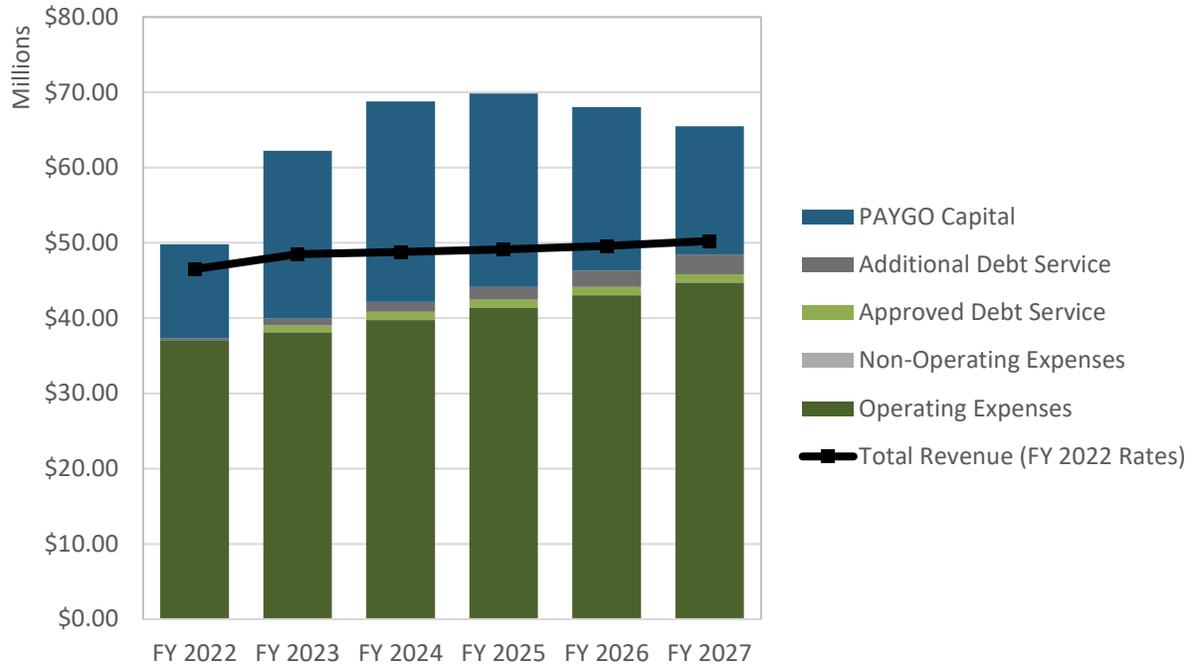
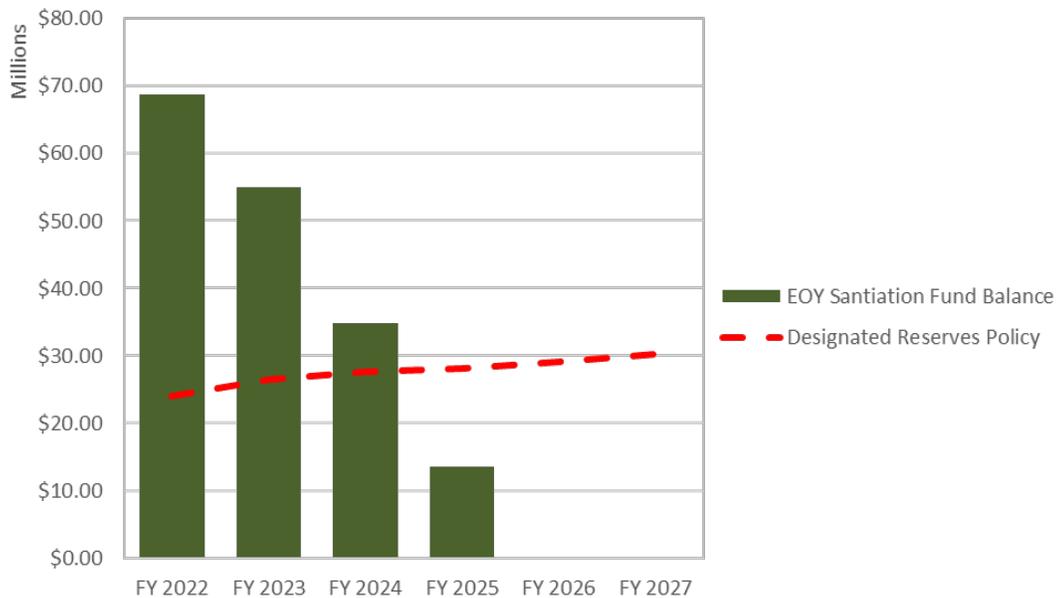


Figure 2-4 shows the forecasted Sanitation Fund balance if FY 2022 rates remain in effect throughout the study period.

Figure 2-4. Sanitation Fund Balance at FY 2022 Rates



The figures above demonstrate the need for increased Sewer Service charge revenues.

Recommended Rate Revenue Increases

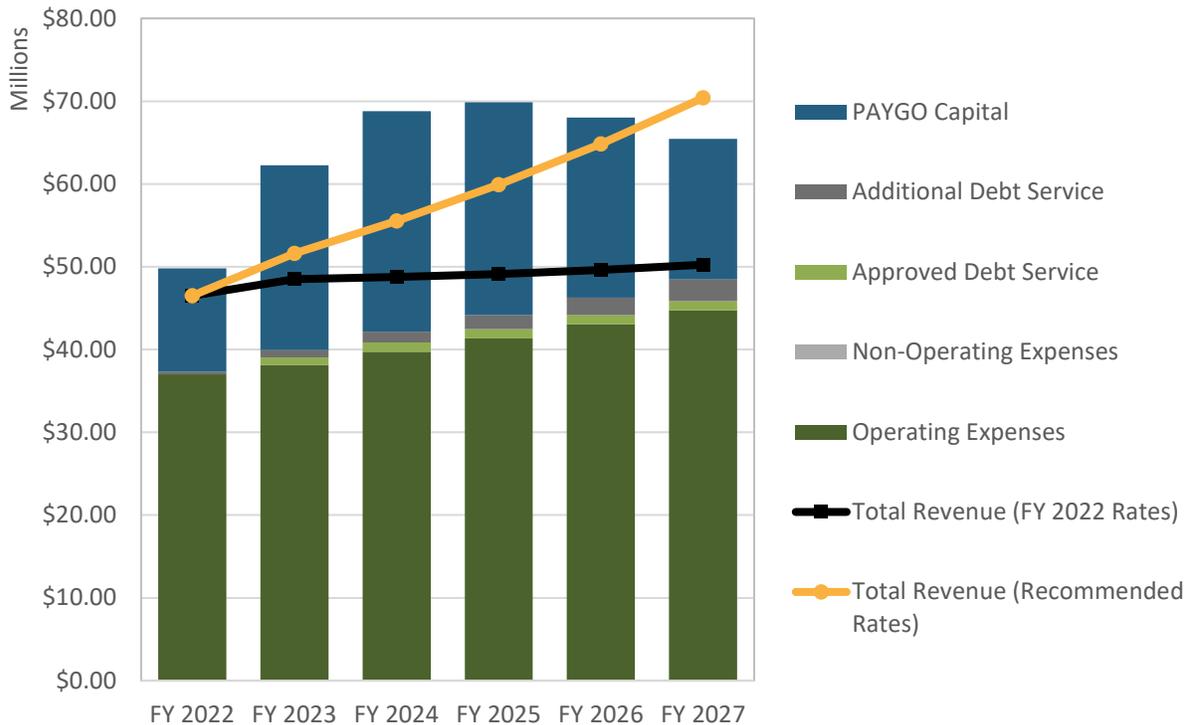
To satisfy the designated reserve policy in the Sanitation Fund, NewGen developed the five-year Sewer Service Charge revenue increase recommendation shown in Table 2-5.

**Table 2-5
Recommended Sewer Charge Revenue Increases**

	FY 2022 Budget	FY 2023 Forecast	FY 2024 Forecast	FY 2025 Forecast	FY 2026 Forecast	FY 2027 Forecast
Monthly Account Charge						
Residential	0.0%	8.5%	8.5%	8.5%	8.5%	8.5%
RV/Commercial	0.0%	8.5%	8.5%	8.5%	8.5%	8.5%
ESU Charge						
Residential	0.0%	8.5%	8.5%	8.5%	8.5%	8.5%
RV/Commercial	0.0%	8.5%	8.5%	8.5%	8.5%	8.5%

The increase in Sewer Service charge revenue will allow for a strategic drawdown of Sanitation Fund reserves while funding the operating and capital expenses of the wastewater system. The following figures show the rate study forecast of expenses and revenues as well as Sanitation Fund balance assuming the adoption of Sewer Service Charge revenue increases shown above.

