ORDINANCE NO. 3040

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, AUTHORIZING INCREASES TO THE RATES FOR ITS SOLID WASTE SERVICE CHARGES AND OTHER MISCELLANEOUS ONE-TIME SOLID WASTE FEES.

WHEREAS, it is the policy of the City of Ontario (the "City") that the accumulation, collection, removal, disposal, composting, and recycling of refuse shall be controlled by the City for the protection of the public health, safety, and welfare and to contribute toward the diminution of health hazards and pollution in the City; and

WHEREAS, the City Council finds that to give practical effect to this policy, a comprehensive system for the periodic collection, removal, disposal, composting and/or recycling of refuse from all premises in the City is essential and benefits all residents of the City; and

WHEREAS, the City currently has in place uniform requirements and regulations for direct and indirect users of the refuse and recycling collection services of the City which allow the City to comply with all applicable state and federal laws, including, but not limited to, The Integrated Waste Management Act of 1989, Public Resources Code §§ 49520-49524, California Code Title 14 Division 7 and any subsequent amendments to each; and

WHEREAS, the City determined to undertake a rate study to analyze the revenue requirements, and the rate structure necessary to proportionately allocate the costs of providing solid waste services (including recyclable material) to its solid waste customers; and

WHEREAS, the rate study demonstrates that existing solid waste revenues are and will be insufficient to cover current and projected operations and maintenance and equipment replacement costs of the City's Solid Waste Services (the "Services"); and

WHEREAS, a report of the results of the rate study (the "Rate Report"), attached hereto as Exhibit A and by this reference incorporated herein, has been prepared which includes the proposed rates for the solid waste service charges and documents the estimated and reasonable costs of providing the Services in the City; and

WHEREAS, the findings and determinations contained herein are based upon the Rate Report documenting the estimated reasonable costs of providing the Services to customers in the City; and

WHEREAS, the rates for solid waste service charges are comprised of two customer classes – (1) customers who use automated containers for refuse, green waste and recyclable materials ("recycling"); and (2) customers who use bins, roll off containers, or compactor bins; and

WHEREAS, for customers with automated refuse containers, the rates are determined on the basis of the size (in gallons) of the containers collected and the number of pickups per week. This includes a set of 3 containers for each property – one container for trash, one for recycled waste, and one for green waste. Any additional containers are subject to an additional charge. For customers with bins, the rates are determined on the basis of: the size of the bin (in cubic yards); the number of pickups per week; and the type of waste collected; and

WHEREAS, there are two service areas within the City for solid waste services – the Old Model Colony and the Ontario Ranch (formerly New Model Colony) service areas; and

WHEREAS, the City has determined to adopt a two-year schedule of rate increases for the solid waste service charges; and

WHEREAS, the schedule of proposed rates for the solid waste service charges is attached hereto as Exhibit B and by this reference incorporated herein and by this reference made an operative part hereof; and

WHEREAS, the City made available to the public the Rate Report documenting the estimated costs required to provide the Services for which the solid waste service charges are proposed to be increased and the revenue sources anticipated to provide such Services; and

WHEREAS, the City Council hereby finds and determines the following with regard to the proposed solid waste service charges:

1. The revenues derived from the proposed solid waste (including recyclable material) service charges will not exceed the funds required to provide the Services and shall be used exclusively for providing these Services;

2. The amount of the proposed solid waste service charges will not exceed the proportional cost of the Services attributable to each parcel;

3. The proposed solid waste service charges are imposed for Services which are immediately available to the customer;

4. The proposed solid waste charges will not be used for any other purpose than that for which they are imposed;

5. The proposed solid waste charges are not levied for general governmental services; and

6. The proposed solid waste service charges represent increases in the charges needed to provide the Services and to operate the City's solid waste system and facilities; and

WHEREAS, the City hereby finds and determines that in accordance with the provisions of California Constitution article XIII D, section 6 ("Article XIII D"):

1. The City identified the parcels upon which the solid waste service charges are proposed to be imposed, and calculated the amount of the charges proposed to be imposed;

2. On December 4, 2015, the City mailed written Notice to the record owners of the parcels upon which the solid waste service charges are proposed to be imposed and any tenants directly liable for the payment of solid waste service charges ("customers"), which explained: (a) the amount of the charges; (b) the basis on which they were calculated; (c) the reason for the increases; and (d) the date, time, and location of the public hearing on the proposed increases; and

3. On January 19, 2016 (more than 45 days after mailing the Notice), the City conducted a public hearing and considered all written protests against the proposed increases to the solid waste service charges.; and

4. At the conclusion of the public hearing, written protests against the proposed increases to the solid waste service charges were not presented by a majority of customers subject to the proposed charges; and

WHEREAS, the City has also determined to increase the rates for other miscellaneous one-time solid waste fees that are imposed as a request by a customer for a specific service or product; and

WHEREAS, the Rate Report also includes the proposed rates for the new miscellaneous one-time solid waste fees and documents the estimated and reasonable costs of providing the services or products related thereto; and

WHEREAS, the City hereby finds and determines that in accordance with the provisions of California Constitution article XIII C, section 1(e)(2), the new miscellaneous one-time solid waste fees that are imposed as a request for a service or product are imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and do not exceed the reasonable costs to the City of providing the service or product; and

WHEREAS, in accordance with the California Environmental Quality Act ("CEQA") and the CEQA Guidelines, the City Staff has determined that the increases in solid waste service charges and miscellaneous one-time solid waste fees are exempt from CEQA pursuant to Section 15378 and Section 15273 of the CEQA Guidelines because: (a) the increased fees and charges are for the purpose of meeting operational and maintenance expenses of the aforementioned services; and (b) the fees and charges constitute the creation of a funding mechanism/other governmental fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

SECTION 1. The City Council hereby finds and determines that the recitals discussed above are true and correct and are hereby incorporated and adopted as findings and determinations by the City Council as if fully set forth herein.

SECTION 2. The current rates for solid waste service charges as set forth in Exhibit B shall remain in full force and effect in accordance with the schedule set forth in Exhibit B. Commencing March 4, 2016 and January 1, 2017, respectively, the City Council hereby authorizes and establishes the rates for solid waste service charges as more fully set forth in Exhibit B.

SECTION 3. The current rates for the miscellaneous one-time solid waste fees as set forth in Exhibit B shall remain in full force and effect in accordance with the schedule set forth in Exhibit B. Commencing March 4, 2016, and January 1, 2017, respectively, the City Council hereby authorizes and establishes the rates for the miscellaneous one-time solid waste fees as more fully set forth in Exhibit B.

SECTION 4. If any section, subsection, subdivision, sentence, clause, or phrase in this Ordinance or any part thereof is for any reason held to be unconstitutional or invalid, ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Ordinance or any part thereof. The City Council hereby declares that it would have adopted each section irrespective of the fact that any one or more subsections, subdivisions, sentences, clauses, or phrases be declared unconstitutional, invalid, or ineffective.

