AGENDA

REGULAR MEETING OF THE BOARD OF COMMISSIONERS
VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY (VVWRA)
Victorville City Hall – Conference Room "D", 14343 Civic Drive, Victorville, CA 92392
Phone: (760) 246-8638

MEETING DATE: Wednesday, October 23, 2019 TIME: 7:30 AM (Closed Session)
8:00 AM (Regular Session)

CALL TO ORDER

PUBLIC COMMENTS – CLOSED SESSION AGENDA

CLOSED SESSION

CLOSED SESSION: During the course of conducting the business set forth on this agenda as a regular meeting of the Board, the Chair may convene the Board in closed session to consider matters of pending real estate negotiations, pending or potential litigation, or personnel matters, pursuant to Government Code Sections 54956.8, 54956.9, 54957 or 54957.6, as noted.
Reports relating to (a) purchase and sale of real property; (b) matters of pending or potential litigation; or (c) employment actions, or which are exempt from public disclosure under the California Public Records Act, may be reviewed by the Board during a permitted closed session and are not available for public inspection. At such time the Board takes final action on any of these subjects, the minutes will reflect all required disclosures of information. Closed Session is scheduled to commence at 8:00 a.m.. If the matters discussed in closed session require additional time beyond 9:00 a.m., in deference to the public, the Board may continue the Closed Session discussion after Open Session is concluded. In that case, Closed Session will resume after the Commissioners Comments section and any reportable action will be reported after the continued Closed Session has concluded and before adjournment.

CONFERENCE WITH LEGAL COUNSEL- (Gov. Code Sec. 54954.5-54956.9(d)):

1. Flow Diversion

CONFERENCE WITH LEGAL COUNSEL-POTENTIAL LITIGATION (Gov. Code Sec. 54956.9(d)):

2. Threatened or Potential Litigation- Upper Narrows Project

3. Threatened or Potential Litigation- LAFCO

CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION- (Gov. Code Sec. 54956.9 (1)(D)):

Valles v. VVWRA, Case No. CIVDS 1822066

CONFERENCE WITH LEGAL COUNSEL-PUBLIC EMPLOYEE APPOINTMENT (Gov. Code Sec. 54957):

4. General Manager

REGULAR SESSION

CALL TO ORDER & PLEDGE OF ALLEGIANCE

REPORT FROM CLOSED SESSION

PUBLIC COMMENTS – REGULAR SESSION AGENDA

ANNOUNCEMENTS AND CORRESPONDENCE:

5. **Possible conflict of interest issues**

CONSENT CALENDAR:

6. **Approve September 2019 Disbursement Registers**
7. **Approve Minutes from the September 26, 2019 Special Meeting**
8. **Recommendation to Approve Routine Service of Turblex Blowers 2 & 3**

PRESENTATIONS:

9. **Air Emissions – Patrick Griffith**
10. **Desert Knolls Wash Closeout- Anderson**

PUBLIC HEARING:

11. **Second Reading of Ordinance 001: Rules and Regulations for Sewer Service**

ACTION & DISCUSSION ITEMS:

12. **Adoption of Ordinance 001**

PUBLIC HEARING:

13. **Second Reading of Ordinance 002: Connection Fee**

ACTION & DISCUSSION ITEMS:

14. **Adoption of Ordinance 002**
15. **Discussion: Spring Valley Lake-Request from LAFCO Regarding Service**

STAFF/PROFESSIONAL SERVICES REPORTS:

16. **Financial and Investment Report – September 2019**

17. **Operations & Maintenance Report – September 2019**

18. **Environmental Compliance Department Reports – September 2019**

19. **Septage Receiving Facility Reports – September 2019**

20. **Safety & Communications Report – September 2019**

NEXT VVWRA BOARD MEETING:

Thursday, November 21, 2019 - Regular Meeting of the Board of Commissioners

FUTURE AGENDA ITEMS

Bid Results for PLC's Replacement Project

Bid Results for Storm Water Project

USDA Loan and Grant for the Oro Grand Interceptor Project

COMMISSIONER COMMENTS

CLOSED SESSION (If Closed Session is continued as set forth above)

ADJOURNMENT

Agenda Posting: In accordance with the requirements of California Government Code Section 54954.2, this agenda has been posted in the main lobby of the Authority's Administrative offices not less than 72 hours prior to the meeting date and time above. All written materials relating to each agenda item are available for public inspection in the office of the Board Secretary.

Items Not Posted: In the event any matter not listed on this agenda is proposed to be submitted to the Board for discussion and/or action, it will be done in compliance with Section 54954.2(b) as an emergency item or because there is a need to take immediate action, which came to the attention of the Board subsequent to the posting of the agenda, or as set forth on a supplemental agenda posted in the manner as above, not less than 72 hours prior to the meeting date.

Public Comments: Any member of the public may address the Board of Commissioners on specific agenda items or matters of general interest. As determined by the Chair, speakers may be deferred until the specific item is taken for discussion and remarks may be limited to five minutes. Persons desiring to submit paperwork to the Board of Commissioners shall provide a copy of any paperwork to the Board Secretary for the official record.

Matters of Interest addressed by a member of the public and not listed on this agenda cannot have action taken by the Board of Commissioners except as authorized by Section 54954.2(b). If you wish to speak, please complete a Speaker's Form (located at the table in the lobby outside of the Board Room) and give it to the Board Secretary prior to the start of the meeting.

If any individual wishes to challenge an action of the Commission in court, he or she may be limited to raising those issues that were raised at the public hearing pertaining to the Commission's actions, or in any written correspondence delivered to the Commission on or prior to the public hearing.

Consent Calendar: All matters placed on the Consent Calendar are considered as not requiring discussion or further explanation and unless any particular item is requested to be removed from the Consent Calendar by a Commissioner, staff member or member of the public in attendance, there will be no separate discussion of these items. All items on the Consent Calendar will be enacted by one action approving all motions, and casting a unanimous ballot for resolutions included on the consent calendar. All items removed from the Consent Calendar shall be considered in the regular order of business.

The Chair will determine if any items are to be deleted from the Consent Calendar.

Items Continued: Items may be continued from this meeting without further notice to a Committee or Board meeting held within five (5) days of this meeting per Government Code Section 54954.2(b)(3).

Meeting Adjournment: This meeting may be adjourned to a later time and items of business from this agenda may be considered at the later meeting by Order of Adjournment and Notice in accordance with Government Code Section 54955 (posted within 24 hours).

Accommodations for the Disabled: In compliance with the Americans with Disabilities Act (ADA), the Board of Commissioners Meeting Room is wheelchair accessible. If you require any special disability related accommodations, please contact the Victor Valley Wastewater Reclamation Authority Board Secretary's office at 760-246-2892 at least 72 hours prior to the scheduled meeting. Requests must specify the nature of the disability and the type of accommodation requested.

Victor Valley Wastewater Reclamation Authority
A Joint Powers Authority and Public Agency of the State of California

20111 Shay Rd. Victorville, CA 92394
Telephone: (760) 246-8638
Fax: (760) 948-9897

DATE: October 9, 2019

TO: Brian Macy
Interim General Manager

FROM: Chieko Keagy
Controller

SUBJECT: Cash Disbursements Register

RECOMMENDED ACTION

It is recommended that the Board of Commissioners approve the cash disbursements and payroll register for the Victor Valley Wastewater Reclamation Authority.

BACKGROUND

The Cash Disbursements Register totals represented below are for the month of SEPTEMBER 2019, check numbers 122723-122801 and ACH's.

Accounts Payable			
Checks	***ACH's and EFT's***	***Payroll***	***Total***
$144,930.92	***$1,206,424.35***	***$266,960.93***	***$1,618,316.20***

Victor Valley Wastewater Reclamation Authority
Cash Disbursement Register
From 9/1/19 through 9/30/19

Vendor #	Vendor Name	Type	Payment #	Date	Payment
AMSA000	A.M.S. / Anderson Air Conditioning LP	Check	122723	9/3/2019	$ 883.60
ZEEM000	Cintas Corporation	Check	122724	9/3/2019	$ 453.15
VICT003	CITY OF VICTORVILLE / SANITATION	Check	122725	9/3/2019	$ 6,003.63
CUMM000	CUMMINS SALES AND SERVICE	Check	122726	9/3/2019	$ 3,035.75
DAIL000	DAILY PRESS	Check	122727	9/3/2019	$ 1,138.45
JONE003	Debra Jones	Check	122728	9/3/2019	$ 100.00
FLYE000	Flyers Energy, LLC	Check	122729	9/3/2019	$ 1,151.41
GAOS000	G.A. OSBORNE PIPE & SUPPLY	Check	122730	9/3/2019	$ 2,952.58
HERI001	HERITAGE VICTOR VALLEY MEDICAL GROUP	Check	122731	9/3/2019	$ 65.00
HIDE002	HI DESERT FIRE PROTECTION INC	Check	122732	9/3/2019	$ 192.00
HIDE000	HI-DESERT COMMUNICATIONS	Check	122733	9/3/2019	$ 100.00
HIDE001	HI-DESERT WINDOW WASHING	Check	122734	9/3/2019	$ 317.00
HIGH003	HIGH DESERT LOCK & SAFE	Check	122735	9/3/2019	$ 763.71
JERI000	JERICHO SYSTEMS, INC.	Check	122736	9/3/2019	$ 3,000.00
LEAR000	LEARN CPR 4 LIFE	Check	122737	9/3/2019	$ 800.00
MCRT000	MCR TECHNOLOGIES	Check	122738	9/3/2019	$ 4,864.24
ORKI000	ORKIN	Check	122739	9/3/2019	$ 400.38
PONT000	PONTON INDUSTRIES, INC.	Check	122740	9/3/2019	$ 5,750.00
PRUD001	PRUDENTIAL OVERALL SUPPLY	Check	122741	9/3/2019	$ 1,646.44
LOVI000	Robert A Lovingood	Check	122742	9/3/2019	$ 100.00
ROTO000	ROTO-ROOTER PLUMBERS	Check	122743	9/3/2019	$ 1,255.00
SAFE007	SafetyNet Inc.	Check	122744	9/3/2019	$ 2,030.60
SANB004	SAN BERNARDINO COUNTY ENVIRONMENTAL HEALTH	Check	122745	9/3/2019	$ 1,121.00
NASS000	SCOTT NASSIF	Check	122746	9/3/2019	$ 100.00
SCLU000	Southern Counties Lubricants	Check	122747	9/3/2019	$ 1,820.71
THUR000	Thurlow's Heating & A/C Inc.	Check	122748	9/3/2019	$ 1,545.46
TOWN001	TOWN & COUNTRY TIRE	Check	122749	9/3/2019	$ 303.25
UNIT000	UNITED RENTALS NORTHWEST, INC	Check	122750	9/3/2019	$ 1,699.43
VERI004	VERIZON WIRELESS	Check	122751	9/3/2019	$ 2,141.90
WEST003	WESTERN FABRICATORS	Check	122752	9/3/2019	$ 1,300.00
HOLL000	William J. Holland	Check	122753	9/3/2019	$ 100.00
ADP001	A.D.P.	Check	122754	9/12/2019	$ 240.05
FLYE000	Flyers Energy, LLC	Check	122755	9/12/2019	$ 1,167.42
SPAR000	SPARKLETTS DRINKING WATER	Check	122756	9/12/2019	$ 1,618.03
AAAL000	A&A Alternators and Starters	Check	122757	9/19/2019	$ 3,165.00
AIRG000	AIRGAS USA, LLC	Check	122758	9/19/2019	$ 393.80
APPL015	Apple Valley Transfer & Storage dba Shredyourdocs.com	Check	122759	9/19/2019	$ 180.00
AUTO001	AUTOMATION DIRECT	Check	122760	9/19/2019	$ 1,620.56
BIOV000	BIO VIR LAB, INC.	Check	122761	9/19/2019	$ 7,447.88
CAPI000	CAPIO	Check	122762	9/19/2019	$ 225.00
CITY000	City Employees Associates	Check	122763	9/19/2019	$ 37.50
COLE001	COLE-PARMER INSTRUMENT COMPANY	Check	122764	9/19/2019	$ 76.88
CONC000	CONCORDE COMMUNICATIONS	Check	122765	9/19/2019	$ 226.00
DAIL000	DAILY PRESS	Check	122766	9/19/2019	$ 2,742.40
EDEN000	Edenbros, LLC	Check	122767	9/19/2019	$ 119.06
FLYE000	Flyers Energy, LLC	Check	122768	9/19/2019	$ 1,165.83
GAOS000	G.A. OSBORNE PIPE & SUPPLY	Check	122769	9/19/2019	$ 483.70
GOLF000	GOLF CARS OF RIVERSIDE	Check	122770	9/19/2019	$ 153.20
HERI000	HERITAGE ENVIRONMENTAL SERVICES, L.L.C.	Check	122771	9/19/2019	$ 35,850.34
HIDE000	HI-DESERT COMMUNICATIONS	Check	122772	9/19/2019	$ 100.00
APPL000	LIBERTY UTILITIES- APPLE VALLEY RANCHOS WATER	Check	122773	9/19/2019	$ 2,669.67
NAPA000	NAPA VICTORVILLE	Check	122774	9/19/2019	$ 1,281.01
ORKI000	ORKIN	Check	122775	9/19/2019	$ 450.00
PRUD001	PRUDENTIAL OVERALL SUPPLY	Check	122776	9/19/2019	$ 1,711.23
QUIL000	QUILL CORPORATION	Check	122777	9/19/2019	$ 911.45
ROYA000	ROYAL WHOLESALE ELECTRIC	Check	122778	9/19/2019	$ 445.45
SCLU000	Southern Counties Lubricants	Check	122779	9/19/2019	$ 10,422.90
THUR000	Thurlow's Heating & A/C Inc.	Check	122780	9/19/2019	$ 1,554.79
APPL007	TOWN OF APPLE VALLEY	Check	122781	9/19/2019	$ 171.68
UPS0000	UPS	Check	122782	9/19/2019	$ 715.90
ASBU000	World Oil Environmental Services	Check	122783	9/19/2019	$ 75.00
SENT000	DAN SENTMAN	Check	122784	9/24/2019	$ 224.41
ANTH000	DONNA ANTHONY	Check	122785	9/24/2019	$ 435.00
AQUA000	AQUATIC BIOASSAY / CONSULT INC.	Check	122789	9/26/2019	$ 1,615.00
BIAB000	BIA / BALDY VIEW CHAPTER	Check	122790	9/26/2019	$ 599.00
ZEEM000	Cintas Corporation	Check	122792	9/26/2019	$ 2,463.32
CORT000	Cortech Engineering	Check	122793	9/26/2019	$ 232.96
DETE000	DETECTION INSTRUMENT CORPORATION	Check	122794	9/26/2019	$ 1,300.24
JCBS000	JCB Southern California, LLC	Check	122795	9/26/2019	$ 146.90
LUHD000	Luhdorff and Scalmanini Consulting Engineers, Inc.	Check	122796	9/26/2019	$ 679.00
ORKI000	ORKIN	Check	122797	9/26/2019	$ 400.38

Victor Valley Wastewater Reclamation Authority
Cash Disbursement Register
From 9/1/19 through 9/30/19

Vendor #	Vendor Name	Type	Payment #	Date		Payment
ROYA000	ROYAL WHOLESALE ELECTRIC	Check	122798	9/26/2019	$	5,028.14
SCOT001	SCOTT EQUIPMENT, INC	Check	122799	9/26/2019	$	989.86
UNIT000	UNITED RENTALS NORTHWEST, INC	Check	122800	9/26/2019	$	4,591.49
VERI004	VERIZON WIRELESS	Check	122801	9/26/2019	$	1,668.80
				Total Checks	**$**	**144,930.92**
RAFT000	RAFTELIS	Electronic Fund Transfer	0045900-17	9/26/2019	$	7,316.26
CULL000	CULLIGAN WATER CONDITIONING	Electronic Fund Transfer	0045900-6	9/26/2019	$	502.90
BLAC003	Blackline Safety Corp	Electronic Fund Transfer	0045900-4	9/26/2019	$	210.00
DELO000	Deloach & Associates, Inc	Electronic Fund Transfer	0045900-8	9/26/2019	$	22,113.80
HACH000	HACH COMPANY	Electronic Fund Transfer	0045900-13	9/26/2019	$	23,392.42
BREN001	BRENNTAG PACIFIC, INC	Electronic Fund Transfer	0045900-5	9/26/2019	$	10,809.22
CHAR000	FEDAK & BROWN LLP	Electronic Fund Transfer	0045900-10	9/26/2019	$	243.00
GRAI000	GRAINGER	Electronic Fund Transfer	0045900-12	9/26/2019	$	879.55
QUIN002	Quinn Company	Electronic Fund Transfer	0045900-16	9/26/2019	$	3,129.42
MCMA000	MC MASTER-CARR SUPPLY CO.	Electronic Fund Transfer	0045900-15	9/26/2019	$	709.29
SPEN000	Spencer Turbine Company	Electronic Fund Transfer	0045900-18	9/26/2019	$	69,247.00
ILIN000	iLink Business Management	Electronic Fund Transfer	0045900-14	9/26/2019	$	2,833.64
WALT000	WALTERS WHOLESALE ELECTRIC	Electronic Fund Transfer	0045900-19	9/26/2019	$	123.35
BECK000	BECK OIL, INC.	Electronic Fund Transfer	0045900-2	9/26/2019	$	1,938.96
EVOQ000	EvoQua Water Technologies LLC	Electronic Fund Transfer	0045900-9	9/26/2019	$	9,500.83
DKFS000	D.K.F. SOLUTIONS INC.	Electronic Fund Transfer	0045900-7	9/26/2019	$	1,400.00
2GEN000	2G Energy Inc.	Electronic Fund Transfer	0045900-1	9/26/2019	$	14,443.86
BIOG000	Biogas Power Systems- Mojave, LLC	Electronic Fund Transfer	0045900-3	9/26/2019	$	64,119.27
UNDE000	UNDERGROUND SERVICE ALERT OF SOUTHERN CALIFORI	Electronic Fund Transfer	0045538--22	9/19/2019	$	239.22
TRIM000	Trimax Systems	Electronic Fund Transfer	0045538-19	9/19/2019	$	6,251.29
USAB000	U.S.A. BLUEBOOK	Electronic Fund Transfer	0045538--21	9/19/2019	$	1,384.56
HACH000	HACH COMPANY	Electronic Fund Transfer	0045538-11	9/19/2019	$	2,303.35
APPL013	Applied Maintenance Supplies & Solution	Electronic Fund Transfer	0045538-2	9/19/2019	$	934.67
GRAH000	GRAHAM EQUIPMENT	Electronic Fund Transfer	0045538-9	9/19/2019	$	3,000.00
AMER006	AMERICAN EXPRESS	Electronic Fund Transfer	0045538-1	9/19/2019	$	1,179.99
BEST000	BEST, BEST & KRIEGER, L.L.P.	Electronic Fund Transfer	0045538-4	9/19/2019	$	29,823.11
SIEM003	SIEMENS INDUSTRY INC.	Electronic Fund Transfer	0045538-18	9/19/2019	$	461.17
PROT001	PROTECTION ONE	Electronic Fund Transfer	0045538-17	9/19/2019	$	871.83
USBA000	U.S. BANK	Electronic Fund Transfer	0045538--20	9/19/2019	$	7,544.45
WEST000	WEST COAST SAFETY SUPPLY	Electronic Fund Transfer	0045538-23	9/19/2019	$	1,020.69
MCGR000	MCGRATH RENTCORP	Electronic Fund Transfer	0045538-15	9/19/2019	$	5,190.11
ILIN000	iLink Business Management	Electronic Fund Transfer	0045538-13	9/19/2019	$	791.64
BECK000	BECK OIL, INC.	Electronic Fund Transfer	0045538--3	9/19/2019	$	2,424.84
GRAI000	GRAINGER	Electronic Fund Transfer	0045538-10	9/19/2019	$	1,540.54
CRAN000	CRANE PRO SERVICES	Electronic Fund Transfer	0045538-7	9/19/2019	$	1,550.00
MCMA000	MC MASTER-CARR SUPPLY CO.	Electronic Fund Transfer	0045538-14	9/19/2019	$	52.10
HUGE000	Hug Engineering, Inc.	Electronic Fund Transfer	0045538-12	9/19/2019	$	7,008.83
PRIN000	PRINCIPAL LIFE INS. CO.	Electronic Fund Transfer	0045538-16	9/19/2019	$	2,937.32
DAVI003	DAVIS ELECTRIC, INC	Electronic Fund Transfer	0045538-8	9/19/2019	$	8,811.00
CDWG000	CDW GOVERNMENT, INC	Electronic Fund Transfer	0045538-6	9/19/2019	$	7,009.84
XYLE000	XYLEM DEWATERING SOLUTIONS	Electronic Fund Transfer	0045538-24	9/19/2019	$	3,591.66
AVCC000	D.D.H. APPLE VALLEY CONSTRUCTION, INC.	Electronic Fund Transfer	0045466	9/18/2019	$	137,261.14
TMOB000	T-Mobile	Electronic Fund Transfer	0045176-1	9/12/2019	$	119.00
PERE002	Linda Perez	Electronic Fund Transfer	0045176-2	9/12/2019	$	750.00
LAAR000	LATIF LAARI	Electronic Fund Transfer	0044704	9/5/2019	$	6,282.88
ADSC000	A.D.S. Corp.	Electronic Fund Transfer	0044703-1	9/5/2019	$	8,333.28
BIOG000	Biogas Power Systems- Mojave, LLC	Electronic Fund Transfer	0044703-2	9/5/2019	$	64,119.27
VVWE000	Victor Valley Wastewater Employees Assoc	Electronic Fund Transfer	0044703-3	9/5/2019	$	862.50
ILIN000	iLink Business Management	Electronic Fund Transfer	0044401-17	9/3/2019	$	3,097.52
PROT001	PROTECTION ONE	Electronic Fund Transfer	0044401-18	9/3/2019	$	891.23
BECK000	BECK OIL, INC.	Electronic Fund Transfer	0044401-2	9/3/2019	$	2,329.16
QUIN002	Quinn Company	Electronic Fund Transfer	0044401-19	9/3/2019	$	10,866.77
BIOG001	Biogas Engineering	Electronic Fund Transfer	0044401-3	9/3/2019	$	129.60
UNDE000	UNDERGROUND SERVICE ALERT OF SOUTHERN CALIFORI	Electronic Fund Transfer	0044401-25	9/3/2019	$	174.87
TYLE000	Tyler Technologies, Inc	Electronic Fund Transfer	0044401-23	9/3/2019	$	53,581.62
GRAY000	Graybar Electric Co., Inc.	Electronic Fund Transfer	0044401-15	9/3/2019	$	895.19
HUGE000	Hug Engineering, Inc.	Electronic Fund Transfer	0044401-16	9/3/2019	$	6,792.13
BIOG000	Biogas Power Systems- Mojave, LLC	Electronic Fund Transfer	0044401-4	9/3/2019	$	64,119.27
XYLE000	XYLEM DEWATERING SOLUTIONS	Electronic Fund Transfer	0044401-26	9/3/2019	$	3,742.51
CDWG000	CDW GOVERNMENT, INC	Electronic Fund Transfer	0044401-8	9/3/2019	$	629.84
DAVI003	DAVIS ELECTRIC, INC	Electronic Fund Transfer	0044401-10	9/3/2019	$	7,909.00
CULL000	CULLIGAN WATER CONDITIONING	Electronic Fund Transfer	0044401-9	9/3/2019	$	1,005.80
DUDE000	Dudek	Electronic Fund Transfer	0044401-12	9/3/2019	$	13,267.50

Victor Valley Wastewater Reclamation Authority
Cash Disbursement Register
From 9/1/19 through 9/30/19

Vendor #	Vendor Name	Type	Payment #	Date	Payment
RAFT000	RAFTELIS	Electronic Fund Transfer	0044401-20	9/3/2019	$ 5,210.50
SCOT000	CASTEEL, KRISTI	Electronic Fund Transfer	0044400-1	9/3/2019	$ 50.65
WEST009	Kalin Westover	Electronic Fund Transfer	0044400-2	9/3/2019	$ 233.29
ASHL000	Solenis LLC	Electronic Fund Transfer	0044401-21	9/3/2019	$ 8,154.51
APPL013	Applied Maintenance Supplies & Solution	Electronic Fund Transfer	0044401-1	9/3/2019	$ 840.29
BREN001	BRENNTAG PACIFIC, INC	Electronic Fund Transfer	0044401-7	9/3/2019	$ 15,803.71
CHAR000	FEDAK & BROWN LLP	Electronic Fund Transfer	0044401-14	9/3/2019	$ 824.00
TELE000	TELEDYNE ISCO, INC.	Electronic Fund Transfer	0044401-22	9/3/2019	$ 3,003.00
USAB000	U.S.A. BLUEBOOK	Electronic Fund Transfer	0044401-24	9/3/2019	$ 564.44
DELO000	Deloach & Associates, Inc	Electronic Fund Transfer	0044401-11	9/3/2019	$ 16,584.40
ESBA000	E.S. BABCOCK & SONS, INC.	Electronic Fund Transfer	0044401-13	9/3/2019	$ 12,644.60
BLAC003	Blackline Safety Corp	Electronic Fund Transfer	0044401-6	9/3/2019	$ 210.00
BILL002	BILLINGS, RICHARD	Bank Draft	0045691-1	9/24/2019	$ 435.00
GYUR000	DARLINE GYURCSIK	Bank Draft	0045691-2	9/24/2019	$ 224.41
KENI000	OLIN KENISTON	Bank Draft	0045691-8	9/24/2019	$ 258.83
NAVE000	NAVE, PATRICK	Bank Draft	0045691-7	9/24/2019	$ 435.00
MCGE000	MARK MCGEE	Bank Draft	0045691-6	9/24/2019	$ 435.00
GILL001	GILLETTE, RANDY	Bank Draft	0045691-3	9/24/2019	$ 435.00
MAIN000	RANDY MAIN	Bank Draft	0045691-10	9/24/2019	$ 435.00
MONT000	LILLIE MONTGOMERY	Bank Draft	0045691-5	9/24/2019	$ 163.37
DAGIN000	ROY DAGNINO	Bank Draft	0045691-11	9/24/2019	$ 435.00
HINO000	THOMAS HINOJOSA	Bank Draft	0045691-13	9/24/2019	$ 435.00
NALI000	L. CHRISTINA NALIAN	Bank Draft	0045691-4	9/24/2019	$ 435.00
FLIN000	TERRIE GOSSARD FLINT	Bank Draft	0045691-12	9/24/2019	$ 258.83
JOHN004	PATRICIA J JOHNSON	Bank Draft	0045691-9	9/24/2019	$ 187.74
DAVI001	TIM DAVIS	Bank Draft	0045691-14	9/24/2019	$ 435.00
CARO000	CAROLLO ENGINEERS, A PROFESSIONAL CORPORATION	Bank Draft	0045538-5	9/19/2019	$ 22,818.21
SCOT000	CASTEEL, KRISTI	Bank Draft	0045534-1	9/19/2019	$ 27.49
ENRI000	Daniel Enriquez	Bank Draft	0045534-2	9/19/2019	$ 81.20
FLUI000	FLUID COMPONENTS INTL. C/O Ponton Industries	Bank Draft	DFT00295	9/19/2019	$ 10,337.86
KONC000	MICHAEL KONCUR	Bank Draft	0045534-3	9/19/2019	$ 40.00
LINC000	Lincoln Financial Group	Bank Draft	19231363	9/16/2019	$ 74.66
HESP004	HESPERIA WATER DISTRICT	Bank Draft	DFT00275	9/16/2019	$ 4,841.82
SOUT000	Southern California Edison	Bank Draft	6810247731	9/16/2019	$ 502.55
CHAR001	CHARTER COMMUNICATIONS	Bank Draft	DFT00274	9/16/2019	$ 4,865.45
SOUT000	Southern California Edison	Bank Draft	9686247931	9/16/2019	$ 80,011.61
ESPI000	JULIO ESPINOZA	Bank Draft	0045177	9/12/2019	$ 560.00
UPS0000	UPS	Bank Draft	DFT00290	9/4/2019	$ 217.75
UPS0000	UPS	Bank Draft	DFT00288	9/4/2019	$ 86.42
UPS0000	UPS	Bank Draft	DFT00289	9/4/2019	$ 54.03
SOUT006	SOUTHWEST GAS COMPANY	Bank Draft	DFT00286	9/4/2019	$ 55.68
SOUT006	SOUTHWEST GAS COMPANY	Bank Draft	DFT00284	9/4/2019	$ 251.06
SOUT006	SOUTHWEST GAS COMPANY	Bank Draft	DFT00283	9/4/2019	$ 163.16
SOUT006	SOUTHWEST GAS COMPANY	Bank Draft	DFT00285	9/4/2019	$ 533.63
LINC000	Lincoln Financial Group	Bank Draft	19231362	9/4/2019	$ 3,550.20
STAT001	STATE WATER RESOURCES CONTROL BOARD	Bank Draft	3982701	9/4/2019	$ 265,049.46
SOUT000	Southern California Edison	Bank Draft	26115003395	9/4/2019	$ 22,984.35
SOUT000	Southern California Edison	Bank Draft	2769247931	9/4/2019	$ 1,639.27
SOUT000	Southern California Edison	Bank Draft	5289247931	9/4/2019	$ 2,551.86
				Total ACH & EFT	**$ 1,206,424.35**

APPROVED
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Total Checks	**$ 144,930.92**
Total ACH and EFT	**$ 1,206,424.35**
Total Payroll - September 201	**$ 266,960.93**
Total	**$ 1,618,316.20**

MINUTES OF A SPECIAL MEETING
SPECIAL MEETING OF THE BOARD OF COMMISSIONERS
VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY (VVWRA)
September 26, 2019

CALL TO ORDER: Chair Scott Nassif called the meeting to order at 1:31 PM; in Conference Room D at Victorville City Hall, located at 14343 Civic Drive, Victorville California, with the following members present:

TOWN OF APPLE VALLEY	**Scott Nassif,** Chair
CITY OF VICTORVILLE	**Debra Jones,** Vice-Chair
CITY OF HESPERIA	**Bill Holland,** Secretary
ORO GRANDE (CSA 42) AND	**Robert Lovingood,** Treasurer
SPRING VALLEY LAKE (CSA 64)	

VVWRA Staff and Legal Counsel:

Brian Macy, Interim General Manager

Kristi Casteel, Secretary to GM/Board

Others Present:

Doug Robertson, Apple Valley
Nils Bentsen, City of Hesperia
Keith Metzler, City of Victorville
Don Holland, County of San Bernardino
Robert DeLoach, DeLoach & Associates

CLOSED SESSION

PUBLIC COMMENTS- CLOSED SESSION AGENDA

Chair Nassif asked if there were any comments from the public regarding any item on the Closed Session Agenda. Hearing none, Chair Nassif called for a motion to enter into Closed Session.

Commissioner Jones made a motion to enter into Closed Session. Seconded by Commissioner Lovingood.

REGULAR SESSION

CALL TO ORDER & PLEDGE OF ALLEGIANCE

Chair Nassif called the meeting to order at 5:06 PM.

REPORT FROM CLOSED SESSION

Nothing to report

PUBLIC COMMENTS- REGULAR SESSION AGENDA

None

ACTION & DISCUSSION ITEMS:

2. Public Employee Appointment- General Manager

NEXT VVWRA BOARD MEETING:

Thursday, October 23, 2019 - Regular Meeting of the Board of Commissioners

COMMISSIONER COMMENTS

CLOSED SESSION (If Closed Session is continued)

ADJOURNMENT

APPROVAL:

DATE: *October 23, 2019* **BY:** _____

Approved by VVWRA Board Larry Bird,
Secretary VVWRA Board of Commissioners

VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
Report/Recommendation to the Board of Commissioners

October 23, 2019

FROM: Marcos Avila, Lead Mechanic

TO: Brian Macy, Interim General Manager

SUBJECT: Manufacturer's Routine Service of Turblex Blowers 2 & 3

RECOMMENDATION

It is recommended that the Board of Commissioners approve the purchase on a sole source basis to Howden Roots LLC, HRO-S for the manufacturer's routine service of Turblex blowers 2 & 3 in the amount not to exceed $43,192.00

REVIEW BY OTHERS

This recommendation was reviewed by Brad Adams, Plant superintendent; Robert Coromina, Director of Administrative Services; Latif Laari, Business Applications Manager; and Chieko Keagy, Controller.

BACKGROUND INFORMATION

VVWRA has two Turblex KA22SV-GC215 blowers in service at the regional wastewater plant which provide air for the aeration/activated sludge process. The blowers are due for the manufacturer recommended 36,000 hour routine maintenance or Class II service. This service is necessary to help ensure the reliability of the blowers which are a critical part of the aeration/activated sludge process.

Howden Roots LLC, HRO-S is the only Turblex factory-authorized service center and distributor of OEM components in North America and will provide a certified service technician and original equipment manufacturer parts.

FINANCIAL IMPACT

Finance Approval:

Fund		01 [ ]	07 [X]	09 [ ]
Account String	*example: 07-02-50-9000*	07-02-172-6010-9999 $40,000 01-02-172-6010-9999 $3,192.00		
Project Code	*example: C005 for Desert Knoll Wash*	9999		
Budgeted Available before This Recommendation		$40,000		
Budget Applied to This Staff Recommendation		$43,192.00		
Budget Remaining (Over Budget)		$(3,192.00)		

RELATED IMPACTS

1. Ongoing equipment reliability.
2. Stable treatment in the aeration/activated sludge process.

January 10, 2019

Howden Roots, LLC
4654 W. Junction Street
Springfield, MO 65802, USA

Tel: +1 417 864 5599
Fax: +1 417 866 0235
Web: www.howden.com

Subject: Factory Authorized Service

Dear Howden / Turblex Equipment Owners,

The Howden Roots site located in Springfield, Missouri is a production and service facility that has been providing customized turbomachinery solutions for over 30 years.

This location manufactures parts, performs repairs, and provides field services for Single Stage Blowers, Steam Turbines, and Compressors. Services are available for new and legacy OEM equipment brands including:

- Steam turbines – Howden, Siemens
- Blowers and compressors – Turblex, HV-Turbo, Cord-Turbo, Siemens Energy, Inc., Roots, Kuhnle, Kopp & Kausch
- Fans – Schiele

Howden is the only factory-authorized service center and distributor of OEM components in North America for these machines. Our commitment to exemplary operating installations is demonstrated by the Company's investment in the Customer Service/Parts Department. This highly trained group of professionals includes in-house technical and parts departments, as well as mechanical and instrumentation field services personnel. The Howden field service group is supported by a staff of mechanical, electrical and instrumentation engineers from our engineering centers.

For technical support and/or spare parts for your Howden equipment, contact us at +1 417 864-5599.

Purchase orders should be addressed to:
Howden Roots, LLC
4654 West Junction Street (formerly West Farm Road 130)
Springfield, MO 65802
USA

Remit to:
Howden Roots, LLC
901 Main Street, 7th Floor
Dallas, TX 75202

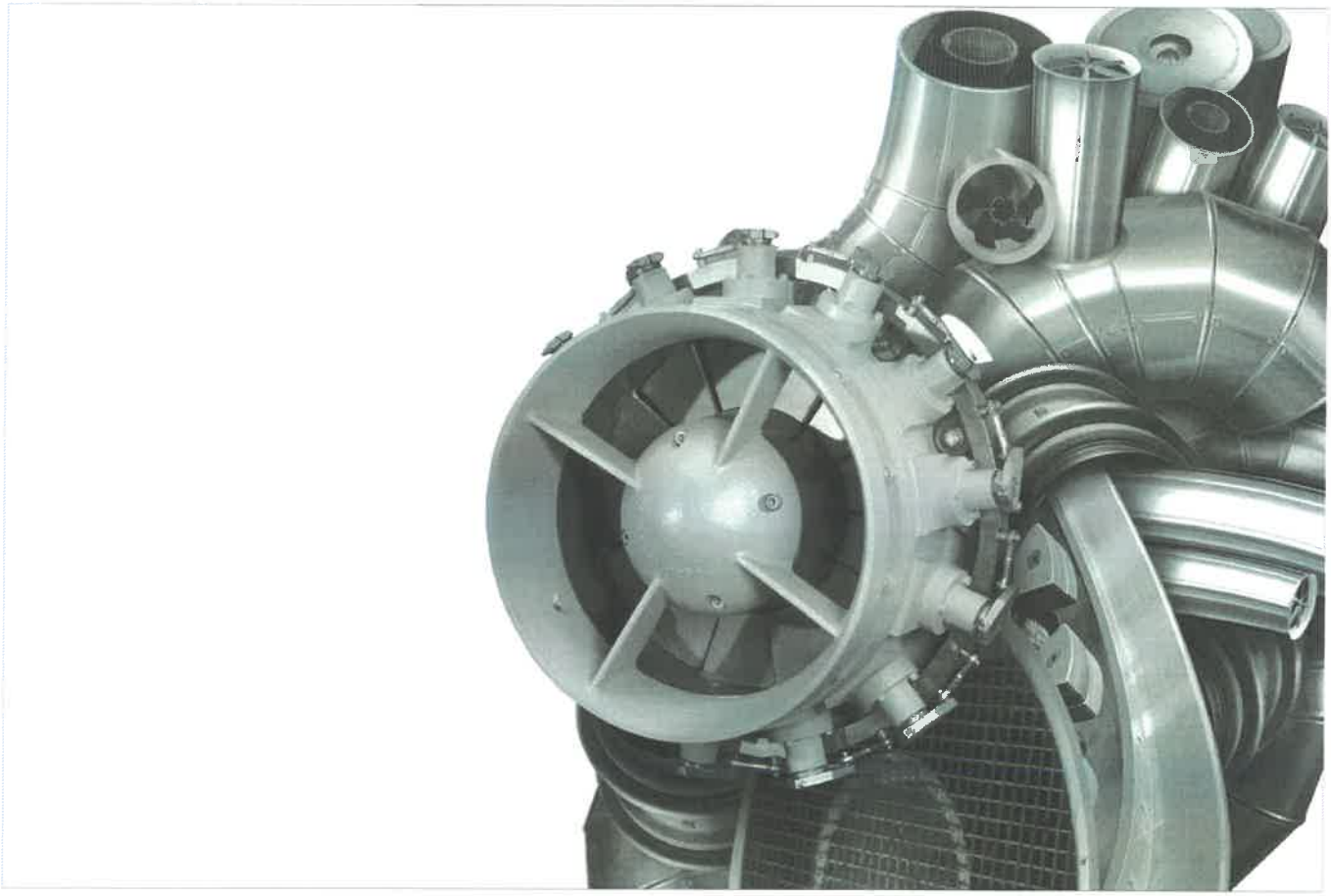
Remit via Bank Wire/ACH to:
Howden Roots, LLC
Account number: 4451243234
SWIFT Code: BOFAUS3N
Routing number domestic: 023009593
Routing number ACH/EFT: 111000012

Should you have any problems or additional needs, please do not hesitate to contact us.