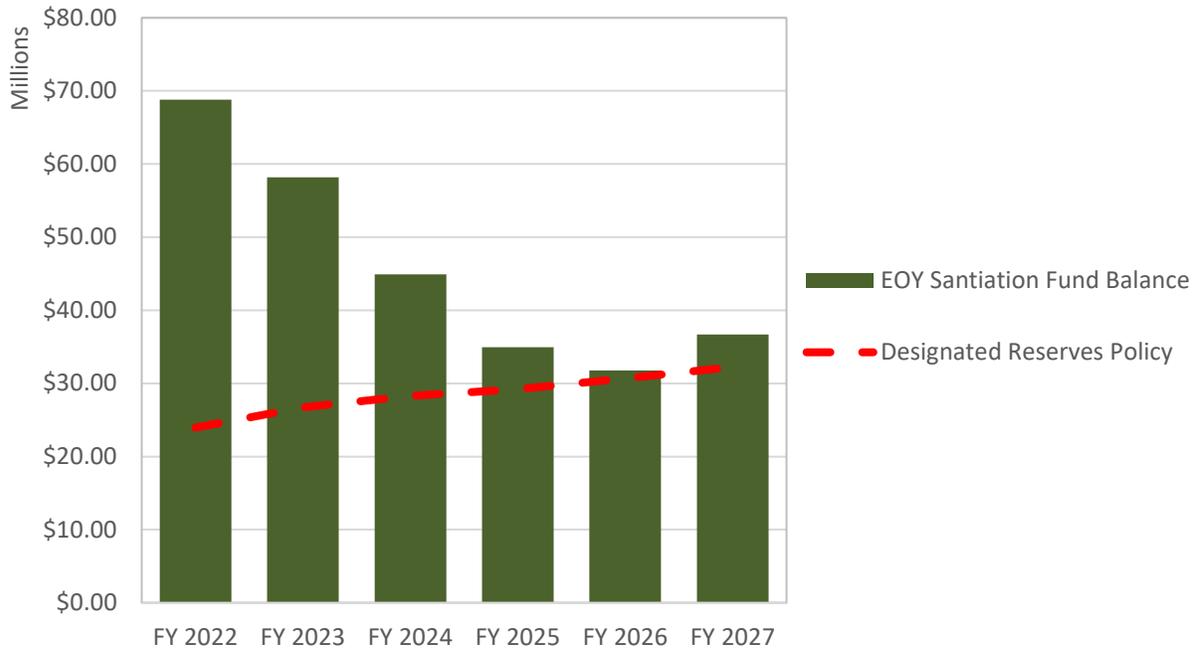
Figure 2-5. Total Expenses vs. Total Revenues at Recommended Revenue Increases



Section 2

The financial plan recommended by NewGen will phase-in increases in Sewer Service Charges to meet the forecasted revenue requirement while drawing down on undesignated fund balance, as shown in Figure 2-6.

Figure 2-6. Sanitation Fund Balance at Recommended Revenue Increases



Appendix C provides a detailed Sanitation Fund pro forma for the study period.

The recommendation to increase rate revenue by 8.5% in each year of the forecasted period is driven by the need to fund the Sanitation Fund capital plan and the requirement to meet the designated reserves policy.

The next section of this report will detail how Sanitation Fund costs are allocated to customer classes to generate specific recommended rates that result in the revenue forecasts shown above, but also appropriately assign the cost to serve each Sanitation Fund customer class.

Section 3 COST-OF-SERVICE ANALYSIS

Customers and Usage

The District currently classifies customers in three customer classes: Residential, RV/Trailer Park, and Commercial. The current rate structure has two components – a Monthly Account Charge and a Charge per Equivalent Sewer Unit (“ESU”).

Residential customers are assigned one ESU per dwelling unit. Most RV/Trailer Park accounts are assigned one ESU per dwelling unit. In the District’s experience, RV/Trailer Park indoor water demand is roughly comparable to typical residential properties. The variance in indoor water demand between residential and RV/Trailer Park customers does not justify adding administrative complexity in determining individual ESU assignments for the RV/Trail Park customer class. However, some RV/Trailer Park accounts that are served by master meters providing both landscape irrigation and indoor water for trailers/mobile homes are assigned ESUs based on a 55% return-to-sewer factor of their average daily water usage over the previous three years, divided by 200 (200 Gallons per day is the indoor water usage assumed for Residential customers).

Commercial customers are charged per assigned ESUs based on a 90% return-to-sewer factor, again based on average daily water usage over the previous three years, divided by 200. ESU assignments for RV/Trailer Park customers and Commercial customers are updated one per year. Table 3-1 shows the total number of accounts, ESUs and number of bills by customer class in FY 2021, the most recently available full fiscal year.

**Table 3-1
FY 2021 Sanitation Fund Customers**

Customer Class	Accounts	ESUs	Number of Bills per Year
Residential	93,732	106,373	100,564
RV/Trailer Parks	50	2,987	594
Commercial	3,734	21,001	44,805
Totals	97,515	130,361	145,963

Functionalized Test Year

The first step in the cost-of-service process is to identify the functional allocation of the system’s revenue requirements. Table 3-2 shows the functional assignment of the FY 2022 Test Year O&M expenses.

**Table 3-2
Test Year O&M Budget by Function**

System Function	Test Year O&M Budget
Operations	\$33,473,121
Customer Service	\$2,646,413
Tax Billing	\$64,628
Regular Billing	\$204,126
Inspections	\$603,121
Total O&M Budget	\$36,991,409

Allocation of Functionalized Costs to Cost Components

The functionalized costs are then allocated to the categories shown in Table 3-3. In this manner, operating costs are be assigned to specific cost-causative components of the system.

**Table 3-3
Test Year O&M Functional Allocation**

System Function	Customer	Monthly Billing	Annual Billing	System Capacity	Inspections
Operations				100%	
Customer Service	100%				
Tax Billing			100%		
Regular Billing		100%			
Inspections					100%

“Inspections” refers to the cost of inspecting pretreatment facilities including interceptors/separators used to control fats, oils, grease, sand, and lint and are recovered through separate service fees rather than Sewer Service Charges. Table 3-4 shows the dollar assignment to each cost causative component based on the allocations shown in Table 3-3.

**Table 3-4
Test Year O&M Expenses Allocation by System Function**

System Function	Customer	Monthly Billing	Annual Billing	System Capacity	Inspections	Totals
Operations				\$33,473,121		\$33,473,121
Customer Service	\$2,646,413					\$2,646,413
Tax Billing			\$64,628			\$64,628
Regular Billing		\$204,126				\$204,126
Inspections					\$603,121	\$603,121
Total System O&M	\$2,646,413	\$204,126	\$64,628	\$33,473,121	\$603,121	\$36,991,409

Table 3-5 shows the total Test Year functional allocation, including PAYGO capital and Debt Service, both of which are allocated to the System Capacity component. Note that PAYGO Capital does not include projects supported by SCC revenues.

**Table 3-5
Test Year Total Expenses Allocation by System Function**

System Function	Customer	Monthly Billing	Annual Billing	System Capacity	Inspections	Totals
Operations				\$33,473,121		\$33,473,121
Customer Service	\$2,646,413					\$2,646,413
Tax Billing			\$64,628			\$64,628
Regular Billing		\$204,126				\$204,126
Inspections					\$603,121	\$603,121
Non-Operating				\$3,100		\$3,100
PAYGO Capital ⁵				\$11,073,765		\$11,073,765
Debt Service				\$306,000		\$306,000
Total Test Year	\$2,646,413	\$204,126	\$64,628	\$44,855,986	\$603,121	\$48,374,274

Non-Operating costs are not related to customer service or billing costs, and therefore are allocated to the system capacity component. The result in Table 3-5 allows the assignment of cost causative components to customer classes consistent with each class’s use of the system components.

Allocate Cost Components to Customer Classes

The cost of each system component is allocated to customer classes in accordance with the allocation basis shown in Table 3-6.

**Table 3-6
Test Year Total Expenses Allocation to Customer Classes**

Customer Class	Customer	Monthly Billing	Annual Billing	System Capacity	Inspections	Totals
Allocation Basis	No. of Accounts	No. of Bills	No. of Bills	No. of ESUs	direct	
Residential	\$2,543,742	\$140,637	\$64,628	\$36,601,872		\$39,350,878
RV/Trailer Parks	\$1,343	\$831		\$1,027,768		\$1,029,942
Commercial	\$101,328	\$62,659		\$7,226,346		\$7,390,333
Inspections					\$603,121	\$603,121
Totals	\$2,646,413	\$204,126	\$64,628	\$44,855,986	\$603,121	\$48,374,274

Customer costs are allocated to each account, and billing costs are allocated based on the number of annual bills for each customer class. All wastewater system costs related to the collection, conveyance, treatment, and disposal of wastewater are assigned to the System Capacity function. The study considers all wastewater flow from each customer class to be of similar strength because (1) the District has a Fats,

⁵ PAYGO Capital does not include SCC funded PAYGO capital.

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Oil, & Grease (“FOG”) program with special fees for those accounts that are required to be part of the FOG program, (2) the District has a high-strength discharge prohibition, and, (3) the system’s wastewater influent is such that the District is not required to have high-strength industrial pre-treatment program. Therefore, System Capacity costs are assigned to customer classes based on ESUs.