SECTION 5. This Ordinance shall supersede all other previous City Council resolutions and ordinances that may conflict with, or be contrary to, this Ordinance.

SECTION 6. A full reading of this Ordinance is hereby waived. This Ordinance was introduced at a regular meeting of the City Council of the City of Ontario, California, on January 19, 2016, and thereafter adopted at a regular meeting of the City Council held on the 2nd day of February 2016.

SECTION 7. This Ordinance shall become effective thirty (30) calendar days after its adoption by the City Council.

SECTION 8. The Mayor shall sign this Ordinance and the Assistant City Clerk shall certify as to the adoption and shall cause a summary thereof to be published at least once, in a newspaper of general circulation in the City of Ontario, California within fifteen (15) days of the adoption. The Assistant City Clerk shall post a certified copy of this ordinance, including the vote for and against the same, in the Office of the City Clerk, in accordance with Government Code Section 36933.

SECTION 9. City staff is directed to file a Notice of Exemption within five (5) days of the adoption of this Ordinance.

PASSED, APPROVED, AND ADOPTED this 2nd day of February 2016.

PAUL S. LEON, MAYOR

ATTEST:

VICKI KASAD, MMC, ASSISTANT CITY CLERK

APPROVED AS TO FORM:

BEST BEST & KRIEGER LLP
CITY ATTORNEY

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)
CITY OF ONTARIO)

I, VICKI KASAD, Assistant City Clerk of the City of Ontario, DO HEREBY CERTIFY that foregoing Ordinance No. 3040 was duly introduced at a regular meeting of the City Council of the City of Ontario held January 19, 2016 and adopted at the regular meeting held February 2, 2016 by the following roll call vote, to wit:

AYES:	MAYOR/COUNCIL MEMBERS:	LEON, DORST-PORADA, WAPNER AND BOWMAN
NOES:	COUNCIL MEMBERS:	AVILA
ABSENT:	COUNCIL MEMBERS:	NONE

VICKI KASAD, MMC, ASSISTANT CITY CLERK

(SEAL)

I hereby certify that the foregoing is the original of Ordinance No. 3040 duly passed and adopted by the Ontario City Council at their regular meeting held February 2, 2016 and that Summaries of the Ordinance were published on January 26, 2016 and February 9, 2016, in the Inland Valley Daily Bulletin newspaper.

VICKI KASAD, MMC, ASSISTANT CITY CLERK

(SEAL)

EXHIBIT A

City of Ontario

ONTARIO MUNICIPAL UTILITIES COMPANY

Solid Waste, Sewer, & Water Rate Report

EXECUTIVE SUMMARY

The City recently evaluated the service and infrastructure needs, programs, operation and maintenance costs of the City's solid waste, sewer and water enterprises. The City has determined that solid waste, sewer and water service charges are and will be insufficient to cover (i) current and projected operations and maintenance costs for providing solid waste, sewer and water services and (ii) the cost of capital infrastructure improvements needed to cover anticipated costs repair and update the City's water and sewer systems. Accordingly, the City has determined that rate increases are necessary to address the need for infrastructure and sewer and water quality improvements, and to avoid operational deficits and depletion of reserves.

The following table illustrates the combined effect of the proposed rate increases on the monthly utility bill for City charges for "Typical Residential" and "Typical Commercial – Industrial" customers over the next two years.

Combined Utility Rate

Typical Residential

Service	Current	March 2016	January 2017
Solid Waste	$ 27.14	$ 27.41	$ 27.68
Sewer	$ 13.37	$ 13.50	$ 13.63
Water	$ 66.01	$ 67.49	$ 68.97
Combined	$106.52	$108.40	$110.28

Typical Commercial - Industrial

Service	Current	March 2016	January 2017
Solid Waste	$ 288	$ 291	$ 294
Sewer	$ 233	$ 235	$ 237
Water	$ 986	$1,010	$1,035
Combined	$1,507	$1,536	$1,566

SOLID WASTE ENTERPRISE

A review of the solid waste service charges indicates that current and projected revenue estimates based on the current rates are not sufficient to cover the anticipated cost of providing solid waste services. Therefore, staff recommends changes to the solid waste rates that the City should charge its customers in calendar years 2016 and 2017. Increases in the cost of handling, transfer and landfill disposal of the materials the City collects and the increased cost of service to meet legislative mandates related to expanded diversion and recycling in order to help reduce greenhouse gas emissions, such as commercial and industrial recycling, food waste recycling, and special material (e.g., tires, mattresses, and electronic waste) handling and recycling programs are primary drivers of the recommended rate increases.

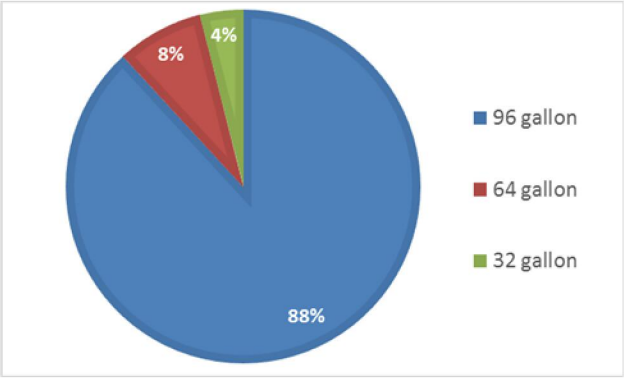
To offset some of the cost increases associated with handling and disposal and regulatory requirements, the City has implemented cost avoidance and cost cutting measures, including extending the useful life of solid waste vehicles to reduce capital replacement cost, and increasing operational efficiency to reduce labor costs, in order limit the proposed rate increase to a minimum.

The City provides the following three types of collection service to its customers:

Automated curbside: The City offers three sizes of containers to automated service customers, 32-gallon, 64-gallon and 96-gallon. The charges are based on the size of containers. In FY 2014-15, the City served approximately 31,250 automated service customers, about eighty-eight percent (88%) of automated service customers used the 96-gallon containers, about eight percent (8%) used the 64-gallon containers and about four percent (4%) used the 32-gallon containers.

Figure 1

FY 2014-15 Residential Curbside Service

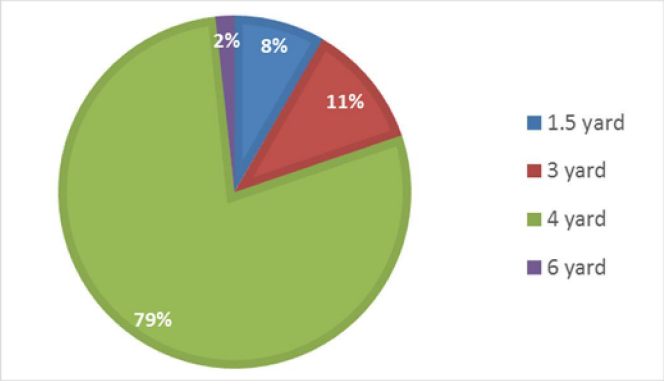


For residential automated service customers, the rates for service are different in the "Old Model Colony" (OMC) and the "Ontario Ranch" based on a differential cost of service. The difference in the cost of service is primarily driven by 1) greater collection times servicing stops; and 2) greater transportation distances. It takes approximately 20% longer to service a typical residential route in Ontario Ranch than it does in the OMC due to the increased housing densities as well as access. Also, the average distance of travel per day for the collection vehicles is approximately 30% greater than in the OMC. Together, these factors result in a higher cost of service (e.g., more collection vehicles, more personnel, fuel costs, etc.) for the Ontario Ranch when compared to the OMC.