With kindest regards,

Alex Lequio
Acquisition Manager

Direct: (417) 848-8562
Email: alex.lequio@howden.com



Proposal

Service estimate for S126 Victor Valley WRA

For compressors no. 62004550-51; type KA22-SV-GC215

Proposal to:	Victor Valley WRA	**Our reference:**	HROLSV.AFM.000770
For:	Marcos Avila	**Your ref:**	HROLSV.AFM.000770
Project:	Field Service	**Date:**	May 31, 2019

Howden Roots LLC, HRO-S, 4654 West Junction Street, Springfield, MO 65802, USA

Tel: +1 417 380 5682
Email: Louis.Volpe@howden.com
Web: www.howden.com

Revolving Around You™

Howden

Customer:	Victor Valley WRA	Our ref:	HROLSV.AFM.000770
Project:	Field Service	Your ref:	HROLSV.AFM.000770
Site:	126 Victor Valley WRA	Date:	05/31/2019

Howden

Contact:	Marcos Avila
Email:	760-269-5439
Phone:	mavila@vvwra.com
Location:	Victor Valley, California
Model:	KA22-SV-GC215
Serial Number(s):	62004550-51
Description or Scope:	Class II

Labor			
Monday-Friday:10 hours/day, Saturday:8 hours/day			
Total Days Required for Job Completion (Working and Standby Days)			14
Quantity of Persons			1
Total Hours Required for Job Completion			128
Monday thru Saturday, first 40 hours: Total Hours: 76, FST rate, $175/hour			$13,300
Monday thru Saturday, over 40 hours: Total Hours: 36, FST rate, $265/hour			$9,540
Standby rate: Total Hours: 16, FST rate, $175/hour			$2,800
Travel			
Airfare			$1,020
Roundtrip Travel Labor			$3,500
Meal Expense (14 days on site including weekends, 2 days travel; per person)			$1,040
Lodging, Incidental, and Transportation Expenses			$3,920
Equipment/Parts			$6,972
Required Equipment/Parts for Class II service for 2 compressors include:			
Quantity	Part #	Description	
2	9332230508	BEARING, ROLLER	
2	9332230508	BEARING, ROLLER	
2	9332260869	SEALING RING	
2	9332260794	SEALING RING	
2	89412720	O-RING	
2	N17M5339	O-RING	
6	89027262	O-RING	
4	89411649	O-RING	
2	89411987	O-RING	
2	89411961	O-RING	
1	300031	Cleaning Kit A	
Toolbox Freight			$350
Project Coordination			$750
Estimated Total			**$43,192**

Notes:

The above calculations are only estimates. The final price shall be calculated using the actual Time and Material. Time expenses shall include all project specific time at the fixed hourly rates above plus per diems in accordance with the attached Service Rate Sheet. Time shall include all time required to perform and support the project including, but not limited to, preparation, mobilization, demobilization, site specific safety training, travel, site meetings, and start up support.

This proposal assumes that the site will provide at least one qualified helper to assist the Howden technician.

This pricing also assumes that proper certified lifting will be available and the inlet filter/transition piece, and sound enclosures will be removed (if applicable) for access to perform. Does not include craft labor and tools to support the work.

This proposal includes the typical replacement components for the service. Any significant wear or abnormalities identified requiring extra labor and/or parts shall be billed per Howden's standard Service Rate Schedule. Howden will provide an estimate of additional time and materials as required.

This offer is made expressly subject to and conditioned upon acceptance of Seller's Standard Terms and Conditions of Sale for products and services, copy attached hereto. Any conflicting or additional terms submitted by Buyer in any request for quote, inquiry, purchase order or other document are expressly objected to without the need of any further notice of objection and they shall not, under any circumstances, be binding upon Seller unless expressly accepted in writing by Seller.

Customer:	Victor Valley WRA	Our ref:	HROLSV.AFM.000770
Project:	Field Service	Your ref:	HROLSV.AFM.000770
Site:	126 Victor Valley WRA	Date:	05/31/2019

Attachments:
Field Service Rate Sheet, Howden Selling Policy, Pre-Service Checklist & Mandatory Lifting Device Reporting.

Time and Material pricing per	Howden Schedule of Field Service Rates TS 5000-1
Currency	USD
Terms of Payment	Net 30 Days
Terms of Delivery	DAP Victor Valley, California, USA per Incoterms 2010
Terms and Conditions	Howden Roots LLC Standard Terms for Sale of Goods
Forward Purchase Orders to	Howden Roots LLC 4654 W. Junction Street Springfield, MO 65802 USA Phone: (417) 864-5599 / Fax: (417) 866-0235
Service Sales	Matthew Mosier Matt.Mosier@Howden.com
Prepared By	Louis Volpe Louis.Volpe@howden.com

Howden Roots

4654 W. Junction Street
Springfield, MO 65802
USA
T (417) 864-5599
After Hours Emergency #:
(417) 929-2929
www.howden.com

Schedule of Field Service Rates

A. The following rates apply for service in Continental United States and Mexico:
Note: All rates are in U.S. Dollars

Days	Field Service Technician		Engineering Personnel	
Monday thru Saturday (except holidays)	First 40 Hours	$175/hour	First 40 Hours	$270/hour
	Over 40 Hours	$265/hour	Over 40 Hours	$400/hour
Sunday, and locally recognized holidays	All Hours	$350/hour	All Hours	$540/hour

B. The following rates apply for service outside Continental North America:

Days	Field Service Technician		Engineering Personnel	
Monday thru Saturday (except holidays)	First 40 Hours	$210/hour	First 40 Hours	$280/hour
	Over 40 Hours	$320/hour	Over 40 Hours	$425/hour
Sunday, and locally recognized holidays.	All Hours	$425/hour	All Hours	$560/hour

C. The following standards shall apply:

1. The minimum time off for a person during any 24-hour period must be eight (8) consecutive hours.
2. Travel time, whether during first 40 hours or over 40 hours, will be invoiced at the Monday through Saturday Field Service Technician rates in Tables "A" & "B". Travel in Continental North America is invoiced actual travel time with a maximum of ten (10) hours each day. Travel outside Continental North America is invoiced actual travel time. Actual travel time on holidays or to the jobsite on Sundays will be at the Field Service Technician Sunday and Holiday rate in Tables "A" & "B"
3. Standby time at job site, or locally on call, shall be regarded as time worked. For full days of Work and/or Standby, an 8 hour daily charge will apply. Standby time, Monday through Saturday, will be invoiced at the Monday through Saturday Work rate in Tables "A" & "B". Standby time Sundays and holidays will be invoiced at the Sunday and holiday rate in Tables "A" & "B". Weekend waiting rate will be invoiced at the Field Service Technician first 40 hour rate in Tables "A" & "B".
4. Rates apply from time and date of departure home base to time and date of return home base.
5. When a project is expected to exceed 5 continuous weeks, then after 3 weeks the Buyer will allow an extended weekend leave or rotation of personnel. Travel fees shall be by Buyer.
6. Air travel on flight segments exceeding 12 hours will be business class and shall be paid by Buyer. Air travel on flight segments exceeding 4 hours will be premium economy and shall be paid by Buyer.
7. Payments shall be in U.S. funds unless otherwise agreed in writing.
8. Rates quoted are subject to adjustment without notice to conform to Seller's published rates in effect at the time service is performed.
9. Howden may offer a priority service when the relevant Howden personnel are available, for emergency or breakdown callouts. An additional 30% of the applicable labor rate will be charged where Howden personnel are requested and able to be mobilized within 24 hours of the request being received.

D. Expenses:

1. Meals will be $65/day per diem to be charged from the day of travel start to the day of travel end.
2. Lodging, incidental expenses, transportation to and from the city nearest the jobsite, plus local transportation will be invoiced at cost plus 20% administrative fee. Receipt(s) to be provided when any expense exceeds $60.00.
3. Transportation to and from the city nearest the jobsite, plus local transportation will be charged at cost plus 20% administrative fee. The mileage allowance for personal car use will be current U.S. government rate per mile.
4. Tool usage, when required, will be charged at a rate of $350 per trip.
5. Expenses for Airline travel shall be charged at cost Plus a 20% administrative fee (Administrative fee shall not exceed $500).

E. Terms and Conditions:

The sale of services by Howden Roots LLC ("Seller") is subject to Seller's Terms for Sale of Goods and if such terms differ in any way from Buyer's order, or if such terms are construed as an acceptance or confirmation acting as an acceptance, then Seller's acceptance is expressly made conditional on Buyer's assent to any terms or conditions contained in Seller's terms that are different from or additional to those contained in Buyer's writing. Further, this quote shall be deemed notice of objection to such terms and conditions of Buyer. If this quote is construed as the offer, acceptance of same is expressly limited to the terms and conditions contained herein. In any event, Buyer's order of the services shall constitute and manifest Buyer's assent to Seller's Terms for Sale of Goods.

Howden Roots LLC
Standard Terms and Conditions of Sale

1. DEFINITIONS; SCOPE - "Buyer" means the issuer of the purchase order and its attachments. "Seller" means Howden Roots LLC.; "Order" means Buyer's purchase order/contract, these terms and conditions of sale, Seller's acceptance and other attachments mutually agreed upon by the parties. "Goods" means the specified drawings, goods and parts as described in Seller's quotation/bid, this Order, and its attachments; "Services" means the specified supervision, testing, repair, or other services of Seller as described in Seller's quotation/bid, this Order, and its attachments. Delivery and scope of supply shall be based upon Seller's quotation/bid and any expressly agreed upon changes.

2. ACCEPTANCE - Buyer's acceptance of any Goods or Services from Seller shall constitute full acceptance of Seller's quote and these terms and conditions. These terms and conditions take precedence over Buyer's terms and conditions to which notice of objection is hereby given. No terms or conditions in Buyer's order shall be binding upon Seller unless specifically agreed to in writing by Seller. Neither Seller's commencement of performance or delivery shall be deemed as acceptance of Buyer's terms and conditions.

3. TESTING AND INSPECTION – If specified in the Order, Seller will conduct testing and/or inspection or review(s) by Buyer of the Goods or Services at Buyer's risks and costs. Buyer will receive written notice at least three (3) business days prior to such testing/inspection//review(s). If Buyer waives attendance or fails to attend, any testing/inspections/reviews will be deemed to have been made in Buyer's presence.

4. TITLE & RISK OF LOSS - Unless specified in the Order, Goods are being purchased EXW (Origin/Factory), Incoterms 2010. Title and risk of loss shall transfer to Buyer upon delivery to the agreed upon Incoterms point (or when delivery should have taken place but for fault of Buyer). Buyer agrees to document (with photos) and promptly advise Seller of any damage or freight claims. Goods that are not promptly and properly rejected by Buyer upon delivery shall be deemed irrevocably accepted; accepted Goods shall be subject to Seller's warranty herein.

5. WARRANTY - Seller warrants that: (i) the Goods will be of good material and workmanship; (ii) the Services shall be performed by competent and qualified personnel in a professional and workmanlike manner in accordance with generally established industry standards; and (iii) the Goods and Services will conform to the technical specifications and/or drawings expressly agreed upon between the parties in writing. Seller's warranties on the Goods will be in effect until the earlier of: (i) twelve (12) months from first operation/use of any such Goods or (ii) eighteen (18) months after date of delivery (at the applicable FOB/Incoterms point quoted by Seller). Seller's sole liability and Buyer's sole and exclusive remedy for breach thereof shall be the repair or replacement of such Goods by Seller, at Seller's option and cost (but not including transportation, removal, reinstallation, and decontamination). Seller's warranties on the Services will be in effect until ninety (90) days from the date of the performance of such Services. Seller's sole liability and Buyer's sole and exclusive remedy for breach thereof shall be the re-performance of such Services by Seller. Any warranty repair/replacement/re-performance pursuant to the above warranties shall be warranted by Seller for a period equal to the remainder of the original warranty period set forth above. No "evergreen" or "in-place" warranty is being provided. Seller shall have the sole right to specify the manner and timeframe for such repair/replacement/ re-performance. Defective/non-conforming parts(s)/Goods must be returned to Seller free of all contaminants and, in the event of replacement, will become the property of Seller unless Seller instructs otherwise. The warranty does not include the costs of fitting new parts or other Equipment. If Seller opts to perform any warranty obligations in-place, Buyer shall, without cost to Seller, during a specified time period agreed upon by the parties, provide access by disassembling, removing, replacing, and reinstalling any equipment, structures, or other obstructions to the extent necessary to permit Seller to perform its warranty obligations.

THERE ARE NO WARRANTIES, CONDITIONS, GUARANTEES, REPRESENTATIONS, OR REMEDIES THAT EXTEND BEYOND THE FACE OF THESE TERMS AND CONDITIONS. ALL OTHER WARRANTIES, CONDITIONS, GUARANTEES, REPRESENTATIONS, OR REMEDIES EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE (INCLUDING ANY CONDITION OR WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR A PARTICULAR PURPOSE) NOT EXPRESSLY SET FORTH HEREIN, ARE FULLY DISCLAIMED AND EXCLUDED TO THE FULLEST EXTENT PERMITTED BY LAW. SELLER'S WARRANTIES DO NOT COVER ANY GOODS OR SERVICES THAT HAVE BEEN ALTERED OR SUBJECTED TO ACCIDENT OR IMPROPER STORAGE, INSTALLATION, ASSEMBLY, COMMISSIONING, MAINTENANCE, USE OR APPLICATION. SELLER DOES NOT WARRANT THAT THE GOODS WILL RESIST THE ACTION OF EROSIVE OR CORROSIVE GASES, LIQUIDS, OR SOLIDS, OR PRODUCE RESULTS IN COMPLIANCE WITH ANY LAWS, DECREES, OR OTHER STANDARDS.

6. INSTALLATIONS AND ASSEMBLY – Unless specified in the Order, Seller is only the supplier of the Goods and shall have no responsibility for the assembly and installation of the Goods

7. INTELLECTUAL PROPERTY - Seller's intellectual property rights and proprietary information (in hard copy or in electronic format) remain the property of Seller. Notwithstanding any other provisions or requirements of this Order, no intellectual property or proprietary information is being sold, granted, transferred, licensed, or assigned; there are no works-made-for-hire or unrestricted use (any government rights shall be "limited rights"). Seller shall not be required to provide, or provide access to, any confidential or proprietary area or information. Buyer shall not reverse engineer or otherwise attempt to re-create the Goods/Services.

8. PATENT INDEMNITY - Except (i) to the extent of designs or other intellectual property provided by Buyer and/or (ii) to the extent that Goods are altered or combined by Buyer in a manner causing the infringement, Seller will indemnify Buyer from claims by third parties against Buyer if the Goods infringe any Canadian or United States patent. If an injunction is issued against the further use of the Goods, Seller will, at its option and expense: (i) procure for Buyer the right to continue using said item of Goods; or (ii) modify or replace the same with non-infringing Goods or (iii) remove the infringing Goods and refund the purchase price.

9. BUYER MATERIALS - Buyer-furnished material must be received by Seller in accordance with the delivery schedule agreed upon by both parties. If shipment of such material is delayed or lost, Seller reserves the right to: (i) Invoice and hold shipment awaiting such material or (ii) invoice and ship less such material. Buyer shall reimburse Seller for all liability incurred by Seller as a result of any such Buyer delay.

10. ON-SITE SERVICES – The following section shall apply only if Seller provides on-site Services to Buyer under this Order:

10.1 Indemnity of Buyer. Seller will indemnify Buyer from non-nuclear claims brought by third parties against Buyer for (i) bodily injury (including death) and (ii) property damage, each only to the extent directly caused by the negligence of Seller. Seller shall not be responsible for the acts/omissions of Buyer or others. Seller's indemnity obligations shall not apply to Buyer property or any nuclear activity/incident.

10.2 Insurance. Seller shall maintain the following insurance coverage : (1) Commercial General Liability with limits of $1,000,000 combined single limit occurrence for Bodily Injury, Physical Property Damage of third party property, and Contractual Liability coverage, subject to an annual aggregate of $2,000,000; (2) Automobile Liability – Bodily Injury/Physical Property Damage in the amount of $1,000,000 combined single limit each occurrence; and (3) Workers Compensation Insurance – statutory, as to Seller's employees. If requested, Seller will provide an ACORD form of certificate confirming such coverage. Seller's provision of a certificate of insurance in accordance with Buyer's site requirements does not constitute Seller's acceptance of Buyer's terms of purchase. Seller shall have no other or further obligations related to insurance or coverage.

10.3 Other On-site/Service Provisions. Seller shall comply with applicable Canadian, U.S. and/or provincial/territorial/state statutes, acts, ordinances, regulations, codes, and laws that apply to Seller's performance of the Work. Seller shall comply with job/site requirements as mutually agreed upon by the parties. Seller is an independent contractor and is not responsible for oversight or supervision of work, property or employees of others, including health, safety, or security. Buyer shall advise Seller's personnel in advance of all known and/or suspected hazardous/unsafe conditions and risks that may be encountered while on-site, including proper Material Safety Data Sheets (MSDS). Seller's personnel shall not be required to take any action, or to enter or

remain in any area where he/she reasonably determines that it would be unsafe. Seller's employees, subcontractors, and representatives shall be given unobstructed access to the site and the work. Seller's time and expense for any delays not caused by Seller shall be charged to Buyer. Buyer shall be responsible for any damage to or loss of property of Seller or its subcontractors property if such damage/loss is not caused by Seller or its subcontractors.

11. FORCE MAJEURE; SHIPMENT AND DELAYS - Seller shall not be liable for damages or delay in performance arising from causes beyond its control or without its fault or negligence, including, but not limited to, acts of God or the public enemy, acts of a government in its sovereign capacity, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and/or severe weather. If Buyer requests that Seller store Goods or if delivery instructions are not promptly received from Buyer upon Seller's ready-to-ship notification, Seller may provide for storage of the Goods at Buyer's risk and expense or Buyer must provide for storage at Buyer's cost and risk. Shipments held beyond the scheduled date at the request or fault of Buyer may be billed immediately to Buyer including reasonable expenses incident to such delay, and Buyer shall assume title and risk of loss thereof. Liquidated/delay damages shall not apply to this order.

12. TAXES & DUTIES - Buyer shall be responsible for all sales, use, value added and similar taxes ("Sales Taxes") required on the Goods and Services, which shall be in addition to the consideration payable for such Goods and Services. If Seller invoices Buyer for such Sales Taxes, then Buyer shall pay such amounts to Seller concurrent with the payment of the consideration upon which such Sales Taxes are calculated. If Seller does not invoice Seller for such Sales Taxes, Buyer shall report and remit such Sales Taxes directly to the appropriate taxing authority within the time period required by law and shall provide evidence of such remittance to Seller upon request. Buyer shall be responsible for all import, export, customs duties, fees and similar charges ("Duties") in respect of the Goods and Services, and if Seller is required to pay any amount of Duties in respect of the Goods and Services, then Buyer shall reimburse Seller for such amount upon request.

13. PAYMENT OF PURCHASE PRICE - Buyer shall pay all invoices within thirty (30) days from the date of Seller's invoice ("Payment Due Date") by electronic funds transfer (EFT) or automated clearing house (ACH) transaction. If Buyer disputes all or part of an invoice, Buyer must (i) submit the dispute to Seller in writing within five (5) business days of the date of invoice or the entire amount of the invoice shall be due on the Payment Due Date; and (ii) pay all undisputed amounts on the Payment Due Date. If Buyer fails to pay an undisputed invoice on or before the Payment Due Date, Seller reserves the right to (i) charge late fees at the lesser of (i) the rate of 1.5% per month (18% per annum) or (ii) the maximum amount permitted by law; (ii) require Buyer to pay all of Seller's collection costs; and (iii) cease all work in relation to this Order (without obligation for liquidated damages, if applicable, incurred due to such cessation).

For milestone payments required under this Order, Seller may invoice on the original milestone completion date if the milestone is not met due to Buyer's fault, untimely response or unreasonable delay. In the event that Buyer seeks to modify the Purchase Order, Buyer agrees to make payments in accordance with the original contract terms until such time as modification is mutually agreed upon. Seller only waives claims for payment to the extent that such payments have been received by Seller. If, in Seller's reasonable opinion, Buyer's financial condition may jeopardize full or timely payment, Seller may (i) require full or partial payment as a condition to commencing or continuing its performance (including in advance of any shipment) or (ii) recover Goods from the carrier, if shipment has been made.

14. CANCELLATION - Buyer may cancel this Order, in whole or in part, upon at least seven (7) calendar days advanced written notice to Seller in such case the Seller shall be entitled to be reimbursed for the reasonable Direct Cost incurred by the Seller in performing the work. Direct Costs mean: "such direct costs borne and incurred by the Seller associated with the Order up to and including the date of suspension and/or cancellation, including but not limited to manufacturing costs, salaries, third party supplier costs and reasonable overhead and profit margin." Buyer's cancellation costs shall not exceed the total Order price. Any Goods or Services sold by Seller that are incomplete shall be deemed to be sold "AS IS," "and "WITHOUT WARRANTY OR GUARANTEE OF ANY KIND." Seller may cancel this Order, in whole or in part, at any time if: 1) Buyer suspends work or delays delivery beyond 45 days without it being mutually agreed upon in advance; (2) Buyer breaches any material term of this Order; and/or (3) Buyer files bankruptcy or otherwise fails to either make full and timely payments, meet its obligations, or provide further assurances.

15. **EXPORT CONTROL-** Goods supplied may be subject to export control, trade sanctions, or other export laws, regulations, rules and licenses of Canada, the United States or other countries ("Export Control Regulations"). Buyer agrees to comply with Export Control Regulations as well as any other applicable country's import control laws. Buyer further agrees that if Export Control Regulations are applicable, it will not disclose or re-export any technical data received under this order to any countries for which the United States government requires an export license or other supporting documentation at the time of export or transfer, unless Buyer has obtained prior written authorization from the United States Office of Export Control or other authority responsible for such matters. Unless otherwise mutually agreed upon by the parties, Buyer shall be responsible for obtaining export licenses or other approvals. The Order will not be accepted unless Seller is satisfied that the Goods can be supplied in compliance with the Export Control Regulations. In the event that any applicable Export Control Regulations prohibit or make impracticable Seller's performance hereunder, Seller will be released from all performance related to the Order. Seller will not be liable to Buyer for any losses, damages, or claims arising from such cancellation of the Order. Seller will not accept payment through a trade sanctioned country financial institution.

16. **NUCLEAR SALES (IF APPLICABLE) - If Buyer or any ultimate end user intends to use the Goods or Services in any atomic/nuclear installation or activity, Buyer must notify Seller accordingly in advance and Seller's "Nuclear Indemnity" shall also apply and control (and such terms are hereby incorporated by reference for such purposes, as if fully set forth herein).**

17. LIMITATION OF LIABILITY; INDEMINITY CONDITIONS; EXCLUSIVE REMEDIES; OBLIGATIONS; & VALIDITY - The following shall apply, govern, control, and survive at all times and to the fullest extent permitted by law:

17.1 **Seller shall not be liable for any loss of profit or revenue, loss of business, loss of contracts, or for any special, indirect, economic, incidental, consequential, or punitive damages or losses, whether based on contract, warranty, indemnity, statute, tort (including negligence), or otherwise pursuant and/or related to this Order.**

17.2 **Seller's total liability pursuant and/or related to this Order whether for breach of contract or by reason of any tort (including negligence), statute, warranty, indemnity, or otherwise, shall in no event exceed the total price of the Order.**

17.3 Any duty to indemnify under these terms and conditions/the Order is conditioned upon Buyer: (i) providing prompt and detailed notice to Seller of any such claim; (ii) tendering the defense/settlement to Seller; and (iii) providing full cooperation, authority, and assistance to Seller.

17.4 Buyer's rights and remedies shall be deemed sole and exclusive, and in place of those at law and equity. The exclusions and limitations set forth in these terms and conditions shall control at all times and survive any breach, or termination of the Purchase Order. If any provision of these terms and conditions of this Order or part thereof shall be held by judicial determination to be invalid or unenforceable they shall be severed from this Order and the valid or enforceable parts of these terms and conditions shall continue in full force and effect.

18. **ENTIRE CONTRACT; GOVERNING LAW & FORUM; OFFICIAL LANGUAGE; NO THIRD PARTY BENEFICIARIES; ASSIGNMENT** - These terms and conditions of sale cannot be amended, superseded, or modified except by a written document signed by Seller's duly authorized officer and Buyer's duly authorized representative. Governing law and forum of the terms of this Order shall be the laws (and exclusive forum) of the State of New York (USA), despite any conflicts of laws. The official language of this Agreement is English. It is the express wish of the parties that this Agreement and any related documents be drafted and executed in English. The parties agree to exclusive venue in Erie County, New York. Buyer and Seller agree that this Order is between them alone, and there are no third party rights or beneficiaries. Seller may subcontract with third parties for the manufacture and/or purchase of all or part of the Goods and/or Services. Other than Seller's ability to use its vendors/subcontractors, neither party may transfer or assign this Order, in whole or in part, without the other party's express advance permission (which shall not be unreasonably delayed or withheld), and any assignment/transfer without proper consent shall be null, void, and of no force or effect. The parties expressly exclude the application of the United States Convention on Contracts for the International Sale of Goods.

Pre-Service Checklist - Turblex

Howden

Please return to Howden HRO-S via email or fax at 417-866-0235

This checklist is designed specifically to save you time and money! We have found that if you can check yes to these items, you will minimize unnecessary delays, unexpected waiting time, and additional labor and expenses.

YES	NO	
☐	☐	Sufficient lifting equipment is available.
☐	☐	The special tool kit is complete and available onsite for disassembly/reassembly of the compressor(s). To inventory your tool kit, reference the O&M manual for a complete listing of these special tools with illustrations. These tools are required for disassembly/reassembly of your compressors(s). If you do not have a special tool kit, please let us know.
☐	☐	At-least one local helper will be available to assist Howden personnel with service work.
☐	☐	Inlet filter system and sound enclosure (if applicable) will be removed prior to arrival of Howden personnel. (We would be happy to assist with removal of this, but this is one way for you to reduce the number of Howden labor hours required.)

We look forward to working with you in the near future!

Mandatory Lifting Device Reporting

Howden

This form shall be completed and returned to Howden for all sites here our employees may be performing activities.

Site Information:

Site Name: _____

Address: _____

City, State, Zip: _____

Lifting Information:

Site has proper, adequate and weight tested lifting in buildings or facilities where Howden employees may be performing work. Devices are in accordance with local, state and federal regulations.

☐ Yes ☐ No

If yes, then detailed information **shall be attached** in regard to:

1. The location and weight rating of the equipment. Lifting should be A) rated per the below chart, B) should be located centerline of the compressor , C) allow for removal of components straight out of the compressor and D) allow movement after removed from the compressor.

Unit size	Heaviest individual component	Unit on Site	Weight Rating of Site Lifting Equipment
KA2	881 Pounds (US): ENTIRE COMPRESSOR	☐	
KA5	1763 Pounds (US): ENITRE COMPRESSOR	☐	
KA10	925 Pounds (US): GEARCASE	☐	
KA22	1260 Pounds (US): GEARCASE B	☐	
KA44	1970 Pounds (US): GEARCASE B	☐	
KA66	2960 Pounds (US): INLET HOUSING & VOLUTE	☐	
KA80	4856 Pounds (US): GEAR COMPLETE	☐	
KA100	8030 Pounds (US): INLET HOUSING & INNER SPIRAL	☐	

2. Any equipment, precautions, etc. needed for Howden employees that may be performing functions in the work areas.
3. Any obstructions above the compressor centerline that prevent the use of proper lifting and service should be reported prior to issuance of a P.O.

The information provided shall be reviewed and approved by Howden prior to any work being done by a Howden employee. Note: Additional information may be required as part of the review process.

Person Completing Form:

Name: _____ **Title:** _____

Signature: _____ **Date:** _____

Contact Information: _____

VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
Report/Recommendation to the Board of Commissioners

October 23, 2019

FROM Brian Macy, Interim General Manager

TO Board of Commissioners

SUBJECT Adoption of Ordinance 001 Amendment

RECOMMENDATION

Staff recommends that the Board of Commissioners conduct the public hearing, second reading, and adoption of Ordinance 001 amendment as presented for the fiscal year 2019-2020, increasing the user fee from $3,503 per MG to $4,087 per MG and adjusting the high strength surcharges accordingly.

REVIEW BY OTHERS

This recommendation was reviewed by Piero Dallarda, Legal Counsel.

BACKGROUND INFORMATION

On July 18, 2019, the Board adopted Resolution 2019-10 and the Fiscal Year 2019-2020 Budget which included revenue assumptions which included an 8% increase in user charges on October 1, 2019. This amendment to Ordinance 001 is consistent with Board direction and Resolutions 2019-10 and 2019-14. Resolution 2019-14, passed on September 19, 2019, adopted the Raftelis Wastewater Rate Study which suggested an increase of 25%, but the Board of Commissioners believes that some of the assumptions made in the study will no longer be applicable. Therefore, the Board of Commissioners will be approving a rate increase lower than the rate suggested by Raftelis, but the Board has indicated that it may review the issue later on if the funds that are expected to be forthcoming do not become available as the Board currently contemplates.

There have been two public hearings for this amendment on August 15, 2019 and September 19, 2019. To date, no public comments have been received regarding the Ordinance 001 amendment.

As presented in the amendment, the first 8% increase will become effective on December 1, 2019 with subsequent increases taking effect on July 1, 2020; July 1, 2021; July 1, 2022; and July 1, 2023.

FINANCIAL IMPACT

The financial impact will vary by Member Agency given that some of VVWRA member entities sometimes pass the increase through immediately and others do not. The newly proposed rate schedule is attached in the revised Ordinance 001.

RELATED IMPACTS

As a conclusion, it is believed that this rate increase along with the collection of uncollected revenue that is expected to be forthcoming will meet the debt coverage ratio of at least 1.2 (computed as net revenue divided by the debt service annual payment amount) to be in compliance with the State Revolving Fund loan agreements.

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VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY

20111 SHAY ROAD

VICTORVILLE CA 92394

(760) 246-8638

ORDINANCE NO. 001

RULES AND REGULATIONS

FOR SEWERAGE SERVICE

October 2019

AN ORDINANCE PRESCRIBING THE RULES AND REGULATIONS FOR SEWERAGE SERVICE AND THE OPERATION OF THE REGIONAL SEWERAGE SYSTEM WITHIN THE BOUNDARIES OF THE VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY AND ESTABLISHING THE SERVICE AND USER FEES CHARGES IN CONNECTION WITH PROVIDING SUCH SEWERAGE SERVICE AND THE OPERATION AND MAINTENANCE OF THE REGIONAL SEWERAGE SYSTEM, ALL PURSUANT TO STATEMENT OF FINDINGS AND BOARD ACTION SET FORTH IN THIS ORDINANCE NO. 001.

STATEMENT OF FINDINGS AND BOARD ACTION

REGARDING THE ADOPTION OF

ORDINANCE NO. 001

WHEREAS, Ordinance No. 001 of the Victor Valley Wastewater Authority ("VVWRA") adopted by the Board of Commissioners ("Commission") of VVWRA on October 8, 1980, (also known as Ordinance No. 80-19, a copy of which is attached hereto as Exhibit "A" and is incorporated herein by this reference) establishes and imposes a schedule of user fees for services provided by the collection and treatment system owned, maintained and operated by VVWRA; and

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WHEREAS, Article 10, Section 10-01.2 of Ordinance No. 001 and subsequent amendments provide in pertinent part that the Commission reserves the right to change the schedule of regional sewer service charges and other charges and fees from time to time as necessary for the proper operation, maintenance, repair, replacement, and expansion of the regional system and to ensure compliance with regulatory requirements; and

WHEREAS, the funds collected pursuant to Ordinance No. 001 as amended are used to pay for the cost of operating and maintaining the collection and treatment systems owned, maintained and operated by VVWRA and to ensure compliance with regulatory requirements; and

WHEREAS, since the last increase in sewer user charges provided for in Table II of Ordinance No. 001, which is attached hereto as Exhibit "B", and in Resolutions 1995-14, 2004-9 and 2010-13, the cost of operating and maintaining VVWRA's sewer-system has increased; and

WHEREAS, absent a sewer user charge increase, VVWRA will incur a deficit due to the costs of operating and maintaining the sewer system exceeding the amount of revenue which VVWRA presently receives in sewer user charges under the existing rate; and

WHEREAS, the Commission believes that it is necessary and desirable to operate the sewer system on a basis which does not require substantial subsidization from other sources of VVWRA revenues; and

WHEREAS, a study conducted on behalf of VVWRA by Raftelis on August 15, 2019, was received, filed and approved by the Commission under Resolution 2019-14 on September 19, 2019 (the "Study"); and

WHEREAS, the Study, a copy of which is attached hereto as Exhibit "C" and incorporated herein by this reference, determined different levels of charges VVWRA would impose up to $5,150.00 (five thousand, one hundred and fifty dollars) per one million gallons; and

WHEREAS, in light of regulatory requirements as well as costs of operations and maintenance, VVWRA will incur a deficit due to the costs of operating and maintaining the sewer system exceeding the amount of revenue which VVWRA presently receives in sewer user charges under the existing rate; and

WHEREAS, (1) after discussing these matters with staff for its member entities, (2) considering studies conducted on behalf of the Commission by consultants; (3) making presentations to staff and the public in open session about the needs to increase the charges mentioned above; and, (4) conducting the necessary notice and public hearing process in the matter, the Commission believes that an increase of the sewer user charges set forth in Sections 2 and 4 below is necessary in light of the findings above.

NOW THEREFORE, the Board of Commissioners of the Victor Valley Wastewater Reclamation Authority hereby ordains as follows:

Section 1. Findings. The Board of Commissioners asserts and adopts the findings set forth above;

Section 2. Increase In Sewer User Charges. The current User Fee Schedule is hereby increased, in terms of volume alone and in terms of monthly charges as follows:

Expressed in terms of millions of gallons, the User Fee Schedule will be increased from $3,503.00 (three thousand, five hundred and three dollars) per one million gallons to $3,784.00 (three thousand, seven hundred and eighty-four dollars) per one million gallons effective November 1, 2019.

Expressed in terms of millions of gallons, the User Fee Schedule will be increased from $3,784.00 (three thousand, seven hundred and eighty-four dollars) per one million gallons to $4,087.00 (four thousand, and eighty-seven dollars) per one million gallons effective July 1, 2020.

Expressed in terms of millions of gallons, the User Fee Schedule will be increased from $4,087.00 (four thousand, and eighty-seven dollars) per one million gallons to $4,414.00 (four thousand, four hundred and fourteen dollars) per one million gallons effective July 1, 2021.

Expressed in terms of millions of gallons, the User Fee Schedule will be increased from $4,414.00 (four thousand, four hundred and fourteen dollars) per one million gallons to $4,768.00 (four thousand, seven hundred and sixty-eight dollars) per one million gallons effective July 1, 2022.