Inspection costs are segregated because they are supported by a separate fee.

Finally, non-rate revenues must be assigned to the cost-causative components. In Table 3-7. Non-rate revenues are allocated across all components in the same manner as total expenses..

**Table 3-7
Test Year Non-Rate Revenues Allocation to Customer Classes**

Customer Class	Customer	Monthly Billing	Annual Billing	System Capacity	Inspections	Totals
Allocation Basis	No. of Accounts	No. of Bills	No. of Bills	No. of ESUs	direct	
Residential	\$423,605	\$23,420	\$10,762	\$6,095,252		\$6,553,040
RV/Trailer Parks	\$224	\$138		\$171,153		\$171,515
Commercial	\$16,874	\$10,434		\$1,203,392		\$1,230,701
Inspections						\$0
Totals	\$440,703	\$33,993	\$10,762	\$7,469,797	\$0	\$7,955,255

Subtracting the non-rate revenues from Table 3-7 from the total revenue requirement from Table 3-6 produces the net revenue requirement that needs to be produced by Sewer Service Charges, as shown in Table 3-8.

**Table 3-8
Net Test Year Revenue Requirement Allocation to Customer Classes**

Customer Class	Customer	Monthly Billing	Annual Billing	System Capacity	Inspections	Totals
Allocation Basis	No. of Accounts	No. of Bills	No. of Bills	No. of ESUs	direct	
Residential	\$2,120,136	\$117,217	\$53,865	\$30,506,620		\$32,797,838
RV/Trailer Parks	\$1,120	\$692		\$856,615		\$858,427
Commercial	\$84,454	\$52,224		\$6,022,954		\$6,159,633
Inspections					\$603,121	\$603,121
Totals	\$2,205,710	\$170,133	\$53,865	\$37,386,189	\$603,121	\$40,419,019

Cost of Service Analysis Results

Table 3-9 shows a comparison of FY 2022 revenue at existing Sewer Service Charges compared to the cost-of-service allocations developed during the study.

**Table 3-9
Test Year Cost of Service Results**

Customer Class	Cost of Service Allocation	Revenue at Existing Rates	\$ Difference	% Difference
Residential	\$32,797,838	\$31,336,206	\$1,461,632	4.7%
RV/Trailer Parks	\$858,427	\$826,020	\$32,408	3.9%
Commercial	\$6,159,633	\$5,821,309	\$338,324	5.8%
Totals	\$39,815,898	\$37,983,534	\$1,832,363	4.8%

NewGen’s cost allocation shows that current Sewer Service Charges are under collecting actual costs when compared to the cost-of-service allocations of FY 2022 budgeted costs. However, the under collection is generally evenly spread (on a percentage basis) among the customer classes, suggesting the existing rates allocate the District’s costs consistently with the allocation recommended here and that they predicted the District’s actual costs with reasonable accuracy. NewGen calculated a five-year forecast of rates that increases revenues to meet system costs and aligns revenues by class with the results of the cost-of-service analysis.

The next section of this report will detail the specific forecast of Sewer Service Charges that align with the cost-of-service allocations detailed above and generate revenues consistent with the financial plan developed in Section 2 of this report.

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Section 4

RATE DESIGN AND RECOMMENDED RATES

When undertaking a cost of service or rate study for a utility, it is important that participants in the study have a shared vision of the goals and objectives of the study. Our approach to reviewing and evaluating municipal sewer rates is governed by the view that the ideal rate structure must satisfy seven criteria:

- **Legal and Regulatory Compliance** is a prime consideration because rate structures must incorporate applicable local, state, and federal statutes, as well as any interjurisdictional agreements. In California, this means compliance with California Constitution article XIII D, section 6, commonly referred to as “Proposition 218” and article XIII C. § 1, subdivision (e)(2), “Proposition 26” for some inspection fees and other one-time charges.
- **Equity** requires that rates and charges result in no undue discrimination among customers or customer classes. Although equity is normally related to the cost of service, it should be realized that customer acceptance will center on preconceived notions of equity and fairness.
- **Efficiency** refers to the ability of the rate schedule to encourage wise use of the resources devoted to the services that the utility provides. Efficiency considerations require that:
 - Rates should reflect the cost of providing service.
 - Rates should be similar for customers or customer classes served under similar conditions.
 - Customers should be able to understand the rate schedules so that they can make rational decisions regarding their purchase of additional service.
- **Revenue Adequacy** is the most fundamental of all considerations. Revenue Adequacy recognizes that it is necessary that rates produce revenues sufficient to operate the system even if there are changes in demand for service.
- **Administrative Simplicity** recognizes that limits must be placed on the complexity of the rate schedules to keep them easy to administer and understandable to the public.
- **Sustainability** means that the objective of the rate methodology is to keep rates low over time, not to merely keep them low for the short-term by omitting or deferring needed expenses such as maintenance and funding of necessary cash reserves.
- **Affordability** means that the recommended rates must result in bills that are realistically within the ability of customers to pay.

The application of these criteria should recognize that a rate schedule is a form of public policy statement, setting forth those values that the utility considers important. These values compete and our recommendations seek to balance them appropriately but, ultimately, how to balance these competing goals is a question for the District’s policymakers.

Current Sewer Service Charges

As discussed in the previous section, the District currently charges an Equivalent Sewer Unit (“ESU”) rate structure. The structure is comprised of two fees – a Monthly Account Charge and a Charge per ESU. Monthly Account Charges are applied to all accounts on a per account basis.

The current Monthly Account Charge and Charge per ESU is shown in Table 4-1.

**Table 4-1
FY 2022 Sewer Service Charges**

Customer Class	Monthly Account Charge	Charge per ESU
Residential	\$1.58	\$23.04
RV/Trailer Parks	\$3.98	\$23.04
Commercial	\$3.98	\$23.04

Alternative Rate Structure Evaluation

Prior to CVWD adopting the ESU rate structure, the District charged wastewater customers an Equivalent Dwelling Unit (“EDU”) based rate structure, which was comprised of a fixed Sewer Service Charge and a variable volumetric rate/EDU charge. Residential customers paid a flat charge per EDU, whereas commercial customers paid a charge based on metered water use. NewGen performed an evaluation of potentially reverting to an EDU rate structure as a part of this study.

As with any change in rate structure, there are benefits and drawbacks. One benefit of the EDU structure is that commercial customers can lower their sewer bill by lowering their water usage. This offers flexibility to commercial customers, particularly when demand for their services drop, as was the case with restaurants during the COVID-19 pandemic. A volumetric charge would have allowed customers to reduce costs during a time when their water usage was very low.

However, the variable nature of water demand causes revenue instability for the District’s Sanitation Fund, potentially requiring larger reserves. In general, NewGen recommends generating as much fixed revenue as is reasonably practical. The ESU rate structure, while based on historical demand of commercial customers, is a much more stable source of revenue for the Sanitation Fund. Given that most of the forecasted costs in NewGen’s study do not vary with demand (i.e., capital costs), NewGen recommends that the District maintain its ESU rate structure to match non-variable revenues to non-variable service costs.

Recommended Rate Structure and Rates

NewGen recommends that the District continue to use the ESU rate structure and to update the cost allocations within that structure based on the results of the cost-of-service analysis detailed in this report.

**Table 4-2
Recommended Sewer Service Charges**

	FY 2022 Actual	FY 2023 Forecast	FY 2024 Forecast	FY 2025 Forecast	FY 2026 Forecast	FY 2027 Forecast
Residential						
Monthly Account Charge	\$1.58	\$1.55	\$1.69	\$1.73	\$1.91	\$2.07
Charge per ESU	\$23.04	\$24.98	\$27.10	\$29.48	\$31.96	\$34.68
RV/Trailer Parks						
Monthly Account Charge	\$3.98	\$4.53	\$4.91	\$5.05	\$5.57	\$6.04
Charge per ESU	\$23.04	\$24.98	\$27.10	\$29.48	\$31.96	\$34.68
Commercial						
Monthly Account Charge	\$3.98	\$4.53	\$4.91	\$5.05	\$5.57	\$6.04
Charge per ESU	\$23.04	\$24.98	\$27.10	\$29.48	\$31.96	\$34.68

The rates in Table 4-2 are the result of distributing System Capacity Costs among all system ESUs. The Monthly Account Charges are developed by distributing the appropriate customer service and billing charges among accounts in each customer class.

Given the rates in Table 4-2, the change in revenue for each customer class will differ from the 8.5% overall rate revenue increase because of the cost-o-service allocations described in this section. Also, the total increase in Service Charge revenue will be larger than 8.5% each year due to the forecasted growth in Sanitation Fund customers. Table 4-3 summarizes the annual changes in Service Charges for each customer class, the increase in Service Charge revenue for each customer class, and the overall increase in Service Charge revenue.