Commercial bins: Commercial bin service includes collection of 1.5 cubic-yard, 3.0 cubic-yard, 4.0 cubic-yard, and 6.0 cubic-yard standard and compactor bins for refuse, organics, greenwaste, and co-mingled recycling. In FY 2014-15, the City serviced approximately 5,655 commercial bin customers and about seventy-nine percent (79%) of these were 4.0 cubic-yard bins.

Figure 2

FY 2014-15 Commercial Bin Service



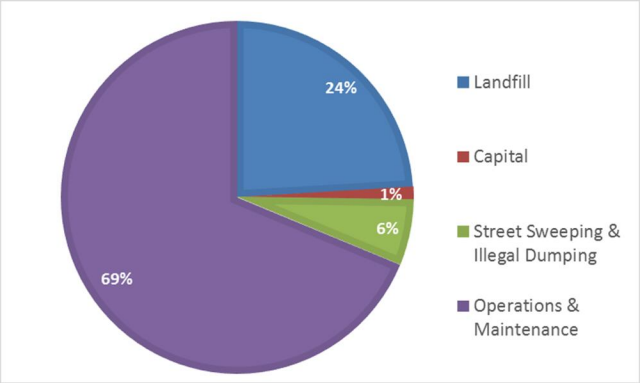
Roll-off bins: Roll-off service includes open-top and compactor service for refuse, single-commodity recycling, greenwaste, and inert material. In FY 2014-15, the City serviced approximately 12,795 roll-off loads.

The City continues to exceed the State mandated diversion rate for recyclable materials. To further encourage recycling, the City offers specific services and rates for co-mingled recycling and greenwaste collection services for automated service customers, organics, greenwaste and co-mingled recycling collection services for commercial bin customers, and single-commodity recycling, greenwaste, and inert collection services for roll-off customers.

Solid waste expenses consist of landfill disposal costs including handling, transfer, and recycling services; operation and maintenance (O&M) expenses including general overhead costs related to supervision, utility billing and customer service, and cost allocations to the General Fund for City provided services; street sweeping and illegal dumping clean up services; and a capital improvement program, as illustrated by Figure 3.

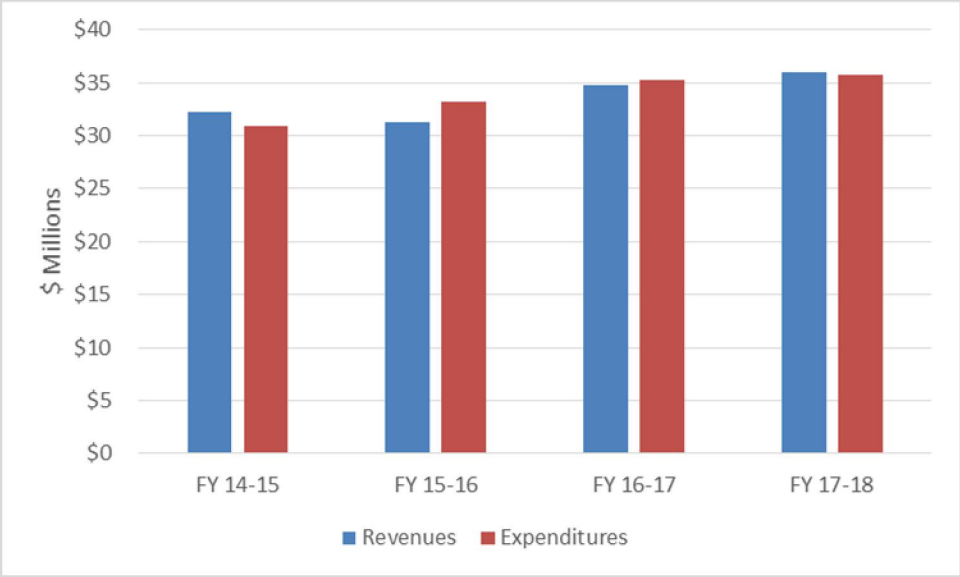
Figure 3

FY 2014-15 Expenses - $31 million



The City's current solid waste rates will not generate adequate revenue to cover the City's projected expenditures, as illustrated by Figure 4.

Figure 4



Since revenues generated by the existing solid waste service charges included in Table 1 are not adequate to cover the anticipated expenditures to provide solid waste services, staff recommends the following solid waste rates that the City should charge its customers in March 2016 and January 2017. Staff will continue to periodically review the financial plan to ensure continued financial stability.

Table 1

Proposed Solid Waste Rate Schedule

Automated Refuse Container Collection Rates								
Old Model Colony	Gallons	First Refuse Container Set			Additional Refuse Containers			
		Current	3/4/2016	1/1/2017	Current	3/4/2016	1/1/2017	
	96	$27.14	$27.41	$27.68	$24.78	$25.03	$25.28	
	64	$23.60	$23.83	$24.06	$21.24	$21.45	$21.66	
	32	$20.07	$20.27	$20.47	$17.70	$17.89	$18.08	
Ontario Ranch	Gallons	First Refuse Container Set			Additional Refuse Containers			
		Current	3/4/2016	1/1/2017	Current	3/4/2016	1/1/2017	
	96	$30.67	$30.97	$31.27	$28.00	$28.28	$28.56	
	64	$26.67	$26.93	$27.19	$24.00	$24.24	$24.48	
	32	$22.67	$22.89	$23.11	$20.00	$20.20	$20.40	

Bin Monthly Rates (Refuse/Organics)									
Bin Size (Cubic Yards)	One Pickup/Week			Each Extra Pickup/Week			Saturday Service		
	Current	3/4/2016	1/1/2017	Current	3/4/2016	1/1/2017	Current	3/4/2016	1/1/2017
1.5	$104.00	$105.00	$106.00	$94.68	$96.00	$97.00	$113.62	$115.00	$116.00
3	$123.81	$125.00	$126.00	$110.24	$112.00	$113.00	$131.09	$132.00	$133.00
4	$152.94	$155.00	$157.00	$135.25	$137.00	$138.00	$162.30	$164.00	$166.00
6	$215.36	$218.00	$220.00	$195.60	$198.00	$200.00	$234.72	$237.00	$240.00