Expressed in terms of millions of gallons, the User Fee Schedule will be increased from $4,768.00 (four thousand, seven hundred and sixty-eight dollars) per one million gallons to $5,150.00 (five thousand, one hundred and fifty dollars) per one million gallons effective July 1, 2023.

Section 3. Repeal of Table II of Ordinance No. 001 Table II, as referenced in Section 10-01.1 of Ordinance No. 001 as amended by Resolutions 1995-14, 2004-9, 2010-13, Ordinance 001D, and Ordinance 001E is hereby repealed in its entirety and, as set forth below, is to be replaced by the Amended Table II attached hereto..

Section 4. Amendment of Table II of Ordinance No. 001 Table II, as referenced in Section 10-01.1 of Ordinance No. 001, is hereby amended and revised as set forth in the attachment hereto and is incorporated herein by the reference.

Section 5. Repeal of Table III of Ordinance No. 001 Table III, as referenced in the Table of Contents of Ordinance No. 001 as amended by Resolutions 1995-14, 2004-9, 2010-13, Ordinance 001D, and Ordinance 001E is hereby repealed in its entirety and replaced by the Amended Table III attached hereto, and all references to the 2014 Statement of Findings and Black and Veatch Study and Bartle Wells studies shall be removed.

Section 6. Amendment of Table III of Ordinance No. 001 Table III, as referenced in the Table of Contents of Ordinance No. 001, is hereby amended and revised as set forth in the attachment hereto and is incorporated herein by the reference.

Section 7. Continued Effect of Remaining Provisions of Ordinance No. 001. The remaining provisions of Ordinance No. 001 not expressly repealed or amended by this Ordinance shall remain in full force and effect.

Section 8. Effective Date. This Ordinance shall take effect and be in full force thirty (30) days after its adoption. Prior to the expiration of the fifteen (15) days from its adoption, the Ordinance or a summary of it shall be published in The Daily Press, a newspaper of general circulation within the boundaries of the Victor Valley Wastewater Reclamation Authority, or a newspaper of substantially equivalent circulation.

Section 9. Notice of Exemption. Within five working days after the passage and adoption of this Ordinance, the Commission hereby authorizes and directs staff to prepare, execute, and file with the County Clerk a Notice of Exemption for the revisions to Ordinance No. 001.

~~**WHEREAS,** Ordinance No. 001 of the Victor Valley Wastewater Authority ("VVWRA") was adopted by the Board of Commissioners ("Commission") of VVWRA on December 8, 1980, (also known as Ordinance No. 80-19), and has been amended from time to time, including the adoption of the amendments set forth in Ordinance No. 001B, 001C, 001D and 001E (collectively, "Ordinance No. 001");~~

~~**WHEREAS,** Ordinance No. 001 was consolidated into a single amended and restated version which was adopted by the Commission on March 20, 2014;~~

~~**WHEREAS,** the restated version of Ordinance No. 001 which was adopted on March 20, 2014, further adopted new sewer user charges and a revised User Fee Schedule pursuant to findings set forth in the Statement of Findings and Board Action Regarding the Adoption of Ordinance No. 001 on March 20, 2014 ("2014 Statement of Findings"), which findings were supported by a study conducted on behalf of VVWRA by Black and Veatch in February, 2014, and was received, filed and approved by the Commission on February 20, 2014 ("Study"). Those findings and documentation in support thereof are incorporated herein by this reference;~~

~~**WHEREAS,** a further restatement of Ordinance No. 001 was adopted on May 20, 2015 to better describe the terms of sewerage service and comply with the requirements and recommendations from the Lahontan Regional Water Quality Control Board pretreatment compliance inspections and audits from 2011, 2012, 2013 and 2014, for the benefit of the member entities and the users within the boundaries of VVWRA;~~

~~**WHEREAS,** a further restatement of Ordinance No. 001 was adopted on February 18, 2016 to provide for the processing of anaerobically digestible material ("ADM"), including floatable oil ("FOG") and food waste in VVWRA's existing WRP biogas digesters in accordance with new regulations of the California Department of Resources Recycling and Recovery, a byproduct of which is the increased production of biogas utilized in the production of renewable energy at the VVWRA wastewater treatment plant;~~

~~**WHEREAS,** Ordinance No. 001 as currently adopted establishes the rules and regulations for the implementation, financing, operation and maintenance of the regional sewerage system which is used by VVWRA to provide sewerage service within its boundaries and further establishes and imposes a schedule of user fees for services provided by the collection and treatment system owned, maintained and operated by VVWRA;~~

~~**WHEREAS,** the Member Entities have requested clarifications in the General Requirements for connecting local sewer collection facilities to VVWRA interceptors pursuant to Article V of this Ordinance No. 001; and~~

~~**WHEREAS,** such clarifications do not involve any modifications to the VVWRA interceptors, but merely clarify where and how a Member Entity may install connections; and~~

~~**WHEREAS,** VVWRA has reviewed the proposed revisions to Ordinance No. 001 and determined that the revisions are categorically exempt from environmental review under CEQA pursuant to the Class 1 categorical exemption (State CEQA Guidelines, § 15301), which exempts the operation, maintenance, or minor alteration of existing public facilities, involving negligible or no expansion of use beyond that existing at the time of the lead agency determination; and~~

~~**WHEREAS,** VVWRA has determined that none of the exceptions to the categorical exemptions outlined in State CEQA Guidelines section 15300.2 applies to the revisions to Ordinance No. 001; and~~

~~**WHEREAS,** the foregoing exemption is sufficient to independently exempt the whole of the action from CEQA; and~~

~~**WHEREAS,** the Commission has reviewed the findings contained in the original Ordinance No. 80-19 with respect to the adoption of the rules and regulations contained in Ordinance No. 001, as well as the findings contained in the 2014 Statement of Findings, the 2015 Statement of Findings and the 2016 Statement of Findings, and believes that such findings continue to provide a valid basis for this Ordinance;~~

~~**WHEREAS,** the Commission believes that the 2014 Statement of Findings, as supported by the Study, continue to provide a valid basis for the current User Fee Schedule, which is being restated and adopted as part of this revised and updated Ordinance No. 001, and all findings and~~

documentation in support of VVWRA sewer charges (user and connection fees) are incorporated into this Ordinance and are hereto attached as Table III;

NOW THEREFORE, the Board of Commissioners of the Victor Valley Wastewater Reclamation Authority hereby ordains as follows:

Section 1. Findings. The Board of Commissioners asserts and adopts the findings set forth above;

Section 2. CEQA Determination. Based upon its review of the entire record, including the facts outlined below, the Commission hereby finds and determines that Ordinance No. 001 as revised is categorically exempt from environmental review pursuant to CEQA's Class 1 categorical exemption. Under State CEQA Guidelines section 15301, the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, or mechanical equipment, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination are exempt from CEQA review.

Ordinance No. 001 as revised will modify the process for Member Entities to install local connections to VVWRA interceptors.

None of the exceptions to the categorical exemptions apply. (State CEQA Guidelines, § 15300.2.) Therefore, none of the circumstances outlined in State CEQA Guidelines section 15300.2 apply and the Class 1 categorical exemption outlined above remains applicable.

Section 3. Repeal Of Existing Ordinance No. 001. Ordinance No. 001, as most recently adopted on February 18, 2016, is hereby repealed in its entirety. Upon this Ordinance taking effect as set forth in Section 4 below, the existing Ordinance No. 001 shall have no further force or effect. The user fee and connection charges set forth in Ordinance No. 001, as most recently adopted on February 18, 2016, remain in place, are not repealed and are rested and re-adopted in the instant Ordinance.

Section 4. Adoption of This Ordinance. This new Ordinance No. 001 is hereby adopted in its entirety along with the tables and attachments thereto, including the existing sewer user charges which are set forth in the User Fee Schedule and all documentation and studies in support thereof.

Section 5. Effective Date. This Ordinance shall take effect and be in full force thirty (30) days after its adoption. Prior to the expiration of the fifteen (15) days from its adoption, the Ordinance or a summary of it shall be published in The Daily Press, a newspaper of general circulation within the boundaries of the Victor Valley Wastewater Reclamation Authority, or a newspaper of substantially equivalent circulation.

Section 6. Notice of Exemption. Within five working days after the passage and adoption of this Ordinance, the Commission hereby authorizes and directs staff to prepare,

~~execute, and file with the County Clerk a Notice of Exemption for the revisions to Ordinance No. 0001.~~

BEGIN TEXT OF ORDINANCE NO. 001

LEGISLATIVE HISTORY

ORDINANCE NO. 001

(PREVIOUSLY REFERRED TO AS ORDINANCE 80-19)

ADOPTED: 10/08/80

AMENDED: 11/25/81
AMENDED: 06/03/82
AMENDED: 11/17/83
AMENDED: 06/28/84
AMENDED: 06/27/85
AMENDED: 06/26/86
AMENDED: 01/29/87
AMENDED: 06/25/87
AMENDED: 06/30/88
AMENDED: 07/01/89
AMENDED: 07/01/90
AMENDED: 07/01/91
AMENDED: 06/25/92
AMENDED: 05/27/93
AMENDED: 05/26/94
AMENDED: 03/30/95
AMENDED: 05/23/96
AMENDED: 08/27/97
AMENDED: 10/28/99
AMENDED: 07/25/01
AMENDED: 07/05/02
AMENDED: 06/22/07
AMENDED: 06/20/08
AMENDED: 06/29/09
AMENDED: 06/21/12
AMENDED: 03/20/14
AMENDED: 05/20/15
AMENDED: 02/18/16
AMENDED: 10/23/19

REPEALED AND RESTATED: 10/23/19

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ARTICLE 01: GENERAL

The purpose of these Rules and Regulations is to provide for the maximum possible beneficial public use of the Victor Valley Wastewater Reclamation Authority (VVWRA) facilities through adequate regulation of sewer design and construction, sewer use, and industrial wastewater discharges; to provide equitable distribution of the costs of the regional sewerage system and to provide procedures for complying with requirements placed upon the Reclamation Authority by other regulatory agencies.

The provisions of these Rules and Regulations shall apply to the direct or indirect discharge of all liquid carried wastes to facilities of the Reclamation Authority and the collection and processing of solid wastes that qualify as ADM and are approved by the Reclamation Authority from time to time. These Rules and Regulations, among other things, provide for the regulation of sewer service and construction in areas within the Reclamation Authority service area, the quality and quantity of discharged wastes, the degree of waste pretreatment required, the issuance of permits for wastewater discharge and of other miscellaneous permits, and the establishment of penalties for violation.

Unless otherwise provided herein, the Reclamation Authority, shall administer, implement, and enforce the provisions of this document. Each Member Entity will provide its own design and construction specifications for local systems. These specifications will be regulated and enforced individually by the Member Entities. The regulation of inflow into the sanitary sewer systems of each Member Entity is available under the following conditions:

a) Domestic waste hook-up will be regulated by a permit procedure by each Member Entity.
b) Industrial/commercial waste hook-up will be regulated by the individual entities; however, all discharge of nondomestic wastewater will be subject to the standards and procedures set forth in this Ordinance as adopted and as hereafter amended.

The Reclamation Authority is a Joint Powers Agency created expressly for the purpose of treatment of wastewater and the ultimate disposal of effluent and solids in compliance with waste discharge requirements set from time to time by the California Regional Water Quality Control Board (Regional Board), Lahontan Region, and any and all applicable Federal, State, and Local statues, ordinances regulations, and other requirements.

Sewerage service by the Reclamation Authority, subject to the availability of facilities, adequate capacity in facilities, funds or financing for the construction thereof, or all of the foregoing, is available to Member Entities on the terms of conditions herein established. The availability of such service is to be furnished to each Member Entity on the same basis, so that all such entities may be served in an equal and comparable manner.

The original financing for the regional sewerage system was established pursuant to Financial Policy Resolution 81-10 dated November 1981. On an ongoing basis, the Reclamation Authority Financial and Revenue Plan sets forth the means of funding capital and operational costs of the regional sewerage system. In general, the Reclamation Authority sets rates for service to the

Member Entities that cover the costs of operating the regional sewerage system. The Reclamation Authority further establishes connection fees to fund capital infrastructure for the regional sewerage system. Connection fees are collected by each Member Entity from users at the local level on behalf of the Reclamation Authority.

It is additionally the intent of the Reclamation Authority to utilize reclaimed water to the maximum beneficial advantage of the community. This use may encompass all or a combination of ground water recharge, landscape irrigation, agricultural irrigation, industrial process water, recreational impoundment, or other beneficial use thereof.

The Reclamation Authority intends to provide regional sewerage service to its Member Entities through sound fiscal planning so as to provide capacity at all times to meet the growth of the area. The Reclamation Authority, however, urges that strong control measures be adopted within each Member Entity to encourage water conservation. In this manner, the Reclamation Authority would not only provide reuse of the treated wastewater, but even more importantly, reduce the consumptive use of high quality drinking water available within its boundaries.

The Reclamation Authority is committed to generating renewable energy through the collection and utilization of biogas that is a byproduct of the treatment process, including the processing of additional solid waste that qualifies as ADM within the digesters of the Reclamation Authority to maximize biogas generation.

ARTICLE 02: JURISDICTION

Pursuant to the regional "project concept", the "contracting communities" or "Member Entities" will collect sewage through locally owned and operated municipal collector systems within their respective boundaries and transmit same to the Reclamation Authority owned and operated regional sewerage system, via the Reclamation Authority's interceptor pipelines, for treatment and ultimate disposition of the treated effluent.

Reclamation Authority may establish policies and procedures for the acceptance of septage and solid waste products that qualify as ADM from waste haulers directly at its primary treatment facility. Reclamation Authority will further adopt standard operating procedures for the handling and treatment of solid waste products that qualify as ADM.

All Member Entities recognize that the violation of any rule and regulation regarding the use of the regional sewerage system by a Member Entity or any of its dischargers could jeopardize the integrity and operation of the regional system and the Reclamation Authority's ability to provide regional wastewater service to the entity in question and to the other Member Entities and their dischargers. In addition, all Member Entities recognize the importance of fair, equitable, and uniform enforcement of said Rules and Regulations throughout the regional system service area. Accordingly, each Member Entity pledges to comply with, honor, and enforce all Rules and Regulations in force relating to the regional sewerage system within their respective boundaries; and agrees to delegate to the Reclamation Authority the primary power and authority to regulate the discharge of nondomestic wastewater by Industrial Users into the tributary sewerage systems.

Notwithstanding anything contained herein which may appear to be to the contrary, the Member Entities shall have and retain exclusive jurisdiction and control over their local collector systems and the Reclamation Authority shall have and retain exclusive jurisdiction and control over the regional sewerage system.

ARTICLE 03: DEFINITIONS AND ABBREVIATIONS

03-01 - Definitions

For the purposes of this Ordinance, the following words and phrases are defined and shall be construed as hereinafter set out unless it shall be apparent from the context that they have a different meaning.

ACT shall mean the Federal Water Pollution Control Act of 1972, also known as the Clean Water Act, as amended, 33 USC 1251, et. seq. This Act has been incorporated by reference into California Law in the Water Code, Chapter 5.5.

ANAEROBICALLY DIGESTIBLE MATERIALS or ADM shall mean waste that can be accepted by the Reclamation Authority for treatment and disposal directly into the anaerobic digester at the wastewater treatment plant. These wastes include FOG, Food Waste and inedible kitchen grease as defined in section 19216 of the California Food and Agriculture Code and food material as defined in Title 14 of the California Code of Regulations, Chapter 3.1, Article 1, section 17852(a)(20).

APPROVED ANALYTICAL METHODS shall mean the sampling referred to in 40 CFR Part 403, Appendix E and analysis of these samples performed in accordance with the techniques prescribed in 40 CFR Part 136 and amendments thereto. Where 40 CFR Part 136 does not contain sampling or analytical techniques for the pollutant in question, or where the EPA determines that the Part 136 sampling and analytical techniques are inappropriate for the pollutant in question, sampling and analysis shall be performed using other applicable sampling and analytical procedures approved by the VVWRA and the EPA.

APPROVAL AUTHORITY shall mean the State of California Water Resources Control Board and/or the California Regional Water Quality Control Board, Lahontan Region.

AUTHORITY INTERCEPTOR shall mean those interceptor sewers owned by the Reclamation Authority for the conveyance of liquid wastes from Member Entity tributary sewerage systems to the Reclamation Authority's wastewater treatment facilities.

AUTHORITY SEWERAGE FACILITY shall mean any property belonging to the Reclamation Authority used in the treatment, reclamation, reuse transportation, or disposal of wastewater.

AUTHORIZED OR DULY AUTHORIZED REPRESENTATIVE OF THE USER shall mean:

1. If the User is a corporation:
    a. A president, secretary, treasurer, or vice-president of the corporation in charge of a principal business function, or any other person who performs similar policy or decision-making functions for the corporation, or
    b. The manager of one or more manufacturing, production, or operating facilities, provided, the manager is authorized to make management decisions which govern the operation of the regulated facility including having the explicit or implicit duty of making major capital investment recommendations, and initiate and direct

other comprehensive measures to assure long-term environmental compliance with environmental laws and regulations; can ensure that the necessary systems are established or actions taken to gather complete and accurate information for control mechanism requirements; and where authority to sign documents has been assigned or delegated to the manager in accordance with corporate procedures.

2. If the User is a partnership or sole proprietorship: a general partner or proprietor, respectively;
3. If the User is a Federal, State, or local government facility: a director or highest official appointed or designated to oversee the operation and performance of the activities of the government facility, or their designee; or
4. The individuals described paragraphs 1, 2, and 3, above, may designate a Duly Authorized Representative if the authorization is in writing, the authorization specifies the individual or position responsible for the overall operation of the facility from which the discharge originates or having overall responsibility for environmental matters for the company, and the written authorization is submitted to VVWRA.

If authorization under item 4 of this definition is no longer accurate because a different individual or position has responsibility for the overall operation of the facility, or overall responsibility for environmental matters for the company, a new authorization satisfying the requirements of item 4 of this definition must be submitted to the VVWRA prior to or together with any reports to be signed by an authorized representative.

AVERAGE DAILY FLOW shall mean the arithmetic average value for the number of gallons of wastewater discharged into the sewer system during a 24-hour period.

BEST MANAGEMENT PRACTICES (BMPs) shall mean schedules of activities, prohibitions of practices, maintenance procedures, and other management practices to implement the prohibitions listed in Article 8. BMPs include treatment requirements, operating procedures, and practices to control plant site runoff, spillage or leaks, sludge or waste disposal, or drainage from raw materials storage.

BIOCHEMICAL OXYGEN DEMAND (BOD) shall mean the quantity of dissolved oxygen required to biochemically oxidize the organic matter in a wastewater sample in five (5) days at 20°C expressed in terms of milligrams per liter (mg/l) and analyzed in accordance with Approved Analytical Methods.

BUILDING SEWER shall mean any sewer or sewer lateral conveying wastewater from the premises of a User to the public sewer system.

BUILDING SEWER - SANITARY shall mean a sewer pipe receiving flow from a single building and connecting to a sewer main or lateral, and constructed on private property, except for street crossing.

CATEGORICAL INDUSTRIAL USER (CIU) shall mean an Industrial User who is subject to promulgated Categorical Standards.

CATEGORICAL STANDARDS shall mean any regulation containing pollutant discharge limits promulgated by EPA in accordance with sections 307(b) and (c) of the Act (33 USC section 1317) that apply to a specific category of Users and that appears in 40 CFR Chapter I, Subchapter N, Parts 405-421, as it exists and as it may be amended.

CHEMICAL OXYGEN DEMAND shall mean the quantity of dissolved oxygen required to chemically oxidize the contents of a waste sample under specific conditions of oxidizing agent, temperature, and time, expressed in terms of milligrams per liter (mg/l) and analyzed in accordance with Approved Analytical Methods.

CLASS I USER shall mean a Categorical Industrial User. (CIU)

CLASS II USER shall mean a Non-categorical Significant Industrial User. (NCSIU)

CLASS III USER shall mean a Non-Significant Industrial User. (NSIU)

CLASS IV USER shall mean a Temporary Industrial User. (TIU)

CLASS V USER shall mean a discharger of trucked or hauled wastewater to the POTW.

COLIFORM BACTERIA shall mean any of a number of species of bacterial organisms common to the intestinal tracts of humans and animals whose presence in sewage is an indicator of the potential presence of pathogens.

COLLECTION SEWER shall mean a public sewer owned and operated by a Member Entity, whose primary purpose is to collect wastewaters from individual point source discharges.

COMBINED SEWAGE shall mean a combination of both wastewater and storm or surface water.

COMBINED SEWER shall mean a sewer intended to receive both wastewater and storm or surface water.

COMMERCIAL WASTEWATER shall mean wastewater from any retail store, restaurant, office building, laundry, church, lodge, or other private business or service establishment.

COMMISSION shall mean the Board of Commissioners of the Reclamation Authority.

COMPATIBLE POLLUTANT shall mean BOD, suspended solids, pH, coliform bacteria, and such additional pollutants as are now or may be in the future specified and controlled by the Reclamation Authority's permit, for its wastewater treatment works as said works have been designed and are operated to reduce or remove such pollutants.

COMPLIANCE TIME SCHEDULE shall mean a formal timetable for achieving compliance required of Users in violation of the provisions of this Ordinance. Each Compliance Time Schedule shall contain milestone dates as well as a final compliance date, and shall be approved by the Manager.

COMPOSITE SAMPLE shall mean a sample which is collected from a wastewater discharge over a time period of twenty-four (24) hours. A composite sample may be collected using

automatic continuous or discrete sampling equipment, or by manually collecting and compositing a minimum of four grab samples. Where specified by the Manager, composite samples shall be collected in a manner which is proportional to the flow rate of the discharge.

CONNECTION FEE shall mean a fee paid by a new system discharger to fund the capital costs associated with service capacity in the regional wastewater system.

CONSTITUENT shall mean any physical, chemical, or microbiological component or parameter of water or wastewater which can be quantified using Approved Analytical Methods.

CONSTRUCTION DRAINAGE shall mean water accumulated in excavations; water taken from the ground through a well-point, underdrain or other dewatering systems; water accumulated as a result of grading; and all other drainage associated with construction operations.

CONTROL AUTHORITY shall mean the General Manager of the VVWRA or his authorized representative, agent, or deputy.

CONTROL STRUCTURE shall mean a manhole, vault, or other chamber specially constructed for the purpose of sampling and measuring the flow of a nondomestic wastewater discharge to the POTW.

CONVENTIONAL POLLUTANT shall mean any pollutant or combination of pollutants listed as conventional in 40 CFR Part 401.16.

COUNTY shall mean the County of San Bernardino or the Board of Supervisors of the County of San Bernardino, California.

DAILY MAXIMUM shall mean the arithmetic average of all effluent samples for a pollutant collected during a calendar day.

DAILY MAXIMUM LIMIT shall mean the maximum allowable discharge limit of a pollutant during a calendar day. Where Daily Maximum Limits are expressed in units of mass, the daily discharge is the total mass discharged over the course of the day. Where Daily Maximum Limits are expressed in terms of concentration, the daily discharge is the arithmetic average measurement of the pollutant concentration derived from all measurements taken that day.

DEVELOPMENTS shall mean parcels of land on which dwelling units, commercial, or industrial buildings, or improvements are built.

DIRECT DISCHARGE shall mean the discharge of wastewater to the storm drain system or waters of the State of California or the United States.

DISCHARGE TO THE GROUND shall mean the discharge of wastewater to or into the soil and not contained in a facility approved by the Manager as being impermeable.

DISCHARGER shall mean any person who causes or contributes a discharge into the POTW.

DISSOLVED ORGANIC HALIDES (DOX) shall mean the measure of dissolved halogenated organic material in domestic or other wastewater as analyzed in accordance with Approved Analytical Methods.

DISSOLVED SOLIDS shall mean the residues of the dissolved constituents in water.

DOMESTIC WASTEWATER (DOMESTIC SEWAGE) shall mean water bearing wastes from residences and other premises resulting from personal use of water for ordinary living processes.

EASEMENT shall mean an acquired legal right for the specific use of land owned by others.

EFFLUENT shall mean the liquid outflow from any POTW facility; or the nondomestic wastewater discharged by a User to the POTW.

ELECTRICAL CONDUCTIVITY (EC) shall mean the ability of an aqueous solution to carry an electrical current, expressed in terms of micromhos per centimeter (umhos/cm) at 25°C, and analyzed in accordance with Approved Analytical Methods.

ENVIRONMENTAL PROTECTION AGENCY (EPA) shall mean the United States Environmental Protection Agency, or where appropriate, the Regional Water Management Division Director, the Regional Administrator, or other duly authorized official of said agency.

EXCHANGE-TYPE WATER CONDITIONING DEVICE shall mean a water conditioning device that is removed to and serviced at a commercial regeneration facility for regeneration from the premises at which it is normally operated.

EXISTING SOURCE shall mean any source of discharge that is not a "New Source".

FLOATABLE OIL shall mean oil, fat, or grease that is made up of organic polar compounds derived from vegetable/plant or animal sources that are composed of long chain triglycerides (3 fatty acid molecules with one glycerol) and is in a physical state such that it will separate by gravity from wastewater by treatment in a pretreatment facility approved by the Reclamation Authority and Member Entity.

FOG shall mean Floatable Oil that has been concentrated into a solid form as a result of the use of a grease trap, grease interceptor or equipment of a similar nature and then collected for delivery to an appropriate waste handing facility.

FOOD PROCESSING FACILITY shall mean a wholesale or retail facility which handles, processes, or prepares foodstuffs intended for human and/or animal consumption.

FOOD WASTE shall mean organic wastes derived from pre- and post-processed plants and animals (excluding those wastes generated at rending facilities) for the explicit creation of foods for human and/or animal consumption. This includes, but may not be limited to, those foods and scraps processed or produced at restaurants, hospitals, food distributors, schools and residences.

FORCE MAIN shall mean a pipe in which wastewater is carried under pressure.

GARBAGE shall mean solid wastes from the domestic and commercial preparation, cooking and dispensing of food, and from the handling, storage and sale of food; and from solid waste recycling and separation facilities.

GENERAL MANAGER or MANAGER shall mean the General Manager of the VVWRA.

GRAB SAMPLE shall mean a sample which is collected from a wastewater discharge without regard for flow over a period of time not exceeding fifteen (15) minutes.

GRAVITY SEPARATION INTERCEPTOR shall mean an approved detention chamber designed to remove grease, oil, and solids from wastewater before discharge to the POTW.

HAZARDOUS SUBSTANCE shall mean any substance which is toxic, explosive, corrosive, flammable or an irritant, or which generates pressure through heat or decomposition including, but not limited to, any substance determined to be a toxic or hazardous substance pursuant to Section 307 and 311(b)(2) of the Clean Water Act, 33 USC, Section 1251, et. seq., or its implementing regulations at 40 CFR Section 307 and 311; any substance classified as a hazardous substance

pursuant to California Water Code Section 13050(p) and; any imminently hazardous chemical substance subject to regulation under the Toxic Mixtures or Substances Control Act, 15 USC, Section 2601, et seq.

HAZARDOUS WASTE shall mean any hazardous substance which is either the resultant and/or intermediate or final by-product of any process.

HOLDING TANK WASTE shall mean any waste from holding tanks such as vessels, chemical toilets, campers, trailers, septic tanks, and vacuum-pump tank trucks.

INCOMPATIBLE POLLUTANT shall mean any non-treatable waste product including non-biodegradable dissolved solids.

INDIRECT DISCHARGE or DISCHARGE shall mean the introduction of pollutants into a POTW from any non-domestic source regulated under section 307(b), (c) or (d) of the Act.

INDUSTRIAL PLANT shall mean any facility which discharges industrial wastes. Each industrial plant will be considered and analyzed individually even though an owner may operate two or more industrial plants within the Reclamation Authority service area. A multi-building industrial plant located on a single site shall not be arbitrarily divided into separate units for the purpose of obtaining additional deductions and exemptions.

INDUSTRIAL SEWER shall mean a sewer owned and operated by an industry.

INDUSTRIAL USER (IU) The term Industrial User or User means a source of Indirect Discharge.

INDUSTRIAL WASTE ENFORCEMENT OFFICER shall mean a person authorized by the Reclamation Authority and Member Entities to inspect wastewater generation, conveyance, processing, and disposal facilities.

INDUSTRIAL WASTEWATER shall mean wastewater generated by industrial users.

INFILTRATION shall mean the water unintentionally entering the public sewer system, including groundwater seepage, through such means as, but not limited to, defective pipes, pipe joints, connections, or manhole walls.

INFILTRATION/INFLOW shall mean the total quantity of water from both infiltration and inflow without distinguishing the source.

INFLOW shall mean the water discharge into a sanitary sewer system, including building drains and sewers, from such sources as, but not limited to, roof leaders, cellar, yard, and area drains, foundation drains, unpolluted cooling water discharges, drains from springs and swampy areas, manhole covers, cross connections from storm sewers and/or combined sewers, catch basins, stormwaters, surface runoff, street wash waters or drainage. (Inflow does not include, and is distinguished from, infiltration.)

INSTANTANEOUS LIMIT shall mean the maximum concentration of a pollutant allowed to be discharged at any time, determined from the analysis of any discrete or composited sample collected, independent of the flow rate and the duration of the sampling event.

INTERCEPTOR shall mean a gravity separation interceptor.

INTERCEPTOR SEWER shall mean a sewer whose primary purpose is to convey wastewater from the collection sewers of a Member Entity to the Reclamation Authority's wastewater treatment facilities.

INTERFERENCE shall mean a discharge which alone or in conjunction with a discharge or discharges from other sources, both:

a) Inhibits or disrupts the POTW, its treatment processes or operations, or its sludge processes, use or disposal; and
b) Causes a violation of any requirement of the POTW's NPDES permit and/or WDR (including an increase in the magnitude or duration of a violation) or of the prevention of sewage sludge use or disposal in compliance with the use or disposal in compliance with the following statutory provisions and regulations or permits issued thereunder (or more stringent State or local regulations): Section 405 of the Clean Water Act, the Solid Waste Disposal Act (SWDA) (including Title II, more commonly referred to as the Resource Conservation and Recovery Act (RCRA), and including State regulations contained in any State sludge management plan prepared pursuant to Subtitle D of the SWDA), the Clean Air Act, the Toxic Substances Control Act, and the Marine Protection, Research and Sanctuaries Act.

JOINT POWERS AUTHORITY shall mean members included in the Joint Exercise of Powers Agreement comprised of the following parties: City of Victorville, Town of Apple Valley, City of Hesperia, and County Service Areas No. 42 (Oro Grande) and No. 64 (Spring Valley Lake) or the entity known as VVWRA, however constituted.

LIQUID WASTE HAULER DISCHARGE PERMIT shall mean the regulatory procedure established and enforced by the Manager pursuant to Section 07-03 herein, to allow for the proper discharge of Septage into the POTW.LOCAL LIMIT shall mean specific discharge limits developed and enforced by the Reclamation Authority upon industrial or commercial facilities to implement the general and specific discharge prohibitions listed in 40 CFR Part 403.5(a)(1) and (b).

LOCAL SEWERING AGENCY shall mean the Member Entity, as designated in the Joint Powers Agreement, with authority to approve building plans for a particular User.

LOWER EXPLOSIVE LIMIT (LEL) shall mean the minimum concentration of a combustible gas or vapor in the air which will ignite if an ignition source is present.

MAINTENANCE shall mean keeping the sewer lines, sewer systems, sewer facilities or sewage works and structures in satisfactory working condition and good state of repair (including, but not limited, to preventing any obstructions or extraneous materials or flows from entering said facilities, protecting said facilities from any damage, and keeping same free from defects or malfunctions), and making necessary provisions and taking necessary precautions to assure that said sewer facilities are at all times capable of satisfactorily performing the services, and

adequately discharging the functions and producing the final results and purposes said facilities are intended to perform, discharge, or produce.

MASS EMISSION RATE shall mean the mass of material discharged to the POTW during a given time interval. Unless otherwise specified, the mass emission rate shall be expressed in pounds per day of a particular constituent or combination of constituents.

MAY is permissive.

MEMBER ENTITY shall mean one of the public functional entities that are legally accepted as members of the VVWRA and so designated in the JPAG.

MILLIGRAMS PER LITER (mg/l) shall mean a unit of the concentration of water or wastewater constituent. It is 0.001 g of the constituent in 1,000 ml of water. It has replaced the unit formerly used commonly, parts per million, to which it is approximately equivalent in reporting the results of water and wastewater analysis.

MONTHLY AVERAGE shall mean the sum of all "daily discharges" measured during a calendar month divided by the number of "daily discharges" measured during that month.

MONTHLY AVERAGE LIMIT shall mean the highest allowable average of "daily discharges" over a calendar month, calculated as the sum of all "daily discharges" measured during a calendar month divided by the number of "daily discharges" measured during that month.

NATIONAL PROHIBITIVE DISCHARGE STANDARD OR PROHIBITIVE DISCHARGE STANDARD shall mean any regulation developed under the authority of Section 307(b) of the Act and 40 CFR Part 403.5.

NATURAL OUTLET shall mean any outlet, including storm sewers and combined sewer overflows, into a water course; pond, ditch, lake or other body of surface or ground water.

NEW SOURCE shall mean

(1) Any building, structure, facility, or installation from which there is or may be a discharge of pollutants to the POTW, the construction of which commenced after the publication of proposed Pretreatment Standards under Section 307(c) of the Act which will be

applicable to such source if such Standards are thereafter promulgated in accordance with that Section.

a. The building, structure, facility, or installation is constructed at a site at which no other source is located; or
b. The building, structure, facility, or installation totally replaces the process or production equipment that causes the discharge of pollutants at an Existing Source; or
c. The production or wastewater generating processes of the building, structure, facility, or installation are substantially independent of an Existing Source at the same site. In determining whether these are substantially independent, factors such as the extent to which the new facility is integrated with the existing plant, and the extent to which the new facility is engaged in the same general type of activity as the Existing Source, should be considered

(2) Construction on a site at which an Existing Source is located results in a modification rather than a New Source if the construction does not create a new building, structure, facility, or installation meeting the criteria of Section (1) (b) or (c) above but otherwise alters, replaces, or adds to existing process or production equipment.

(3) Construction of a New Source as defined under this paragraph has commenced if the owner or operator has:

a. Begun, or caused to begin, as part of a continuous onsite construction program
    i. any placement, assembly, or installation of facilities or equipment; or
    ii. significant site preparation work including clearing, excavation, or removal of existing buildings, structures, or facilities which is necessary for the placement, assembly, or installation of new source facilities or equipment; or
b. Entered into a binding contractual obligation for the purchase of facilities or equipment which are intended to be used in its operation within a reasonable time. Options to purchase or contracts which can be terminated or modified without substantial loss, and contracts for feasibility, engineering, and design studies do not constitute a contractual obligation under this paragraph.

NON-CATEGORICAL SIGNIFICANT INDUSTRIAL USER (NCSIU) shall mean a Significant Industrial User which is not subject to promulgated Categorical Standards.

NON-CONTACT COOLING OR HEATING WATER shall mean water which is used solely for the purpose of cooling or heating, and which has no direct contact with any raw material, intermediate product, waste product, or finished product.

NONDOMESTIC WASTEWATER shall mean all wastewater except domestic wastewater and unpolluted water as defined herein. Nondomestic wastewater shall include, but not be limited to, wastewater resulting from industrial, commercial, producing, manufacturing, processing, institutional, governmental, and agricultural operations, and brine wastewater resulting from the regeneration of water conditioning devices. All liquid wastewater hauled by truck, rail, or another means shall also be considered as nondomestic wastewater, regardless of the original

source of the wastes. Hauled domestic wastewater is included in the category of nondomestic wastewater.

NONDOMESTIC WASTEWATER DISCHARGE PERMIT (PERMIT) shall mean the regulatory procedure established and enforced by the Manager pursuant to Section 08-07 herein, to control the flow and quality of wastes discharged into the POTW.

NONRESIDENTIAL USER shall mean any Industrial User or Commercial Discharger.

NON-SIGNIFICANT INDUSTRIAL USER (NSIU) shall mean any Industrial User which is not a Significant Industrial User.

NORMAL WORKING DAY shall mean the period of time during one day during which production and/or operation is taking place.

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM (NPDES) PERMIT shall mean the permit issued to the POTW by the California Regional Water Quality Control Board, Lahontan Region pursuant to Section 402 of the Act (33 USC 1342).

NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM (NAICS) shall mean the classification of business establishments that was adopted in 1997 to replace the Standard Industrial Classification system as outlined in the 2012 U.S. NAICS Manual; or latest edition thereof.

PETROLEUM BASED OIL AND GREASE shall mean Petroleum derived products, e.g., oils, fuels, lubricants, solvents;

OWNER shall mean any individual, firm, company, association, society, corporation or group discharging any wastewater to the POTW.

PASS-THROUGH shall mean any discharge which exits the POTW into waters of the State of California or United States in quantities or concentrations which, alone or in conjunction with other discharges, causes a violation of any requirement of the POTW's NPDES permit (including an increase in the magnitude or duration of a violation).