Section 4

**Table 4-3
Rate and Revenue Percent Change Summary**

	FY 2023 Forecast	FY 2024 Forecast	FY 2025 Forecast	FY 2026 Forecast	FY 2027 Forecast
Residential					
Monthly Account Charge Change	(1.2%)	0.3%	9.1%	13.8%	15.1%
Charge per ESU Change	8.4%	8.9%	8.5%	8.3%	8.2%
Residential Revenue Increase	8.9%	9.6%	9.5%	9.6%	9.6%
RV/Trailer Parks					
Monthly Account Charge Change	14.3%	0.3%	9.1%	13.8%	15.1%
Charge per ESU Change	8.4%	8.9%	8.5%	8.3%	8.2%
RV/Trailer Park Revenue Increase	10.6%	10.6%	10.9%	10.5%	10.5%
Commercial					
Monthly Account Charge Change	14.3%	0.3%	9.1%	13.8%	15.1%
Charge per ESU Change	8.4%	8.9%	8.5%	8.3%	8.2%
Commercial Revenue Increase	9.7%	9.6%	9.7%	9.6%	9.6%
Overall Rate Revenue Increase	9.1%	9.6%	9.6%	9.6%	9.6%
Increase Due to Change in Rates	8.5%	8.5%	8.5%	8.5%	8.5%
Increase Due to Customer Growth	0.6%	1.1%	1.1%	1.1%	1.1%

Customer Bill Impacts

Table 4-4 shows the impact of the recommended rates on two sample customers, a Single-Family Residential customer, and a 1 ESU commercial customer. The bill impact is not consistent across all customer classes each year because capital costs — the largest driver of system capacity costs — are not incurred evenly across the five years modeled.

**Table 4-4
Impact of Recommended Rates on Example Customers**

	FY 2022 Actual	FY 2023 Forecast	FY 2024 Forecast	FY 2025 Forecast	FY 2026 Forecast	FY 2027 Forecast
Single Family Residential (1 ESU)						
Monthly Sewer Bill	\$24.62	\$26.53	\$28.79	\$31.21	\$33.87	\$36.75
\$ Change	-	\$1.91	\$2.25	\$2.43	\$2.66	\$2.88
% Change	-	7.8%	8.5%	8.4%	8.5%	8.5%
Commercial (1 ESU)						
Monthly Sewer Bill	\$27.02	\$29.51	\$32.01	\$34.53	\$37.53	\$40.72
\$ Change	-	\$2.49	\$2.51	\$2.52	\$3.00	\$3.19
% Change	-	9.2%	8.5%	7.9%	8.7%	8.5%

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APPENDIX A: THIRTEEN-YEAR CAPITAL IMPROVEMENT PLAN

REPORT

**SAN ITATION FUND
COST OF SERVICE STUDY**

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CVWD Sanitation Fund Capital Improvement Plan

Included Sanitation Fund Cost of Service Study
Draft Report submitted April 2022

Project	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
WRP 2													
Monitoring Wells	\$150,000	\$51,050											
Total WRP 2	\$150,000	\$51,050	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
WRP 4													
Security System Upgrade									\$686,092	\$802,283			
Chemical System Safety Upgrade	\$15,000	\$42,882											
Process Optimization	\$175,000												
Non Potable Water Upgrades	\$850,000	\$918,900	\$104,244	\$53,217	\$54,334	\$1,886,156	\$1,925,765	\$3,932,413	\$4,723,522	\$6,028,395			
Phase II Plant Process Improvements						\$1,386,879	\$6,796,819	\$6,939,552	\$7,085,283	\$7,234,074			
Phase 1A Recycled Water Delivery Projects										\$7,574,075	\$12,309,982	\$12,568,492	\$5,774,594
Administration Building										\$784,146	\$5,027,397	\$5,132,972	
Total WRP 4	\$1,040,000	\$961,782	\$104,244	\$53,217	\$54,334	\$3,273,036	\$8,722,584	\$10,871,965	\$12,494,896	\$21,638,827	\$13,094,128	\$17,595,888	\$10,907,566
WRP 7													
Security System Upgrade									\$23,618	\$676,386	\$819,131		
Chemical System Safety Upgrade	\$15,000	\$25,525											
Aeration Improvements	\$855,000	\$5,084,580	\$6,775,867	\$5,747,394									
Process Optimization			\$52,122										
Phase 1 Recycled Water Expansion	\$550,000	\$459,450	\$52,122	\$5,321,661	\$10,106,154	\$12,204,539	\$4,531,213	\$5,782,960	\$5,904,402				
Young's Farmland & Garden Fellowship NPW Connection	\$25,000	\$10,210	\$10,424	\$10,643	\$543,342	\$255,186							
Talavera	\$50,000	\$102,100	\$10,424	\$10,643	\$543,342	\$216,353							
Shadow Hills High School NPW Connection	\$50,000	\$102,100	\$10,424	\$10,643	\$543,342	\$216,353							
Phase 1 Canal Customer NPW Conversion	\$200,000						\$1,132,803	\$6,939,552	\$7,085,283	\$4,702,148			
Phase 2 Canal Customer NPW Conversion							\$169,920	\$462,637	\$4,723,522				
Shadow Hills North Golf Course		\$102,100	\$10,424	\$10,643	\$434,673	\$232,996	\$2,724,392						
Total WRP 7	\$1,745,000	\$5,886,065	\$6,921,808	\$11,111,629	\$12,170,852	\$13,125,427	\$8,558,328	\$13,185,149	\$17,736,825	\$5,378,534	\$819,131	\$0	\$0
WRP 10													
Security System Upgrade									\$54,816	\$1,446,815			
Perimeter Security Wall									\$41,567	\$612,876			
Chemical System Safety Upgrade	\$15,000	\$25,525											
Secondary Effluent Pump Station and Storage Ponds	\$728,000												
Process Optimization	\$450,000	\$132,730											
New Solar Power Facilities										\$602,839	\$5,539,492		
Headworks Improvements (Storage and Controls)	\$600,000	\$1,735,700	\$3,857,032	\$7,982,492	\$7,063,441								
Biosolids Upgrade Project									\$472,352	\$602,839	\$7,816,490		
Backup Generators and Automatic Transfer Switch					\$190,170			\$3,810,531					
Phase 1 Expansion Project							\$849,602	\$2,313,184		\$3,014,197	\$14,771,979	\$14,264,459	
Old Septage Receiving Station Upgrades							\$283,201	\$289,148	\$2,302,717				
Solids Handling Upgrades							\$226,561	\$7,980,485					
T1 Filter Assessment and Repair	\$300,000	\$4,751,734	\$6,789,666										
T1 Pump Station Replacement	\$11,150,000	\$7,555,400	\$7,818,308										
The Oasis Country Club Connection	\$4,248,000	\$2,552,500											
Woodhaven Country Club Connection	\$1,400,000	\$153,150											
Palm Desert Resort Country Club Connection	\$1,500,000	\$867,850											
Bermuda Dunes Country Club NPW Connection	\$1,800,000	\$510,500											
Emerald Desert Country Club Connection		\$51,050	\$521,221										
Jack Ivey Ranch NPW Connection	\$60,000	\$510,500	\$1,876,394	\$1,064,332									
Tri-Palms Country Club NPW Connection	\$60,000	\$51,050	\$156,366	\$159,650	\$163,002	\$3,106,610							
Indian Wells Tennis Garden	\$10,000	\$10,210	\$10,424	\$63,860	\$1,086,683								
Palm Royale Country Club	\$60,000	\$510,500	\$1,876,394	\$1,064,332									
Southwest Community Church/Gerald Ford School	\$60,000	\$408,400	\$1,667,906	\$1,064,332									
Marriott Desert Springs North Course Connection	\$25,000	\$102,100	\$52,122	\$53,217	\$271,671			\$5,782,960					
Marriott Shadow Ridge Connection	\$25,000	\$127,625	\$52,122	\$2,660,831	\$2,716,708								
Suncrest Country Club Connection	\$60,000	\$408,400	\$1,667,906	\$1,064,332									
The Eagle (Crystal Lagoon) NPW Connection					\$54,334	\$27,738	\$1,132,803						