Bin Monthly Rates (Recycling/Green)									
Bin Size (Cubic Yards)	One Pickup/Week			Each Extra Pickup/Week			Saturday Service		
	Current	3/4/2016	1/1/2017	Current	3/4/2016	1/1/2017	Current	3/4/2016	1/1/2017
1.5	$35.00	$35.35	$35.70	$35.00	$35.35	$35.70	$42.00	$42.50	$43.00
3	$50.00	$50.50	$51.00	$50.00	$50.50	$51.00	$60.00	$60.60	$61.20
4	$59.00	$59.60	$60.20	$59.00	$59.60	$60.20	$70.80	$71.50	$72.25
6	$78.00	$78.80	$79.60	$78.00	$78.80	$79.60	$93.60	$94.50	$95.50

Roll Off Container Service Rates			
	Current	3/4/2016	1/1/2017
Refuse (Open Top or Compactor) Includes Disposal up to 5 tons	$499.00	$505.00	$510.00
Recycling (Open Top or Compactor) Actual Disposal Costs Additional	$154.00	$156.00	$158.00
Inert/Green/Wood (Open Top or Compactor) Actual Disposal Costs Additional	$194.00	$196.00	$198.00

Compactor Bin Monthly Rates									
Bin Size (Cubic Yards)	One Pickup/Week			Each Extra Pickup/Week			Saturday Service		
	Current	3/4/2016	1/1/2017	Current	3/4/2016	1/1/2017	Current	3/4/2016	1/1/2017
1.5	$175.83	$177.00	$179.00	$175.83	$177.00	$179.00	$211.00	$213.00	$215.00
2	$198.72	$201.00	$203.00	$198.72	$201.00	$203.00	$238.47	$241.00	$244.00
3	$244.49	$247.00	$249.00	$244.49	$247.00	$249.00	$293.39	$296.00	$299.00
4	$291.31	$294.00	$297.00	$291.31	$294.00	$297.00	$349.58	$353.00	$357.00
6	$383.91	$388.00	$392.00	$383.91	$388.00	$392.00	$460.70	$466.00	$471.00

SEWER ENTERPRISE

A review of the sewer service charges indicates that current and projected revenue estimates based on the current rates are not sufficient to cover the anticipated cost of providing sewer services. Therefore, staff recommends changes to sewer rates that the City should charge its customers in calendar years 2016 and 2017.

Sewer service charges are billed on a monthly basis. The rate structure for sewer service charges has three customer classifications – (1) single-family residential customers; (2) multi-family residential customers; and (2) non-residential, which includes commercial and industrial customers. The rate structure is comprised of two components: (1) a charge for capital replacement, operations and maintenance, billing, customer service, and other related costs ("City Charge"); and (2) a treatment charge for costs imposed on the City by Inland Empire Utilities Agency (IEUA) ("IEUA Charge") that is passed through by the City to its sewer customers. The rates are calculated to proportionately allocate capital replacement, operations, maintenance, and treatment costs to each customer class.

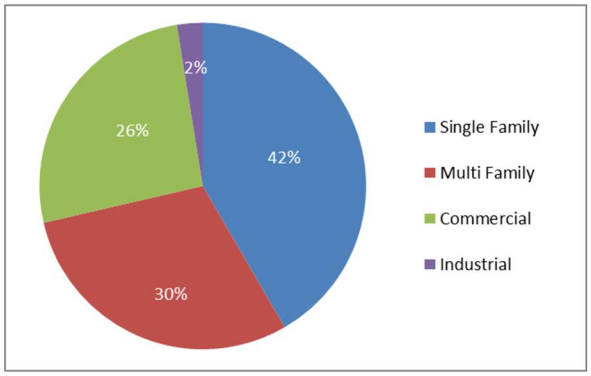
For single-family and multi-family residential customers, the rates for the City Charge are determined on the basis of the number of residential units on the property. For non-residential customers, the rates for the City Charge have two components: (1) a variable equivalent dwelling unit (EDU) charge; and (2) a fixed unit charge. The EDU charge is determined on the basis of the amount of metered water delivered to the property and assumptions of the amount of water returned to the sewer (i.e., "flow") based on the customer's classification, and is designed to recover a portion of the utility's costs of providing sewer service such as capital replacement, operations and maintenance, billing and customer service. The fixed unit charge is determined on the basis of the type of commercial activity where the service is provided and is designed to recover a portion of the utility's cost of providing sewer service such as permitting, inspection and environmental regulatory costs.

The IEUA Charge for residential and non-residential is based on the number of EDUs. For residential customers, this charge is fixed at one (1) EDU of a single family residence, and seven tenths of one (0.7) EDU for a multi-family unit. For non-residential customers, the charge varies from month to month based on the number of EDUs as determined by sewer flow and water consumption.

As shown in Figure 5, together, single-family and multi-family customers are approximately 72 percent of the EDUs.

Figure 5

FY 2014-15 EDUs by Customer Class



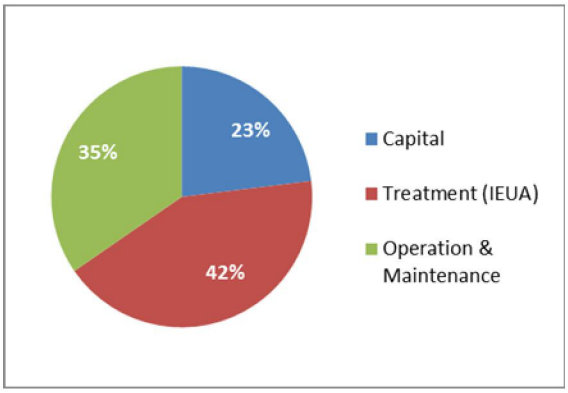
The City sewer expenses consist of the cost of operation and maintenance (O&M) including sewer line cleaning, video inspection, repairs, and environmental programs. In accordance with the City's Sewer System Management Plan (SSMP), approximately 1.2 million linear feet of sewer collection pipelines are inspected and cleaned in order to prevent the buildup of debris, such as sand, silt, grease, roots and rocks that can significantly reduce the capacity of the pipes causing blockages and overflows. Environmental program responsibilities include issuance of industrial discharge permits, monitoring sewer discharge data, conducting compliance inspections of commercial grease interceptors as part of the City's "FOG" (Fats, Oils & Grease) program and inspections of permitted industrial facilities, as well as monitoring and reporting on sanitary sewer overflows (SSO). Other costs covered by the City charges for sewer services include general overhead costs related to supervision, utility billing and customer service, cost allocations to the General Fund for City provided services, and a capital improvement program, as shown in Figure 6.

The City's sewer system consists of more than 393 miles of sewer pipes along with 7,800 manholes and cleanouts, and the average age of pipelines throughout Ontario is about 45 years, with some sections still in use today that date back to the 1890's. The sewer master plan estimates the cost to replace the entire system today at more than $325 million. Additionally, the master plan identifies more than $100 million in capital improvement projects that are needed to correct existing system deficiencies where peak sewer flows are greater than the capacity of the pipelines. The overall age and condition of the sewer system

creates a significant liability for the sewer fund. The capital improvement program is developed in order to prioritize projects within available funding, currently averaging about $5 million per year, in order to address this liability on an annual basis.