PATHOGEN shall mean any bacterial, viral, protozoan or other microbial organism which has the ability to cause disease in man.

PERMITTEE shall mean any User who is issued a Nondomestic Wastewater Discharge Permit pursuant to Section 08-07 herein.

PERSON shall mean any individual, family, household, partnership, co-partnership, firm, industry, company, corporation, association, society, Joint Stock Company, trust, estate, governmental entity, or group, Member Entity, or any other legal entity or their legal representatives, agents, or assigns. The masculine gender shall include the feminine; the singular shall include the plural where indicated by the context.

pH shall mean the measure of the acidity or alkalinity of a solution, expressed in standard units and calculated as the logarithm (base 10) of the reciprocal of the concentration of hydrogen ions, as analyzed in accordance with Approved Analytical Methods.

PLUMBING OFFICIAL shall mean the Director of Building and Safety of the Local Sewering Agency or his authorized representative or deputy.

POLLUTANT shall mean any dredged spoil, solid waste, incinerator residue, filter backwash, sewage, garbage, sewage sludge, munitions, chemical wastes, biological materials, radioactive materials, heat, wrecked or discharged equipment, rock, sand, cellar dirt, and industrial, municipal, and agricultural waste, and certain characteristics of wastewater (e.g., pH, temperature, TSS, turbidity, color, BOD, COD, toxicity, or odor).

POLLUTION shall mean the man-made or man-induced adverse alteration of the chemical, physical, biological, and radiological integrity of water.

POPULATION EQUIVALENT shall mean a term used to evaluate the impact of industrial or other waste on a treatment works or stream. One population equivalent of normal domestic sewage is 70 gallons of sewage per day, or 0.12 pounds of BOD or 0.15 pounds of suspended solids per day. The impact on a treatment works is evaluated as the equivalent of the highest of the three parameters. Impact on a stream is the higher of the BOD and suspended solids parameters.

PUBLICLY OWNED TREATMENT WORKS (POTW) shall mean treatment works as defined by Section 212 of the Act, (33 USC 1292). This definition includes any devices or systems owned and operated by VVWRA and its Member Entities, which are used in the storage, treatment, recycling and reclamation of municipal sewage within the regional sewerage system, the tributary sewerage systems, and any other sewers, pipes, lift stations, and other conveyances which convey wastewater to the wastewater treatment facilities contained therein.

POTW TREATMENT PLANT shall mean the portion of the POTW designed to provide treatment to wastewater.

PRETREATMENT shall mean the reduction of the amount of pollutants, the elimination of pollutants, or the alteration of the nature of pollutant properties in wastewater to a less harmful state prior to or in lieu of discharging or otherwise introducing such pollutants into the POTW. The reduction or alteration may be obtained by physical, chemical, or biological processes, process changes, or other means, except as prohibited by 40 CFR Part 403.6 (d).

PRETREATMENT REQUIREMENT shall mean any substantive or procedural requirement related to pretreatment, other than a Pretreatment Standard, imposed on a User.

PRETREATMENT STANDARD shall mean any regulation containing pollutant discharge limits or prohibitions promulgated by EPA or the VVWRA, applicable to Users, including promulgated Categorical Standards, National Prohibitive Discharge Standards, General Discharge Prohibitions contained in Section 08-04.2 herein, and Specific Local Discharge Limitations contained in or pursuant to Sections 08-05.1 and 08-05.2 herein.

PRETREATMENT WASTES shall mean all wastes, liquid or solid, removed from nondomestic wastewater by physical, chemical, or biological means.

PROCESS WASTEWATER shall mean nondomestic wastewater, excluding boiler blowdown and non-contact cooling water or cooling tower discharges.

PROHIBITED DISCHARGE STANDARDS OR PROHIBITED DISCHARGES shall mean absolute prohibitions against the discharge of certain substances; these prohibitions appear in Section 08.04 of this ordinance.

PUBLIC AGENCY shall mean the Federal Government, the State, or any City, County, District, JPA, or other public agency or body duly organized under the laws of the State of California or of the USA.

PUBLIC SEWER shall mean any sewer located in or maintained by the VVWRA or a Member Entity which is tributary to the wastewater treatment facilities operated by VVWRA. The term as used here does not include storm drains or channels for conveyance of natural surface waters.

RADIOACTIVE MATERIAL shall mean material containing chemical elements that spontaneously change their atomic structure by emitting any particles, rays, or energy forms.

RECLAMATION AUTHORITY shall mean the Victor Valley Wastewater Reclamation Authority.

REGIONAL BOARD shall mean the California Regional Water Quality Control Board, Lahontan Region.

REGIONAL SERVICE AREA shall mean the service area of the Reclamation Authority, the boundaries of which are determined as described in Article 04.

REGIONAL SEWERAGE SYSTEM shall mean the regional component of the sewerage system which is owned and operated by the Reclamation Authority, including the Authority Interceptor, Authority Sewerage Facility and POTW Treatment Plant, but excluding the Collection Sewers and Tributary Sewerage System.

REGULATORY AGENCIES shall mean those public agencies legally constituted to protect the public health and water quality in the United States, such as EPA, or State of California, such as the California Environmental Protection Agency; the California Department of Public Health; the State Water Resources Control Board; the California Regional Water Quality Control Board, Lahontan Region; and the San Bernardino County Department of Environmental Health Services.

RESTAURANT shall mean any retail establishment which prepares and sells foods and drinks on the premises for consumption on or off the premises.

SALT AND NUTRIENT MANAGEMENT PLAN means the plan adopted in 2015 by the California Regional Water Quality Control Board, Lahontan Region, to manage salts and nutrients in groundwaters in the Mojave River Watershed.

SANITARY SEWAGE shall mean domestic wastewater.

SANITARY SEWER shall mean a sewer which carries wastewater, and to which storm, surface, and ground water are not intentionally admitted.

SEPTAGE shall mean any wastewater or sludge removed from a cesspool, septic tank, holding tank, or chemical toilet, and which is trucked or hauled to the point of discharge.

SERVICE AGREEMENT shall mean the contract documents common to Member Entities, and executed during formation of JPA dated November 1976, as the same may be amended from time to time.

SEWAGE shall mean wastewater.

SEWAGE LIFT STATION shall mean a station positioned in a sewer system at which wastewater is pumped to a higher level.

SEWER shall mean a pipe or conduit that carries wastewater or drainage water.

SEWERAGE SYSTEM shall mean a network of wastewater collection, conveyance, treatment and disposal facilities interconnected by sewers, and owned by the Reclamation Authority or the Member Entities.

SHALL is mandatory.

SHREDDED GARBAGE shall mean garbage that has been shredded to such a degree that all particles will be carried freely under the flow conditions normally prevailing in public sewers, with no particle greater than 1/2" (1.25 centimeters) in any dimension.

SIGNIFICANT INDUSTRIAL USER (SIU) shall mean any Industrial User of the POTW who 1. is subject to Categorical Standards; 2. has an average daily discharge of 25,000 gallons or more of process wastewater (as defined herein); 3. has a process wastestream which makes up 5% or more of the average dry-weather hydraulic or organic capacity of the Wastewater Treatment Facilities receiving the wastewater; or 4. is designated by the Manager to have a reasonable potential for adversely affecting the POTW's operation or violating any applicable pretreatment standard or requirement.

SIGNIFICANT NONCOMPLIANCE (SNC) shall mean violations of pretreatment requirements, which include violations of effluent limits, sampling violations, analysis violations, reporting violations, compliance schedule and regulatory deadline violations, which satisfy one or more of the following criteria:

a) Violations of wastewater discharge limits:
    1. Chronic Violations. Sixty-six percent or more of all the measurements taken during a six-month period exceed (by any magnitude) a numeric pretreatment standard or requirement, including instantaneous limits as defined by 40 CFR 403.3(l)
    2. Technical Review Criteria (TRC) Violations. Thirty-three percent or more of all the measurements for each pollutant or pollutant property taken during a six-

month period equals or exceeds the product of the numeric pretreatment standard or requirement, including instantaneous limits as defined by 40 CFR 403.3(l) multiplied by the applicable criteria (1.4 for BOD, TSS, fats, oils and grease and 1.2 for all other pollutants except pH)

3. Any other violation(s) of a pretreatment effluent limit (daily maximum, long-term average, instantaneous, or narrative standard) that the VVWRA determines has caused, alone or in combination with other discharges, interference or pass through (including endangering the health of the POTW personnel or the public).
4. Any discharge of a pollutant that has caused imminent endangerment to human health or welfare or to the environment or has resulted in the Reclamation Authority's exercise of its emergency authority to halt or prevent such a discharge.

b) Failure to meet, within ninety (90) days of the scheduled date, a compliance schedule milestone contained in Nondomestic Wastewater Discharge Permit, Compliance Time Schedules or other enforcement order for starting construction, completing construction, or achieving final compliance.
c) Failure to provide within forty-five (45) days after the due date, any required reports, including baseline monitoring reports, reports on compliance with Categorical Standard deadlines, periodic self-monitoring reports, and reports on compliance with compliance schedules.
d) Failure to report noncompliance in an accurate and timely fashion.
e) Any other violation or group of violations, which may include a violation of BMPs, which the Manager determines will adversely affect the operation or implementation of the pretreatment program.

SINGLE PASS, NON-CONTACT COOLING OR HEATING WATER shall mean non-contact cooling or heating water which is used only once and then disposed of.

SLUG DISCHARGE CONTROL PLAN shall mean a plan submitted to the VVWRA by a User pursuant to Section 08-09.4(b) herein, which specifies to the Manager's satisfaction the potential pollutants used and/or stored at the User's facility; potential pathways of entry of said potential pollutants into the POTW; and facilities and procedures for preventing or controlling the occurrence of slug loading.

SLUG LOAD or SLUG DISCHARGE shall mean any discharge at a flow rate or concentration, which could cause a violation of the prohibited discharge standards in Section 08.04 of this ordinance. A slug discharge is any discharge of non-routine, episodic nature, including but not limited to an accidental spill or a non-customary batch discharge, which has a reasonable potential to cause interference or pass through, or in any other way violates the Reclamation Authority's regulations, local limits, or nondomestic wastewater discharge permit.

SOLID WASTE shall mean the non-liquid carried wastes normally considered to be suitable for disposal with refuse at sanitary landfill refuse disposal sites.

SOLID WASTE ADM DISCHARGE PERMIT shall mean the regulatory procedure established and enforced by the Manager pursuant to Section 07-04 herein, to permit the treatment and disposal of solid waste which qualifies as ADM directly into the anaerobic digester at the wastewater treatment plant.

SOLVENT MANAGEMENT PLAN (TOXIC ORGANIC MANAGEMENT PLAN) shall mean a plan submitted to the VVWRA by an Industrial User pursuant to Section 08-09.4(a) herein, which specifies to the Manager's satisfaction the solvents and other toxic organic compounds used; the methods of disposal used; and procedures for assuring that solvents and other toxic organics do not routinely spill or leak into the wastewater.

SPECIFIC COMPLIANCE PLAN shall mean a plan submitted to the VVWRA by an Industrial User pursuant to Section 08-09.4(c) herein, which specifies to the Manager's satisfaction the cause of noncompliance; the corrective actions which will be taken to prevent recurrence of said noncompliance; and, if required by the Manager, a proposed Compliance Time Schedule.

STANDARD INDUSTRIAL CLASSIFICATION (SIC) shall mean a classification pursuant to the Standard Industrial Classification Manual issued by the Executive Office of the President, Office of Management and Budget, 1987; or latest edition thereof.

"STANDARD METHODS" shall mean "Standard Methods for the Examination of Water and Wastewater", latest edition, prepared and published by the American Public Health Association, American Water Works Association, and Water Environment Federation, which specifies accepted procedures used to assess the quality of water and wastewater.

STATE shall mean the State of California.

STATE WATER BOARD shall mean the State of California Water Resources Control Board.

STORMWATER shall mean any flow of water resulting from natural precipitation.

STORMWATER SYSTEM shall mean all stormwater conveyance and treatment facilities located within the VVWRA, including, but not limited to, storm drains, catch basins, storm drain manholes and manways, and stormwater pumping facilities.

SURCHARGE shall mean an assessment, in addition to the service charge, which may be levied on those Users whose wastes are greater in strength than surcharge threshold concentration values established by the Manager.

SUSPENDED SOLIDS OR "SUSPENDED MATTER" (TSS) shall mean the insoluble solid matter suspended in wastewater that is separable by laboratory filtration.

TEMPORARY INDUSTRIAL USER (TIU) shall mean any Industrial User who is granted temporary permission by the Manager to discharge unpolluted water or wastewater to the public sewer and controlled by a wastewater discharge permit. Such temporary permission shall not be granted to Industrial Users subject to promulgated Categorical Standards.

TOTAL DISSOLVED SOLIDS (TDS) shall mean the quantity of non-volatile substances remaining after filtration through a standard filter and drying to constant weight at 180°C,

expressed in terms of milligrams per liter (mg/l) and analyzed in accordance with Approved Analytical Methods. TDS is synonymous with Total Filterable Residue (TFR).

TOTAL SOLIDS shall mean the sum of suspended and dissolved solids.

TOTAL TOXIC ORGANICS (TTO) shall mean the sum of the concentrations for each of the toxic organic compounds regulated by applicable Categorical Standards which are found in the User's discharge at a concentration greater than ten (10) micrograms per liter, and analyzed in accordance with Approved Analytical Methods. TTO is comprised of the following constituents:

Acenaphthene	4-Chlorophenyl phenyl ether	Benzo(ghi) perylene
Acrolein	4-Bromophenyl phenyl ether	Fluorene
Acrylonitrile	Bis(2-chloroisopropyl) ether	Phenanthrene
Benzene	Bis(2-chloroethoxy) ether	Dibenzo(a,h) anthracene
Benzidine	Methylene chloride	Indeno(1,2,3-cd) pyrene
Carbon tetrachloride	Methyl chloride	Pyrene
Chlorobenzene	Methyl bromide	Tetrachloroethylene
1,2,4-Trichlorobenzene	Bromoform	Toluene
Hexachlorobenzene	Dichlorobromomethane	Trichloroethylene
1,2-Dichloroethane	Chlorodibromomethane	Vinyl chloride
1,1,1-Trichloroethane	Hexachlorobutadiene	Aldrin
Hexachloroethane	Hexachlorocyclopentadiene	Dieldrin
1,1-Dichloroethane	Isophorone	4,4'-DDT
1,1,2-Trichloroethane	Naphthalene	4,4'-DDE
1,1,2,2-Tetrachloroethane	Nitrobenzene	4,4'-DDD
Chloroethane	2-Nitrophenol	alpha-Endosulfan
Bis(2-chloroethyl) ether	4-Nitrophenol	beta-Endosulfan
2-Chloroethyl vinyl ether	2,4-Dinitrophenol	Endosulfan sulfate
2-Chloronaphthalene	4,6-Dinitro-o-cresol	Endrin
p-Chloro-m-cresol	N-nitrosodimethylamine	Endrin aldehyde
Chloroform	N-nitrosodiphenylamine	Heptachlor
2-Chlorophenol	N-nitrosodi-n-propylamine	Heptachlor epoxide
1,2-Dichlorobenzene	Pentachlorophenol	alpha-BHC
1,3-Dichlorobenzene	Phenol	beta-BHC
1,4-Dichlorobenzene	Bis(2-ethylhexyl) phthalate	gamma-BHC
3,3'-Dichlorobenzidine	Butyl benzyl phthalate	delta-BHC
1,1-Dichloroethylene	Di-n-butyl phthalate	Arochlor 1242
1,2-trans-Dichloroethylene	Di-n-octyl phthalate	Arochlor 1254
2,4-Dichlorophenol	Diethyl phthalate	Arochlor 1221
1,2-Dichloropropane	Dimethyl phthalate	Arochlor 1232
1,3-Dichloropropylene	Benzo(a)anthracene	Arochlor 1248
2,4-Dimethylphenol	Benzo(a)pyrene	Arochlor 1260
2,4-Dinitrotoluene	Benzo(b)fluoranthene	Arochlor 1016
2,6-Dinitrotoluene	Benzo(k)fluoranthene	Toxaphene
1,2-Diphenylhydrazine	Chrysene	Fluoranthene
Ethylbenzene	Acenaphthylene	Anthracene
Chlordane (tech and metabolites)		

TOXIC POLLUTANT shall mean any pollutant or combination of pollutants listed as toxic in 40 CFR Part 401.15 or 40 CFR Part 403, Appendix B.

TRADE SECRETS shall include, but not be limited to, any formula, plan pattern, process, tool, mechanism, compound, procedure, production data, or compilation of information which is not patented, which is known only to certain individuals within a commercial concern who are using

it to fabricate, produce, or compound an article of trade or a service having commercial value, and which gives its User an opportunity to obtain a business advantage over competitors who do not know or use it.

TRIBUTARY SEWERAGE SYSTEM shall mean any sewerage system under the jurisdiction of a Member Entity that is tributary to the Reclamation Authority's sewerage system and is connected thereto.

UNCONTAMINATED WATER shall mean unpolluted water.

UNPOLLUTED WATER shall mean non-contact cooling or heating water; air conditioner, condenser or chiller condensate; ice melt; or uncontaminated ground water, surface water, or stormwater.

USER shall mean any person who contributes, causes, or permits the contribution of wastewater into the POTW, including Households, Private Residences, Nonresidential Users, and Member Entities.

WASTE shall mean sewage and any and all other waste substances, liquid, solids, gaseous, or radioactive, associated with human habitation, or of human or animal origin, or from any producing, manufacturing or processing operation of whatever nature, including such wastes placed within containers of whatever nature, prior to and for the purpose of disposal.

WASTEWATER shall mean the liquid and water-carried domestic or nondomestic wastes from dwellings, commercial buildings, industrial facilities, and institutions, together with any ground water, surface water, and stormwater that may be present, whether treated or untreated, which is contributed into or permitted to enter the POTW.

WASTEWATER CONSTITUENTS AND CHARACTERISTICS shall mean the individual chemical, physical, bacteriological, and radiological parameters, including volume, flow rate, concentration, and such other parameters that serve to define, classify, or measure the quality and quantity of wastewater.

WASTEWATER DISCHARGE PERMIT shall mean a Nondomestic Wastewater Discharge Permit.

WASTEWATER TREATMENT FACILITIES shall mean the structures, equipment, and processes maintained by the VVWRA which accept untreated wastewater from the public sewer and are required to treat and dispose of domestic and nondomestic wastewater.

WASTEWATER TREATMENT PLANT shall mean the POTW Treatment Plant.

WATER CONDITIONING DEVICE shall mean any device or apparatus used to soften or otherwise condition water, including zeolite or resinous anion or cation exchange softeners, demineralizers, and any other like device.

WATERS OF THE STATE OF CALIFORNIA shall be in accordance with sections 13050-13051 of the California Code of Regulations.

WATERS OF THE UNITED STATES shall be in accordance with 40 CFR Part 230.3.

WATER SUPPLY shall mean the water supply serving the area tributary to the POTW.

WASTE DISCHARGE REQUIREMENTS (WDR) shall mean those requirements imposed by the Lahontan Regional Water Quality Control Board in connection with the disposal of solid wastes by the Reclamation Authority pursuant to Title 27 of the California Code of Regulations and Article 4 of Chapter 4 of Division 7 of the California Water Code (also known as the Porter-Cologne Water Quality Control Act).

WILL SERVE LETTER shall mean written authorization from the Reclamation Authority or its representative authorizing contributions of sewerage from an Industrial User into the tributary sewerage system.

ZERO DISCHARGER shall mean a User that does not discharge wastewater, pollutants, or other substances into the POTW.

03-02 - Abbreviations

For the purposes of this Ordinance, the following abbreviations shall have the designated meanings:

Abbreviation	Designated Meaning	Abbreviation	Designated Meaning
ADM	Anaerobically Digestible Material	NIOSH	National Institute of Occupational Safety and Health
AO	Administrative Order	NOV	Notice of Violation
APE	Alkyl Phenol Ethoxylates	NPDES	National Pollutant Discharge Elimination System
BMP	Best Management Practices	NSIU	Nonsignificant Industrial User
BMR	Baseline Monitoring Report	NWDP	Nondomestic Wastewater Discharge Permit
BOD	Biochemical Oxygen Demand	PCB	Polychlorinated biphenyls
CAA	Clean Air Act	POTW	Publicly Owned Treatment Works
CDO	Cease and Desist Order	PPD	Pounds per Day
CFR	Code of Federal Regulations	RCRA	Resource Conservation and Recovery Act
CIU	Categorical Industrial User	SIC	Standard Industrial Classification
CO	Compliance Order	SIU	Significant Industrial User
COD	Chemical Oxygen Demand	SNC	Significant Noncompliance
CTS	Compliance Time Schedule	SNMP	Salt and Nutrient Management Plan
DOX	Dissolved Organic Halides	SWDA	Solid Waste Disposal Act, 42 USC 6901 et. seq.
EAP	Ethylated Alkyl Phenols	TDS	Total Dissolved Solids
EC	Electrical Conductivity	TFR	Total Filterable Residue
EPA	Environmental Protection Agency	TIU	Temporary Industrial User
FOG	Fats, oils & grease	TOC	Total Organic Carbon
gpd	gallons per day	TOX	Total Organic Halides
IU	Industrial User	TRC	Technical Review Criteria
JPA	Joint Powers Authority	TSCA	Toxic Substances Control Act
JPAG	Joint Powers Agreement	TSS	Total Suspended Solids
l	liter	TTO	Total Toxic Organics
lb	pound	µg	micrograms
LEL	Lower Explosive Limit	µg/l	micrograms per liter
MBAS	Methylene Blue Activated Substances	µmhos/cm	micromhos per centimeter
mg	milligrams	UBC	Uniform Building Code
mg/l	milligrams per liter	UFC	Uniform Fire Code
MOU	Memorandum of Understanding	UPC	Uniform Plumbing Code
MPRSA	Marine Protection Research and Sanctuaries Act	USC	United States Code
NAISC	North American Industry Classification System	VVWRA	Victor Valley Wastewater Reclamation Authority
NCSIU	Non-Categorical Significant Industrial User	WDR	Waste Discharge Requirements

ARTICLE 04: AREA SERVED

The Rules and Regulations set forth herein pertain to sewer service to land or improvements, or both, lying within the boundaries of the Reclamation Authority, unless otherwise stated.

Per JPA Agreement, Section A, Paragraph 3, "The territorial boundaries may be changed from time to time upon the approval of two-third (2/3) of the members of this Agency." Section A, Paragraph 5 of the JPA further states in regard to eligibility for membership (other than those specified) that "(h) other such public agencies as may hereafter be declared eligible by unanimous vote of existing members," and Paragraph 6 states, "in connection with the admission of any additional eligible public agency after formation of the Agency, each of the existing members and

The prospective member for contributions toward past and present agency and project expenditures." Policy Resolution 81-10 of the Reclamation Authority further provides:

> "Before any territory outside the boundaries of the Reclamation Authority may be added or service may be provided to it, such area must first be annexed to the boundaries of a contracting community and must also be annexed to the boundaries of the VVWRA. Annexation to the VVWRA may only be accomplished through satisfaction of all applicable legal prerequisites and payment of applicable fees and charges".

Therefore, in accordance with the JPA and the policy resolution a public entity or applicant owner of property outside the boundaries of the Reclamation Authority must petition for inclusion of eligibility for membership or apply for service through a JPA member and request the service area to be expanded. Conditions of service must be reviewed first by the Member Entity, or entities involved, and then by the JPA since "annexation to the VVWRA may only be accomplished through satisfaction of all applicable legal prerequisites and payment of applicable fees and charges." Such costs will be reviewed by a consultant selected by the Reclamation Authority and approved at a regular Commission meeting.

Notwithstanding the foregoing, Reclamation Authority may accept and process ADM from sources outside of the boundaries of the Reclamation Authority for the purpose of maximizing the utilization of the Reclamation Authority's anaerobic digesters and the generation of biogas for the production of renewable energy, provided, however, that ADM which is generated within the boundaries of the Reclamation Authority will have priority.

ARTICLE 05: GENERAL REQUIREMENTS

05-01 - Sewer Service Conditions

Sewer service shall be provided by the Reclamation Authority only if the service area is included within or added to the Member Entity's and the Reclamation Authority's boundaries and the applicant meets the requirements of the Reclamation Authority and the interested Member Entity. Properties may from time to time petition the Member Entity and the Reclamation Authority for annexation in compliance with Service Agreements, the JPA, and the Authority's Rules and Regulations. Sewer Conveyance, treatment, and disposal shall be available only in accordance with the Reclamation Authority's and the Member Entity's Rules and Regulations, as well as applicable Federal, State, and local statutes, ordinances, regulations, and contracts, and other requirements. This includes, but is not limited to the California Water Code, the California Code of Regulations, and regulations imposed by the Regional Board, and State and local health departments, as well as the terms of any service agreement and permit issued by the Authority and/or the Member Entity. Any such permit may be revoked by the party granting same and thereupon all such sewer service shall cease in the manner provided in such granting Entity's Rules and Regulations.

05-02- Application Procedure

An Industrial User will have completed the following steps prior to direct or indirect sewerage discharges into the Reclamation Authority's facilities:

a) Letter of intent to the Member Entity outlining project plans of development followed by;
b) Written response from the Member Entity.

Pre-Initiation

c) Application for service.
d) Receipt of approved Certificate of Adequacy and permit from the Member Entity and a "Will Serve Letter" from the Reclamation Authority.
e) Five-day notification to the Member Entity prior to commencement of construction.

Construction

f) Request for final acceptance of completed works.
g) Receipt of written authorization, from the Member Entity, to connect to facilities that will contribute to the Reclamation Authority's system.
h) The Member Entity shall be responsible for informing the Reclamation Authority of planned developments that may significantly affect the operational or capacity limits of the Reclamation Authority's facilities. Additionally, the Member Entity must have obtained a "Will Serve Letter" from the Authority prior to issuing a "Certificate of Adequacy" to an Industrial User.

05-03 - Design and Construction Criteria

Design criteria as submitted in the letter of intent and service application shall conform to the following:

a) The average flow rate is to be determined based on good engineering practice. The ranges shown in Plate I (Average Flow Rate Chart) may be used as a guide; however, flows outside of these ranges may occur. If flows are used which are less than those listed, the Reclamation Authority's approval must be obtained in advance of design.
b) The peak sewage flow rate shall be obtained by entering the chart with average daily flow rates.
c) For hydraulic design, use Manning's "n" = 0.013 or Hazen-Williams "C" = 100. For pipe sizes 10" or less in diameter, design pipe so peak flow rate will be carried when pipe is flowing at one-half depth. Discharge at one-half depth equals one-half discharge when full and velocity equals velocity when full. Tables and formulas to find slope may be used by entering with two times the peak flow rate.
d) For pipes 12 inches and larger in diameter, design pipe so peak flow will be carried when pipe is flowing at two-thirds depth. Discharge at two-thirds depth equals three-quarters 4 discharge when full and velocity equals 1.16 times velocity when full. Tables and formulas to find slope may be used by entering with 1.33 times the peak flow rate.

All applications shall be accompanied by a "Certificate of Adequacy of Sewerage System" (Form of Certificate of Adequacy of Sewerage System).

Notwithstanding any requirement that a connection to the interceptor sewers of the Reclamation Authority be located at a manhole or other Control Structure, a Member Entity (or any party acting under the authority of a Member Entity pursuant to Section 05-04) may connect to an interceptor sewer of the Reclamation Authority at any location which is at least twenty (20) pipe diameter lengths upstream of any location where the Reclamation Authority measures the flow of effluent being delivered to Reclamation Authority from the Member Entity, provided, however, that at no time shall the aggregate flow from all such connections exceed the capacity of the interceptor sewer.

05-04 - Illegal Connections

Only Member Entities or others under contract with the Reclamation Authority may make connection to interceptor sewers of the Reclamation Authority. Specifically, but not by way of limitation, as to any connection to the Member Entity's sewerage facilities, no roof downspouts, exterior foundation drains, areaway drains, or other sources of surface runoff or ground water shall be connected to a building sewer or building drain that may contribute to the tributary sewerage system.

A Member Entity may engage a third party contractor to make a connection to interceptor sewers of the Reclamation Authority pursuant to the authority granted to the Member Entities or may authorize a developer or other third party to connect to the interceptor sewers of the Reclamation Authority pursuant to a permit or approval issued by the Member Entity, provided, however, that

any such connection will comply with all other requirements of this Ordinance. The Authority retains the right at all times to observe and inspect work being conducted by any third party in connection with the interceptor sewers.

ARTICLE 06: FACILITIES DESIGN AND CONSTRUCTION

06-01 - General

All sewers shall be constructed according to the requirements, conditions, and standards set forth in a separate supplement hereto, as adopted and revised by the Reclamation Authority from time to time, entitled "Standard Specifications for Public Works Construction" with extension and revisions, which document is on file at the office of the Reclamation Authority, and by this reference is incorporated herein.

06-02 - Member Entity Sewer

Any sewer collection and trunk system facilities, to the extent determined by the Member Entity, required to serve within developments of property within the Member Entity jurisdiction shall be provided as determined by the Member Entity. The Reclamation Authority will assume responsibility for providing interceptor sewers, regional wastewater treatment, and disposal of liquid and solid wastes.

ARTICLE 07: FACILITIES OPERATION

07-01 - Interceptor Sewer and Sewage Treatment and Disposal

Operation, maintenance, and surveillance of all of the Reclamation Authority's interceptor sewers and sewage treatment and disposal facilities and effluent disposal facilities including all interceptors, reservoirs, pumping stations, force mains, flow meters/monitoring stations and other appurtenances and property shall be under the management and control of the Reclamation Authority. No other persons except authorized representatives of the Reclamation Authority shall have the right to enter upon, inspect, operate, adjust, change, alter, move, or relocate any portion of the foregoing or any of the Reclamation Authority's property. In the event that such trespass should occur, it shall be a misdemeanor and all charges and penalties provided for in this Ordinance shall be applicable and may be imposed and collected. Also such action shall be in violation of any and all applicable Federal, State and local statutes, ordinances, regulations, and other requirements.

07-02 - Member Entity Facilities

The operation, maintenance, and surveillance of onsite sewage collection and the Member Entity's collection system is the responsibility of the Member Entity.

07-03 – Septage Receiving Station

Reclamation Authority may authorize the disposal and treatment of Septage at one or more receiving stations located within the POTW by permitted liquid waste haulers. Reclamation Authority will adopt a set of policies and procedures for the issuance of Liquid Waste Hauler Discharge Permits, including qualifications for Septage hauling and disposal, limitations on the volume and quality of Septage that is discharged to the POTW and billing and collection procedures. The rates for Septage disposal shall be as set by the Commission from time to time in Ordinance 003.

07-04 – Solid Waste ADM Discharge

Reclamation Authority may authorize the disposal and treatment of solid waste which qualifies as ADM and has been approved by the Reclamation Authority directly into the anaerobic digesters at the wastewater treatment facility. Reclamation Authority will adopt a set of policies and procedures for the issuance of Solid Waste ADM Discharge Permits, including qualifications for solid waste ADM hauling and disposal, limitations on the volume and quality of solid waste ADM that is disposed of in the anaerobic digesters and billing and collection procedures. The rates for solid waste ADM disposal shall be as set by the Commission from time to time pursuant to a separate appendix to be attached to this Ordinance.

Prior to authorizing the disposal of solid waste ADM in the anaerobic digesters, Reclamation Authority will develop standard operating procedures (SOPs) for the acceptance of anaerobically digestible material consistent with applicable law and the requirements of the California

Department of Resources Recycling and Recovery. Such SOPs will be adopted by a separate resolution of the Commission. Reclamation Authority will notify the Regional Water Quality Control Board that those SOPs are being implemented. If required by law, a Standard Provision (permit condition) that reflects the acceptance of anaerobically digestible material will be incorporated in the Reclamation Authority's Waste Discharge Requirements or National Pollutant Discharge Elimination System permit. Anaerobically digestible material must be pumped or off-loaded directly into a covered, leak proof container and then pumped, or diluted or slurried and then pumped, and co-digested in an anaerobic digester at the POTW.

Reclamation Authority will comply with all reporting requirements of the Regional Water Quality Control Board, Lahontan Region, and any other applicable agency, in connection with ADM disposal.

ARTICLE 08: DISCHARGE OF NONDOMESTIC WASTEWATER

08-01 - Introduction

The Reclamation Authority's Wastewater Treatment Facilities are regional facilities designed and constructed to collect and process liquid wastes from Member Entities per approved service agreements and contracts. These facilities, constructed to meet Federal and State discharge requirements, have specific limitations on biological loadings, inert loadings, volumes of flow, and toxic pollutant concentrations that will permit operation of the facilities without serious violation of the discharge requirements. In order to provide for the maximum public benefit from the use of the Reclamation Authority's facilities, this Article defines these limitations and establishes policies and procedures to ensure compliance with same.

Additionally, the Reclamation Authority recently participated in an effort to develop the Mojave Salt and Nutrient Management Plan (SNMP) for the Mojave River Watershed to manage salts and nutrients. The SNMP documents several constituents that may impact groundwaters within the Mojave River Watershed. Any regulatory action(s) arising from the SNMP will be evaluated by the Reclamation Authority and may lead to a revision of this Ordinance.

08-02- Purpose and Policy

This Article sets forth uniform requirements for all Users of the Reclamation Authority's wastewater collection and treatment system who reside in the cities of Apple Valley, Hesperia, and Victorville, and unincorporated areas of San Bernardino County within the service area of the Reclamation Authority. This Ordinance enables the Reclamation Authority to comply with all applicable State and Federal laws required by the Act and the General Pretreatment Regulations (40 CFR Part 403). The objectives of this Article are:

a) To prevent the introduction of pollutants into the wastewater system which will interfere with the operation of the system or contaminate the resulting sludge;
b) To prevent the introduction of pollutants into the wastewater system which will pass through the system, inadequately treated, into surface waters, groundwaters, the atmosphere, or otherwise be incompatible with the system;
c) To improve the opportunity to recycle and reclaim wastewaters and sludges from the system;
d) To improve the opportunity to recycle solid wastes which qualify as ADM to maximize biogas production and to reduce the disposal of such solid wastes in landfills;
e) To protect and preserve the health and safety of the personnel of the Reclamation Authority and the general public; and
f) To enable the Reclamation Authority to comply with its NPDES permit conditions, sludge use and disposal requirements, and any other Federal or State laws to which the Reclamation Authority is subject.

To achieve these objectives, this Ordinance provides for regulation through issuance of permits to certain Industrial Users and enforcement of general requirements for other Users; authorizes inspection, monitoring and enforcement activities; provides for User reporting; and provides for the setting of fees for the equitable distribution of the Reclamation Authority's cost for sewer service.

08-03 - Revenues

The revenues to be derived from the application of this Ordinance shall be used to defray the costs of providing regional sewerage service, including, but not limited to, administration, operation, inspection, monitoring, maintenance, financing, capital construction, replacement and recovery, and provisions for necessary reserves.

08-04 - General Restrictions and Prohibitions

08-04.1 - Authorization for New or Increased Pollutant Discharges or Changes in the Nature of Pollutant Discharges

No person shall commence, increase or substantially change any discharge of nondomestic wastewater to the POTW except as authorized by the Manager in accordance with the provisions of this Ordinance.

08-04.2 - General Discharge Prohibitions

No User shall introduce or cause to be introduced into the POTW any pollutant or wastewater which causes pass through or interference. These general prohibitions apply to all Users of the POTW whether or not they are subject to Categorical Standards or any other National, State, or local Pretreatment Standards.

08-04.3 - Specific Discharge Prohibitions

No User shall introduce or cause to be introduced into the POTW the following pollutants, substances, or wastewater:

1. Solids or Viscous Wastes
   Any solid, semi-solid or viscous substances which may obstruct the flow of sewage, cause clogging of or adversely affect sewage pumping equipment, or sewage sludge pumping equipment, or the community sewer system, or interfere with the operation of the POTW, such as, but not limited to, grease, garbage with particles greater than one-half inch in any dimension, dead animals, animal guts or tissues, paunch manure, bones, hair, hides or fleshings, entrails, excessive quantities of whole blood, feathers, ashes, cinders, earth, sand, mud, gravel, rocks, plaster, concrete, spent lime, stone or marble dust, metal, metal filings or shavings, wood, wood shavings, grass clippings, straw, spent grains, spent hops, waste paper, paper containers or other paper products, rags, plastics, tar, asphalt, asphalt residues, residues from refining or processing of fuel or lubricating oil, glass, or glass grinding or polishing wastes. Notwithstanding the foregoing, solid wastes which (i) qualify as ADM; and (ii) are approved by the Reclamation Authority for

processing in the anaerobic digesters, may be transported to the Reclamation Authority for processing in accordance with such permits, policies and procedures as may be adopted by the Reclamation Authority from time to time.