Project	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
WRP 10 (Continued)													
Annenberg (aka Sunnyslans) Golf Club Connection	\$60,000	\$408,400	\$1,667,906	\$1,064,332									
Desert Island Country Club Connection	\$50,000	\$102,100	\$26,061	\$532,166	\$434,673								
Rancho Mirage Country Club Connection	\$60,000	\$408,400	\$1,667,906	\$1,064,332									
Springs Country Club Connection	\$50,000	\$102,100	\$26,061	\$532,166	\$434,673								
Tamarisk Country Club Connection	\$60,000	\$408,400	\$1,667,906	\$1,064,332									
Blended Water System Pump Stations				\$532,166	\$326,005	\$27,738	\$3,398,409	\$2,313,184	\$1,771,321				
Mission Hills Country Club Connection				\$106,433	\$163,002	\$27,738	\$2,265,606	\$1,156,592					
Westin Mission Hills Country Club Connection				\$106,433	\$163,002	\$27,738	\$1,812,485						
Forest Lawn NPW Connection						\$110,950	\$56,640	\$28,915		\$3,617,037			
Low Pressure Capacity Expansion	\$100,000	\$714,700	\$130,305	\$2,128,665	\$2,173,366	\$1,109,504	\$2,265,606						
WRP 10 NPW Regional Storage Facility						\$221,901	\$9,572,187	\$9,773,203	\$9,978,440	\$10,187,987			
Outdoor Resort RV Park Connection						\$110,950	\$56,640	\$28,915		\$3,617,037			
Total WRP 10	\$22,931,000	\$22,609,024	\$31,532,003	\$22,308,404	\$15,240,732	\$4,770,865	\$21,919,741	\$33,477,117	\$14,621,213	\$23,701,627	\$28,127,961	\$14,264,459	\$0
Collection													
Lift Station 55-11 Capacity Upgrade (Mecca)	\$250,000	\$765,750	\$4,951,595	\$478,950					\$620,076				
Lift Station 80-07 - Perimeter Wall (Paxton)									\$72,499	\$961,705			
Lift Station 80-16 Upgrade (Bob Hope Drive)									\$249,217	\$2,168,195			
Lift Station 55-10 (Citrus) Abandonment Project													
Lift Station 80-03 Upgrade (Cook Street)	\$450,000	\$612,600	\$1,250,929	\$159,650	\$2,390,703	\$499,277							
Lift Station 55-12 Electrical and Site Upgrade		\$128,000	\$902,000										
Lift Station 80-13 Upgrade						\$124,264	\$1,172,063						
Sewer Pipeline Rehabilitation Project - Fred Waring Drive				\$100,074	\$391,371								
Sewer Pipeline Relocation - Bob Hope Drive			\$200,149	\$204,352	\$1,927,485	\$2,219,007							
Mecca Sewer and Manhole Replacement Rehabilitation													
Sewer Pipeline Rehabilitation Project- Fairway Drive	\$766,000												
First Tee Sewer and Manhole Rehabilitation	\$150,000												
Sewer Manhole Rehabilitation Project	\$337,965	\$345,062	\$352,309	\$359,708									
Lift Station MRTU Upgrades		\$408,400	\$416,976	\$425,733									
Lift Station 81-07 and Lift Station 55-12	\$1,641,000	\$357,350	\$364,854	\$372,516	\$380,339	\$1,054,028							
Palm Desert and Thousands Palms		\$2,030,769											
Cedar Crest	\$545,000		\$37,528	\$820,713									
Section 31 and Vist Del Sol Sewer Pipeline	\$10,000	\$556,445	\$340,878										
Avenue 66 Grade Separation Project													
Avenida Juarez Sewer Pipeline Rehabilitation Project													
Jefferson St and Ave 50 Force Main Phase 1 and Phase 2													
Sewer Pipeline Rehabilitation			\$260,610	\$1,596,498	\$1,630,025	\$1,664,255	\$1,699,205	\$1,734,888	\$1,771,321				
Sewer Manhole Rehabilitation				\$1,756,148	\$1,630,025	\$1,664,255	\$1,699,205	\$1,734,888					
Sewer Lift Station Rehabilitation	\$10,000					\$388,326	\$6,230,417						
Burr St Force Main Project							\$5,947,217	\$2,602,332					
Total Collection	\$4,159,965	\$5,204,376	\$9,177,903	\$6,565,639	\$7,958,577	\$7,613,414	\$17,069,822	\$9,822,084	\$1,771,321	\$0	\$0	\$0	\$0
Trunk Sewers													
Pierce Street Trunk Sewer				\$26,608	\$244,504	\$3,883,263							
Monroe St Trunk Sewer	\$1,150,000	\$2,654,600											
Avenue 66 Trunk Sewer	\$50,000	\$25,525	\$52,122	\$26,608	\$3,803,391	\$2,385,433							
Airport Blvd Sewer Consolidation Project	\$75,000	\$25,525	\$52,122	\$79,825	\$4,890,075								
Total Trunk Sewers	\$1,275,000	\$2,705,650	\$104,244	\$133,042	\$8,937,970	\$6,268,695	\$0						
Subtotals													
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
WRP 2	\$150,000	\$51,050	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
WRP 4	\$1,040,000	\$961,782	\$104,244	\$53,217	\$54,334	\$3,273,036	\$8,722,584	\$10,871,965	\$12,494,896	\$21,638,827	\$13,094,128	\$17,595,888	\$10,907,566
WRP 7	\$1,745,000	\$5,886,065	\$6,921,808	\$11,111,629	\$12,170,852	\$13,125,427	\$8,558,328	\$13,185,149	\$17,736,825	\$5,378,534	\$819,131	\$0	\$0
WRP 10	\$22,931,000	\$22,609,024	\$31,532,003	\$22,308,404	\$15,240,732	\$4,770,865	\$21,919,741	\$33,477,117	\$14,621,213	\$23,701,627	\$28,127,961	\$14,264,459	\$0
Collection	\$4,159,965	\$5,204,376	\$9,177,903	\$6,565,639	\$7,958,577	\$7,613,414	\$17,069,822	\$9,822,084	\$1,771,321	\$0	\$0	\$0	\$0
Trunk Sewers	\$1,275,000	\$2,705,650	\$104,244	\$133,042	\$8,937,970	\$6,268,695	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General District PAYGO	\$1,517,000	\$1,365,153	\$1,293,910	\$649,388	\$515,113	\$528,183	\$1,237,161	\$1,256,189	\$1,277,313	\$1,298,882	\$1,320,903	\$1,343,387	\$1,366,343
Total CIP	\$32,817,965	\$38,783,100	\$49,134,113	\$40,821,318	\$44,877,578	\$35,579,621	\$57,507,637	\$68,612,503	\$47,901,568	\$52,017,869	\$43,362,122	\$33,203,734	\$12,273,908

	Study Period (FY 2022 - FY 2027)	Out Years (FY 2028 - FY 2034)
Escalated	\$242,013,695	\$314,879,342
Non-Escalated	\$229,771,820	\$265,147,797



**APPENDIX B:
WEST YOST
TECHNICAL MEMORANDUM**

REPORT

**SAN ITATION FUND
COST OF SERVICE STUDY**

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TECHNICAL MEMORANDUM

DATE: March 10, 2022

Project No.: 998-40-21-01

SENT VIA: EMAIL

TO: Eric Callocchia, NewGen Strategies & Solutions, LLC

FROM: Robert Reid, PE, RCE #49624
Jeff Pelz, PE, RCE #46088



SUBJECT: Coachella Valley Water District – Review of Sewer System Capital Improvement Budget

INTRODUCTION

West Yost reviewed the draft Coachella Valley Water District (CVWD) Sanitation Master Plan Update dated May 2021 (SMP) to verify that the sewer collection and treatment facilities have been adequately analyzed and that the future capital improvement needs of the collection and treatment systems are understood. We also reviewed the portions of the draft Non-Potable Water Master Plan that were provided to us on January 4, 2022 to verify the analysis and needs of the treatment disposal system.

West Yost then compared the proposed Capital Improvement Program (CIP) presented in the SMP to the Sanitation Base Forecast provided by CVWD staff on January 26, 2022. Lastly, we compared the excerpts of the draft Non-Potable Water Master Plan to the Sanitation Base Forecast.

OBSERVATIONS FROM REVIEW OF SMP

General Observations

The entire sewer collection system is captured in a fully dynamic hydraulic model using industry-standard software (InfoSWMM by Innovyze, Inc.). This model was created in 2009 and was updated in 2015. As part of the master planning effort, the hydraulic model has been updated to reflect the current land uses and collection system facilities. The existing condition and a future condition for 2045 are analyzed in the model.

The criteria used in the SMP to assess adequacy of pipe capacity are consistent with the CVWD Development Design Manual (DDM). The peak hour dry weather flow criteria vary by pipe size. For pipes with diameters of 8-inches, the allowable depth of flow to pipe diameter ratio (d/D) is 50 percent. For 10-inch to 27-inch diameter pipes, the allowable d/D ratio is 67-percent. For pipes with diameters of 30-inches and larger, the allowable d/D ratio is 75 percent. For peak wet weather flows, pipe and manhole surcharging is allowable up to three feet below the sewer manhole rim elevations. The dry weather criteria are reasonably conservative, allowing for variability between predicted and actual flows, as well as capacity to accommodate some infiltration and inflow before surcharging a pipeline. The criterion for wet weather flows is acceptable if a conservative prediction of infiltration and inflow is used. The peak

infiltration and inflow prediction was not presented, and the wet weather criterion did not appear to be used for identification of any capital improvement.

To calibrate the existing sewer collection system model, 29 flow monitors were installed throughout the system. The SMP states that the hydraulic model is calibrated within 10 percent of the measured flows for 27 of the monitored locations for dry weather flows. This represents very good agreement between modeled flows and measured flows. A wet weather calibration was not presented.