Figure 6

FY 2014-15 Expenses - $21 million



The graph includes the cost of treatment provided by IEUA. The City pays IEUA to treat its sewer and these costs are passed on to City sewer customers through the IEUA Charge.

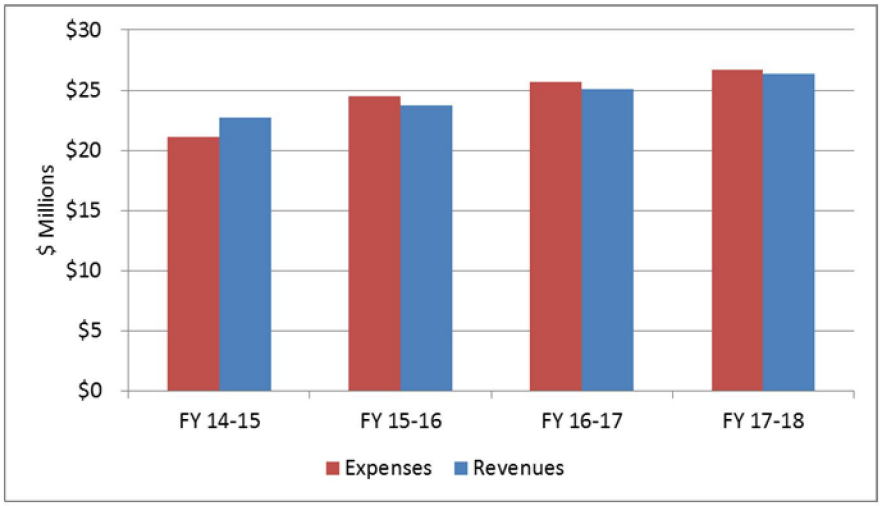
Based on IEUA projections, the current IEUA charge will not generate adequate revenues to cover the treatment cost. The IEUA Board has adopted increases to the IEUA Charge, from the current charge of $15.89 per EDU to $17.14 per EDU in 2016 and $18.39 per EDU in 2017 (see Figure 7). If approved by the City Council, the proposed IEUA Charges may be imposed for the periods commencing on July 1, 2016 and July 1, 2017, respectively. Prior to implementing any IEUA Pass Through Adjustment that the IEUA Board may consider and adopt, the City will provide written notice of the rate increase not less than 30 days prior to its effective date.

Figure 7

IEUA Pass Through Charge

The City's current sewer rates will not provide adequate revenue to cover the City's costs for O&M and the capital improvement program, as illustrated by Figure 8.

Figure 8



As a result of the anticipated increases in the costs of providing sewer service, the City is proposing to increase the City Charges for sewer services in March 2016 and January 2017 and to pass through future IEUA Charges for treatment over the two-year period. The proposed rates for the sewer service charges are set forth below for the different customer classes are summarized in Table 2.

Table 2

Proposed Rates for Sewer Services

CURRENT AND PROPOSED MONTHLY RATES FOR CITY SEWER SERVICE CHARGES

EDU Rates				**Unit Rates**			
Customer Class	**Current**	**3/4/2016**	**1/1/2017**	****Rates for Per Building Unit or Room Sewer Service Charges for Non-Residential Customers**	**Current**	**3/4/2016**	**1/1/2017**
Single Family Residential ($/Unit)	$13.37	$13.50	$13.63	Hotel/Motel ($/ Room)	$8.38	$8.45	$8.55
Multiple Family Residential ($/Unit)	$12.84	$12.97	$13.10	Professional Offices ($/ Building Unit)	$13.16	$13.30	$13.45
Non-Residential per EDU * ($/EDU)	$13.37	$13.50	$13.63	Other Commercial ($/Building Unit)	$32.25	$32.60	$32.90
(*) EDU (Equivalent Dwelling Unit) is a term used to compare the flows from non-residential units in terms of flows generated by a single family residential unit. (**) Non-residential customers also pay a "per building unit" charge as shown in the table at right.				Categorical/Significant Industry ($/ Permitted Unit (SIU))	$120.62	$121.80	$123.00
				Class II Industry ($/Permitted Unit)	$120.62	$121.80	$123.00
				Other Industries ($/Permitted Unit)	$60.37	$61.00	$61.60

Based on the charges adopted and imposed on the City by IEUA, the current and proposed rates for IEUA Charges are set forth below:

CURRENT AND PROPOSED MONTHLY RATES FOR IEUA CHARGES

Monthly Rates	IEUA Pass Through Rates		
	Current	7/1/2016	7/1/2017
Volumetric Rate per EDU*	$15.89	$17.14	$18.39
(*) EDU (Equivalent Dwelling Unit) is a term used to compare the flows from non-residential units in terms of flows generated by a single family residential unit. Multi-family is 0.7 EDU.			

WATER ENTERPRISE

A review of the water service charges indicates that current and projected revenue estimates based on the current rates are not sufficient to cover the anticipated cost of providing water services. Therefore, staff recommends changes to water rates that the City should charge its customers in calendar years 2016 and 2017.

Water service charges are billed on a monthly basis. The proposed water rate structure for water service charges has two customer classes – (1) residential, which includes single-family and multi-family customers; and (2) non-residential, which includes, commercial and industrial customers. The rate structure is comprised of two components: (1) a fixed monthly service charge (the "Readiness to Serve Charge"); and (2) a variable monthly water usage charge (the "Commodity Charge"). The Readiness to Serve Charge is a fixed charge established on the basis of the meter size of the property receiving water service from the City and is calculated to recover the City's fixed costs of water facilities repairs and replacements as well as the cost of meter reading, billing and customer service. The Commodity Charge is calculated on the basis of the cost of providing water, including purchasing water, managing the City's water resources, and deterring water waste and encouraging water use efficiency, and a portion of the utility's fixed costs, and consists of two tiers which will impose higher rates per unit of water (one unit equals one hundred cubic feet or 748 gallons) as the level of consumption increases. The first tier cut-off is 15 hundred cubic feet (hcf) per month. Together, the two components are structured in such a way as to proportionately allocate capital replacement, operations and maintenance costs to each customer class, while managing the City's water resources.

In addition to the general water service charge imposed on property owners, the City also imposes a monthly private fire service fee on certain properties. The private fire service fee is imposed only as a condition of extending or initiating water service by (i) the installation of a private fire hydrant, or (ii) upon the request of the consumer or property owner for the delivery of water to the property for the purpose of private fire service protection.

The City serves approximately 33,570 individual water customer accounts. Single family accounts make up the largest customer group with approximately 79 percent of the total accounts (see Figure 9). The average water usage for a single family residence is approximately 18 hcf per month (450 gallons per day), and single family residents accounted for about 35 percent of the total water consumed in the City (see Figure 10).