2. Health and Safety Hazards
   Any discharge which may, alone or in combination with other waste substances, result in the presence of toxic or poisonous solids, liquids, gases, vapors, or fumes in the POTW in such quantities that would create a hazard, public nuisance, or acute worker health and safety problems.
3. Stormwater and Unpolluted Water
   Any stormwater, rainwater, ground water, street drainage, subsurface drainage, roof drainage, yard drainage, water from yard fountains, ponds, lawn sprays or any other type of surface water, or single pass, non-contact cooling or heating water. The Manager may approve, on a temporary basis, the discharge of such waters to the POTW when no reasonable alternative method of disposal is available, subject to the payment of all applicable User charges and fees by the Discharger. Water from swimming pools, wading pools and therapy pools may be admitted to the sewer system during off-peak hours, subject to written authorization by the Manager.
4. Explosive Mixtures
   Any liquids, solids or gases which by reason of their nature or quantity are, or may be, sufficient either alone or by interaction with other substances to cause fire, explosion, or in any other way be, injurious to the POTW or to operation of the POTW, including but not limited to, wastestreams with a closed cup flashpoint of less than 140 degrees Fahrenheit or 60 degrees Centigrade, using the test methods specified in 40 CFR 261.21, or which result in conditions where two successive readings on an explosion hazard meter at the point of discharge into the system (or at any point in the system), are more than 5%, or any single reading is over 10%, of the Lower Explosive Limit (LEL) of the meter. Prohibited materials include, but are not limited to, gasoline, kerosene, naphtha, benzene, toluene, xylenes, ethers, alcohols, ketones, aldehydes, peroxides, chlorates, perchlorates, bromates, carbides, hydrides, and sulfides; as discharged in such quantities as to potentially result in any of the hazards noted above. Closed cup flashpoint values may be found in the National Institute of Occupational Safety and Health (NIOSH) *Pocket Guide to Chemical Hazards*.
5. Corrosive Materials
   Any wastewater having pH less than 5.0 or greater than 11.0, or wastewater having any other corrosive property capable of causing damage or hazard to structures, equipment and/or personnel of the POTW, provided, however, that the restriction on pH less than 5.0 will not apply to solid wastes which are qualified as ADM for disposal only in the anaerobic digesters to the extent permitted by applicable laws, regulations and regulatory agency interpretations and further provided that Reclamation Authority has made a determination that such low pH will not have a corrosive effect on the structures and equipment of Reclamation Authority.

6. Excessive Pollutants Concentrations
   Any 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 POTW.
7. Pollutants Causing Toxic Gases, Vapors, or Fumes
   Pollutants which result in the presence of toxic gases, vapors, or fumes within the POTW in a quantity that may cause acute worker health and safety problems.
8. Hazardous Wastes
   Any wastewater containing hazardous substances or toxic pollutants in sufficient quantity, either singly or by interaction with other pollutants, to injure or interfere with any wastewater treatment process, including sludge disposal, constitute a hazard to humans or animals, create a toxic or hazardous effect in the receiving waters of the POTW. Any toxic waste as defined in Title 22, California Code of Regulations, Section 66261.24.
9. Noxious Materials
   Any noxious or malodorous liquids, gases, or solids which either singly or by interaction with other wastes are sufficient to create a public nuisance or hazard to life or are sufficient to prevent access to the POTW for maintenance and repair.
10. Sludge Contaminants
    Any substance which may cause the POTW's effluent, or any other product of the POTW such as residues, sludges, or scums, to be unsuitable for reclamation and reuse. In no case shall a substance discharged to the POTW cause the POTW to violate applicable sludge use or disposal regulations developed under Section 405 of the Act (33 USC 1345) or any criteria, guidelines, or regulations affecting sludge use or disposal developed pursuant to the Solid Waste Disposal Act (SWDA), the Clean Air Act (CAA), Toxic Substances Control Act (TSCA), the Resource Conservation and Recovery Act (RCRA), the Marine Protection, Research and Sanctuaries Act (MPRSA), or State Regulations.
11. Discolored Materials in Excessive Quantities
    Any wastewater with objectionable color not removed in the treatment process such as, but not limited to, dye wastes and vegetable tanning solutions.
12. Septage
    Any wastewater or sludge removed from a cesspool, septic tank, or chemical toilet, unless discharged to the POTW in accordance with all provisions and restrictions of a Wastewater Discharge Permit issued by the Reclamation Authority, including restrictions on time and place of discharge.
13. Trucked/Hauled Wastes
    Any trucked or hauled pollutants or wastewater, except at such place and in such manner as prescribed by the Manager.
14. Pesticides or Fertilizers in Excessive Quantities
    Any quantity of any of the following pesticides: DDT (both isomers), DDD, DDE, Aldrin, Chlordane, Dieldrin, Endosulfan (alpha, beta, and sulfate), Endrin, Endrin Aldehyde, Heptachlor, Heptachlor Epoxide, Lindane, and/or Toxaphene.

15. Petroleum Products in Excessive Quantities
    Any non-biodegradable cutting oil, petroleum oil, refined petroleum products, or products of mineral oil origin in amounts which could cause interference or pass-through.
16. Soluble Oils
    Any non-biodegradable cuttings oils, commonly called soluble oils, which form persistent water emulsions.
17. Animal/Vegetable Oils in Excessive Quantities
    Any excessive quantities of dispersed biodegradable oils or fats such as lard, tallow, or vegetable oil or any other substances that may precipitate, solidify, or become viscous at temperatures between 40°F and 100°F. Notwithstanding the foregoing, solid wastes which (i) qualify as ADM; and (ii) are approved by the Reclamation Authority for processing in the anaerobic digesters, may be transported to the Reclamation Authority for processing in accordance with such permits, policies and procedures as may be adopted by the Reclamation Authority from time to time.
18. High Temperature Wastes
    Any wastewater having a temperature which will inhibit biological activity at wastewater treatment facilities resulting in interference, but in no case wastewater with a temperature higher than 60°C (140°F) or which causes the temperature at the POTW treatment plant to exceed 40°C (104°F).
19. Radioactive Wastes
    Any wastewater containing any radioactive wastes or isotopes of such half-life or concentration as may cause violation of applicable State or Federal regulations.
20. Pretreatment Wastes
    Any pretreatment wastes. All pretreatment wastes shall be disposed of in accordance with all applicable Federal, State, County, and local laws and regulations.
21. Water Softener Brines
    Discharges from the regenerative process of onsite water softening units is not permitted to be discharged into the sanitary sewer system.
22. Dissolved Organic Halides (DOX)
    Any quantity of Dissolved Organic Halides (Purgeable Halocarbons).
23. PCBs and Dioxins
    Any quantity of any of the following compounds: Arochlors 1221, 1228, 1232, 1242, 1254, 1260, and 1262. Any quantity of TCDD equivalents.
24. Ethoxylated Alkyl Phenol Surfactants
    Any quantity of surfactants or detergents based on Ethoxylated Alkyl Phenols (Alkyl Phenol Ethoxylates, APE, EAP).
25. Excessive Discharge Flow
    Wastewaters at a flow rate or containing such concentrations or quantities of pollutants that exceed for any time period longer than fifteen (15) minutes more than five (5) times the average twenty-four (24) hour concentration; quantities or flow during normal operation and that would cause a treatment process upset and subsequent loss of treatment efficiency. An excessive discharge from a Member Entity is defined as total

collection system peak discharge into Authority Interceptors that exceeds the plant design ratio between average dry weather flow and peak wet weather flow.

Pollutants, substances, or wastewater prohibited by this section shall not be processed or stored in such a manner that they could be discharged to the POTW.

08-04.4 - Prohibition against Discharging Solid or Fluid Material to Watercourses

No person shall circumvent or obviate the intent or purpose of this Ordinance by discharge, or by causing to be discharged, into any storm drain, channel, natural water course or public street, any material or waste prohibited or restricted as to its discharge into a sewer system.

08-04.5 - Prohibition against Discharging Pollutants to the Ground

No person shall deposit or discharge, or cause to be deposited or discharged, into any sump which is not impermeable, or into any pit or well, or onto the ground, or into any storm drain or watercourse, any material which, by seeping underground or by being leached or by reacting with the soil, can pollute usable groundwaters, or any pretreatment wastes as defined herein.

08-04.6 - Point of Discharge Limitation

No person, excluding authorized Reclamation Authority or Member Entity personnel involved in maintenance functions of sanitary sewer facilities, shall discharge or cause to be discharged any wastewater or any other matter directly into a manhole or other opening leading to the POTW other than through an approved building sewer, unless written permission for the discharge has been provided by the Manager. If during the performance of maintenance duties, Reclamation Authority personnel are required to add water to the interceptor for any reason, said water flow shall be deducted from the Member Entity flow. Any discharge of Septage or ADM shall only take place at receiving stations that have been authorized by the Reclamation Authority pursuant to permitting requirements, policies and procedures adopted by Reclamation Authority from time to time.

08-04.7 - Prohibition against Dilution

No person shall increase the use of process water or, in any way, attempt to dilute a discharge as a partial or complete substitute for adequate treatment to achieve compliance with Categorical Standards. The Manager may impose mass emission limits on Users who are using dilution to meet applicable Pretreatment Standards.

08-04.8 - Prohibition against Interference with Reclamation Authority Equipment or Facilities

No person shall enter, break, damage, destroy, uncover, deface, or tamper with any temporary or permanent structure, equipment or appurtenance which is part of the POTW or is required or authorized by the provisions of this Ordinance.

08-05 - Specific Pollutant Limitations

08-05.1 - Specific Local Discharge Limitations

The Manager is authorized to establish Specific Local Discharge Limitations pursuant to 40 CFR Part 403.5(c). No person shall, except as specifically allowed by the Manager on a temporary basis or as hereinafter provided, discharge or cause to be discharged to the POTW any wastewater unless it conforms to all applicable Specific Local Discharge Limitations as listed in Table I. These pollutant limits are established to protect against pass through and interference. The Specific Local Discharge Limitations apply at the point where the wastewater is discharged to the POTW.

08-05.2 - Specific Local Pollutant Mass Emission Rate Limits

The Manager may authorize the discharge of nondomestic wastewater to the POTW which contains pollutants in concentrations exceeding the Specific Local Pollutant Concentration Limits contained herein when said concentrations, in combination with the measured discharge flow rate, do not exceed Specific Local Mass Emission Rate Limits which are computed for the individual discharger on the basis of said Specific Local Pollutant Concentration Limits and the discharger's permitted discharge flow rate limit, and which are issued to the discharger as part of the discharger's Wastewater Discharge Permit.

08-05.3- Categorical Standards

Users must comply with promulgated National Categorical Pretreatment Standards, located in 40 CFR Chapter I, Subchapter N, Parts 405-471, which are hereby incorporated into this Ordinance.

08-05.4- Best Management Practices

The Manager may develop Best Management Practices, by ordinance or in nondomestic wastewater discharge permits to implement Specific Local Discharge Limitations or the General and Specific Discharge Prohibitions in Section 08-04.2.

08-06 - Special Restrictions and Requirements

08-06.1 - Special Restrictions, Vehicle Servicing Facilities

a) Any facility maintained for the servicing, washing, cleaning, or repair of vehicles, roadway machinery, construction equipment, industrial transportation or power equipment, and which discharges nondomestic wastewater to the POTW, shall install and maintain a gravity separation interceptor in accordance with Section 08-08.5, or other sand and oil separator approved by the Manager. Wastewater from toilets shall not be allowed to pass through this interceptor, but all wastewater arising from the servicing and repair of vehicles shall pass through this interceptor before discharge to the POTW.
If the vehicle servicing facility does not include facilities for the washing of more than one vehicle at a time, the interceptor shall have a fluid detention capacity of not less than 100 gallons.

If the vehicle servicing facility has facilities for washing or cleaning more than one vehicle at a time, the interceptor shall be as large as necessary so that a seven day accumulation of sand and oil together will not fill more than twenty-five percent of the fluid capacity. The interceptor shall be designed so as to retain any petroleum based oil and grease which will float and any sand which will settle.

b) Any interceptor legally and properly installed at a vehicle servicing facility before January 1, 1995, shall be acceptable as an alternative to the interceptor specified above, provided such interceptor is effective in removing sand and oil and is so designed and installed that it can be inspected and properly maintained.

c) The Plumbing Official shall not approve the plumbing of a vehicle servicing facility if it does not have a gravity separation interceptor meeting the requirements of this Section.

08-06.2 - Special Restrictions, Food Processing Facilities

a) All food processing facilities, except restaurants, which discharge food processing wastes to the POTW, shall direct all wastewater from floor drains and sinks in the food processing area, waste container wash racks, and dishwashers through a two-compartment gravity separation interceptor in accordance with Section 08-08.5. All domestic wastewaters from restrooms, showers, mop sinks, and drinking fountains shall be kept separate until the previously specified wastes have passed through the interceptor. The interceptor shall have a minimum fluid capacity of 100 gallons, or as required by Appendix "H" of the Uniform Plumbing Code (latest), whichever is greater.

b) Any interceptor or grease trap legally and properly installed at a food processing facility before January 1, 1995, shall be acceptable as an alternative to the interceptor specified above, provided such interceptor or grease trap is effective in removing grease and is so designed and installed that it can be inspected and properly maintained.

c) The Plumbing Official shall not approve the plumbing of a food processing facility if it does not have a gravity separation interceptor meeting the requirements of this Section, unless a conditional waiver has been granted by the Manager. Restaurants are exempted from this provision, see provision (e) below.

d) Conditional waivers modifying or waiving the gravity separation interceptor requirements may be granted by the Manager in accordance with Section 09-06, for those food processing facilities determined not to have adverse effects on the POTW. Conditional waivers may be revoked for the following reasons:
    1. Changes in types of food processed.
    2. Falsification of information submitted to the Reclamation Authority.
    3. Changes in operating hours.
    4. Changes in equipment used.

e) Member Entities shall prevent the discharge of excessive quantities of grease and oil to their tributary sewerage systems by requiring all restaurants to properly install and maintain appropriately designed and effective grease traps.

08-06.3 - Special Restrictions, Anaerobically Digestible Material (ADM)

Reclamation Authority may permit users to dispose of anaerobically digestible material at the wastewater treatment plant directly into the anaerobic digester in accordance with the permits, policies and procedures adopted by Reclamation Authority from time to time pursuant to Section 07-04. These Users will be permitted under a Solids Waste ADM Discharge Permit and subject to the applicable permit requirements.

08-06.4 - Special Restrictions, Sludge from Member Entities

The Reclamation Authority receives wet sludge at the wastewater treatment plant from Member Entities that operate wastewater treatment facilities. Member Entities must periodically conduct sampling of the wet sludge that is conveyed to the wastewater treatment plant as directed by the Manager. The Manager may implement controls to regulate wet sludge quantity and quality as necessary to prevent interference or pass through at the wastewater treatment plant. If necessary, the Manager may require a Member Entity to obtain a Nondomestic Wastewater Discharge Permit to discharge wet sludge to the wastewater treatment plant.

08-07 - Nondomestic Wastewater Discharge Permits

08-07.1 - Permit Requirement

All Significant Industrial Users and haulers of wastewater proposing to connect to or discharge to the POTW and all other Industrial Users so required by the General Manager, shall obtain a Nondomestic Wastewater Discharge Permit before connecting to or discharging to the POTW, or at any other time as required by the Manager. All Significant Industrial Users connected to or discharging into a collection sewer on the effective date such system is connected to the regional system shall apply for a Nondomestic Wastewater Discharge Permit within ninety (90) days of such date. The Industrial User shall maintain a copy of the current Permit readily accessible on the site of wastewater discharge at all times.

Any violation of the terms and conditions of a Nondomestic Wastewater Discharge Permit shall be deemed a violation of this ordinance and subjects the User to the sanctions set out in ARTICLE 13: ENFORCEMENT of this ordinance. Obtaining a Nondomestic Wastewater Discharge Permit does not relieve the User of its obligation to comply with all Federal and State Pretreatment Standards or with any other requirements of Federal, State, or local law.

08-07.2 - Permit Classification

Nondomestic wastewater discharge permits shall be classified as follows:

Permit Class	Industrial User Description
I	Categorical Industrial Users (CIU's)
II	Non-Categorical Significant Industrial Users (NCSIU's)
III	Non-Significant Industrial Users (NSIU's)

IV	Temporary Industrial Users (TIU's)
V	Dischargers of Trucked or Hauled Wastewater to the POTW

08-07.3- Permit Application

All Industrial Users proposing to discharge nondomestic wastewater to the POTW shall complete and submit a Wastewater Discharge Permit Application to the Manager. Any existing User shall apply for a wastewater discharge permit within thirty (30) days after notification by the Manager. Application for reissuance of existing permits shall be submitted by the Industrial User in accordance with Section 08-07.8. The Permit application may require submittal of the following information:

a) Identifying information:
    1. Name and address of the facility, including the name of the operator and owner;
    2. Contact information, description of activities, facilities, and plant production processes on the premises;
b) A list of any environmental control permits held by or for the User's facility, and a copy of the San Bernardino County "Business Plan" which addresses the location, type, and quantity of hazardous materials handled by the User;
c) Description of operations:
    1. NAISC number and SIC number according to 2012 U.S. NAISC Manual and the Standard Industrial Classification Manual, respectively, as amended;
    2. A brief description of the nature, average rate of production (including each product produced by type, amount, processes, and rate of production);
    3. An 8-1/2" X 11" process flow schematic diagram that includes identification of the point(s) of discharge to the POTW;
    4. Types of wastes generated, and a list of all raw materials and chemicals used or stored at the facility which are, or could accidentally or intentionally be discharged to the POTW;
    5. Number and type of employees and hours of plant operation, and proposed or actual hours of operation;
    6. Type and amount of rate materials processed (average and maximum per day)
    7. Site plans, floor plans, mechanical and plumbing plans, including details showing all sewers, sewer connections, treatment facilities and appurtenances by the size, location and elevation. If required by the Manager, said plans shall be certified by a Civil Engineer registered in the State of California;
d) Time and duration of discharge(s);
e) The location for monitoring all wastes covered by the permit;
f) Flow measurement. Information showing the measured average daily, peak daily, and 15-minute peak wastewater flow rates (in gallons per day), including daily, monthly and seasonal variations if any, to the POTW from regulated process streams and other streams as necessary;
g) Measurement of pollutants

1. The Categorical Standards applicable to each regulated process and any new categorically regulated processes for existing sources;
2. The results of sampling and analysis identifying the nature and concentration, and/or mass, where required by the Categorical Standard or by the Manager, of regulated pollutants in the discharge from each regulated process;
3. Instantaneous, daily maximum, and long-term average concentrations, or mass, where required, shall be reported;
4. Wastewater constituents and characteristics, as determined by a State certified analytical laboratory using Analytical Methods as defined herein and sampling procedures in accordance with 40 CFR 136 and 40 CFR 403.12(b)(5), including but not limited to, those referred to in Section 08-05 of this Ordinance;

h) A time schedule for compliance with any provisions of the Ordinance or Categorical Standard for which immediate compliance is not possible;
i) Any other information as may be deemed by the Manager to be necessary to evaluate the permit application.

08-07.4- Permit Application Evaluation

a) The Manager will evaluate the data furnished by the User and may require additional information, such as critical parameter reporting. After evaluation of the data furnished, the Manager may issue a wastewater discharge permit subject to the terms and conditions provided herein.
b) If the Manager determines that the proposed discharge will not be acceptable he shall disapprove the application and shall notify the applicant in writing, specifying the reason(s) for denial and the applicable appeals process. The applicant shall then be prohibited from discharging nondomestic wastewater, but may immediately submit a revised permit application for the evaluation of the Manager.

08-07.5 - Permit Contents

Nondomestic wastewater discharge permits shall be expressly subject to all provisions of this Ordinance and all other applicable regulations (including Federal, State, and local) charges and fees established by Reclamation Authority resolution or ordinance.

Class I and Class II permits shall contain at least the following:

a) Statement of permit issuance and effective date and permit duration.
b) Statement of permit non-transferability.
c) Statement of prohibited discharges.
d) Statement of applicable civil and criminal penalties for violation of Pretreatment Standards and requirements and any applicable compliance schedule.
e) Limitations on the average and/or maximum wastewater constituents and characteristics in the discharge.
f) BMP requirements based on applicable Pretreatment Standards.
g) Requirements to control slug discharge, if determined by the Manager to be necessary.

h) Specifications for monitoring programs, which may include: pollutants to be monitored (or BMPs); sampling location(s); frequency of sampling; sample type(s); number, types, and standards for tests; and reporting schedule; and may include total toxic organic (TTO) monitoring.
i) Compliance Time Schedule(s) where required.

All classes of permits shall contain at least items (a)-(d), above; and may contain items (e)-(i) above, if applicable.

Permits may also contain the following:

a) The unit charge or schedule of user charges and fees for the wastewater discharged to the POTW.
b) Schedule of penalty fees for noncompliance.
c) Limitations on average and/or maximum flow rates.
d) Requirements for proper installation, operation, and maintenance of pretreatment technology, pollution control, or construction of appropriate containment devices designed to reduce, eliminate, or prevent the introduction of pollutants to the POTW.
e) Requirements for installation and maintenance of inspection and sampling facilities, including flow measuring devices.
f) Requirements for installation and maintenance of spill containment systems.
g) Requirements for submission of technical or discharge reports.
h) Requirements for maintaining and retaining plant records relating to the wastewater discharge as specified by the Manager.
i) Requirements for submittal of a solvent management plan.
j) A statement that compliance with the nondomestic wastewater discharge permit does not relieve the User of responsibility for compliance with all applicable Federal and State Pretreatment Standards, including those which become effective during the term of the permit.
k) Other conditions as deemed appropriate by the Manager to ensure compliance with this Ordinance and Federal and State laws, rules, and regulations.

08-07.6- Permit Modifications

The terms and conditions of the permit may be subject to modification by the Manager during the term of a permit if limitations or requirements, as referenced in Section 08-07.6 are modified or other just cause exists. The User shall be informed of any proposed changes in his permit at least fifteen (15) days prior to the effective date of change. Any changes or new conditions in a permit shall include a reasonable time schedule for compliance. The Manager may modify the permit, including, but not limited to the following reasons:

a) Promulgation of Categorical Standards. Within three months of the promulgation of a Categorical Standard, permits for Users subject to such Standards shall be revised to require compliance within the time frame prescribed by such Standard. Where an affected User has not previously submitted an application for a permit as required by Section 08-07.3, the User shall apply within 180 days after the promulgation of the applicable

Categorical Standard. In addition, Users with existing permits shall submit to the Manager within 180 days after the promulgation of an applicable Categorical Standard, a time schedule for compliance with the Categorical Standard.

b) Changes in Operation. Industrial Users shall receive written approval from the Manager prior to initiating any changes in the User's facility's operation which may result in a change in quantity or quality of nondomestic wastewater contributed to the POTW. For the purposes of this Section "changes" shall include the following: A positive or negative change of 25% in the quantity of wastes discharged, additional waste-generating processes, additional or different waste-generating equipment, and an increase in production capacity.
c) A change in the POTW 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 POTW, Reclamation Authority personnel, the general public, or receiving water.
e) Violation of any terms or conditions of the permit.
f) Misrepresentation or failure to fully disclose all relevant facts in the permit application or in any required reporting.
g) To correct any typographical or other errors in the permit.

08-07.7 - Permit Transfer

Nondomestic Wastewater Discharge Permits are issued to specific Users for specific operations. A Nondomestic Wastewater Discharge Permit shall not be transferable, either from one location to another, or from one person to another. Statutory mergers or name change shall not constitute a transfer or a change in ownership. Following a change in ownership, and upon application for a new Nondomestic Wastewater Discharge Permit, an interim permit may be issued by the Manager.

08-07.8 - Permit Duration

Nondomestic Wastewater Discharge Permits shall be issued for a time period specified by the Manager, not to exceed three (3) years. The User shall apply for permit reissuance a minimum of ninety (90) days prior to the expiration of the User's existing permit. If the User submits a completed wastewater discharge permit application and through no fault of the User, a new wastewater discharge permit is not issued prior to the expiration of the existing wastewater discharge permit, the existing wastewater discharge permit shall remain in effect until the Reclamation Authority reissues, or denies, as the case may be, a new wastewater discharge permit. In no case shall a wastewater discharge permit have a duration of more than five (5) years. The terms and conditions of each permit may be subject to modification by the Reclamation Authority during the term of the permit in accordance with Section 08-07.6.

08-08 - Pretreatment Facility Requirements

08-08.1- Pretreatment of Nondomestic Wastewaters

a) All Users shall provide necessary wastewater treatment as required to comply with this Ordinance and shall achieve compliance with all applicable, promulgated Categorical Standards (Subpart of 40 CFR Chapter I, Subchapter N, as it exists and as it may be amended) within the time limitations specified therein. If unable to immediately meet applicable Pretreatment Standards and Requirements, Users shall develop a compliance schedule for the installation of technology required to meet such requirements. Any facilities required to pretreat wastewater to a level acceptable to the Manager, including gravity separation interceptors, shall be provided, operated, and maintained at the User's expense.

b) Detailed plans showing the pretreatment facilities and operating procedures shall be submitted to the Manager for review, and shall be acceptable to the Manager BEFORE construction of the facility. The Manager's review of such plans and operating procedures will not relieve the User from the responsibility of modifying the facility as necessary to produce an effluent which complies with all provisions of this Ordinance.

08-08.2 - Monitoring Facilities

The Reclamation Authority may require, at the User's expense, installation and operation of monitoring facilities to allow inspection of discharges to the POTW and collection of wastewater samples. The monitoring facilities shall include a suitably designed control structure and such other sampling, monitoring, and flow metering equipment as are deemed necessary by the Manager. The control structure shall be water tight, structurally sound, and durable. The monitoring facilities, including sampling, monitoring, and flow measuring equipment, shall be maintained and calibrated at all times in a safe and proper operating condition at the expense of the User.

Monitoring facilities shall normally be situated on the User's premises, but the Reclamation Authority and Member Entity may, when such a location would be impractical or cause undue hardship on the User, allow the facilities to be constructed in public right-of-way.

If the control structure is inside the User's fence, there shall be accommodations to allow access for Reclamation Authority or Member Entity personnel, such as a gate secured with a lock, with key provided to the Member Entity and the Reclamation Authority.

There shall be ample room and a 120 V power outlet in or near monitoring facility to allow installation of portable sampling and monitoring equipment by the Member Entity or the Reclamation Authority.

Whether constructed on public or private property, the sampling and monitoring facilities shall be constructed in accordance with the Reclamation Authority's requirements and all applicable local construction standards and specifications. Construction Drawings for proposed monitoring facilities shall be approved by the Manager and the Member Entity prior to construction.

Construction shall be completed within 90 days following written approval by the Manager and Member Entity, unless the Manager grants a time extension.

08-08.3 - Flow Measuring Equipment

The Manager may require any User to install and operate a continuous monitoring flow meter capable of measuring the User's discharge to the Reclamation Authority's sewerage system as part of its Monitoring Facilities. The flow measurement device shall conform to standards established by the Manager.

08-08.4 - Separation of Domestic and Nondomestic Wastewaters

Every person who discharges nondomestic wastewater to the POTW shall keep the domestic wastewaters separate from all nondomestic wastewaters until the nondomestic wastewaters have passed through any required pretreatment facilities and the control structure.

08-08.5- Gravity Separation Interceptor

Each User so required by the Manager or Member Entity shall install and maintain a gravity separation interceptor to provide wastewater treatment for floatable and settleable pollutants. Domestic wastewater shall not be allowed to pass through this interceptor. This interceptor shall have an operational fluid capacity of not less than 100 gallons and shall be designed so as to retain any material which will float and any material which will settle. The interceptor shall be watertight, structurally sound, and durable. Interceptors shall have no less than two compartments. Interceptors of 750 gallons capacity or larger, except those designed for food processing facilities, shall have no less than three compartments.

a) **Interceptor Requirements:**
   1. All interceptor chambers shall be immediately accessible at all times for the purpose of inspection and cleaning. At no time shall any material, debris, obstacles or obstructions be placed in such a manner so as to prevent immediate access to the interceptor.
   2. All interceptors of 300 gallons capacity or larger shall be equipped with a sampling chamber located at the downstream end of the interceptor. The sampling chamber shall have a minimum 18 inch square clear opening for the temporary installation of portable automatic sampling equipment.
   3. Any interceptor legally and properly installed before January 1, 1995 shall be acceptable as an alternative to the interceptor specified herein, provided such interceptor is effective in removing floatable and settleable material and is so designed and installed that it can be inspected and properly maintained.
   4. If the Manager or Member Entity finds that an interceptor is incapable of adequately retaining the floatable and settleable material in the wastewater flow or is structurally incomplete, he shall declare that such interceptor does not meet the requirements of this Section and shall require the User to install, at the User's expense, an acceptable interceptor.

b) **Interceptor Approval:**
If a gravity separation interceptor is required, the Plumbing Official shall only approve plumbing plans which include an interceptor which meets the requirements of this Section

c) **Interceptor Maintenance:**
The User who owns, operates, or maintains a gravity separation interceptor shall maintain it properly. It shall be cleaned as often as is necessary to ensure that sediment and floating materials do not accumulate to impair the efficiency of the interceptor. The use of chemicals to dissolve grease is specifically prohibited. When an interceptor is cleaned, the accumulated sediment and floating material shall be removed and legally disposed of otherwise than to the sewer. An interceptor is not considered to be properly maintained if for any reason it is not in good working condition or if the operational fluid capacity has been reduced by more than 25% by the accumulation of floating and settled solids, oils and grease. The owner of any facility required to install an interceptor, the lessee and sub-lessee, if there be such, and any proprietor, operator or superintendent of such facility are individually and severally liable for any failure of proper maintenance of such interceptor. If the interceptor is not properly maintained under the conditions of use, the Manager or Member Entity may require that the interceptor be resized and replaced.

08-08.6 - Spill Containment Systems

Users so required by the Manager or Member Entity shall install spill containment system(s) which conform to requirements established by the Manager and Member Entity. Users shall not operate a spill containment system that allows incompatible liquids to mix thereby creating hazardous or toxic substances in the event of failure of one or more containers. Spill containment systems shall consist of a system of dikes, walls, barriers, berms, secondary vessels, or other devices designed to contain spillage of the liquid contents of containers. Spill containment systems shall be constructed of impermeable and non-reactive materials with respect to the liquids being contained. Spill containment systems shall conform to all State and County regulations and policies as to percent containment, container type, and size.

08-09 - Record Keeping and Reporting Requirements

08-09.1 - User Record Keeping

All Users shall keep records of waste hauling, reclamations, monitoring, pH and flow measuring device calibrations reports, sample analysis data, flow and pH meter chart recordings, records of pretreatment equipment maintenance, interceptor and clarifier maintenance and cleaning, and correspondence with the Reclamation Authority on the site of wastewater discharge. Sample analysis records shall include the date, exact place, method, and time of sampling, and the name of the person(s) collecting the samples; the dates analyses were performed; who performed the analyses; the analytical techniques or methods used; the results of such analyses; and chain-of-custody forms. All these records are subject to inspection and shall be copied as needed. All

records must be kept on the site of generation for a minimum period of three years. The records retention period may be extended beyond three years at the request of the Manager in the event criminal or civil action is taken or an extensive company history is required.

08-09.2 - Reporting Requirements

All Users are required to submit the following types of reports:

a) **Reports of Potential Problems:** If, for any reason, pollutants are discharged at a flow rate or concentration which might cause interference with the POTW or Pass-Through, including any slug loadings, or which might result in a violation of NPDES Permit requirements or requirements of this Ordinance, or a hazard to Reclamation Authority and/or Member Entity personnel and/or the Public, the User shall verbally notify the Manager and POTW staff immediately. The notification shall include the location of the discharge, type of waste, concentration and volume, if known, and corrective actions taken by the User. The verbal notification shall be followed by a written report submitted to the Manager within five days. The User shall also repeat the sampling and analysis and submit the results of the repeat analysis to the Reclamation Authority within 30 days after becoming aware of the violation.

b) **Notification of Changed Discharge:** All Users shall promptly notify the POTW in advance of any substantial change in the volume or character of pollutants in their discharge. The Manager may require the User submit information as may be deemed necessary to evaluate the changed condition(s), including submission of a Nondomestic Wastewater Discharge Permit Application.

c) **Notification of Hazardous Waste Discharge:** Discharge of hazardous wastes is prohibited by Section 08-04. However, should any discharge of hazardous waste occur, the User shall observe the following notification procedures:

   a. All Users shall notify the Reclamation Authority, the EPA Regional Waste Management Division Manager, and State hazardous waste authorities in writing of any discharge into the POTW of a substance, which, if otherwise disposed of, would be classified as hazardous waste pursuant to 40 CFR Part 261.
   b. Such notification must include the name of the hazardous waste as set forth in 40 CFR Part 261, the EPA hazardous waste number, and the type of discharge (continuous, batch, or other).
   c. The above required notifications must take place no later than 180 days after the discharge of the hazardous waste.

   In the case of any notification made under these requirements, the Industrial User shall certify that it has a program in place to eliminate all hazardous waste discharges. A notice shall be permanently posted on the User's bulletin board or other prominent place advising employees who to call in the event of a discharge described in (a)-(c) above. Employers shall ensure that all employees, who could cause such a discharge to occur, are advised of the emergency notification procedures.

Industrial Users may be required to submit the following types of reports:

d) **Self-Monitoring Reports**: Permittees may be required to submit periodic self-monitoring reports containing a description of the nature, concentration, and flow of pollutants required to be reported by the Reclamation Authority, and the time, date, and place of sampling and methods of analysis. Sampling for self-monitoring reports shall be performed during the period covered by the report. All required analyses shall be performed by a State Certified Laboratory using Analytical Methods as defined herein. Significant Industrial Users shall be required to submit self-monitoring reports at least once every six months. If any User subject to this section, monitors any regulated pollutant at the designated sampling location more frequently than required by the Reclamation Authority using Approved Analytical Methods, the results of this monitoring shall be included in the report.

e) **Sampling Specifications:** All self-monitoring reports required under Section 08-09.2 (d) and reports required under Section 08-09.4 must be based upon data obtained through appropriate sampling and analysis, which data are representative of conditions occurring during the reporting period. Grab samples must be used for pH, cyanide, total phenols, petroleum based oil and grease, FOG, Food Waste, sulfide, and volatile organic compounds. For all other pollutants, 24-hour composite samples must be obtained through flow-proportional composite sampling techniques, unless time-proportional composite sampling or grab sampling is authorized by the Reclamation Authority. Where time-proportional composite sampling or grab sampling is authorized by the Reclamation Authority, the samples must be representative of the discharge and the decision to allow the alternative sampling shall be documented in the Industrial User file for that facility or facilities. Using protocols (including appropriate preservation) specified in 40 CFR Part 136 and appropriate EPA guidance, multiple grab samples collected during a 24-hour period may be composited prior to the analysis as follows: For cyanide, total phenols, and sulfides the samples may be composited in the laboratory or in the field; for volatile organics and oil & grease the samples may be composited in the laboratory. Composite samples for other parameters unaffected by the compositing procedures as documented in approved EPA methodologies may be authorized by the Reclamation Authority, as appropriate. For sampling required in support of baseline monitoring and 90-day compliance reports required in Sections 08-09.2 and 08-09.3, a minimum of four (4) grab samples must be used for pH, cyanide, total phenols, petroleum based oil and grease, FOG, Food Waste, sulfide and volatile organic compounds for facilities for which historical sampling data do not exist; for facilities for which historical sampling data are available, the Reclamation Authority may authorize a lower minimum sample requirement. For self-monitoring reports and periodic compliance reports for Class I users, the Reclamation Authority shall require the number of grab samples necessary to assess and assure compliance by Industrial Users with Applicable Pretreatment Standards and Requirements.

f) Periodic measurements of flow, suspended solids and BOD for surcharge determination and other appropriate waste characteristics shall be made by those Users specifically designated by the Manager.

g) Any other reports required by California State Law, including such reports as are required by Chapter 6.95 of the California Health and Safety Code.