An analysis of flows at the major Water Reclamation Plants (WRP) concluded that peak hour wet weather flows can reasonably be predicted using a peaking factor of 2.30 at the WRP. The report notes that this peaking factor is applicable at the WRP only and that higher peaking factors would be expected in the collection system. Nevertheless, a factor of 2.30 at the treatment plant indicates there is not a general, widespread problem with wet weather infiltration and inflow. As with any collection system, there is always a risk that any particular intense rainstorm has the potential to create more infiltration and inflow than the collection system can accommodate at certain locations. Based on the analysis presented, there does not appear to be a need for specific capital improvements to address wet weather flow capacity in the collection system, assuming that good maintenance and periodic inspection are used to preserve collection system integrity and capacity.

The future system scenarios assume a population growth rate of 3.3 percent per year. According to the SMP, the service area experienced an annual growth rate of 4.2 percent from 1999 to 2007, 0 percent during the Great Recession and 1.2 percent during the post-Recession.

The SMP described observed issues within the collection system that would either require additional maintenance or capital improvements to restore and preserve the original capacity of the system. These include the following:

- Some pipelines constructed flatter than standard minimum slopes, which typically results in low velocity and accumulation of solids require more frequent cleaning.
- Lift Station 55-11 has problematic pump cycling, which may be addressed by constructing additional wet well capacity as part of a capital project to provide additional needed capacity.
- Gravity sewers downstream of Lift Station 80-6 have capacity constraints while the lift station is operating.
- Force main surge in vicinity of Lift Station 55-12.
- Vulnerability of gravity sewers and force mains in the vicinity of the Whitewater Channel. This general concern was address through a thorough risk assessment and identification of multiple rehabilitation measures to maintain capacity and integrity of the collection system.

Conceptual Improvement Plan

A conceptual improvement plan is proposed in Volume 2, Section 4 of the SMP. Approximately 35 pipe segments are considered deficient as the peak hour dry weather d/D ratios are above the design criteria. However, no wet weather surcharging analysis is provided to specifically evaluate a peak wet weather flow scenario.

The SMP states that Lift Station 55-11 is currently capacity deficient. It also states that several lift stations have been decommissioned, others are planned for abandonment, and others will require expansion in the future to accommodate anticipated growth.

The Mid-Valley Force Main Decommissioning was proposed in the 2009 SMP. The current SMP proposes to strategically operate the force main. The SMP does not identify any future CIP project for this partial abandonment.

The CIP describes planned improvements to accommodate growth within each WRP service area. Seven projects are described for the WRP4 service area, ten projects are described for the WRP7 service area, and one project is described for WRP10 service area. It appears that the proposed improvements are required to accommodate future development. Therefore, the capital costs are allocated to future users.

Whitewater Channel and Coachella Canal Crossings

In Volume 2, Section 5 of the SMP, pipeline condition and risk assessments were performed for the sewer collection systems within 500-feet of the Whitewater Channel and Coachella Canal. These pipelines are believed to have high risk (based on likelihood and consequence of failure) due to scour from golf course irrigation, deterioration of canals, and high stormwater flow events that have damaged the sewer force main crossings in the past.

Projects WCCA-1 through WCCA-6 were proposed. An estimated cost is provided for each project and is shown in Table 1 below.

Project	Cost, dollars
WCCA-1	199,744
WCCA-2	145,948
WCCA-3	36,563
WCCA-4	6,775
WCCA-5	36,062
WCCA-6	30,575

These projects were funded in the prior year CIP budget.

Septic-to-Sewer Conversions

Several septic to sewer conversion capital improvement projects are described in Volume 2, Section 6 of the SMP. These are noted as SWS-1 through SWS-6. Areas served predominantly by onsite septic systems generally coincide with disadvantaged communities. Based on the 5-year CIP, these areas will be converted to conventional sewer systems as grant funding is available. Therefore, these costs are not included in the CIP.

Water Reclamation Plants

CVWD operates five water reclamation plants (WRPs). WRP 10 in Palm Desert, WRP 7 in Indio and WRP 4 in Thermal are larger, regional plants that will experience increases in flow in the future. WRP1 and WRP2 are very small plants along the shore of the Salton Sea that are not anticipating significant growth.

Per the current discharge permit, CVWD must notify the RWQCB when the influent flow reaches 80 percent of the permitted capacity. WRP 10 is projected to operate below this threshold throughout the planning period. WRP 4 is anticipated to pass this threshold before 2025. WRP 7 is anticipated to pass this threshold between 2030 and 2035.

It appears that CVWD has acknowledged and addressed the increase in wastewater strength as water conservation has occurred in the region. This is important because processes whose capacity is related to the waste load (rather than the flow), can reach capacity before flows reach the design flow capacity of the treatment plant.

In addition to evaluation of treatment capacity under current discharge requirements, the SMP provides plans to anticipate future changes in the discharge permits for total dissolved solids, nitrogen and phosphorus. The SMP also proposes several projects to support the District's level of service goals with the intended outcome of lowering operating costs, utilizing staff resources effectively and efficiently, and ensuring compliance.

Prioritization of Projects

In Volume 4, Section 2 of the SMP, the program funding is stated to be \$20 – 30 million (M) per year. Starting year for all projects was set so that the project would be finished before the capacity timeline trigger. Most of the collection system capacity projects will be triggered by the proposed development and flow triggers.

For asset management projects, only assets valued at \$250,000 or more are considered for the CIP. All other assets will be replaced under the O&M budget.

20-Year Planned Improvements

Sewer Collection System

In Volume 4, Section 3 of the SMP, the 20-year planned improvements are described. Almost all the sewer collection capital projects are driven by the asset management plan.

Project CS-WRP7-1, 2, 4, 6, 7 and CS-WRP4-1 and 3 are partially scheduled in the 20-year CIP. The remaining projects are beyond the 20-year financial planning window. Note that reference to a WRP indicates the project is with that WRP's service area. Improvements to the treatment plant itself are accounted for separately from the collection system improvements.

In Volume 4, Section 5 of the SMP, the annualized budget projections are provided. The CIP costs for each five-year period for the collection system are shown in Table 2 below.

Table 2. Proposed Sewer Collection System Capital Improvements					
Type	2021-2025 M dollars	2026-2030 M dollars	2031-2035 M dollars	2035-2040 M dollars	Total M dollars
WRP 10 Expansion			6.4		6.4
WRP 7 Expansion		1.1	42.9	74.3	118.4
WRP 4 Expansion	6.7	12.5	16.4	18.9	54.5
AM - Sewer Rehab	20.6	15.8	6.0	6.0	48.4
AM - Lift Stations	8.0				8.0
AM - Manholes	4.6	4.6			9.2
Total	\$39.9	\$34.0	\$71.7	\$99.2	\$244.8

As shown in Table 2, the SMP categories the CIP projects as capacity capital improvement projects and asset management projects. Capacity capital improvement projects are those improvements required to alleviate existing or future capacity constraints based on the hydraulic model. Asset management improvements are based on the asset management plan which considers asset risk of failure and consequences of failure. The only capacity CIP project for the first five years is the CS-WRP4-6, Lift Station Capacity Improvements.

Table 5-10 of the SMP shows the collection system capacity CIP projects through 2040. Table 5-12 of the SMP shows the collection system asset management projects and timelines. These budgets were broken down into further detail in the Volume 4 appendix.

Wastewater Reclamation Plants Upgrades

The 20-year planned improvements for each of the wastewater reclamation plants are described in Volume 4, Section 4 of the SMP. Annualized budget projections are provided in Volume 4, Section 5 of the SMP. The CIP costs for each five-year period for the wastewater reclamation plants are shown in Table 3 below.

Table 3. Proposed Wastewater Reclamation Plant Capital Improvements

Type	2021-2025, M dollars	2026-2030 M dollars	2031-2035 M dollars	2035-2040 M dollars	Total M dollars
WRP10 (18 mgd secondary treatment capacity, 15 mgd tertiary treatment capacity)					
Headworks Upgrades	8.6	16.5			25.1
Secondary Treatment	0.8	4.7		9.0	14.5
Tertiary Treatment	0.6	1.9	9.5		12.0
Biosolids Handling	7.3	1.9	\$5.4		14.5
Miscellaneous Projects	15.2				15.2
Asset Management	1.8	1.0	7.7	0.3	10.7
Total - WRP 10	34.2	25.9	22.5	9.3	92.0
WRP 7 (5 mgd secondary treatment capacity, 2.5 mgd tertiary treatment capacity)					
Secondary Treatment	16.1				16.1
Tertiary Treatment	11.0				11.0
Miscellaneous Projects	2.1				2.1
Asset Management	0.3	1.6	3.4	2.6	7.9
Total - WRP 7	29.5	1.6	3.4	2.6	37.1
WRP 4 (9.9 mgd secondary treatment capacity, no tertiary treatment)					
Headworks Upgrades	2.6	17.0	0.6	3.0	23.2
Primary Treatment				11.2	11.2
Secondary Treatment	11.9	29.0	9.5		50.4
Tertiary Treatment	9.8	25.6	26.2	4.8	66.3
Miscellaneous Projects	5.5				5.5
Asset Management		3.6	1.5	2.5	7.6
Total WRP 4	29.8	75.1	37.7	21.5	164.2
WRP 1 (0.15 secondary treatment capacity) & WRP 2 (0.33 mgd secondary treatment capacity)					
WRP 1 Projects			1.2		1.2
WRP 2 Projects	0.3				0.3
Asset Management	0.3	0.9	0.3	1.1	2.4
Total – WRP 1 & 2	0.6	0.9	1.5	1.1	4.0
Other Regional Projects					
O&M Projects	0.8		1.9		2.7
Regional Biosolids	0.3				0.3
Total - Other Regional Projects	1.1		1.9		3.0
Total WRP	\$95.2	\$103.5	\$67.0	\$34.5	\$300.2

Project Budgetary Costs

Sewer Collection System

The estimated unit costs per lineal foot of gravity main, force main, cured-in-place pipe rehabilitation (CIPP), cleaning and CCTV were extracted from the 2009 CVWD Sewer Collection System Master Plan and adjusted to December 2018 costs based on the Engineering News Record (ENR) construction cost index of 11,185. These costs should be escalated to current dollars.