Figure 9
FY 2014-15 Meters by Customer Class

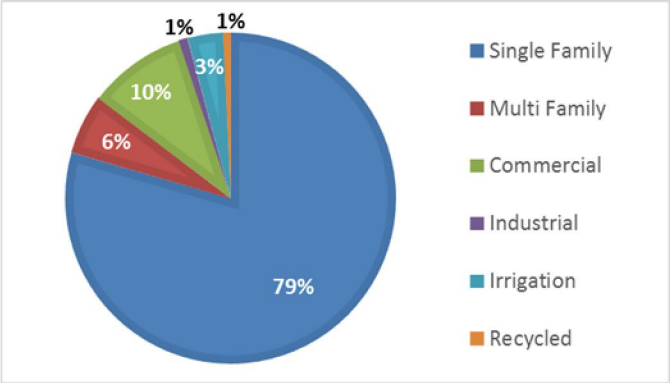
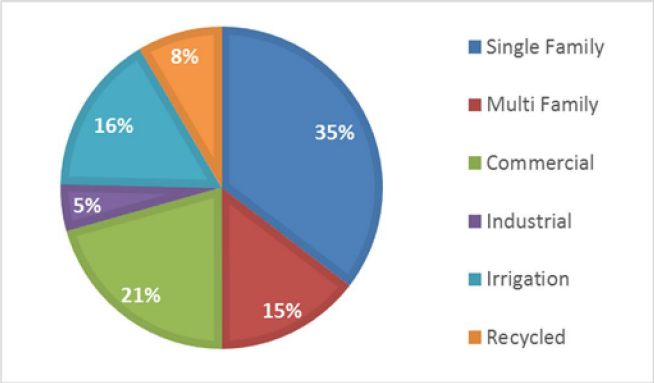
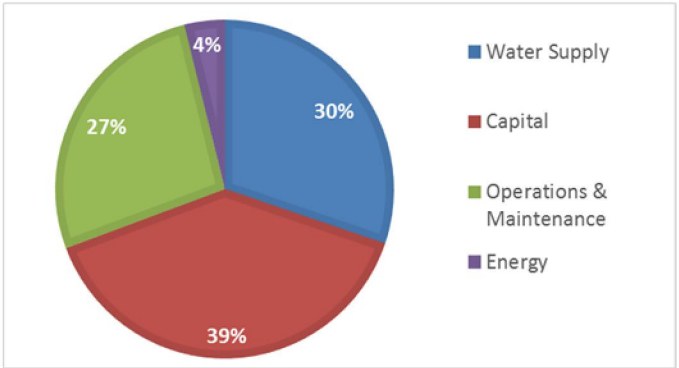


Figure 10
FY 2014-15 Usage by Customer Class



Water expenses consist of water supply costs including the cost to purchase imported water and supplemental water production rights, cost of energy for water production; other operation and maintenance (O&M) expenses including cost of system maintenance, general overhead costs related to supervision, utility billing and customer service, and cost allocations to the General Fund for City provided services; and a capital improvement program, as illustrated by Figure 11.

Figure 11
FY 2014-15 Expenses - $59 million



The City's potable water supply includes imported water from Metropolitan Water District (MWD), groundwater pumped from its wells in the Chino Basin, and desalted water from the Chino Basin Desalter Authority (CDA) (see Figure 12). The Desalter expansion that is currently underway is anticipated to provide 3,533 acre feet (AF) of additional potable water per year. In addition to these potable water sources, the City uses recycled water for groundwater replenishment and for direct use in landscape irrigation and some industrial applications.

While an important part of Ontario's water supply, there is rapid escalation in the cost to purchase recycled water from IEUA, as illustrated by Figure 13. As a result, the cost to provide recycled water to Ontario's customers has increased.

Figure 12

FY 2014-15 Water Supply by Source

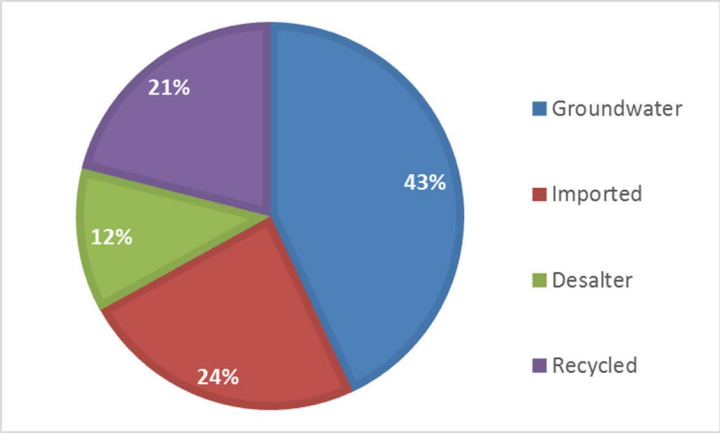
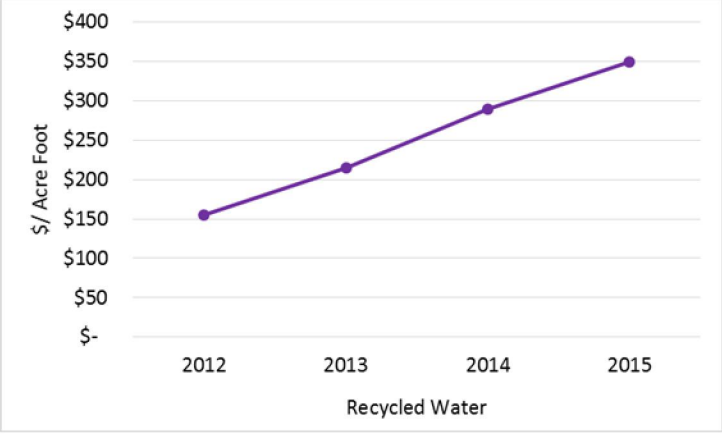


Figure 13

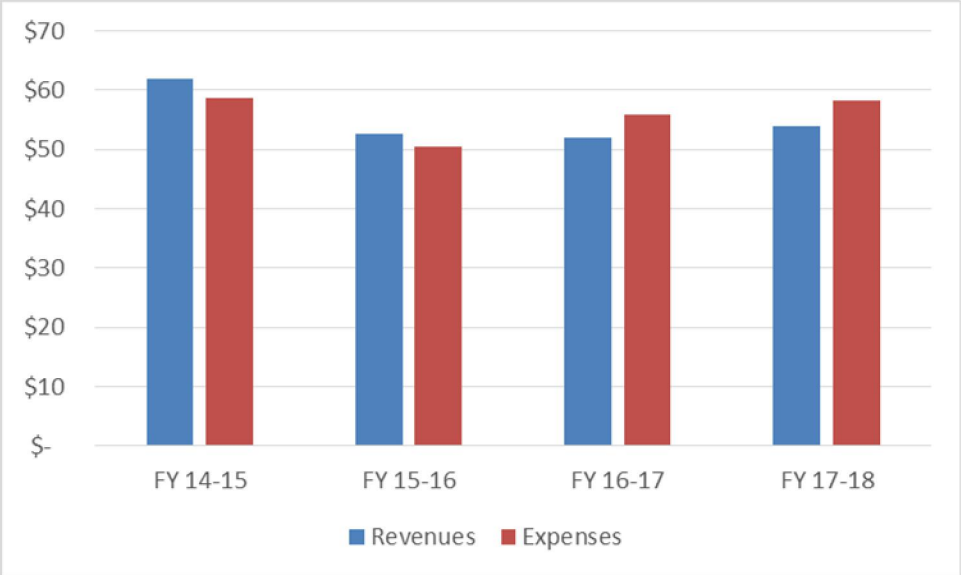
Recycled Water Cost ($/AF)