08-09.3- Categorical Industrial User Reporting Requirements

In addition to the reports specified in Section 08-09.2, Categorical Industrial Users must submit Initial Baseline Monitoring Reports (BMRs) and periodic compliance reports, and, if necessary, schedule compliance reports, and final compliance reports.

a) **Initial Baseline Monitoring Reports (BMRs)**: Baseline Monitoring Reports shall be submitted to facilitate evaluation of initial compliance status with respect to categorical standards, and any modifications or conditions necessary to achieve full compliance with categorical standards.
Baseline Monitoring Reports shall include all information listed in Section 08-07.3, and shall include a statement, reviewed by an authorized representative of the Industrial User, and certified as to accuracy by a qualified professional, indicating whether Pretreatment Standards are being met on a consistent basis, and, if not, whether additional operation and maintenance and/or additional pretreatment is required for the Industrial User to meet the Pretreatment Standards and requirements. New sources shall submit a Baseline Monitoring Report at least 90 days prior to commencement of discharge.
If immediate compliance with the Categorical Standard is not possible and additional pretreatment or operation and maintenance is necessary, the report must specify the shortest time necessary to achieve compliance. The completion date must not be later than that specified in the applicable Categorical Standards. New sources must achieve compliance with all applicable Pretreatment Standards within 90 days of commencing discharge.

b) **Schedule Compliance Reports**: Schedule compliance reports shall be submitted, if necessary, to demonstrate compliance with conditions of a time schedule requiring full compliance with Categorical Standards by a specified date.
Schedule compliance reports shall contain dates for pretreatment equipment design completion, building permit submittal date, construction commencement date, construction updates, construction completion date, employee training completion date, and date of achieving final compliance. Samples shall be collected and analyzed to demonstrate compliance. The samples shall be taken in accordance with 40 CFR Part 136 and 40 CFR Part 403.12(b) (5). Schedule compliance reports shall be submitted at the completion of all major events necessary to achieve full compliance with Categorical Standards, but not less frequently than thirty (30) days. Schedule compliance reports must be submitted within fourteen (14) days of a milestone date. In no case shall any event in the compliance schedule exceed nine (9) months.

c) **Final Compliance Reports**: Final compliance reports shall be submitted, if necessary, to demonstrate that full compliance with Categorical Standards has been achieved.
Final compliance reports shall include all information contained in a Baseline Monitoring Report. Final compliance reports shall be submitted within ninety (90) days of

achieving compliance with Categorical Standards. Final compliance reports from new sources must be submitted immediately after the facility commences discharge.

d) **Periodic compliance reports**: Periodic compliance reports shall be submitted to demonstrate continued compliance with Categorical Standards. Periodic compliance reports shall include all monitoring data specified in the applicable Categorical Standard and any additional monitoring data obtained by the User. Sampling for periodic compliance reports shall be performed during the period covered by the report. Analyses shall be performed by a State certified laboratory using Approved Analytical Methods as defined herein. Sampling shall be performed in accordance with 40 CFR Part 136 and 40 CFR Part 403.12(b) (5). Periodic compliance reports shall be submitted every six (6) months in June and December of each year, unless required to be submitted more frequently by the Manager. Periodic compliance reports may be combined with self-monitoring reports pursuant to Section 08-09.2(d) herein.

08-09.4 - Industrial User Compliance Plans

a) **Solvent Management Plans:** All Industrial Users subject to effective Categorical Standards which include a Total Toxic Organic (TTO) limitation shall be required to file a Solvent Management Plan. The Manager may also require other Users to submit Solvent Management Plans where, in his judgment, said plans are necessary to assure proper containment and disposal of solvents.

b) **Slug Discharge Control Plans:** All Users so required by the Manager shall file a Slug Discharge Control Plan. The plan shall contain at least the following elements:
   1. Description of discharge practices, including nonroutine batch discharges;
   2. Description of stored chemicals;
   3. Procedures for prompt verbal notification of the Reclamation Authority of slug discharges, including any discharge that would violate a specific prohibition under Section 08-04.2 or 40 CFR Part 403.5(b), within twenty-four (24) hours of becoming aware of the discharge and procedures for follow-up written notification within five days (5) days;
   4. If necessary, procedures to prevent adverse impact from accidental spills or slug discharges, including inspection and maintenance of storage areas, handling and transfer of materials, loading and unloading operations, control of plant site run-off, worker training, building of containment structures or equipment, measures for containing toxic organic pollutants (including solvents), and/or measures and equipment for emergency response; and
   5. If necessary, follow-up practices to limit the damage suffered by the POTW or the environment.

c) **Specific Compliance Plans**: All Users so required by the Manager shall file a Specific Compliance Plan. The Specific Compliance Plan shall indicate the cause of noncompliance, the corrective actions which will be taken to prevent recurrence of said noncompliance, and, if required by the Manager, a proposed Compliance Time Schedule indicating the dates those corrective actions will be completed.

08-09.5– Bypass Reporting

a) For the purpose of this Section,
   1. Bypass means the intentional diversion of wastewater from any portion of the User's treatment facility.
   2. Severe property damage means substantial physical damage to property, damage to the treatment facilities which cause them to become inoperable, or substantial and permanent loss of natural resources which can reasonably be expected to occur in the absence of a bypass. Severe property damage does not mean economic loss caused by delays in production.

b) Bypass is prohibited, and the Manager may take enforcement action against a User for bypass, unless
   1. Bypass was unavoidable to prevent loss of life, personal injury, or severe property damage;

2. There were no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate back-up equipment should have been installed in the exercise of reasonable engineering judgment to prevent a bypass which occurred during normal periods of equipment downtime or preventative maintenance.
3. The User is required to submit notices are required in Section 08-09.5(d).

c) The Manager may approve an anticipated bypass, after considering its adverse effects, if the Manager determines that it will meet the three conditions listed in paragraph (b) above.

d) Bypass Notifications
   1. If a User knows in advance of the need for a bypass, it shall submit prior notice to the Manager, at least ten (10) days before the date of the bypass, if possible.
   2. A User shall submit oral notice to the Manager of an unanticipated bypass that exceeds applicable Pretreatment Standards within twenty-four (24) hours from the time it becomes aware of the bypass. A written submission shall also be provided within five (5) days of the time the User becomes aware of the bypass. The written submission shall contain a description of the bypass and its cause; the duration of the bypass, including exact dates and times, and if the bypass has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, or prevent reoccurrence of the bypass. The Manager may waive the written report on a case-by-case basis if the oral report has been received within twenty-four (24) hours.

08-09.6 - Signatory and Certification Requirement

All permit applications, reports, and plans submitted to the Reclamation Authority by Industrial Users pursuant to Sections 08-07.3, 08-07.6, 08-09.2, 08-09.3, 08-09.4, and 08-09.5 shall be signed and dated by an authorized representative of the Industrial User. The signature shall accompany the following certification statement:

> *"I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations".*

Analytical reports submitted directly to the Reclamation Authority by a certified analytical laboratory at the request of the Industrial User for samples of wastewater collected at User facilities may be signed, dated, and certified by the laboratory manager in lieu of an authorized representative of the User; however, such reports shall be accompanied by a statement, signed, dated, and certified by an authorized representative of the User, as above, which verifies that the

sample identified in the analytical report was collected on the date and time indicated at the location indicated, and using the method indicated on the analytical report. Said signed, dated, and certified statement may be included as part of the chain-of-custody form for the sample.

08-09.7 - Member Entity Reporting Requirements

Each Member Entity shall promptly inform all applicants for business licenses within its jurisdiction of the requirements of Sections 08-04.1, 08-07.1, and 08-07.3 herein.

Each Member Entity shall submit a monthly report to the Manager, which contains the following information from each business license application received during the previous month: applicant's name, business name, mailing address, telephone number, type of business, and whether a nondomestic wastewater discharge is proposed. The monthly report shall also summarize all pretreatment program activities conducted by the Member Entity in accordance with the provisions of this Ordinance.

ARTICLE 09: ADMINISTRATIVE PROCEDURES

09-01 - Administration

Except as otherwise provided, the Manager shall administer, implement and enforce the provisions of this Ordinance. Any powers granted or imposed on the Manager may be delegated by him to other persons or authorized agents acting in the beneficial interest of or in the employ of the Reclamation Authority.

09-02 - Inspection and Sampling

The Manager may enter upon the Nondomestic User's premises during reasonable hours for the purpose of inspecting sewer systems and other facilities to ensure compliance with these Rules and Regulations, including the provision that self-regenerating water softeners shall not be connected to the sanitary sewer system contributing to the POTW, and the provisions that stormwater systems are separated from sanitary sewers.

The Manager shall inspect the facilities of each Significant Industrial User a minimum of once each year, and shall sample the discharge of each Significant Industrial User a minimum of once each year.

Persons or occupants of premises where nondomestic wastewater is created or discharged, or where the Manager has reason to believe that nondomestic wastewater may be created or discharged, shall allow the Manager ready access at all reasonable times to all parts of the premises for the purposes of inspection, sampling, examination and copying of records, taking photographs, and performance of any of his duties.

Any temporary or permanent obstruction to safe and easy access to the facility to be inspected and/or sampled shall be promptly removed by the User at the written or verbal request of the Manager and shall not be replaced. The expense of clearing such access shall be born by the User.

The Manager shall have the right to set up on the Industrial User's property such devices as are necessary to conduct sampling inspection, compliance monitoring, and/or metering operations. Where a User has security measures in force, which would require proper identification and clearance before entry into the User's premises, the User shall make necessary arrangements with its staff so that upon presentation of suitable identification, the Manager will be permitted to enter, without delay, for the purpose of performing inspection and sampling. Unreasonable delays in allowing the Manager access to the User's premises shall be a violation of this ordinance.

If the Manager has been refused access to a building, structure, or property, or any part thereof, and is able to demonstrate probable cause to believe that there may be a violation of this ordinance, or that there is a need to inspect and/or sample as part of a routine inspection and sampling program designed to verify compliance with this ordinance or any permit or order issued hereunder, or to protect the overall public health, safety, and welfare of the community,

the Manager may seek issuance of a search warrant from the Municipal or Superior Court of San Bernardino County through the Reclamation Authority Attorney

09-03 - Public Access to Information

Information and discharge data provided to the Reclamation Authority by a User shall be available without restriction to the EPA, the State Water Board, and the Regional Board. Such information shall also be available to the public without restriction, except where there is a claim of confidentiality by the User. All other information which is submitted by the User to the Reclamation Authority shall be available to the public, at least to the extent provided by 40 CFR Part 2.302. With the exception of Regulatory Agencies, any person requesting this information from the Reclamation Authority shall be required, prior to receipt of the information, to pay the reasonable costs of said data gathering reproduction and transmission incurred by the Reclamation Authority.

09-04 - Confidentiality

Any information submitted to the Reclamation Authority pertaining to the pretreatment program may be claimed by the User to be confidential, except for effluent data which will be available to the public without restriction. Any confidentiality claim must be asserted at the time of submission of the information to the Reclamation Authority. The claim may be asserted by stamping the words "Confidential business information" on each page containing such information or by other means; however, if no claim is asserted at time of submission, the Reclamation Authority may make the information available to the public without further notice. If such a claim is asserted, the information will be treated in accordance with the procedure in 40 CFR Part 2 (Public Information).

09-05 - Extension of Time Limits

Any time provided in any written notice or any provision of this Ordinance may be extended only by a written directive of the Manager.

09-06 - Conditional Waivers and Special Agreements

If any discharge or connection to the POTW fails to conform to any of the standards or requirements set forth or referenced in Sections 08-04.5, 08-05.1, 08-05.2, 08-06.1, 08-06.2, or 08-08.1, 08-08.2, 08-08.3, 08-08.4, or 08-08.5 herein, but the Manager finds that: a) the discharge will not cause harm to the POTW; b) the discharge will not unreasonably or inequitably burden the operation of the POTW; c) when considered together with discharges by other Users, the discharge will not materially affect the ability of the POTW to meet its requirements; and d) the requirement or requirements to be waived or modified are not part of a Categorical Standard or Prohibitive Discharge Standard; the Manager may grant approval for discharge to the POTW with a special agreement, waiver or modification of the requirement or requirements which could not be met; subject to any payments or User charges as may be applicable.

In the letter of approval, the Manager shall include a statement regarding the requirement that is waived or modified along with reasons as to why the waiver is issued. Any waiver granted pursuant to the section shall be subject to withdrawal at any time the Manager makes a subsequent finding that the POTW is unreasonably burdened or the ability of the POTW to meet its NPDES Permit discharge requirements or other permit or use requirements is materially affected.

09-07 - Appeal from Decisions

Administrative orders, waivers, permit conditions or disapproval of permit applications made by the Manager, pursuant to this Ordinance may be appealed to the Commission. The Commission may amend, modify, confirm, or reject any such decision provided the purpose and intent of this Ordinance is not violated. No appeal shall be made with respect to the specific Ordinance requirements pertaining to quality, content or method of disposal of wastewater that may be discharged, pursuant to Sections 08-04.2, 08-04.3, 08-04.4, and 08-05.3 herein, nor to any requirement of State or Federal Law.

ARTICLE 10: SERVICE AND USE CHARGES

10-01 - Service Charges

10-01.1 - Establishment of Rates

Rates to be charged and collected and terms, provisions, and conditions to be effective respecting such rates for regional sewer service supplied by the Reclamation Authority using the regional sewerage system to Member Entities within the Reclamation Authority Service Area shall be as fixed and established by the Commission from time to time and shall become an attachment of these Rules and Regulations (see Table II). The payment of service charges to the Reclamation Authority is the responsibility of each Member Entity, which in turn establishes the rates and service charges for Users within its local service area. This provision is in addition to and not by way of derogation of any other remedies or procedures available to the Reclamation Authority pursuant to any law or regulation or by any of the provisions of these Rules and Regulations.

10-01.2 - Change of Service Charge

The Commission reserves the right to change the schedule of regional sewer service charges and other charges and fees from time to time as necessary for the proper operation, maintenance, repair, replacement, and expansion of the regional system.

10-01.3 - Service Charge Billing

Regional sewer service charges to Member Entities will be rendered as part of the Reclamation Authority Service Bill at monthly intervals.

10-01.4 - Metering

For the purpose of computing charges, the Reclamation Authority will contract with an approved third party to provide accurate measurement of flow rate and cumulative totals at all connections to the Reclamation Authority's Interceptor Sewer. Such measurements will be made prior to entry of contributing flows into the interceptor and shall be used to determine a percentage allocation of the total flow for each connected entity. The percentage allocation will be applied to the total monthly influent flow, as measured at the WWTP influent mag meter, to determine the monthly flow contributed by each connected entity. Invoice billings will be sent to each connected Entity on a monthly basis. If, for any reason, the influent mag meter is out of service or flow measurements cannot be taken, the Reclamation Authority will estimate contributions based on the best available information including previous flows and existing conditions.

10-02 - Charges for Use

The purpose of a charge for use is to insure that each recipient of sewage service from the Reclamation Authority pays its reasonably proportionate share of all the costs of providing that sewerage service. Charges for use are used for recovering the cost of conveying, treating and disposing of sewage in the regional sewerage system and are exclusive of any fees levied by Local Sewering Agencies. The charge for use shall be based on the total maintenance, operation, capital expenditures and reserve requirements for providing regional wastewater collection, treatment and disposal and the related administration of the regional sewerage system.

ARTICLE 11: CONNECTION AND PRETREATMENT PROGRAM FEES

11-01 - Connection Fees

11.01.1 - Introduction

The regional sewerage system will provide adequate capacity for sewer service within the regional service area for a limited period of time. The Reclamation Authority must take into consideration future capacity requirements within the regional service area to ensure that the infrastructure necessary to provide reliable service to the Member Entities and their Users is constructed in advance. Failure to adequately plan for future capacity requirements can result in service interruption and the inability of the regional community to accommodate growth. In order to provide for future capacity requirements, Capital must be accumulated before it is required (pay-as-you-go) by levying connection fees. Connection fees have traditionally been the pay-as-you-go method for financing the expansion of a sewerage system. This follows the logic that, upon connection, a new discharger pays for its capacity just as the existing dischargers had paid to develop the original capacity in the sewerage system. The connection fees are accumulated in a fund for use when the sewerage system requires expansion.

11-01.2 - Connection Fees

a) Connection fees will not be applied to properties developed prior to July 1, 1982, which are connected to existing local collection systems.
b) Properties developed prior to July 1, 1982, unconnected to existing local collection systems will not be charged regional (Reclamation Authority) connection fees for the first five years after the completion of the interceptor to the contracting community. Thereafter, applicable Reclamation Authority connection fees will apply to such properties.
c) Properties developed after June 30, 1982 will pay a connection fee applicable at the time of connection. Likewise, any additions or improvements to properties developed prior to July 1, 1982, which are connected and generate additional sewage, will pay a connection fee at the time applicable permits are issued.
d) "Properties developed" as defined in Paragraph 5 of VVWRA Policy Resolution No. 81-10 shall be deemed to include all properties designated to be sewered within the regional service area for which a building permit for residential, commercial, or industrial structures has been issued and all applicable fees therefor have been paid on or prior to June 30, 1982.
e) Connection fees shall be determined and assessed in accordance with VVWRA Connection Fee Ordinance No. 002, as amended, or successor.

11-01.3 - Duty of Enforcement

The Reclamation Authority sets the connection fees for Users within the regional service area and Member Entities set the connection fees for Users which are associated with the expansion of the tributary sewerage systems. The responsibility of calculating and enforcing connection fees is shared between the Reclamation Authority and the Member Entities, provided, however, that each Member Entity has the primary responsibility of enforcing the collection of regional and local connection fees in conjunction with its local authority to regulate land use and development within its boundaries. The provisions of this Section shall be applicable to any building, structure, or property contributing to the Reclamation Authority's regional sewerage system, whether the same is owned, operated, or controlled by a private party or by a public or quasi-public agency, corporation or association, other than the Reclamation Authority. The Member Entity shall, through the "Will Serve" process enforce payment of these connection fees. The Member Entity may, in addition thereto, add connection fees for their own purposes. Further, administrative and lateral charges may also be applicable.

Unless specified otherwise, all fees, charges and penalties imposed pursuant to this Ordinance are due and payable upon receipt of notice.

11-02- Pretreatment Program Fees

It is the purpose of this Section to provide for the recovery of costs from Industrial Users of the POTW for the implementation of the pretreatment program. The Reclamation Authority may adopt charges and fees, by resolution, which may include:

a) Fees for the processing of applications.
b) Fees for reimbursement of costs of developing and operating the Reclamation Authority pretreatment program.
c) Fees for monitoring, inspections, surveillance procedures and laboratory costs.
d) Fees for reviewing plans and construction inspections.
e) Fees for reviewing accidental discharge procedures.
f) Fees for filing appeals.
g) Noncompliance fees.
h) Extra strength charges; surcharge fees. These fees shall be assessed based on the pounds discharged of a constituent above stated permit conditions or allowable limits. AT NO TIME shall any user affected by Categorical Standards be permitted to discharge wastewater to the POTW in violation of Categorical Standards.
i) Administrative fees for compensation for damages in accordance with Section 13-01.
j) Other fees deemed necessary by the Reclamation Authority to implement the provisions of this Ordinance.

The Reclamation Authority may incorporate the equivalent amount of any of the above fees into its sewer charges.

11-03 - Payment of Fees

Except as otherwise provided, all fees charged pursuant to the provisions of this Regulation are due and payable upon receipt of notice thereof.

The connection fee for a parcel shall be payable and collected at the time of final inspection or the date the certificate of occupancy is issued for improvements to the subject parcel, whichever occurs first.

All fees shall become delinquent thirty (30) days after mailing notice thereof to the mailing address of the discharger subject to such charges. The Reclamation Authority may impose a late fee on any charge that becomes delinquent as determined by the collection policy adopted by the Reclamation Authority from time to time. Such late fee shall accumulate on the unpaid balance of the delinquent charge until payment is received by the Reclamation Authority. The Reclamation Authority may further recover costs associated with the recovery of delinquent charges.

ARTICLE 12: EXECUTIVE PROVISIONS

12-01 - Right of Revision

The Reclamation Authority may from time to time, in its discretion and by resolution or Ordinance, amend the Rules and Regulations which govern the discharge of wastewater so as to keep the Reclamation Authority in compliance with evolving State and Federal Law.

12-02 - Right of Waiver

In the event of any declared local, State, or Federal emergency, the provisions of this Ordinance may be waived by resolution of the Board of Commissioners.

12-03 - Severability

If any provision, paragraph, word, section or article of this Ordinance is invalidated by any court of competent jurisdiction, the remaining provisions, paragraphs, words, sections and articles shall not be affected and shall continue in full force and effect.

12-04 - Conflict

If any discrepancy between this Ordinance and the Rules and Regulations of a Member Entity exists, the more restrictive ordinance shall govern.

All other Reclamation Authority ordinances and parts of other Reclamation Authority ordinances inconsistent or conflicting with any part of this Ordinance are hereby repealed to the extent of such inconsistency or conflict.

ARTICLE 13: ENFORCEMENT

13-01 - Compensation for Damages

Any person who, by discharge of wastewaters or by any other means, damages monitoring equipment, detrimentally affects wastewater treatment processes, significantly increases POTW operation costs, requires non-routine inspection and/or sampling, causes blockages of, damage to, interference with or pass-through from the POTW, or causes any other damages including the imposition of fines or penalties on the Reclamation Authority by Federal, State or local regulatory agencies, shall be liable to the Reclamation Authority for all damages and additional costs, including said fines or penalties, occasioned thereby. An administrative fee of twenty-five (25) percent of the Reclamation Authority's costs may be added to these charges and shall be payable within thirty (30) days of invoicing by the Reclamation Authority.

13-02 - Revocation of Permit

Any User who violates the following conditions of this Ordinance, or applicable State and Federal regulations, is subject to having his permit revoked:

a) Failure of the User to factually report the wastewater constituents and characteristics of his discharge;
b) Failure of the User to report significant changes in operations or wastewater constituents and characteristics;
c) Failure of the User to provide reasonable access to the User's premises for the purpose of inspection or monitoring;
d) Tampering with monitoring requirement;
e) Failure to complete a wastewater survey or the Nondomestic Wastewater Discharge Permit Application;
f) Failure of the User to pay fees, fines, and charges for use established pursuant to these Rules and Regulations; or
g) Violation of conditions of any permit, ordinance, and/or compliance schedules, including the requirements of any Non-Domestic Water Discharge Permit, Liquid Waste Hauler Discharge Permit or Solid Waste ADM Discharge Permit.

13-03 - Notification of Violation

Whenever the Manager finds that any User has violated or is violating any applicable Pretreatment Standard or requirement contained in this Ordinance or the Nondomestic Wastewater Discharge Permit, or the requirements of any Liquid Waste Hauler Discharge Permit or Solid Waste ADM Discharge Permit, the Manager may serve upon such person a written notice stating the nature of the violation and stating the penalties for continued noncompliance. If required in the notice, such User shall submit to the Manager, within a prescribed period specified in the notice, a Specific Compliance Plan pursuant to Section 08-09.4(c). Submission of such a plan in no way relieves the User of liability for any violations occurring before or after receipt of the Notice of Violation. Nothing in this Section shall limit the authority of the

Manager to take any action, including emergency actions or any other enforcement action, without first issuing a Notice of Violation.

13-04 - Compliance Time Schedule

The Manager may adopt a proposed Compliance Time Schedule submitted by the User, or may adopt a revised Compliance Time Schedule if, in the judgment of the Manager, the proposed Compliance Time Schedule is unreasonable. The Manager will notify the User of the Adopted Compliance Time Schedule in a timely manner. The Manager shall not adopt a Compliance Time Schedule which extends beyond applicable federal deadlines. Nothing in this Section shall limit the authority of the Manager to take any action, including emergency actions or other enforcement action, without first adopting a Compliance Time Schedule

13-05 - Administrative Orders

The Manager may require compliance with any prohibition, limitation, or requirement of this Ordinance or the provisions of a Nondomestic Wastewater Discharge Permit, a Liquid Waste Hauler Discharge Permit or a Solid Waste ADM Discharge Permit, by issuing administrative orders that are enforceable in a court of law or by directly seeking court action. Nothing in the following Sections shall limit the authority of the Manager to take any action, including emergency actions or any other enforcement action, without first issuing administrative orders. Administrative orders may include:

a) **Stop Work Orders:** The Manager may direct the Local Sewering Agency to serve a written stop work order on any person(s) engaged in doing or causing to be done new construction, tenant improvements, alterations, or additions, if violations of this Ordinance are found at the site of the new construction, tenant improvements, alterations, or additions.
   Any person served a Stop Work Order shall stop such work forthwith until written authorization to continue is received from the Manager and the Member Entity.

b) **Compliance Orders:** When the Manager finds a discharge of wastewater has violated or threatens to violate any prohibition or limitation of this Ordinance or the provisions of a Nondomestic Wastewater Discharge Permit, the Manager may issue a Compliance Order and direct those persons not complying with such prohibitions, limitations, requirements, or provisions to:
   1. Comply immediately; or
   2. Comply in accordance with a specific compliance time schedule.

   A Compliance Order may include modifications in the frequency and extent of monitoring sampling and analysis, and submission of self-monitoring reports. A Compliance Order may also establish a noncompliance monitoring program, or include modifications to an existing noncompliance monitoring program.

c) **Cease and Desist Orders:** When the Manager finds that any User has violated or threatens to violate any provision of this Ordinance or its Nondomestic Wastewater Discharge Permit, the Manager may issue a Cease and Desist Order directing the User to:

1. Comply immediately; or
2. Comply in accordance with a time schedule specified in the Cease and Desist Order.

A Cease and Desist Order may include modifications in the frequency of monitoring, testing, and submission of self-monitoring reports. A Cease and Desist Order may also establish a noncompliance monitoring program.

d) **Cease Discharge Orders:** When the Manager finds that any User has violated or threatens to violate any provision of this Ordinance or its Nondomestic Wastewater Discharge Permit, the Manager may revoke or suspend the User's Wastewater Discharge Permit and terminate sewer service to that User upon issuance of a Cease Discharge Order. The User shall be liable for all costs for termination of sewer service incurred by the User and the Reclamation Authority.

This provision is in addition to other statutes, rules, or regulations authorizing termination of service for delinquency in payment, or for any other reason. Sewer service shall be reinstituted by the Manager after the User has complied with all provisions in the Administrative Order. The User shall be liable for all costs for reinstituting sewer service.

e) **Immediate Termination of Service:** The Manager may immediately suspend wastewater treatment service and any Nondomestic Wastewater Discharge Permit when such suspension is necessary, in the opinion of the Manager, to stop an actual or threatened discharge which presents or may present an imminent or substantial endangerment to the health or welfare of persons, the environment, or causes interference to the POTW. Other conditions that may subject the User to termination of service include:

1. Failure to accurately report the wastewater constituents and characteristics of its discharge;
2. Failure to report significant changes in operations or wastewater volume, constituents, and characteristics prior to discharge; or
3. Refusal of reasonable access to the User's premises for the purpose of inspection, monitoring, or sampling

Any User notified that wastewater treatment service and any Nondomestic Wastewater Discharge Permit has been suspended, shall immediately stop and eliminate the applicable contributions to the POTW. In the event of failure to comply voluntarily with the suspension order, the Manager shall take steps as deemed necessary including directing the Member Entity to immediately sever the sewer connection. The User shall be liable for all costs incurred by the Reclamation Authority in terminating sewer service. Sewer service shall be reinstituted by the Manager after the actual or threatened discharge has been eliminated. A detailed written statement, submitted by the User, describing the causes of the harmful contribution and the measures taken to prevent any future occurrence shall be submitted to the Manager within fifteen (15) days of the date of sewer service termination.

f) **Notices of Discharge Prohibition:** The Manager may serve a written Notice of Discharge Prohibition on any person(s) engaged in any activity or activities which, while not resulting in a discharge of nondomestic wastewater to the POTW at the time, may, in the Manager's judgment, result in a discharge of nondomestic wastewater at some time in the future. A Notice of Discharge Prohibition shall include at least the following:

1. A list or citation of general discharge restrictions and prohibitions;
2. A list of any Categorical Standards that would be applicable upon commencement of nondomestic wastewater discharge;
3. A requirement to apply for and obtain a nondomestic wastewater discharge permit prior to commencing discharge of nondomestic wastewater to the POTW;
4. A requirement for notification of slug or accidental discharges; and
5. A statement of applicable civil and criminal penalties for violation of Pretreatment Standards and requirements.

A Notice of Discharge Prohibition may also contain one or more of the following:

1. A requirement to prepare and submit a Slug Discharge Control Plan;
2. A requirement to install and maintain one or more spill containment systems;
3. A requirement for maintaining and retaining plant records relating to wastes removal from the facility; and
4. A requirement to submit an annual written statement to the Manager certifying that no nondomestic wastewater has been discharged to the POTW during the previous year other than discharges of which the Manager was properly notified, and that no nondomestic wastewater will be discharged during the forthcoming year without proper notification and/or obtaining a Nondomestic Wastewater Discharge Permit.

g) **Suspension or Termination of Discharge Rights**: With respect to the violation of the requirements of a Liquid Waste Hauler Discharge Permit or Solid Waste ADM Discharge Permit, the Manager may revoke or suspend the right of the permit holder to discharge Septage or ADM to the POTW until such time as the permit holder is in compliance with the terms of the applicable permit.

13-06- Noncompliance Monitoring Program

a) If sampling by Reclamation Authority or User indicates that the User is discharging constituents in violation of the mass emission or concentration limits established by Reclamation Authority resolution or contained in User's Nondomestic Wastewater Discharge Permit, then the User must notify the Manager within twenty-four (24) hours of becoming aware of the violation. The User shall collect a follow-up sample (as directed by Manager). The User shall submit the completed sample analysis to the Reclamation Authority within thirty (30) days of notification by the Reclamation Authority.

b) If the follow-up sample indicates noncompliance with permit requirements, the User may be required by the Reclamation Authority to immediately initiate a noncompliance monitoring program requiring additional sampling and reporting by the User in

accordance with a schedule issued by the Manager. During the program, the User may be subject to noncompliance fees established by Reclamation Authority resolution. Fees may be required for each sample analysis indicating violation or violations of limits specified in User's permit or established by Reclamation Authority resolution. User may also be subject to a fee for each sample analysis not submitted by the User to the Reclamation Authority in accordance with the schedule specified in the program.

c) The noncompliance monitoring program may be terminated by the Reclamation Authority upon the User's demonstration of a return to compliance. To demonstrate a return to compliance, the User must either terminate discharge or provide analyses showing consistent compliance over a period of not less than 30 days or as specified in the Program.
d) The payment of noncompliance fees by Users shall not bar the Reclamation Authority from undertaking any other enforcement procedures specified herein.

13-07 - Administrative Hearing

Any User may request, or the Manager may order, an Administrative Hearing, at which a User who causes or allows or who has caused or allowed an unauthorized discharge to enter the POTW shall show cause why the proposed enforcement action should not be taken. An Administrative Hearing Officer who is a Reclamation Authority Officer not directly involved in the enforcement of this Ordinance, shall preside over the Administrative Hearing, at which each party, including the User and the Manager, shall have the right to present evidence. A notice shall be served on the User specifying the time and place of the hearing regarding the violation, the reasons why the action is to be taken, the proposed enforcement action, and directing the User to show cause before the Administrative Hearing Officer why the proposed enforcement action should not be taken. The notice of the hearing shall be served personally or by registered or certified mail (return receipt requested) at least ten (10) days before the hearing. Service may be made on any agent or officer of the User.

13-08 - Annual Public Notice of Significant Noncompliance

In March of each year, the Reclamation Authority shall publish in the newspaper with the largest daily circulation in the Victor Valley Wastewater Reclamation Authority service area a list of all Industrial Users which have been in Significant Noncompliance with applicable Pretreatment Standards or Requirements during the previous calendar year.

13-09 - Legal Action

If any User violates the provisions of this Ordinance, Federal or State Pretreatment requirements, or any order of the Reclamation Authority, the Reclamation Authority Attorney may commence an action for appropriate legal, equitable, and/or injunctive relief in the Municipal or Superior Court of San Bernardino County.

In addition to the penalties provided herein, the Manager may recover reasonable attorney fees, court costs, court reporters' fees, and other expenses of litigation by appropriate suit at law

against the person found to have violated any of the provisions of this Ordinance or the orders, rules, regulations, and permits issued thereunder.

13-10 – Injunctive Relief

When the Manager finds that a User has violated, or continues to violate, any provision of this Ordinance, its Nondomestic Wastewater Discharge Permit, or order issued hereunder, or any other Pretreatment Standard, the Manager may petition the Municipal or Superior Court of San Bernardino County through the Reclamation Authority Attorney for the issuance of a temporary or permanent injunction, as appropriate, which restrains or compels the specific performance of the Nondomestic Wastewater Discharge Permit or other requirements imposed by this Ordinance on activities of the User. The Manager may also seek such other action as is appropriate for legal and/or equitable relief, including a requirement for the User to conduct environmental remediation. A petition for injunctive relief shall not be a bar against, or a prerequisite for, taking any other action against a User.

13-11 - Civil Penalties

Any User who is found to have violated any prohibition, limitation or requirement of this Ordinance or of his Nondomestic Wastewater Discharge Permit or an administrative order shall be subject to civil penalty of not less than one thousand dollars ($1,000) nor more than twenty-five thousand dollars ($25,000) for each offense per day. Each violation shall be considered a separate and distinct offense, and each day on which a violation shall occur or continue shall be deemed a separate and distinct offense. In addition to the penalties provided herein, the Reclamation Authority may recover reasonable attorneys' fees, court costs, court reporters' fees and other expenses of litigation by appropriate suit at law against the person found to have violated this Ordinance or the orders, rules, regulations, and permits issued hereunder.

Civil Penalties may be imposed, assessed and recovered by action commenced in the Superior Court through petition by the Manager pursuant to Section 54740 of the California Government Code, or by Administrative Hearing in accordance with Section 13-07. Assessment of Civil Penalties through the Administrative Hearing Process shall be in accordance with Section 54740.5 of the California Government Code.

13-12 - Criminal Penalties

Any person who willfully violates any provision of this Ordinance or permit condition; who knowingly violates any stop work order, cease and desist order, prohibition or effluent limitation; who knowingly makes any false statements, representation, or certification in any application, record, report, plan, or other document filed or required to be maintained pursuant to this Ordinance or a Nondomestic Wastewater Discharge Permit; or who falsifies, tampers with, or knowingly causes inaccuracy in any monitoring device or method required or authorized under this Ordinance, shall, upon conviction, be guilty of a misdemeanor which is punishable by a fine not to exceed one thousand dollars ($1,000.00) or by imprisonment for a period of not more than six (6) months or by both such fine and imprisonment. Each such person shall be deemed guilty of a separate offense for every day during any portion of which any violation of any provisions

of this Ordinance is committed, continued, or permitted by such person, and shall be punishable for that violation as provided by this Section.

13-13 – Remedies Nonexclusive

The remedies provided for in this ordinance are not exclusive. The Manager may take any, all, or any combination of these actions against a noncompliant User. Enforcement of pretreatment violations will generally be in accordance with the Enforcement Response Plan. However, the Manager may take other action against the User when the circumstances warrant. Further, the Manager is empowered to take more than one enforcement action against any noncompliant User.

13-14 - Payment of Penalties

Except as otherwise provided, all penalties made pursuant to the provisions of this Ordinance are due and payable upon receipt of notice thereof. All such penalties shall be delinquent thirty (30) days after mailing notice thereof to the mailing address of the User subject to such penalties. A penalty that becomes delinquent may have added to it a delinquency charge equal to the maximum interest permitted by law.

13-15 - Collection

Upon motion of the Board of Commissioners of the Reclamation Authority, any charge and all penalties and delinquency charges thereon shall be collected by lawsuit in the name of the Reclamation Authority. Any such action for collection may include an application for an injunction to prevent repeated and recurring violations of this Ordinance.

13-16 - Enforcement Response Plan

The Manager shall prepare, implement, and, if necessary, periodically update an Enforcement Response Plan in conformance with EPA guidelines contained in 40 CFR Part 403.8(f) (5).

END OF TEXT OF ORDINANCE

Approval and Adoption

THIS ORDINANCE NO. 001 IS APPROVED AND ADOPTED ON: December 8, 2016

Scott Nassif,
Chair VVWRA Board of Commissioners

APPROVED AS TO FORM:

Piero C. Dallarda of Best Best & Krieger LLP VVWRA General Counsel

ATTEST:

Larry Bird,
Secretary VVWRA Board of Commissioners

Certification

I, Kristi Casteel, Secretary to the Board of Commissioners ("Commission") of the Victor Valley Wastewater Reclamation Authority, certify that the foregoing Ordinance was introduced at a regular meeting of the Board of Commissioners on the August 15, 2019, and was adopted by the Commission at a regular meeting held on the October 23, 2019 by the following vote of the Commissioners:

AYES:

NOES:

ABSTAINED:

ABSENT:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Victor Valley Wastewater Reclamation Authority on this October 23, 2019.

Kristi Casteel
Secretary to the Board of Commissioners

Form of Certificate of Adequacy of Sewerage System

It is hereby understood by all persons signing this certificate that the Member Entity will not consider allowing use of its facilities by this land development without having received the representations contained herein.

I certify that the following statements are true:

1. I hold a currently valid certificate of registration as a Civil Engineer issued pursuant to Section 6700 et. seq. of the Business and Professions Code, State of California. I am further qualified by experience to design sewage systems.
2. The sewerage system has been designed in accordance with good engineering practice and meets all of the requirements of Victor Valley Wastewater Reclamation Authority and the Member Entity having jurisdiction.
3. All design criteria and the materials and methods of construction specified for use in this sewerage system meet or exceed standards adopted and approved by the Victor Valley Wastewater Reclamation Authority and the Member Entity.

_____ _____

Signature Date

4. The Member Entity hereby agrees that adequate capacity is available or will be made available to accept sewerage contributions from this development within _____ year(s) from the execution date of this certificate.