The replacement pipe costs (construction only) per inch-diameter vary from \$13.11/inch-diameter for 18-inch pipe to \$27.67/inch-diameter for 6-inch pipe. CIPP costs vary as a percentage of replacement pipe cost from 14 percent for 6-inch diameter pipe to 47 percent for 18-inch pipe. The CIPP costs per inch-diameter vary from \$4.00 to \$6.57 per foot.

At a minimum, the collection system costs need to be updated to current dollars using the ENR cost index. The bare construction cost estimates do not incorporate any contingency for variables such as difficult construction conditions or unknown design complexity not typically identified at the master planning stage. Therefore, the estimated sewer collection system construction costs include 30 percent of bare construction costs to account for unforeseen field conditions, which is appropriate. Current market conditions affected by pandemic-related cost increases will likely result in significantly higher costs for projects bid in the near future, at least. The collection system capital improvement costs also include an additional 15 percent of the estimated construction costs to account for administration, construction management and legal costs. This percentage does not appear to include design engineering. The rate structure needs to include the cost of design engineering and engineering services during construction, whether it is in the CIP budget, or in staff costs for in-house engineering.

Wastewater Reclamation Plants Upgrades

The estimated capital costs for the wastewater reclamation plants are in September 2019 dollars. These costs should be escalated to current dollars.

Estimated wastewater reclamation plant upgrade construction costs include 30 percent of baseline construction costs to account for unforeseen field conditions, which is appropriate for the level of planning. The estimated wastewater reclamation plant construction costs also include an additional 15 to 30 percent for engineering/design, legal, administration and construction management.

NON-POTABLE WATER IMPROVEMENTS

Introduction

WRP 10 is an 18 million gallon per day (mgd) activated sludge wastewater treatment plant that contains three separate liquid-stream secondary treatment trains, two with rated capacities of 8 mgd and the third with a rated capacity of 2 mgd. WRP 10 also contains two tertiary treatment trains that can produce up to 15 mgd of Title 22 recycled water. The tertiary plant effluent is primarily discharged to the non-potable water distribution system, with the excess secondary treated water routed to onsite percolation ponds for land disposal.

WRP 7 is a 5.0 mgd activated sludge wastewater treatment plant. WRP 7 can produce up to 2.5 mgd of Title 22 recycled water. The tertiary water is primarily discharged to the non-potable water distribution

system. The secondary effluent that is not sent to the tertiary treatment process is stored in secondary equalization basins or diverted to on-site and off-site percolation ponds for land disposal.

WRP 4 is permitted to discharge a maximum month average daily effluent flow of 9.9 mgd to the Coachella Valley Storm Water Channel. All effluent from WRP 4 is secondary treated water.

WRP 10, WRP 7 and WRP 4 are governed by permits issued through the Regional Water Quality Control Board, Colorado River Basin, which regulated discharges of wastewater to land and receiving waters. The WRP 10 discharge permit issued in March 2018 required a groundwater study to analyze WRP 10's contributions of total dissolved solids (TDS) and nitrate to the groundwater. The WRP 7 discharge permit Order (Order) was adopted on February 8, 2022. The new Order includes a more stringent interim nitrate effluent limitation for land disposal and a special provision to develop a nitrogen control strategy and work plan by August 8, 2022 to further control nitrogen below drinking water standards or describe plans to eliminate land disposal. These regulatory provisions, and similar provisions expected for WRP10, are a significant driver for the increased costs to provide sanitation service.

According to previous CVWD studies, the life-cycle costs for advanced water treatment facilities to be in compliance with the discharge permits would be approximately \$21,484 per acre-foot per year (\$/AFY) when considering both capital and O&M costs. An expansion of the tertiary treatment facilities and non-potable water distribution system has estimated annual costs of \$460/AFY and \$465/AFY at WRP 10 and WRP 7, respectively. Based on this financial analysis, CVWD has concluded that expansion of the non-potable water distribution system is the most effective strategy to meet the discharge permit requirements while achieving the groundwater basin objectives. Therefore, it appears appropriate that the non-potable water capital improvement costs are included in the sewer fund.

Since WRP 10 and WRP 7 already have limited tertiary treatment capacities and non-potable water distribution systems, we understand that these plants will be upgraded before the effluent from WRP 4 is addressed. For this reason, WRP 10 and WRP 7 have specific capital projects identified in the CIP, while WRP 4 has an overall estimated budget beyond the five-year budgeting period.

Review of Proposed Non-Potable Water Improvements

As the Non-Potable Water System Master Plan is still preliminary, CVWD provided specific excerpts from this study for review that relate to the proposed distribution systems supplied by WRP 10 and WRP 7. The information provided includes tables of unit costs, seven distribution system alternatives, and non-potable water demands in the potential non-potable water service area. Seven figures of the proposed facilities are also provided, with one figure for each distribution system alternative.

Table 1 shows construction costs per lineal foot for non-potable pipes with diameters from 8-inches to 60-inches. These unit costs appear reasonable for pipelines constructed in existing streets that require pavement removal and replacement, traffic control, crossing of existing utilities and appurtenances such as isolation valves and air vacuum relief valves. Table 1 also provides a formula to estimate construction costs for new pump stations based on the pumping capacity. This also appears reasonable. It should be noted that these estimated unit costs are in September 2021 dollars.

Table 2 shows the seven non-potable water distribution system alternatives, benefits and challenges for each alternative, and the total capital cost for each alternative. Table 3 shows the average annual demand and peak month demand for each potential larger demand non-potable water customer. This approach appears reasonable. Since many of these potential customers are existing golf courses, the demands also appear reasonable.

The figures for each distribution system alternative show pipe diameters and routings for the proposed non-potable water distribution system. The larger diameter pipes appear to be located along the backbone streets. Although a hydraulic model was not provided, the pipe routings and diameters appear reasonable.

Alternative 2, Full Expansion of Combined Low and High Pressure Non-Potable Water System appears to be the preferred alternative. This alternative has an estimated capital cost of \$164.1 million. The total pipeline capital cost is \$105.6 million, the WRP 10 Pump Station capital cost is \$42.6 million and the North Valley Pump Station capital cost is \$15.9 million. A timeline for implementation is not provided. Although West Yost was only provided with portions of the draft Non-Potable Water Master Plan, the overall approach appears to be in conformance with industry practices.

COMPARISON OF SMP TO SANITATION BASE FORECAST

West Yost obtained the Sanitation Base Forecast from CVWD staff on January 26, 2022. Although the focus of the CIP review is for the next five years, the annual CIP budget is projected through 2034. The Sanitation Base Forecast is a combination of identified projects with capital budgets per year and unidentified future projects with assumed budgets per year. As an example, sewer pipeline, manhole and lift station rehabilitation projects for the next several years are identified. For 2024 through 2030, the forecast includes budgets for unidentified projects. This approach appears reasonable as these projects will be better defined in the future but will likely be required. Table 4 compares the SMP budget to the Sanitation Base Forecast for each five-year planning period.

Table 4. Comparison of Total SMP to Sanitation Base Forecast Costs		
Time Period	SMP Cost M dollars,	Base Forecast Cost M dollars
2022 – 2026 ^(a)	135	115.8
2027 – 2031 ^(b)	138	135.0
2032 – 2034 ^(c)	139	20.2
Total Sewer Collection	\$412	\$271.0
(a) 5 Year period includes fiscal 2021 – 2025 for SMP. (b) 5-Year period includes fiscal 2026 -2030 for SMP. (c) Period includes fiscal 2031 -2035 for SMP.		

The Sanitation Base Forecast total estimated CIP costs by time span appear reasonable. As the CVWD Board of Directors requested the Engineering Department to defer costs in the initial five-year period, the Sanitation Base Forecast costs being approximately 14-percent less than the SMP appears reasonable. The second five-year period has very similar costs to the SMP, which is also reasonable. Lastly, the Sanitation Base Forecast costs for the third time period are much lower than the SMP as the Sanitation Base Forecast only includes three years and few projects have been identified for implementation in the 2030's.

As previously discussed, the SMP is presented in two general categories: Sewer Collection and Treatment. Therefore, West Yost has compared the estimated costs by category and will present our analysis with the same organization.