The water and recycled water master plans establish the basis and cost for new and replacement capital infrastructure required to maintain reliable water service for existing users and to expand the water systems for future users. The City maintains about 605 miles of main water pipelines, and the average age of the pipelines throughout Ontario is about 35 years, with about 115 miles (21%) of these being 50 years and older. The water system also consists of 24 active groundwater wells, 12 water reservoirs that store 75 million gallons of water, pressure reducing stations, booster stations, and water treatment facilities. The water master plan estimates the cost to replace the entire system today at more than $700 million. Additionally, the master plans identify more than $150 million in capital improvements that are needed to correct existing deficiencies primarily related to meeting fire flow requirements. Planned infrastructure improvements include ongoing meter replacement, additional water storage capacity, replacement of aging water production wells (five out of the City's twenty-four active wells are more than 40 years old), additional water treatment, and projects that will provide site security and system reliability such as seismic retrofits for existing water facilities.

The City's projected expenditures will exceed the available resources under the existing rates, as illustrated by Figure 14.

Figure 14



The City has experienced and anticipates future increases in the costs to operate and maintain the water system and to provide ongoing water system repairs, replacements, and upgrades. As a result of the anticipated increases in the costs of providing water service, the City is proposing to increase the City Charges for water services over the two-year period, commencing March 2016 and January 2017. Included in the proposed rates are the cost of imported water from wholesale agencies and fees imposed by regulatory agencies. The proposed rates for water service charges for the different customer classes are summarized in Table 3 below:

Table 3

Commodity Rates/HCF/Month

Monthly Water Use (Potable)	Commodity Charge Rates $/HCF (Hundred Cubic Feet = 748 gallons)		
	Current	3/4/2016	1/1/2017
0-15 HCF	$2.34	$2.39	$2.44
More than 15 HCF	$2.72	$2.78	$2.84

Monthly Water Use (Recycled)	Commodity Charge Rates $/HCF (Hundred Cubic Feet = 748 gallons)		
	Current	3/4/2016	1/1/2017
Per HCF	$1.56	$1.63	$1.71

Fire Service Charge Rates $/Month				Readiness-to-Serve Charge Rates $/Month						
					Potable Water Rates			Recycled Water Rates		
Pipe Size	Current	3/4/2016	1/1/2017	Meter Size	Current	3/4/2016	1/1/2017	Current	3/4/2016	1/1/2017
2”	$12.10	$12.40	$12.70	5/8"	$22.75	$23.30	$23.85	$12.60	$13.25	$13.90
4”	$24.65	$25.25	$25.85	3/4”	$30.70	$31.45	$32.20	$17.10	$17.95	$18.85
6”	$49.05	$50.25	$51.45	1"	$40.40	$41.35	$42.35	$22.45	$23.60	$24.80
8”	$69.35	$71.00	$72.70	1.5"	$89.65	$91.80	$94.00	$49.75	$52.25	$54.85
10”	$94.05	$96.30	$98.60	2"	$129.25	$132.00	$135.00	$71.75	$75.30	$79.00
12”	$183.60	$188.00	$193.00	3"	$252.05	$258.00	$264.00	$139.95	$147.00	$154.00
16”	$365.55	$374.00	$383.00	4"	$399.60	$409.00	$419.00	$221.85	$233.00	$245.00
				6"	$826.05	$846.00	$866.00	$458.65	$482.00	$506.00
				8"	$1,225.85	$1,255.00	$1,285.00	$680.70	$715.00	$750.00
				10"	$1,891.20	$1,937.00	$1,983.00	$1,050.10	$1,100.00	$1,155.00

EXHIBIT B

(a) Residential. "Each residential unit" shall mean each dwelling used for residential purposes for a single family. The rates for the residential monthly solid waste service charges and other miscellaneous one-time solid waste fees are as follows:

1. Automated Container Solid Waste Service Charges – Residential solid waste service includes a set of three containers, one each for refuse, green waste and recycling. The monthly rates for each residential unit are as follows:

Service Area	Monthly Rates ($/Container Set)			
	Gallons	Current	3/4/2016	1/1/2017
Old Model Colony	96	27.14	27.41	27.68
	64	23.60	23.83	24.06
	32	20.07	20.27	20.47
Ontario Ranch	96	30.67	30.97	31.27
	64	26.67	26.93	27.19
	32	22.67	22.89	23.11

2. Automated Container Solid Waste Service Charges – Extra residential containers for refuse, green waste, and/or recycling are provided at the following additional monthly charges:

Service Area	Monthly Rates ($/Container)			
	Gallons	Current	3/4/2016	1/1/2017
Old Model Colony	96	24.78	25.03	25.28
	64	21.24	21.45	21.66
	32	17.70	17.89	18.08
Ontario Ranch	96	28.00	28.28	28.56
	64	24.00	24.24	24.48
	32	20.00	20.20	20.40

3. Automated Collection – Other miscellaneous one-time solid waste services and products are provided to residential customers at the following rates:

Service or Product	Current	3/4/2016	1/1/2017
Special collection – Late set-out per trip	24.00	24.24	24.48
Cancellation Charge for additional cans if removed in < six months	10.40	10.50	10.60
Elective auto can replacement per can	10.40	10.50	10.60
Restore service after bin removal for non-payment	46.00	46.50	47.00
Extra Bulky item (4 Free pickups per year are included in the rate)	56.00	56.50	57.00
Temporary 4-yard bin (7-day rental)	91.00	93.00	95.00
Charge for each additional empty during 7-day rental	68.00	68.50	69.00
Temporary Greenwaste/Recycle (7-day rental)	59.00	59.50	61.00
Charge for each additional empty during 7-day rental	29.50	30.00	30.50
Compost bin (purchased through Backyard Compost Workshop)	52.00	52.50	53.00

(b) Commercial. The rates for the commercial monthly solid waste service charges for the collection of refuse, organic, recycling and green materials and other miscellaneous one-time solid waste fees are as follows:

1. Commercial bins (Special Empty is half the rate listed below for each bin size).

Bin Monthly Rates (Refuse/Organics) ($/Pickup and Bin Size in Cubic Yards)									
Bin Size (Cubic Yards)	One Pickup/Week			Each Extra Pickup/Week			Saturday Service		
	Current	3/4/2016	1/1/2017	Current	3/4/2016	1/1/2017	Current	3/4/2016	1/1/2017
1.5	104.00	105.00	106.00	94.68	96.00	97.00	113.62	115.00	116.00
3	123.81	125.00	126.00	110.24	112.00	113.00	131.09	132.00	133.00
4	152.94	155.00	157.00	135.25	137.00	138.00	162.30	164.00	166.00
6	215.36	218.00	220.00	195.60	198.00	200.00	234.72	237.00	240.00
Bin Monthly Rates (Recycling/Green) ($/Pickup and Bin Size in Cubic Yards)									
Bin Size (Cubic Yards)	One Pickup/Week			Each Extra Pickup/Week			Saturday Service		
	Current	3/4/2016	1/1/2017	Current	3/4/2016	1/1/2017	Current	3/4/2016	1/1/2017
1.5	35.00	35.35	35.70	35.00	35.35	35.70	42.00	42.50	43.00
3	50.00	50.50	51.00	50.00	50.50	51.00	60.00	60.60	61.20
4	59.00	59.60	60.20	59.00	59.60	60.20	70.80	71.50	72.25
6	78.00	78.80	79.60	78.00	78.80	79.60	93.60	94.50	95.50

2. Compactors (Special Empty is half the rate listed below for each Compactor size):

Compactors Monthly Rates ($/Pickup and Bin Size in Cubic Yards)						
Cubic Yards	For Each Pickup/Week			Saturday Service		
	Current	3/4/2016	1/1/2017	Current	3/4/2016	1/1/2017
1.5	175.83	177.00	179.00	211.00	213.00	215.00
2	198.72	201.00	203.00	238.47	241.00	244.00
3	244.49	247.00	249.00	293.39	296.00	299.00
4	291.31	294.00	297.00	349.58	353.00	357.00
6	383.91	388.00	392.00	460.70	466.00	471.00

3. Roll Off (Compactor/Open Top) service rates per load, with a minimum charge for one pick up per week, are as follows:

Service	Current	3/4/2016	1/1/2017
Refuse per load up to 5 tons	499.00	505.00	510.00
Charge per ton over 5 tons	50.20	50.70	51.20
Excess Weight Charge per ton over 12 tons	113.00	114.00	115.00
Recycle per load-single commodity. Actual disposal costs additional [a,b]	154.00	156.00	158.00
Recycle per load-inert, co-mingled recycling or green waste. Actual disposal costs additional [b]	194.00	196.00	198.00
Dead Run Charge	98.00	99.00	100.00

Copies of Weight Slips (ea)	14.50	14.60	14.70
(a) Maximum 5% contamination (b) Actual disposal costs are billed in addition to the per load charge.			

4. Other one-time miscellaneous solid waste services and products are provided to commercial customers at the following rates:

Other Services	Current	3/4/2016	1/1/2017
96 Gallon - Refuse (Commercial/Weekly pickup)	27.14	27.41	27.68
96 Gallon – Co-mingled Recyclables/Green Waste (Commercial/Weekly pickup)	17.70	17.89	18.08
Elective Commercial Bin Replacement	41.00	41.50	42.00
Re-delivery Charge (per bin)	41.00	41.50	42.00
Restore service after commercial bin removal for non-payment	104.00	105.00	106.00
Bin Scouting Service (for pickup with no direct access to the bin) per bin/pickup	9.30	9.40	9.50
Locked Access per lock per month/weekly pickup	10.40	10.50	10.60
Bulky Item Pickup Charge for Additional/Commercial pickups	56.00	56.50	57.00
Tilt Hopper per Month	44.70	45.20	45.70

Inland Valley Daily Bulletin
(formerly The Daily Report)
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Rancho Cucamonga, CA 91730
909-987-6397
legals@inlandnewspapers.com

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(2015.5 C.C.P.)

STATE OF CALIFORNIA
County of San Bernardino

I am a citizen of the United States, I am over the age of eighteen years, and not a party to or interested in the above-entitled matter. I am the principle clerk of the printer of INLAND VALLEY DAILY BULLETIN, a newspaper of general circulation printed and published daily in the City of Ontario, County of San Bernardino, and which newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of San Bernardino, State of California, on the date of August 24, 1951, Case Number 70663. The notice, of which the annexed is a true printed copy, has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to wit:

1/26/16

I declare under the penalty of perjury that the foregoing is true and correct.

Executed at Rancho Cucamonga, San Bernardino Co. California
On this 26 day of January, 2016.

Brenda Wade

Signature

PUBLIC NOTICE
OF PROPOSED
ADOPTION OF
CITY OF ONTARIO
ORDINANCE NO. 3040

NOTICE IS HEREBY GIVEN that on February 2, 2016, the City Council of the City of Ontario will consider adoption of proposed Ordinance No. 3040 entitled:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, AUTHORIZING INCREASES TO THE RATES FOR ITS SOLID WASTE SERVICE CHARGES AND OTHER MISCELLANEOUS ONE-TIME SOLID WASTE FEES.

A copy of the full text of the proposed ordinance is available for review in the office of the City Clerk, City of Ontario, 303 East B Street, Ontario, California 91764, Monday through Thursday, 7:30 a.m. to 5:30 p.m. and Friday, 8:00 a.m. to 5:00 p.m.

Dated: January 20, 2016

s/VICKI KASAD, MMC,
ASSISTANT CITY CLERK

Publish: Daily Bulletin
January 26, 2016 #761571

Inland Valley Daily Bulletin
(formerly The Daily Report)
9616 Archibald Avenue Suite 100
Rancho Cucamonga, CA 91730
909-987-6397
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PROOF OF PUBLICATION
(2015.5 C.C.P.)

STATE OF CALIFORNIA
County of San Bernardino

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2/9/2016

I declare under the penalty of perjury that the foregoing is true and correct.

Executed at Rancho Cucamonga, San Bernardino Co. California
On this 9 day of February, 2016.

K C Gilders
Signature

Legal Notice	Legal Notice

PUBLIC NOTICE
OF ADOPTION
OF CITY OF ONTARIO
ORDINANCE NO. 3040

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AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, AUTHORIZING INCREASES TO THE RATES FOR ITS SOLID WASTE SERVICE CHARGES AND OTHER MISCELLANEOUS ONE-TIME SOLID WASTE FEES.

Ordinance No. 3040 was adopted by the following roll call vote:
Ayes: Leon, Dorst-Porada, Wapner and Bowman
Noes: Avila
Absent: None

A certified copy of the full text of the Ordinance is available for review in the office of the City Clerk, City of Ontario, 303 East B Street, Ontario, California 91764, Monday through Thursday, 7:30 a.m. to 5:30 p.m. and Friday, 8:00 a.m. to 5:00 p.m. and at www.ci.ontario.ca.us.

Dated: February 3, 2016

s/VICKI KASAD, MMC,
ASSISTANT CITY CLERK

Publish: Inland Valley Daily Bulletin February 9, 2016 #766208

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