_____ _____

Member Entity Signature Date

Table I: Specific Local Pollutant Concentration Limits

Daily Maximum Concentration for Permitted Industrial Dischargers:

pH	5 to 11

Pollutant	Concentration Limit (mg/l)
Arsenic	1.5
Barium	10.0
Biochemical Oxygen Demand (BOD)	50,000
Boron	1.04
Cadmium	0.2
Chromium, Total	2.0
Copper	2.2
Cyanide	.0.12
Fluoride	1,000
Iron	200
Lead	1.7
MBAS (Surfactants)	100
Mercury	0.1
Methyl Tert Butyl Ethylene (MTBE)	0.0005
Nickel	2.0
Nitrogen, Ammonia	500
Selenium	1.0
Silver	0.4
Tetrachloroethene (TCE or PCE)	0.53
Toluene	1.53
Total Dissolved Solids (TDS)	1,000
Total Petroleum Hydrocarbons (TPH)	500
Zinc	2.3

Adopted July 25th 2001

Table II: Fee Schedule

Victor Valley Wastewater Reclamation Authority Fee Schedule

Effective ~~July~~ December 1st 20149

Connection Fees: $4000 per EDU*

User Charges: Unit Cost ($/MG)

~~FY 13-14~~	~~FY 14-15~~	~~FY 15-16~~	~~FY 16-17~~	~~FY 17-18~~
~~$2,528~~	~~$2,756~~	~~$3,004~~	~~$3,274~~	~~$3,503~~

FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24
$3,503	$3,784	$4,087	$4,414	$4,768	$5,150

High Strength Surcharges:

Refer to **the attached worksheet** for an example of the calculation used to determine the surcharge rate.

~~**FY 13-14: $2,528**~~
~~BOD $/LB Applied to Concentrations above 200 mg/L~~
~~TSS $/LB Applied to Concentrations above 250 mg/L~~
~~NH3 $/LB Applied to Concentrations above 250 mg/L~~
~~**FY 14-15: $2,756**~~
~~BOD $/LB Applied to Concentrations above 200 mg/L~~
~~TSS $/LB Applied to Concentrations above 250 mg/L~~
~~NH3 $/LB Applied to Concentrations above 250 mg/L~~
FY 15-16: $3,004
BOD $/LB Applied to Concentrations above 200 mg/L
TSS $/LB Applied to Concentrations above 250 mg/L
NH3 $/LB Applied to Concentrations above 250 mg/L
FY 16-17: $3,274
BOD $/LB Applied to Concentrations above 200 mg/L
TSS $/LB Applied to Concentrations above 250 mg/L
NH3 $/LB Applied to Concentrations above 250 mg/L
FY 17-18: $3,503
BOD $/LB Applied to Concentrations above 200 mg/L
TSS $/LB Applied to Concentrations above 250 mg/L
NH3 $/LB Applied to Concentrations above 250 mg/L

FY 18-19: $3,503
BOD $/LB **$0.3685** Applied to Concentrations above 200
TSS $/LB **$0.2470** Applied to Concentrations above 250
NH3 $/LB **$4.1368** Applied to Concentrations above 250

FY 19-20: $3,784

BOD	$/LB **$0.3685** Applied to Concentrations above 200
TSS	$/LB **$0.2470** Applied to Concentrations above 250
NH3	$/LB **$4.1368** Applied to Concentrations above 250

Septage Receiving Fee: $.0936 per gallon

*EDU=Equipment Dwelling Unit (245 gallons/day or 20 fixture units)

Victor Valley Wastewater Reclamation Authority

High Strength Surcharge

Example Worksheet

Procedure to Determine Annual Surcharge Fee

FOR EXAMPLE ONLY

User Charges from Member Agencies	$ 10,112,000
Unit User Charge per MG	**$2,528.00**
Estimated Treatment Flow (MG)	4,000

	Influent mg/l	Influent lbs/day	Effluent mg/l	Effluent lbs/day	Removal lbs/day	Removal lbs/year	Percent of Cost	Removal Cost/lb	Unit Cost $
FOR EXAMPLE ONLY									
BOD	400.00	36,559	4.00	366	36,193	13,210,560	35.0%	$3,539,200	$0.2679
TSS	300.00	27,419	2.21	202	27,217	9,934,274	25.0%	$2,528,000	$0.2545
NH3	30.00	2,742	0.10	9	2,733	997,464	30.0%	$3,033,600	$3.0413
Annual Flow - MG per Day									
4,380 MG / 365 days		10.96					10.0%	$1,011,200	
							100.0%	$10,112,000	

	BOD $/lb	TSS $/lb	NH3 $/lb
FOR EXAMPLE ONLY			
Surcharge Rates:	**$0.2679**	**$0.2545**	**$3.0413**
Applied to Concentrations Above:	**200 mg/l**	**250 mg/l**	**20 mg/l**

FORMULAS

lbs/day = flow (mgd) x concentration (mg/l) x weight of water (8.34 lbs/gal)

BOD

Influent	(flow mgd) x (influent mg/l) x 8.34 lbs/gal = lbs/day
Effluent	(flow mgd) x (effluent mg/l) x 8.34 lbs/gal = lbs/day

TSS

Influent	(flow mgd) x (influent mg/l) x 8.34 lbs/gal = lbs/day
Effluent	(flow mgd) x (effluent mg/l) x 8.34 lbs/gal = lbs/day

NH3

Influent	(flow mgd) x (influent mg/l) x 8.34 lbs/gal = lbs/day
Effluent	(flow mgd) x (effluent mg/l) x 8.34 lbs/gal = lbs/day

REMOVAL

Per day:	Influent lb/day - Effluent lb/day = Removal lbs/day
Per year:	Removal lb/day x 365 = Removal lb/year

REMOVAL COST

Per lb:	Total user cost x 35% = Removal cost/lb
Per unit:	Removal cost/lb / Removal lb/year

Note:

1.BOD, Biochemical Oxygen Demand, use the annual average from the prior year Annual Discharge Monitoring Report

2.TSS, Total Suspended Solids, use the annual average from the prior year Annual Discharge Monitoring Report

3.NH3, Ammonia, use the annual average from the prior year Annual Discharge Monitoring Report

4.MG,Flow in Million Gallons budgeted for upcoming Fiscal Year

Table III: Unit Operations and Maintenance Cost Determination

SEE ATTACHED

20149 Statement of Findings

WHEREAS, Ordinance No. 001 of the Victor Valley Wastewater Authority ("VVWRA") adopted by the Board of Commissioners ("Commission") of VVWRA on October 8, 1980, (also known as Ordinance No. 80-19, a copy of which is attached hereto as Exhibit "A" and is incorporated herein by this reference) establishes and imposes a schedule of user fees for services provided by the collection and treatment system owned, maintained and operated by VVWRA; and

WHEREAS, Article 10, Section 10-01.2 of Ordinance No. 001 and subsequent amendments provide in pertinent part that the Commission reserves the right to change the schedule of regional sewer service charges and other charges and fees from time to time as necessary for the proper operation, maintenance, repair, replacement, and expansion of the regional system and to ensure compliance with regulatory requirements; and

WHEREAS, the funds collected pursuant to Ordinance No. 001 as amended are used to pay for the cost of operating and maintaining the collection and treatment systems owned, maintained and operated by VVWRA and to ensure compliance with regulatory requirements; and

WHEREAS, since the last increase in sewer user charges provided for in Table II of Ordinance No. 001, which is attached hereto as Exhibit "B", and in Resolutions 1995-14, 2004-9 and 2010-13, the cost of operating and maintaining VVWRA's sewer-system has increased; and

WHEREAS, absent a sewer user charge increase, VVWRA will incur a deficit due to the costs of operating and maintaining the sewer system exceeding the amount of revenue which VVWRA presently receives in sewer user charges under the existing rate; and

WHEREAS, the Commission believes that it is necessary and desirable to operate the sewer system on a basis which does not require substantial subsidization from other sources of VVWRA revenues; and

WHEREAS, a study conducted on behalf of VVWRA by Raftelis on August 15, 2019, was received, filed and approved by the Commission under Resolution 2019-14 on September 19, 2019 (the "Study"); and

WHEREAS, the Study, a copy of which is attached hereto as Exhibit "C" and incorporated herein by this reference, determined different levels of charges VVWRA would impose up to $5,150.00 (five thousand, one hundred and fifty dollars) per one million gallons; and

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WHEREAS, in light of regulatory requirements as well as costs of operations and maintenance, VVWRA will incur a deficit due to the costs of operating and maintaining the sewer system exceeding the amount of revenue which VVWRA presently receives in sewer user charges under the existing rate; and

WHEREAS, (1) after discussing these matters with staff for its member entities, (2) considering studies conducted on behalf of the Commission by consultants; (3) making presentations to staff and the public in open session about the needs to increase the charges mentioned above; and, (4) conducting the necessary notice and public hearing process in the matter, the Commission believes that an increase of the sewer user charges set forth in Sections 2 and 4 below is necessary in light of the findings above.

NOW THEREFORE, the Board of Commissioners of the Victor Valley Wastewater Reclamation Authority hereby ordains as follows:

Section 1. Findings. The Board of Commissioners asserts and adopts the findings set forth above;

Section 2. Increase In Sewer User Charges. The current User Fee Schedule is hereby increased, in terms of volume alone and in terms of monthly charges as follows:

Expressed in terms of millions of gallons, the User Fee Schedule will be increased from $3,503.00 (three thousand, five hundred and three dollars) per one million gallons to $3,784.00 (three thousand, seven hundred and eighty-four dollars) per one million gallons effective November 1, 2019.

Expressed in terms of millions of gallons, the User Fee Schedule will be increased from $3,784.00 (three thousand, seven hundred and eighty-four dollars) per one million gallons to $4,087.00 (four thousand, and eighty-seven dollars) per one million gallons effective July 1, 2020.

Expressed in terms of millions of gallons, the User Fee Schedule will be increased from $4,087.00 (four thousand, and eighty-seven dollars) per one million gallons to $4,414.00 (four thousand, four hundred and fourteen dollars) per one million gallons effective July 1, 2021.

Expressed in terms of millions of gallons, the User Fee Schedule will be increased from $4,414.00 (four thousand, four hundred and fourteen dollars) per one million gallons to $4,768.00 (four thousand, seven hundred and sixty-eight dollars) per one million gallons effective July 1, 2022.

Expressed in terms of millions of gallons, the User Fee Schedule will be increased from $4,768.00 (four thousand, seven hundred and sixty-eight dollars) per one million gallons to

$5,150.00 (five thousand, one hundred and fifty dollars) per one million gallons effective July 1, 2023.

Section 3. Repeal of Table II of Ordinance No. 001 Table II, as referenced in Section 10-01.1 of Ordinance No. 001 as amended by Resolutions 1995-14, 2004-9, 2010-13, Ordinance 001D, and Ordinance 001E is hereby repealed in its entirety and, as set forth below, is to be replaced by the Amended Table II attached hereto..

Section 4. Amendment of Table II of Ordinance No. 001 Table II, as referenced in Section 10-01.1 of Ordinance No. 001, is hereby amended and revised as set forth in the attachment hereto and is incorporated herein by the reference.

Section 5. Repeal of Table III of Ordinance No. 001 Table III, as referenced in the Table of Contents of Ordinance No. 001 as amended by Resolutions 1995-14, 2004-9, 2010-13, Ordinance 001D, and Ordinance 001E is hereby repealed in its entirety and replaced by the Amended Table III attached hereto, and all references to the 2014 Statement of Findings and Black and Veatch Study and Bartle Wells studies shall be removed.

Section 6. Amendment of Table III of Ordinance No. 001 Table III, as referenced in the Table of Contents of Ordinance No. 001, is hereby amended and revised as set forth in the attachment hereto and is incorporated herein by the reference.

Section 7. Continued Effect of Remaining Provisions of Ordinance No. 001. The remaining provisions of Ordinance No. 001 not expressly repealed or amended by this Ordinance shall remain in full force and effect.

Section 8. Effective Date. This Ordinance shall take effect and be in full force thirty (30) days after its adoption. Prior to the expiration of the fifteen (15) days from its adoption, the Ordinance or a summary of it shall be published in The Daily Press, a newspaper of general circulation within the boundaries of the Victor Valley Wastewater Reclamation Authority, or a newspaper of substantially equivalent circulation.

~~**WHEREAS,** Ordinance No. 001 of the Victor Valley Wastewater Authority ("VVWRA") was adopted by the Board of Commissioners ("Commission") of VVWRA on October 8, 1980, (also known as Ordinance No. 80-19), and has been amended from time to time, including the adoption of the amendments set forth in Ordinance No. 001B, 001C, 001D and 001E (collectively, "Ordinance No. 001")~~

~~**WHEREAS,** Ordinance No. 001 as currently adopted establishes the rules and regulations for the implementation, financing, operation and maintenance, and enforcement of the regional sewerage system which is used by VVWRA to provide sewerage service within its boundaries and further establishes and imposes a schedule of user fees for services provided by the collection and treatment system owned, maintained and operated by VVWRA;~~

~~**WHEREAS**, the Commission believes that it is necessary and desirable to update the rules and regulations in Ordinance No. 001 to better describe the terms of sewerage service and clarify the administrative processes of VVWRA for the benefit of the member entities and the users within the boundaries of VVWRA;~~

~~**WHEREAS**, the Commission has reviewed the findings contained in the original Ordinance No. 80-19 with respect to the adoption of the rules and regulations contained in Ordinance No. 001 and believes that such findings continue to provide a valid basis for this Ordinance;~~

~~**WHEREAS**, Article 10, Section 10-01.2 of Ordinance No. 001 provide in pertinent part that the Commission reserves the right to change the schedule of regional sewer service charges and other charges and fees from time to time as necessary for the proper operation, maintenance, repair, replacement, and expansion of the regional system and to ensure compliance with regulatory requirements;~~

~~**WHEREAS**, the funds collected pursuant to Ordinance No. 001 as amended are used to pay for the cost of operating and maintaining the collection and treatment systems owned, maintained and operated by VVWRA and to ensure compliance with regulatory requirements;~~

~~**WHEREAS**, since the last increase in sewer user charges, provided for in Table II of Ordinance No. 001 and Resolutions 1995-14, 2004-9 and 2010-13, the cost of operating and maintaining VVWRA's sewer system has increased;~~

~~**WHEREAS**, absent a sewer user charge increase, VVWRA will incur a deficit due to the costs of operating and maintaining the sewer system exceeding the amount of revenue which VVWRA presently receives in sewer user charges under the existing rate;~~

~~**WHEREAS**, the Commission believes that it is necessary and desirable to operate the sewer system on a basis which does not require substantial subsidization from other sources of VVWRA revenues;~~

~~**WHEREAS**, the Board finds that this Ordinance would authorize a rate increase for purposes of meeting ongoing operational expenses, maintenance obligations, purchasing supplies, and implementing infrastructure projects for which environmental review has already been completed (specifically including the Subregional Wastewater Reclamation Plant Projects reviewed pursuant to an Environmental Impact Report under State Clearinghouse No. 2010051087 and the Nanticoke Gravity Sewer Interceptor Project reviewed pursuant to an Environmental Impact Report under State Clearinghouse No. 2010061016; therefore the Board finds that the rate increase is statutorily exempt from further environmental review under State CEQA Guidelines § 15273;~~

~~**WHEREAS**, a study was conducted on behalf of VVWRA by Black and Veatch in February, 2014, and was received, filed and approved by the Commission on February 20, 2014 (the "Study");~~

WHEREAS, the Study, a copy of which is attached to this Ordinance and incorporated herein by this reference, determined different levels of charges VVWRA could impose up to $3,503.00 per one million gallons;

WHEREAS, in light of regulatory requirements as well as costs of operations and maintenance, VVWRA will incur a deficit due to the costs of operating and maintaining the sewer system exceeding the amount of revenue which VVWRA presently receives in sewer user charges under the existing rate;

WHEREAS, (1) after discussing these matters with staff for its member entities, (2) considering studies conducted on behalf of the Commission by consultants; (3) making presentations to staff and the public in open session about the needs to increase the charges mentioned above; and, (4) conducting the necessary notice and public hearing process in the matter, the Commission believes that an increase of the sewer user charges set forth in Sections 2 and 4 below is necessary in light of the findings above;

NOW THEREFORE, the Board of Commissioners of the Victor Valley Wastewater Reclamation Authority hereby ordains as follows:

Section 1. Findings. The Board of Commissioners asserts and adopts the findings set forth above;

Section 2. Increase In Sewer User Charges. The current User Fee Schedule is hereby increased, in terms of volume alone and in terms of monthly charges as follows:

Expressed in terms of millions of gallons, the User Fee Schedule will be increased from $2,528.00 (two thousand, five hundred and twenty eight dollars) per one million gallons to $2,756.00 (two thousand, seven hundred and fifty six dollars) per one million gallons effective July 1, 2014.

Expressed in terms of millions of gallons, the User Fee Schedule will be increased from $2,756.00 (two thousand, seven hundred and fifty six dollars) per one million gallons to $3,004.00 (three thousand, and four dollars) per one million gallons effective July 1, 2015.

Expressed in terms of millions of gallons, the User Fee Schedule will be increased from $3,004.00 (three thousand, and four dollars) per one million gallons to $3,274.00 (three thousand, two hundred and seventy four dollars) per one million gallons effective July 1, 2016.

Expressed in terms of millions of gallons, the User Fee Schedule will be increased from $3,274.00 (three thousand, two hundred and seventy four dollars) per one million gallons to $3,503.00 (three thousand, five hundred and three dollars) per one million gallons effective July 1, 2017.

Section 3. Repeal Of Existing Ordinance No. 001. Ordinance No. 001, as most recently amended by Ordinance 001E, is hereby repealed in its entirety. Upon this Ordinance

taking effect as set forth in Section 5 below, the existing Ordinance No. 001 shall have no further force or effect.

Section 4. Adoption of This Ordinance. This new Ordinance No. 001 is hereby adopted in its entirety along with the tables and attachments thereto.

Section 5. Effective Date. This Ordinance shall take effect and be in full force thirty (30) days after its adoption. Prior to the expiration of the fifteen (15) days from its adoption, the Ordinance or a summary of it shall be published in The Daily Press, a newspaper of general circulation within the boundaries of the Victor Valley Wastewater Reclamation Authority, or a newspaper of substantially equivalent circulation.

Raftelis Study

SEE ATTACHED

VICTOR VALLEY
WASTEWATER RECLAMATION AUTHORITY

2019 Wastewater Rate Study and Connection Fee Update

Final Report / August 19, 2019

VVWRA

RAFTELIS

RAFTELIS

August 19, 2019

Chieko Keagy
Controller
Victor Valley Wastewater Reclamation Authority
20111 Shay Road
Victorville, CA 92394

Subject: 2019 Wastewater Rate Study and Connection Fee Update Report

Dear Ms. Keagy,

Raftelis is pleased to provide this 2019 Wastewater Rate Study and Connection Fee Update Report for the Victor Valley Wastewater Reclamation Authority (Authority). The contents of this Report include a financial plan for the Authority for fiscal year (FY) 2020 to FY 2024, proposed user charges over the same timeframe, as well as updated connection fees.

The major objectives of the study include the following:

- Develop a five-year financial plan through FY 2024 to ensure financial sufficiency, meet operating costs, ensure sufficient funding to meet debt obligations, and fund necessary capital expenditures
- Propose updated user charge rates for FY 2020 to FY 2024
- Update the prior connection fee calculation methodology and develop proposed connection fees that are justifiable and fair to both new and existing users of the Authority's wastewater system.

This Report summarizes the key findings and recommendations related to the development of the financial plan, the associated user charges, and the updated connection fee. It has been a pleasure working with you and we thank you, Xiwei Wang, and other Authority staff for the support provided during this study.

Sincerely,

RAFTELIS FINANCIAL CONSULTANTS, INC.

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Vice President

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1. Executive Summary

1.1. Background of the Study

The Victor Valley Wastewater Reclamation Authority (Authority) is a Joint Power public agency of the State of California formed in 1977 to maintain compliance with the Federal Clean Water Act and to provide wastewater treatment within a 279 square mile service area in San Bernardino County. The primary function of the Authority is to receive and treat wastewater from the four member agencies listed below:

- Town of Apple Valley
- City of Hesperia
- City of Victorville
- County of San Bernardino Special District Service Areas No. 42 (Oro Grande) and No. 64 (Spring Valley Lake)

The Authority is governed by a Board of Commissioners that consists of four elected officials representing each member agency listed above. The Authority operates a Regional Wastewater Treatment Plant with 17 million gallons per day (MGD) of treatment capacity in the City of Victorville. Additionally, the Authority completed construction in April 2018 of two Sub-regional Wastewater Reclamation Plants with 1 MGD of treatment capacity each in the Town of Apple Valley and the City of Hesperia. Wastewater treated by the Authority is either discharged to the Mojave River or utilized as recycled water for irrigative use after undergoing an extensive cleaning and purification process.

The Authority engaged Raftelis in 2018 to conduct a wastewater rate study and connection fee update (Study). The purpose of the Study is to update the Authority's financial plan, user charges, and connection fees. User charges assessed per million gallons (MG) of billed wastewater flows and one-time connection fees assessed per equivalent dwelling unit (EDU) of new development constitute the vast majority of the Authority's annual revenues. Therefore, both user charges and connection fees must be appropriately set to ensure the financial sufficiency of the Authority in manner that is equitable across member agencies.

The Authority last conducted a Financial Plan Update Study and Connection Fee Study in 2014. These prior studies established proposed user charges and connection fees through fiscal year (FY) 2018.[1] Since these prior studies were completed in 2014, unanticipated circumstances have significantly impacted the Authority's financial situation. Firstly, the service area has experienced slower growth from new development than what was anticipated in the 2014 studies. Consequently, lower revenues from user charges and connection fees have been collected compared to projections from the prior financial plan. Additionally, a flow diversion by the City of Victorville and non-payment of connection fees by the City of Hesperia have critically impacted the Authority's financial situation in an adverse manner.

This Study was conducted in order to develop an updated financial plan that accounts for the aforementioned financial challenges which have emerged since the prior studies were conducted in 2014, and to develop updated user charges and connection fees that enhance the financial stability of the Authority. All analyses, results, and recommendations related to this Study are outlined in this Wastewater Rate Study and Connection Fee Update Report (Report).

[1] The Authority's fiscal year spans from July 1 of the prior calendar year to June 30 of the concurrent calendar year. For example, FY 2018 spanned from July 1, 2017 to June 30, 2018.

Given these considerations, the major objectives of this Study include the following:

1. Develop an updated five-year financial plan through FY 2024 to ensure financial sufficiency, meet operating costs, ensure sufficient funding to meet debt obligations, and fund necessary capital expenditures;
2. Develop proposed user charges rates for FY 2020 to FY 2024; and
3. Update the prior connection fee calculation methodology and develop proposed connection fees that are justifiable and fair to both new and existing users of the Authority's wastewater system.

1.2. Results and Recommendations

1.2.1. FINANCIAL PLAN

For this Study, Raftelis and the Authority examined three different financial planning scenarios. The Status Quo Scenario provided the Authority an understanding of the adequacy of current User Charges and Connection Fees in funding the Authority's expenses and debt obligations. Scenario 1, which is not recommended by Raftelis but approved by the Authority's Board of Commissioners, is an alternative revenue adjustment schedule that neither meets the Authority's revenue requirements nor its debt coverage requirements. Note that it incorporates the proposed Connection Fees discussed in Section 5. Scenario 2 presents Raftelis' recommended financial plan and required revenue adjustments in order to adequately meet the Authority's O&M, capital, and debt service expenses as well as meeting its required debt coverage ratio. As with Scenario 1, Scenario 2 incorporates the proposed Connection Fees rather than the current fees. Table 1-1 summarizes the different scenarios examined for this study.

Table 1-1: FY 2020-2024 Scenario Revenue Adjustment Comparison

Description	Connection Fees	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Cumulative Increase
Date Effective		Oct. 2019	July 2020	July 2021	July 2022	July 2023	
Status Quo	Current	0%	0%	0%	0%	0%	**0%**
Scenario 1 (Approved)	Proposed	8%	8%	8%	8%	8%	**46.9%**
Scenario 2 (Raftelis Recommended)	Proposed	25%	2.5%	2.5%	2.5%	2.5%	**38.0%**

Figure 1-1: Scenario 1 O&M/R&R Fund Financial PlanFigure 1-1 illustrates Scenario 1's inability to meet the Authority's O&M and R&R capital expenses and the significant reliance on reserves to meet the Authority's costs for most of the Study Period. As a result of this depletion of reserves, the Authority is unable to meet its combined reserve targets as well as unable to meet its SRF Loan Reserve Requirement (Figure 1-2). As mentioned above, Scenario 1 also results in the Authority not meeting its debt coverage requirements in FY 2020 and FY 2021, as illustrated in Figure 1-3. It is for these reasons that Raftelis cannot recommend this scenario.

Figure 1-1: Scenario 1 O&M/R&R Fund Financial Plan

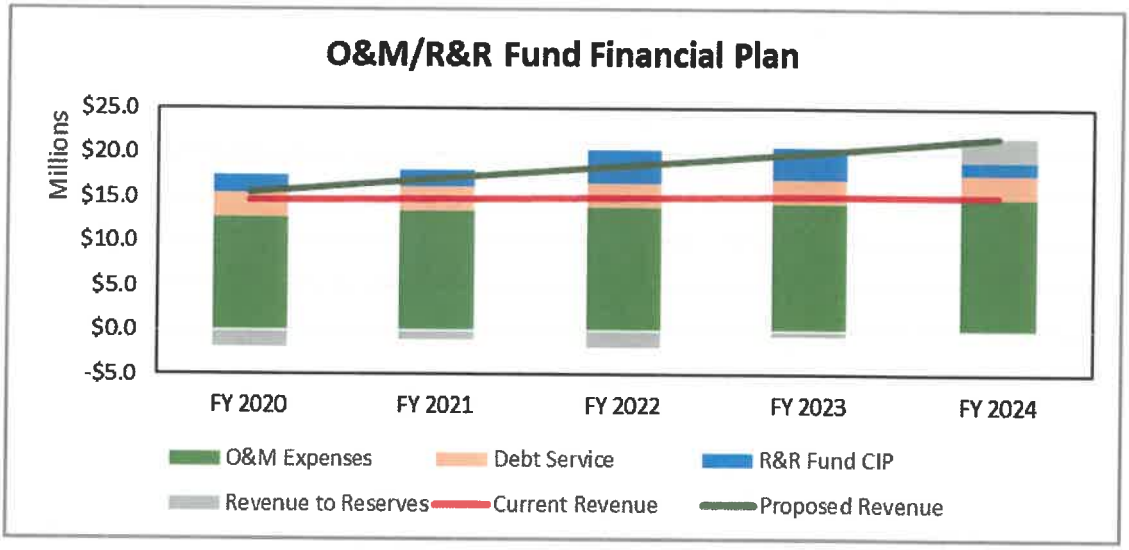


Figure 1-2: Scenario 1 Total Fund Balance

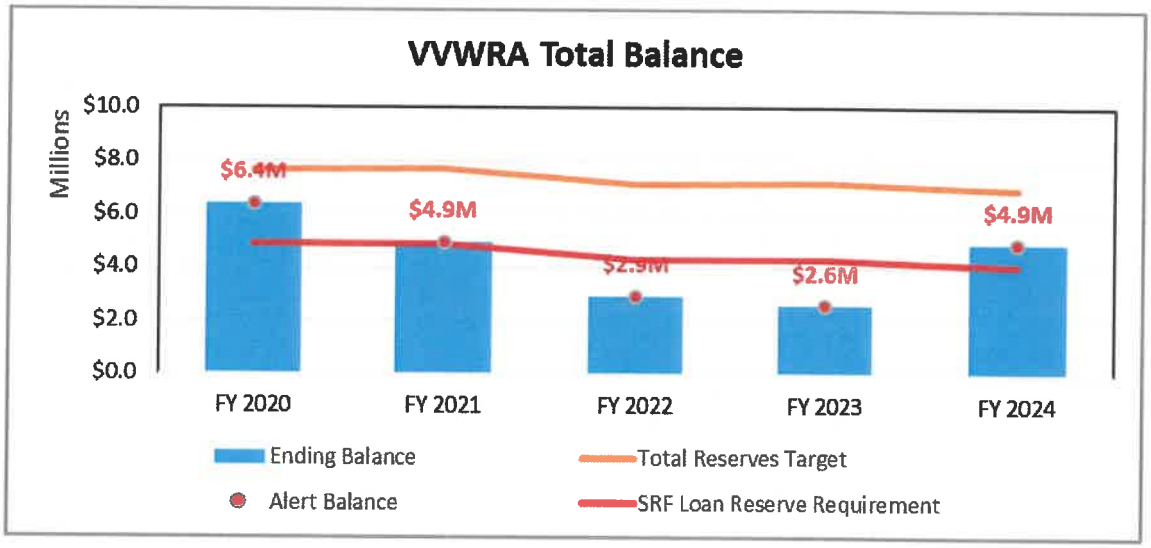
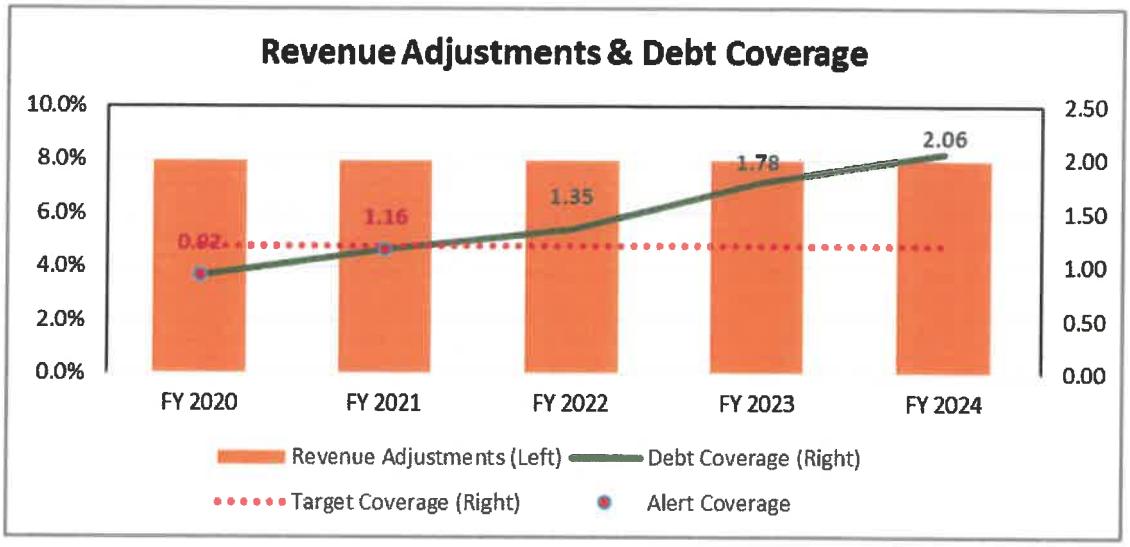


Figure 1-3: Scenario 1 Debt Coverage



In contrast, while Scenario 2 requires some reliance on reserves, it does meet the SRF Reserve Requirement and the debt coverage requirement for the entire Study period. In order to fully fund expenses through rate revenue and not rely on reserves at all, the Authority would have to utilize greater revenue adjustments than proposed in Scenario 2. Figure 1-4, Figure 1-5, and Figure 1-6 show how the Authority meets its obligations while sufficiently funding its expenses.

Figure 1-4: Scenario 2 O&M/R&R Fund Financial Plan

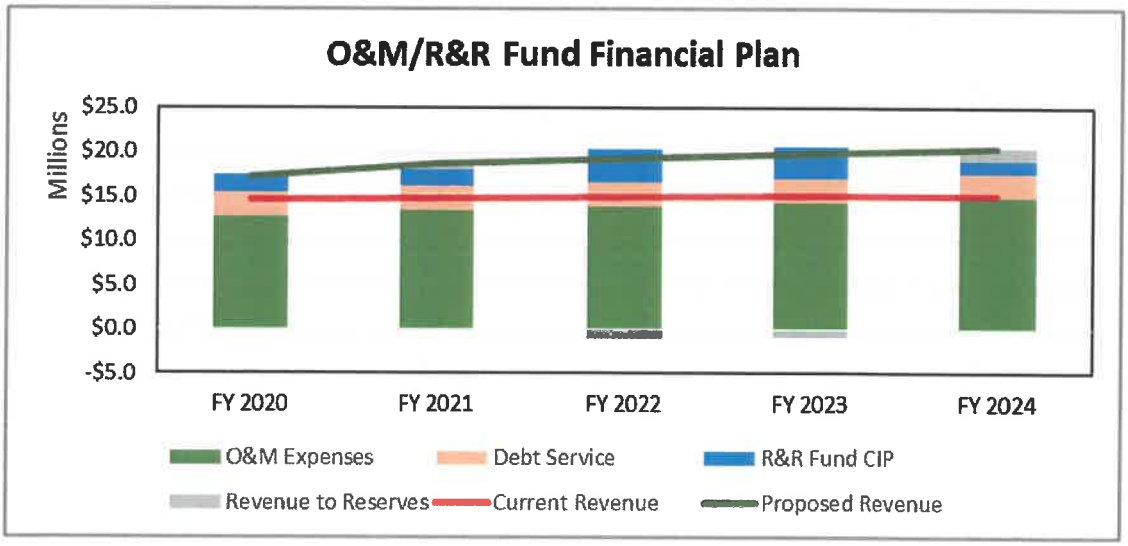


Figure 1-5: Scenario 2 Total Fund Balance

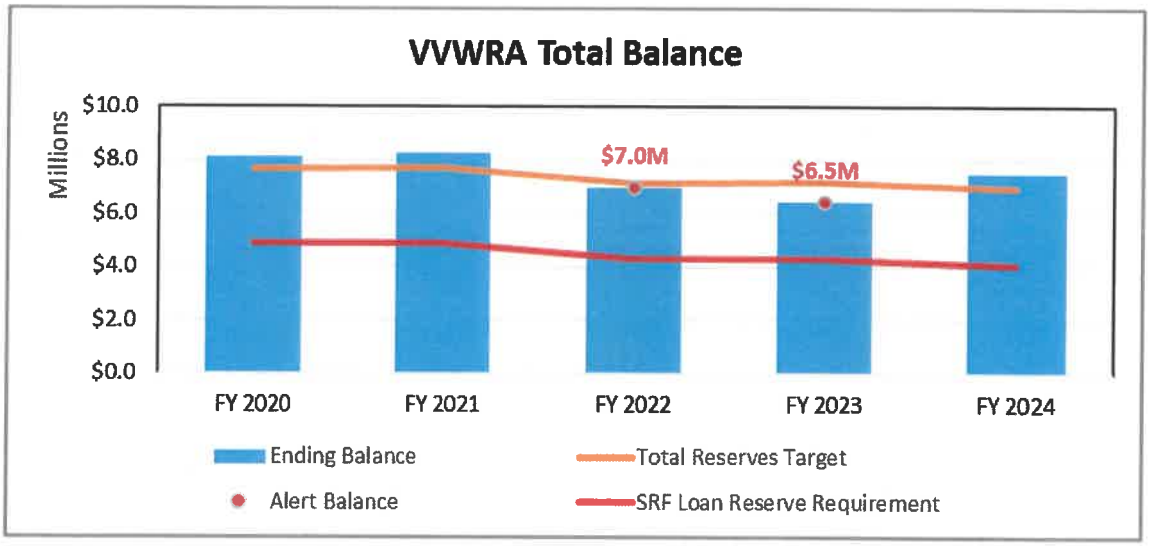
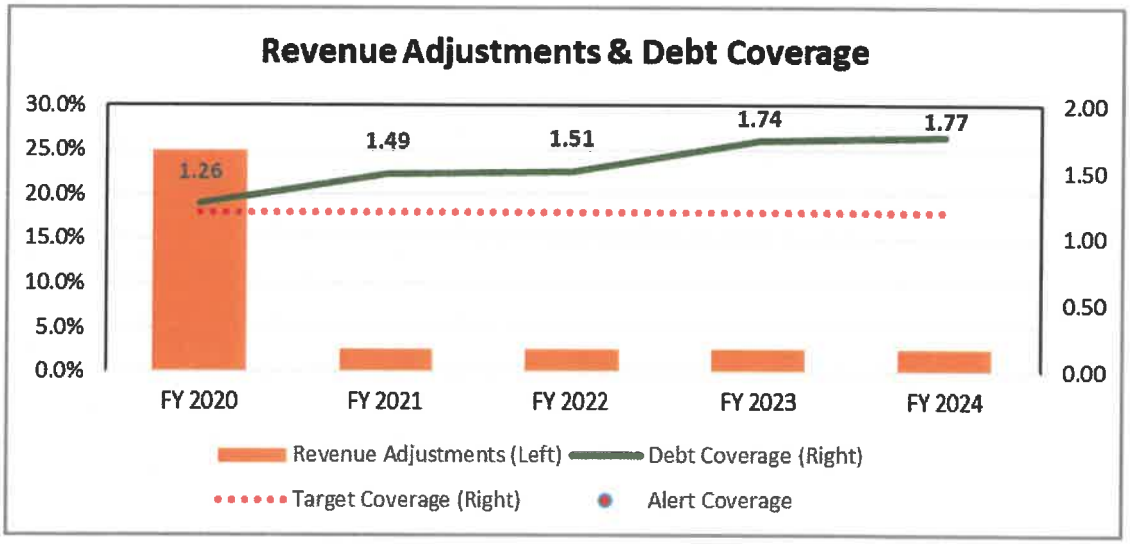


Figure 1-6: Scenario 2 Debt Coverage



1.2.2. PROPOSED USER CHARGES

Proposed User Charges are calculated by simply increasing the prior year's rates by the proposed revenue adjustments from Table 1-1. **Error! Reference source not found.** shows proposed user charges in each year throughout the Study Period for Scenario 1 and Scenario 2.