Sewer Collection System Capital Improvements

West Yost was able to cross-reference most of the collection projects from the SMP to the Sanitation Base Forecast. The capital costs for most of sewer collection projects are the same in both project lists. While some differences are noted, the total estimated capital costs for identified sewer collection system projects from the two sources are within 1.5-percent of each other.

Although the five-year periods do not span the same fiscal years, Table 5 compares the sewer collection system costs for the Sanitation Base Forecast time range.

Table 5. Comparison of Sewer Collection SMP to Sanitation Base Forecast Costs		
Time Period	SMP Cost M dollars,	Base Forecast Cost M dollars
2022 – 2026 ^(a)	39.9	38.0
2027 – 2031 ^(b)	34.0	23.5
2032 – 2034 ^(c)	71.7	0.0
Total Sewer Collection	\$145.6	\$61.5
(a) 5 Year period includes fiscal 2021 – 2025 for SMP. (b) 5-Year period includes fiscal 2026 -2030 for SMP. (c) Period includes fiscal 2031 -2035 for SMP.		

Overall, the estimated capital costs for the first five-year period are very comparable. The Sanitation Base Forecast is approximately 5 percent less than the SMP. As CVWD Engineering was requested to defer projects as possible, it appears reasonable that the cost is slightly lower. For later years, the Sanitation Base Forecast projects have not been identified, and thereby significantly decrease each subsequent year.

Sewer Treatment Capital Improvements

The treatment plant projects proposed in the SMP are categorized by the component of the treatment process. The Sanitation Base Forecast appears to be organized by how upgrades will actually be implemented through planning, design and construction.

Although the five-year periods do not span the same fiscal years, Table 6 compares the projects costs for the proposed capital improvements for the first 5-year period in the SMP for each WRP to the 5-year forecast by project package in the Sanitation Base Forecast.

Table 6. Comparison of WRP SMP to Base 5-Year Forecast Costs		
Facility	SMP Cost^(a) M dollars,	Base Forecast Cost^(b) M dollars
WRP 10	34.2	30.0
WRP 7	29.5	33.1
WRP 4	29.8	4.5
WRP 1	0	0
WRP 2	0.6	0.2
Other Regional Projects	1.1	0
Total WRP	\$95.2	\$67.8
(a) 5 Year period includes fiscal 2021 – 2025. (b) 5-Year period includes fiscal 2022 -2026.		

For the initial five-year time range, the SMP CIP costs are approximately 16-percent higher than the Sanitation Base Forecast cost. Some of this difference may be due to the different fiscal years being included in the 5-year projections. It may also be that some of the project implementation packages have not been developed and input into the Sanitation Base Forecast. It may also be that the SMP was more aggressive than will be executed by CVWD as requested by the Board of Directors.

The CIPs for the 20-year planning period for the SMP and the 13-year Sanitation Base Forecast were also compared. These are shown in Table 7.

Facility	SMP Cost ^(a) M dollars	Base Forecast Cost ^(b) M dollars
WRP 10	92.0	82.3
WRP 7	37.1	59.4
WRP 4	164.2	52.0
WRP 1	2.4	0
WRP 2	1.5	0.2
Other Regional Projects	3.0	0
Total WRP	\$300.2	\$193.9
(a) 20 Year period includes fiscal 2021 – 2040. (b) Period includes 2022 - 2034.		

Based on review of projects, it appears that most of the improvements to WRP 4 will be performed in the portion of the 20-year period after the shorter-term focus of the Sanitation Base Forecast. For WRP 7, it appears that additional projects for the recycled water expansion are included in the second five-year period of the Sanitation Base Forecast that are not fully detailed in the SMP.

COMPARISON OF DRAFT NON-POTABLE WATER MASTER PLAN TO SANITATION BASE FORECAST

According to the Sanitation Base Forecast, many the non-potable water distribution system projects proposed in the draft Non-Potable Water Master Plan will be implemented in the next 13-years. The Sanitation Base Forecast shows relatively uniform implementation over the next ten years. Table 8 shows the Sanitation Forecast Base totals by five-year time span and compares the total cost to the draft Non-Potable Water Master Plan.

Table 8. Comparison of Non-Potable Water Program to Sanitation Base Forecast Costs		
Time Period	NPMP Cost^(a) M dollars,	Base Forecast Cost M dollars
2022 – 2026		83.7
2027 – 2031		87.8
2032 – 2034		24.5
Total WRP	\$194.9^(b)	\$195.9^(b)
(a) Draft Non-Potable Water Master Plans does not currently include phasing.		
(b) Total includes \$30.8 M for WRP 4 non-potable water delivery system.		

As the Engineering Department has discussed the urgency and criticality of expansion of the non-potable water distribution system, it appears reasonable that the Sanitation Base Forecast shows full implementation in the next 13 years.



APPENDIX C: SANITATION FUND PRO FORMA

REPORT

**SAN ITATION FUND
COST OF SERVICE STUDY**

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Appendix C

Sanitation Fund Pro Forma

	FY 2022 Budget	FY 2023 Forecast	FY 2024 Forecast	FY 2025 Forecast	FY 2026 Forecast	FY 2027 Forecast
Rate Revenue Increase	0.0%	8.5%	8.5%	8.5%	8.5%	8.5%
Revenues						
Service Charge Revenue	\$38,548,624	\$42,063,537	\$46,103,305	\$50,530,988	\$55,383,137	\$60,702,574
Water Demand Offset Fee	\$1,944,955	\$1,315,664	\$1,329,586	\$1,342,116	\$1,356,039	\$1,368,569
Sanitation Capacity Charges	\$1,297,500	\$4,283,685	\$4,329,015	\$4,369,812	\$4,415,142	\$4,455,939
Pooled Interest Income	\$1,972,000	\$1,163,326	\$898,188	\$699,077	\$635,379	\$733,963
Commercial Dumping Fees	\$476,800	\$486,813	\$497,036	\$507,474	\$518,131	\$529,011
Other Revenues	\$2,264,000	\$2,307,537	\$2,379,256	\$2,453,224	\$2,529,515	\$2,608,200
Total Revenues	\$46,503,879	\$51,620,561	\$55,536,386	\$59,902,691	\$64,837,342	\$70,398,257
Operating Expenses						
Salaries and Benefits	\$22,503,568	\$23,853,782	\$24,927,202	\$26,048,926	\$27,221,128	\$28,446,079
Less: Capitalized Labor	(\$932,773)	(\$1,653,739)	(\$1,698,233)	(\$1,744,728)	(\$1,793,316)	(\$1,844,090)
Supplies and Services	\$10,781,968	\$11,198,859	\$11,672,187	\$12,108,733	\$12,570,440	\$12,990,642
Utilities	\$4,638,646	\$4,736,058	\$4,835,515	\$4,937,061	\$5,040,739	\$5,146,594
Minor Capital Outlay	\$3,100	\$3,165	\$3,232	\$3,299	\$3,369	\$3,439
Total Operating Expenses	\$36,994,509	\$38,138,124	\$39,739,903	\$41,353,291	\$43,042,360	\$44,742,665
Operating Income (Loss)	\$9,509,370	\$13,482,437	\$15,796,483	\$18,549,400	\$21,794,982	\$25,655,592
Debt Service						
Existing Debt Service	\$0	\$900,259	\$1,104,555	\$1,104,555	\$1,104,555	\$1,104,555
Future Debt Service	\$306,000	\$900,334	\$1,294,817	\$1,694,386	\$2,129,956	\$2,594,788
Total Debt Service	\$306,000	\$1,800,594	\$2,399,372	\$2,798,942	\$3,234,511	\$3,699,343
PAYGO CIP	\$11,073,765	\$18,225,333	\$20,670,378	\$18,739,982	\$16,996,546	\$15,267,384
SCC Funded PAYGO CIP	\$1,422,500	\$4,084,000	\$5,983,611	\$6,966,055	\$4,748,806	\$1,759,673
Total Revenue Requirement	\$49,796,774	\$62,248,051	\$68,793,265	\$69,858,269	\$68,022,223	\$65,469,064
Over (Under) Expenses	(\$3,292,895)	(\$10,627,489)	(\$13,256,878)	(\$9,955,578)	(\$3,184,881)	\$4,929,192
Beginning Balance	\$72,086,672	\$68,793,777	\$58,166,288	\$44,909,409	\$34,953,831	\$31,768,950
Ending Balance	\$68,793,777	\$58,166,288	\$44,909,409	\$34,953,831	\$31,768,950	\$36,698,142
Designated Reserve Policy	\$23,949,156	\$26,741,543	\$28,304,595	\$29,209,349	\$30,683,051	\$32,239,474
Over (Under) Reserve Policy	\$44,844,621	\$31,424,744	\$16,604,814	\$5,744,482	\$1,085,898	\$4,458,668



THANK YOU!



911-A Commerce Road, Annapolis, MD 21401
Phone: 1-443-951-4207
E-mail: ecalocchia@newgenstrategies.net
www.newgenstrategies.net