Table 1-2: Proposed User Charges (per MG)

Description	Current FY 2019	Proposed FY 2020	Proposed FY 2021	Proposed FY 2022	Proposed FY 2023	Proposed FY 2024
Date Effective		Oct. 2019	July 2020	July 2021	July 2022	July 2023
Scenario 1 (Approved)	$3,503	$3,784	$4,087	$4,414	$4,768	$5,150
Scenario 2 (Raftelis Recommended)	$3,503	$4,379	$4,489	$4,602	$4,718	$4,836

1.2.3. UPDATED CONNECTION FEES

The Authority has not updated its Connection Fees since 2014. Therefore, they are no longer reflective of new development's share of the facilities. The Authority utilizes a uniform per EDU Connection Fee that is based on expected demand of one single family residential customer (the equivalent dwelling unit). This translates other customer types to an equivalent number of single-family residential customers. The assumed gallons per day of wastewater flow contributed by one EDU is 200 gallons.

Table 1-3: Current Connection Fee

Description	Connection Fee
1 EDU	$4,000

The Authority's wastewater system has capacity within the existing system to serve future growth; however, there are also specific growth-related capital projects necessary accommodate new equivalent dwelling units. Therefore, we utilized the hybrid approach. Section 5 provides the detailed calculation of the buy-in and incremental components combined to arrive at the proposed Connection Fee. Table 1-4 shows the resulting proposed Connection Fee per equivalent dwelling unit (EDU) in comparison to the current Connection Fee.

Table 1-4: Proposed Connection Fee Impact

Description	Impact
Proposed Connection Fee ($/EDU)	$4,679
Current Connection Fee ($/EDU)	$4,000
Difference ($)	$679
Difference (%)	17.0%

2. Introduction

2.1. Background of the Study

The Victor Valley Wastewater Reclamation Authority (the Authority) is a Joint Power public agency of the State of California formed in 1977 to maintain compliance with the Federal Clean Water Act and to provide wastewater treatment within a 279 square mile service area in San Bernardino County. The primary function of the Authority is to receive and treat wastewater from the four member agencies listed below:

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[2] The Authority's fiscal year spans from July 1 of the prior calendar year to June 30 of the concurrent calendar year. For example, FY 2018 spanned from July 1, 2017 to June 30, 2018.

Given these considerations, the major objectives of this Study include the following:

4. Develop an updated five-year financial plan through FY 2024 to ensure financial sufficiency, meet operating costs, ensure sufficient funding to meet debt obligations, and fund necessary capital expenditures;
5. Develop proposed user charges rates for FY 2020 to FY 2024; and
6. Update the prior connection fee calculation methodology and develop proposed connection fees that are justifiable and fair to both new and existing users of the Authority's wastewater system.

3. Key Assumptions

The Study period is from FY 2020 to 2024. The Study is based on the FY 2020 budget inflated annually to forecast changes in costs. Various types of assumptions and inputs were incorporated into the Study based on directions from Authority staff. The cost escalation factors are shown in Table 3-1. The general inflation rate of 3% is based on a historical Consumer Price Index (CPI) range of 3-3.5%. All other inflationary assumptions were determined based on Authority staff estimates.

Table 3-1: Cost Escalation Factors

Inflationary Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
General	3.0%	3.0%	3.0%	3.0%	3.0%
Salaries	3.0%	3.0%	3.0%	3.0%	3.0%
Benefits	5.0%	5.0%	5.0%	5.0%	5.0%
Utilities	3.0%	3.0%	3.0%	3.0%	3.0%
Capital	3.1%	3.1%	3.1%	3.1%	3.1%
Non-Inflated	0.0%	0.0%	0.0%	0.0%	0.0%
Non-Recurring	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%
Combined Salary/Benefits	3.0%	3.0%	3.0%	3.0%	3.0%

The Authority does not expect to serve any additional agencies over its current customer base during the Study period. However, across its member agencies, they expect the addition of 500 equivalent dwelling units (EDUs) per fiscal year. This incremental increase (Table 3-2, Line 1) will both provide the Authority with additional connection fee revenues and slightly increase wastewater flows annually during the Study period (Line 2). The Authority does not expect water conservation to affect wastewater flows during the Study period (Line 3). The resulting projected flows in million gallons (MG) are shown in Line 4.

Table 3-2: System Demand Assumptions

Line	Description	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
1	Incremental Increase in EDUs	500	500	500	500	500
2	Annual Growth in Billed Wastewater Flows	0.59%	0.80%	0.80%	0.80%	0.80%
3	Water Conservation Factor	100%	100%	100%	100%	100%
4	Total Billed Wastewater Flows (MG)	3,900	3,931	3,963	3,994	4,026

4. Financial Plan Development

4.1. Operating & Maintenance Expenses

The Authority's combined Operating and Maintenance (O&M) expenses are shown in Table 4-1. The FY 2020 budget is inflated according to the inflationary factors shown in Section 3. Personnel Expenses include salaries, CALPERS benefits, and insurance. Maintenance Expenses includes costs such as vehicle repairs, maintaining safety equipment, and grounds maintenance. Operations Expenses encompass costs such as utility bills, wastewater treatment costs, and lab supplies. Administrative Expenses include office supplies, legal services, and permits & professional fees. Note that Construction Expenses consist of other interest expenses and are not capital improvements themselves.

Table 4-1: Budgeted and Projected Water O&M Expenses

Description	FY 2020 Budgeted	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
Personnel Expenses	$4,974,695	$5,481,876	$5,687,015	$5,890,914	$6,102,583
Maintenance Expenses	$2,864,482	$2,950,416	$3,038,929	$3,130,097	$3,224,000
Operations Expenses	$3,433,685	$3,556,645	$3,684,056	$3,816,082	$3,952,891
Administration Expenses	$1,822,648	$1,877,327	$1,933,647	$1,991,657	$2,051,406
Construction Expenses	$10,957	$10,957	$10,957	$10,957	$10,957
Total	$13,106,467	$13,877,222	$14,354,605	$14,839,707	$15,341,837

4.2. Debt Service Obligations

Table 4-2 lists the Authority's annual debt service for the Study period. The debt obligation for both the 9.5 MGD Capital Improvements and 11 MGD Expansion of the treatment plant will be fulfilled during the Study period (FY 2020 and FY 2022 respectively). Additionally, the Authority does not intend to incur any new debt during the Study period.

Table 4-2: Annual Debt Service

Description	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Current Debt					
9.5 MGD Capital Improvements	$265,049	$0	$0	$0	$0
11 MGD Expansion	$579,870	$579,870	$579,870	$0	$0
North Apple Valley Interceptor	$258,151	$258,151	$258,151	$258,151	$258,151
Phase IIIA Regulatory Upgrades	$1,027,610	$1,027,610	$1,027,610	$1,027,610	$1,027,610
Upper Narrows Replacement	$257,745	$257,745	$257,745	$257,745	$257,745
Nanticoke Bypass	$271,633	$271,633	$271,633	$271,633	$271,633
Apple Valley Sub-Regional	$1,024,951	$1,024,951	$1,024,951	$1,024,951	$1,024,951
Hesperia Subregional	$1,462,850	$1,462,850	$1,462,850	$1,462,850	$1,462,850
Total Current Debt	**$5,147,861**	**$4,882,810**	**$4,882,810**	**$4,302,940**	**$4,302,940**
Proposed Debt	**$0**	**$0**	**$0**	**$0**	**$0**
Total Debt Service	**$5,147,861**	**$4,882,810**	**$4,882,810**	**$4,302,940**	**$4,302,940**

4.3. Capital Improvement Plan

Table 4-3 lists the Authority's capital improvement plan (CIP) for the Study period. The Authority intends to fully fund its CIP for the Study period through User Charge and Connection Fee Revenues. User Charge revenues (O&M/R&R Fund) will fund capital repair and replacement projects, while the Connection Fee revenues (Capital Fund) will fund new capital projects.

Table 4-3: FY 2020-2024 Capital Improvement Plan

Description	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Digester 4&5 Dome Repair and Misc. Mechanical	$325,000	$386,660	$0	$0	$0
Digester 4&5 Dome Repair and Misc. Mechanical	$50,000	$0	$0	$0	$0
SCADA Upgrade Project (Ignition)	$0	$143,322	$0	$0	$0
Coating Project: UV and DAFTS	$425,000	$0	$0	$0	$0
Digital Information Management System (DIMS)	$0	$61,866	$0	$0	$0
Headworks Replacement	$50,000	$154,664	$212,631	$3,288,628	$0
Oro Grande Interceptor First Priority - possible USDA grant	$150,000	$103,109	$2,498,409	$0	$0
Ossum Wash	$0	$670,210	$0	$0	$0
R4B South Lower Narrows	$0	$0	$0	$0	$0
Interceptor Risk Assessment Report	$50,000	$0	$0	$0	$0
Programmable Logic Control (PLC) Replacement	$400,000	$0	$0	$0	$0
Programmable Logic Control (PLC) Replacement	$55,000	$0	$0	$0	$0
Fleet Replacement	$100,000	$0	$0	$0	$0
Network Re-design and updates	$100,000	$51,555	$0	$0	$0
Network Re-design and updates	$35,000	$0	$0	$0	$0
Main Switch Board Upgrade/Replacement	$0	$0	$372,103	$0	$0
Motor Control Center (MCC) - Aqua Diamonds	$0	$170,130	$0	$0	$0
UV Generator Tie-in to South Perc. Pond PS	$0	$0	$398,682	$0	$0
Micro-grid/Battery Storage Project	$0	$0	$0	$0	$0
Storm Water Spill Containment System	$400,000	$0	$0	$0	$0
Digester 1-5 Engineering Services	$50,000	$20,622	$0	$0	$0
Golf Cart Recharging Station	$0	$15,466	$0	$0	$0
Operations Building Extension	$0	$206,219	$0	$0	$0
Digesters 4 and 5 Supernatant Line	$0	$77,332	$0	$0	$0
Upgrades to AV WRP	$100,000	$0	$0	$0	$0
R4A North Lower Narrows MH 3-1 to MH 3-3	$0	$51,555	$106,315	$54,810	$1,895,502
R7 Old Town VV MH 4-24 to MH 4-25A	$0	$0	$0	$109,621	$113,029
R5 Cemex MH 4-7 to 4-14	$0	$0	$53,158	$109,621	$113,029
R4B South Lower Narrows	$0	$0	$0	$0	$0
Solids Dewatering and Side Stream Study	$50,000	$0	$0	$0	$0
Capitalized Pump Expenses	$288,000	$123,731	$127,578	$131,545	$135,635
Total	**$2,628,000**	**$2,236,441**	**$3,768,876**	**$3,694,225**	**$2,257,196**

Figure 4-1 and Figure 4-2 show total CIP by funding source for the Authority's R&R Fund and Capital Fund respectively. R&R Fund CIP includes projects required to maintain the existing wastewater system, while Capital Fund CIP includes CIP projects required to serve future new connections to the wastewater system.

Figure 4-1: FY 2020-2024 O&M/R&R Fund Capital Financing Plan

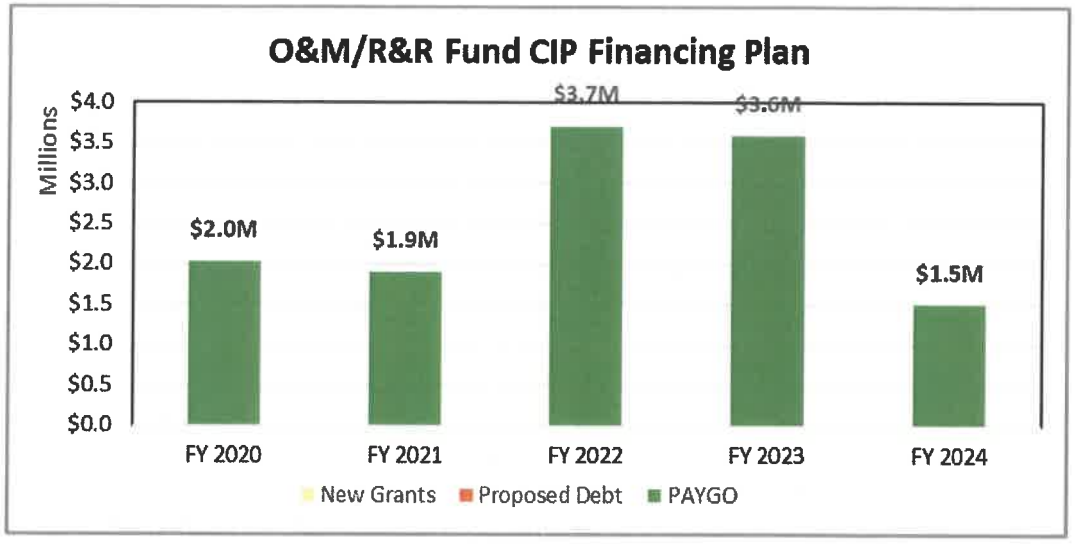
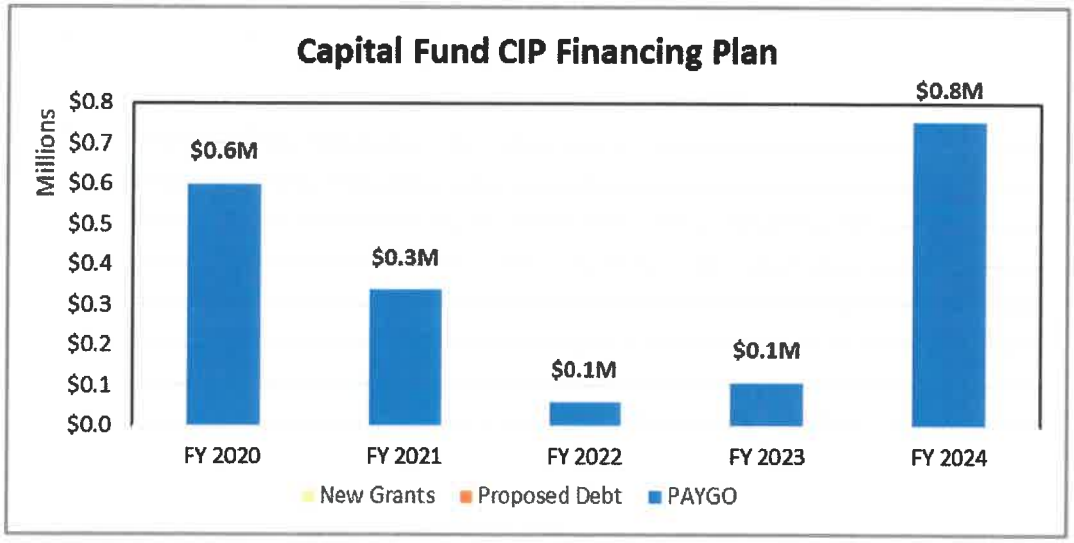


Figure 4-2: FY 2020-2024 CIP Fund Capital Financing Plan



4.4. Financial Planning Scenarios

For this Study, Raftelis and the Authority examined three different financial planning scenarios. The Status Quo Scenario provided the Authority an understanding of the adequacy of current User Charges and Connection Fees in funding the Authority's expenses and debt obligations. Scenario 1, which is not recommended by Raftelis but approved by the Authority's Board of Commissioners, is an alternative revenue adjustment schedule that neither meets the Authority's revenue requirements nor its debt coverage requirements. Note that it incorporates the proposed Connection Fees discussed in Section 5. Scenario 2 presents Raftelis' recommended financial plan and required revenue adjustments in order to adequately meet the Authority's O&M, capital, and debt service expenses as well as meeting its required debt coverage ratio. As with Scenario 1, Scenario 2 incorporates the proposed Connection Fees rather than the current fees. Table 4-4 summarizes the different scenarios examined for this study.

Table 4-4: FY 2020-2024 Scenario Revenue Adjustment Comparison

Description	Connection Fees	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Cumulative Increase
Date Effective		Oct. 2019	July 2020	July 2021	July 2022	July 2023	
Status Quo	Current	0%	0%	0%	0%	0%	**0%**
Scenario 1 (Approved)	Proposed	8%	8%	8%	8%	8%	**46.9%**
Scenario 2 (Raftelis Recommended)	Proposed	25%	2.5%	2.5%	2.5%	2.5%	**38.0%**

4.4.1. STATUS QUO FINANCIAL PLAN (NO REVENUE INCREASE)

The Status Quo financial plan projects the Authority's ability to meet its expenses under current User Charges, which have not been increased since FY 2018. In this section, we calculate revenue under the current User Charges and examine how well it meets the Authority's revenue requirement.

4.4.1.1. Projected Revenues Under Current Rates

The current user charge has been in place since FY 2018, with the previous study conducted in calendar year 2014. Currently, all member agencies pay a flat user charge of $3,503 per MG of flow into the system. Revenues from the User Charge are calculated by multiplying this charge by the total projected wastewater flows shown in Line 4 of Table 3-2.

Table 4-5: FY 2020-2024 Projected Revenues from Current User Charge

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
User Charge	$3,503	$3,503	$3,503	$3,503	$3,503
Total Billed Wastewater Flows (MG)	3,900	3,931	3,963	3,994	4,026
Total User Charge Revenue	**$13,661,700**	**$13,770,994**	**$13,881,162**	**$13,992,211**	**$14,104,149**

As mentioned in Section 3, the Authority expects that 500 additional units will be added each year between the four member agencies. The Authority charges a Connection Fee for each added EDU. When a wastewater treatment system is developed, it requires significant infrastructure investment to build the system. The initial EDUs served pay for the construction of this infrastructure through their wastewater charges. New EDUs would not have made that investment. Therefore, the Authority charges a uniform Connection Fee per EDU, which can recoup some of the costs of the initial investment and/or expansion of the system. For this Study, Raftelis has also updated the Connection Fees, which are discussed in detail in Section 5. Table 4-6 shows the calculation of the projected Connection Fee revenue under the current fees.

Table 4-6: FY 2020-2024 Projected Revenues from Current Connection Fees

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Connection Fee	$4,000	$4,000	$4,000	$4,000	$4,000
Additional EDUs per Year	500	500	500	500	500
Total Connection Fee Revenue	**$2,000,000**	**$2,000,000**	**$2,000,000**	**$2,000,000**	**$2,000,000**

Table 4-7 shows the projected total revenues for the Study period. In addition to the User Charge and Connection Fee revenue calculated above, the Authority also earns other revenue from services such as fats, oils, and grease (FOG) tipping fees and processing high strength waste in addition to earning interest.

Table 4-7: Status Quo Scenario FY 2020-2024 Projected Total Revenues

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
User Charge Revenues	$13,661,700	$13,770,994	$13,881,162	$13,992,211	$14,104,149
Connection Fee Revenues	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000
Other Operating Revenues	$1,066,200	$1,063,700	$1,063,700	$1,063,700	$1,063,700
Interest	$50,000	$75,273	$68,387	$65,321	$61,485
Total	**$16,777,900**	**$16,909,967**	**$17,013,248**	**$17,121,232**	**$17,229,334**

4.4.1.2. Resulting Status Quo Financial Plan

Table 4-8 displays the pro forma of the Authority's combined funds (O&M/R&R Funds and Capital Fund) under current rates over the Study period without any revenue adjustment. The pro forma examines how well the projected revenues in Table 4-7 meet the O&M expenses defined in Table 4-1, debt service obligations in Table 4-2, and the CIP detailed in Table 4-3. Line 16 shows the net cash flow resulting from subtracting these expenses (Line 14) from the projected revenues under current rates (Line 6). The net cash flow for the Study period indicates that the current rates significantly underfund the Authority's financial obligations. Figure 4-3 illustrates the impact of maintaining current rates on the O&M and R&R combined funds as the Capital Fund is designated for expansion capital improvements and separately funded through Connection Fees. Note that, even when narrowing the focus to only the O&M/R&R Fund, current revenues are unable to meet these obligations.

As a result of insufficient revenues, the Authority must supplement revenues with reserve funds, shown in Table 4-8 by subtracting the net cash flow (Line 16) from the beginning cash balance (Line 20). While this solution funds expenses for FY 2020 and FY 2021, beginning in FY 2022, the Authority would be unable to fully fund its expenses. The Authority is unable to meet its combined reserve target, set by Authority policy, or its SRF loan reserve requirement (Figure 4-4) under current rates. In addition, the Authority is unable to meet its required debt coverage ratio during the entire Study period (Lines 23 and 24). The insufficiency of the current rates to meet this debt coverage obligation is also shown in Figure 4-5.

Table 4-8: Status Quo Financial Plan

Line No.	Description	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
1	**Source of Funds**					
2	User Charge Revenues	$13,661,700	$13,770,994	$13,881,162	$13,992,211	$14,104,149
3	Connection Fee Revenues	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000
4	Other Operating Revenues	$1,066,200	$1,063,700	$1,063,700	$1,063,700	$1,063,700
5	Interest	$50,000	$75,273	$68,387	$65,321	$61,485
6	**Total - Source of Funds**	**$16,777,900**	**$16,909,967**	**$17,013,248**	**$17,121,232**	**$17,229,334**
7						
8	**Use of Funds**					
9	Operating Expenses	$13,106,467	$13,877,222	$14,354,605	$14,839,707	$15,341,837
10	R&R Fund CIP	$2,028,000	$1,898,758	$3,709,340	$3,586,249	$1,502,217
11	Capital Fund CIP	$600,000	$337,683	$59,537	$107,977	$754,980
12	Existing Debt Service	$5,147,861	$4,882,810	$4,882,810	$4,302,940	$4,302,940
13	Proposed Debt Service	$0	$0	$0	$0	$0
14	**Total - Use of Funds**	**$20,882,328**	**$20,996,473**	**$23,006,291**	**$22,836,872**	**$21,901,974**
15						
16	**Net Cash Flow**	**($4,104,428)**	**($4,086,506)**	**($5,993,043)**	**($5,715,640)**	**($4,672,640)**
17						
18	Beginning Cash Balance	$9,427,089	$5,322,661	$1,236,155	($4,756,888)	($10,472,528)
19						
20	**Ending Cash Balance**	$5,322,661	$1,236,155	($4,756,888)	($10,472,528)	($15,145,168)
21	Total Reserves Target	$7,703,034	$7,716,936	$7,173,072	$7,196,147	$6,961,462
22						
23	Debt Coverage	71%	62%	54%	53%	44%
24	Target Coverage	120%	120%	120%	120%	120%

Figure 4-3: Status Quo O&M/R&R Fund Financial Plan

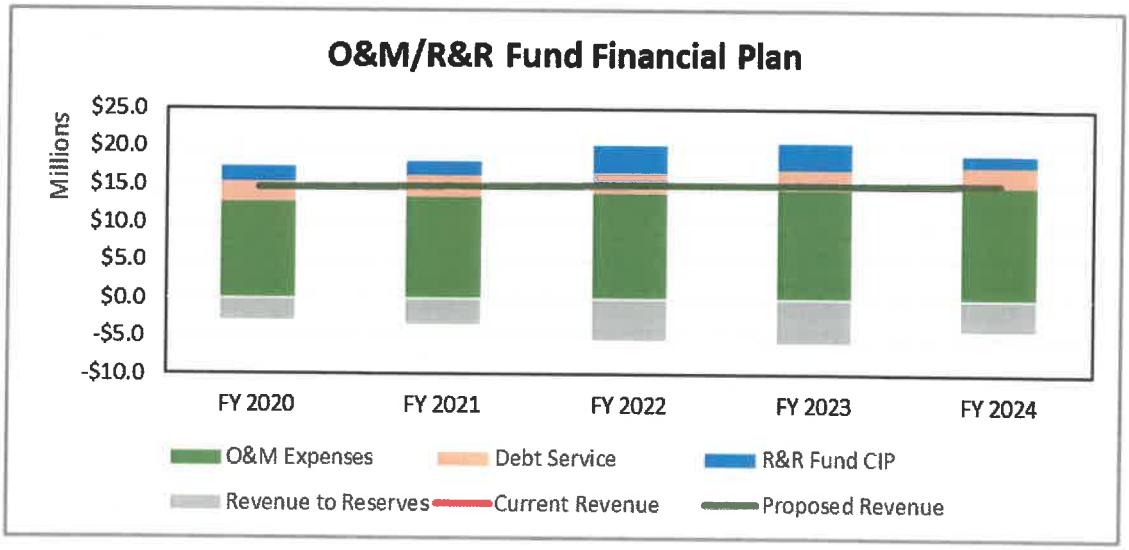


Figure 4-4: Status Quo Total Fund Balance

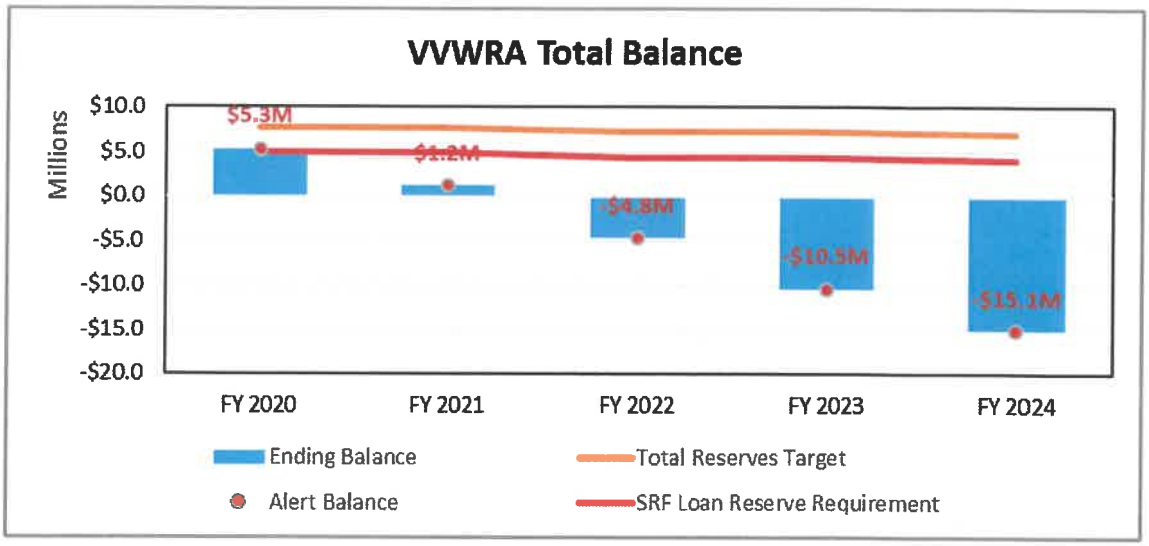
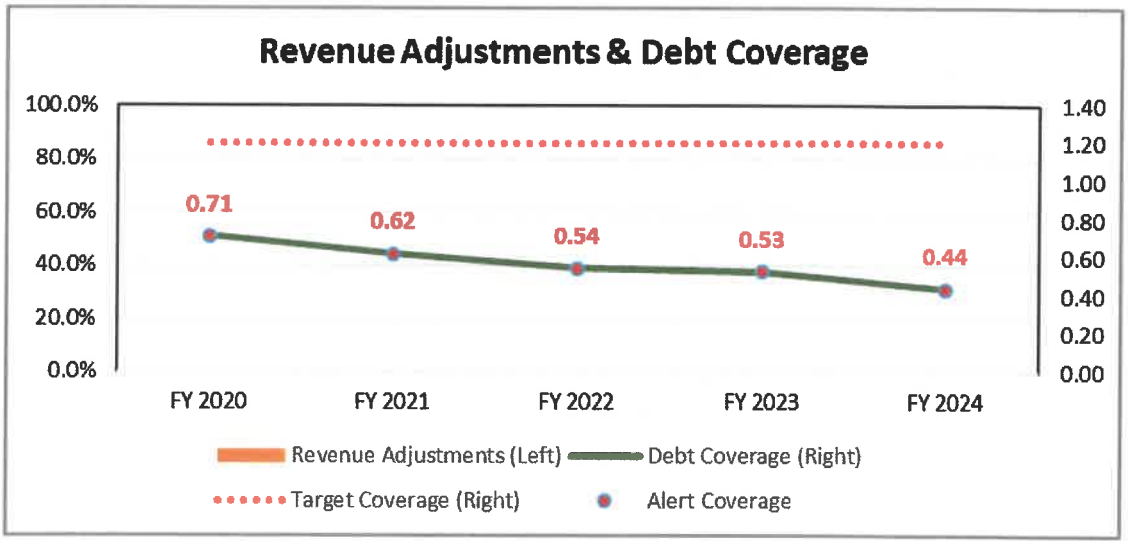


Figure 4-5: Status Quo Debt Coverage



4.4.2. SCENARIO 1 FINANCIAL PLAN (APPROVED BY BOARD)

The Scenario 1 financial plan projects the Authority's ability to meet its expenses under the Board-approved revenue adjustment schedule, shown below in Table 4-9. This schedule will increase the current User Charge of $3503/MG by 8-percent annually for the Study period, resulting in a cumulative increase of 46.9-percent. In this section, we calculate revenue under the resulting Scenario 1 User Charges and examine how well it meets the Authority's revenue requirement. Note, this Board-approved scenario does not meet required debt coverage in all years within the Study period. Therefore, under our fiduciary responsibility as a municipal advisor, Raftelis cannot recommend proceeding with this scenario.

Table 4-9: Scenario 1 FY 2020-2024 Revenue Adjustment Schedule

Description	Connection Fees	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Cumulative Increase
Date Effective		Oct. 2019	July 2020	July 2021	July 2022	July 2023	
Scenario 1 Percent Increases (Approved)	Proposed	8%	8%	8%	8%	8%	**46.9%**
Scenario 1 User Charges (Approved)		$3,784	$4,087	$4,414	$4,768	$5,150	

4.4.2.1. Projected Revenues Under Scenario 1 Charges

Revenues from the Scenario 1 User Charges are calculated by first escalating the current User Charge by the schedule in Table 4-9. The resulting charge for each year is then multiplied by the projected billed wastewater flows (Line 4 of Table 3-2) to arrive at the total User Charge Revenues under the approved Scenario 1 User Charges. Note that the FY 2020 increase will not be implemented until October 2019.

Table 4-10: FY 2020-2024 Projected Revenues from Approved Scenario 1 User Charge

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Scenario 1 User Charge	$3,503	$3,784	$4,087	$4,414	$4,768	$5,150
Total Billed Wastewater Flows (MG)		3,900	3,931	3,963	3,994	4,026
Total Scenario 1 User Charge Revenue		**$14,481,402**	**$16,062,487**	**$17,486,266**	**$19,036,248**	**$20,723,621**

Under this scenario, the Authority also expects that 500 additional units (as in the Status Quo Scenario) will be added each year between the four member agencies. Scenario 1 incorporates the proposed Connection Fees, detailed in Section 5. As noted in the previous section, Connection Fee revenues are allocated entirely to Capital Fund costs to pay for construction related to new development. The fee will continue to be a uniform fee per added EDU with only an initial increase in FY 2020 and no further adjustments over the Study period. Table 4-11 shows the projected revenues from the proposed Connection Fees. The Authority expects to incorporate the new Connection Fees in October 2019. Therefore, FY 2020 shows less total revenue from the Connection Fees as it will continue to use the current Connection Fee for the first three months of the fiscal year.

Table 4-11: FY 2020-2024 Projected Revenues from Proposed Connection Fees

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Connection Fee	$4,000	$4,679	$4,679	$4,679	$4,679	$4,679
Additional EDUs per Year		500	500	500	500	500
Total Connection Fee Revenue		**$2,254,625**	**$2,339,500**	**$2,339,500**	**$2,339,500**	**$2,339,500**

Table 4-12 shows the projected total revenues for the Study period under Scenario 1. This combines the revenue calculated in Table 4-10 and Table 4-11 with the Other Operating Revenues and Interest originally projected in Table 4-7.

Table 4-12: Scenario 1 FY 2020-2024 Projected Total Revenues

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
User Charge Revenues	$14,481,402	$16,062,487	$17,486,266	$19,036,248	$20,723,621
Connection Fee Revenues	$2,254,625	$2,339,500	$2,339,500	$2,339,500	$2,339,500
Other Operating Revenues	$1,066,200	$1,063,700	$1,063,700	$1,063,700	$1,063,700
Interest	$50,000	$79,517	$76,068	$76,474	$76,145
Total	$17,852,227	$19,545,204	$20,965,534	$22,515,922	$24,202,966

4.4.2.2. Resulting Scenario 1 Financial Plan

Table 4-13 displays the pro forma of the Authority's combined funds (O&M Fund, R&R Fund, and Capital Fund) under Scenario 1 approved User Charges and Connection Fees over the Study period. The pro forma examines how well the projected revenues in Table 4-12 meet the O&M expenses defined in Table 4-1, debt service obligations in Table 4-2, and the CIP detailed in Table 4-3. Line 16 shows the net cash flow resulting from subtracting these expenses (Line 14) from the projected revenues under Scenario 1 charges (Line 6). The net cash flow improves somewhat under Scenario 1, but still significantly underfunds the Authority's financial obligations until FY 2024, where it begins to show a positive net cash flow. Figure 4-6 illustrates the impact of Scenario 1 on the O&M and R&R Funds. Under this scenario, the Authority begins to meet its debt coverage obligation in FY 2022 (also shown in Table 4-13, Line 23) due to the revenue adjustments combined with the remaining balance in the combined reserves. However, the Authority must make up the entire shortfall (Line 16) in FY 2020 and FY 2021 through reserve funding. As noted before, since the Authority is unable to meet its required debt coverage ratio under this scenario in FY 2020 and FY 2021 (Table 4-13, Line 23 and Figure 4-8),Raftelis cannot recommend that the Authority implement this scenario.

Since this scenario still results in insufficient revenues for FY 2020 through FY 2023, the Authority must supplement revenues with reserve funds, shown in Table 4-13 by subtracting the net cash flow (Line 16) from the beginning cash balance (Line 20). While this scenario avoids fully depleting reserves, it still reduces combined reserves to insufficient levels for its combined reserve target. It also does not meet the Authority's SRF loan reserve requirement (Figure 4-4) in FY 2022 and FY 2023.

Table 4-13: Scenario 1 Financial Plan

Line No.	Description	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
1	**Source of Funds**					
2	User Charge Revenues	$14,481,402	$16,062,487	$17,486,266	$19,036,248	$20,723,621
3	Connection Fee Revenues	$2,254,625	$2,339,500	$2,339,500	$2,339,500	$2,339,500
4	Other Operating Revenues	$1,066,200	$1,063,700	$1,063,700	$1,063,700	$1,063,700
5	Interest	$50,000	$79,517	$76,068	$76,474	$76,145
6	**Total - Source of Funds**	**$17,852,227**	**$19,545,204**	**$20,965,534**	**$22,515,922**	**$24,202,966**
7						
8	**Use of Funds**					
9	Operating Expenses	$13,106,467	$13,877,222	$14,354,605	$14,839,707	$15,341,837
10	R&R Fund CIP	$2,028,000	$1,898,758	$3,709,340	$3,586,249	$1,502,217
11	Capital Fund CIP	$600,000	$337,683	$59,537	$107,977	$754,980
12	Existing Debt Service	$5,147,861	$4,882,810	$4,882,810	$4,302,940	$4,302,940
13	Proposed Debt Service	$0	$0	$0	$0	$0
14	**Total - Use of Funds**	**$20,882,328**	**$20,996,473**	**$23,006,291**	**$22,836,872**	**$21,901,974**
15						
16	**Net Cash Flow**	**($3,030,101)**	**($1,451,269)**	**($2,040,757)**	**($320,950)**	**$2,300,992**
17						
18	Beginning Cash Balance	$9,427,089	$6,396,988	$4,945,719	$2,904,962	$2,584,012
19						
20	**Ending Cash Balance**	**$6,396,988**	**$4,945,719**	**$2,904,962**	**$2,584,012**	**$4,885,005**
21	Total Reserves Target	$7,703,034	$7,716,936	$7,173,072	$7,196,147	$6,961,462
22						
23	Debt Coverage	92%	116%	135%	178%	206%
24	Target Coverage	120%	120%	120%	120%	120%

Figure 4-6: Scenario 1 O&M/R&R Fund Financial Plan

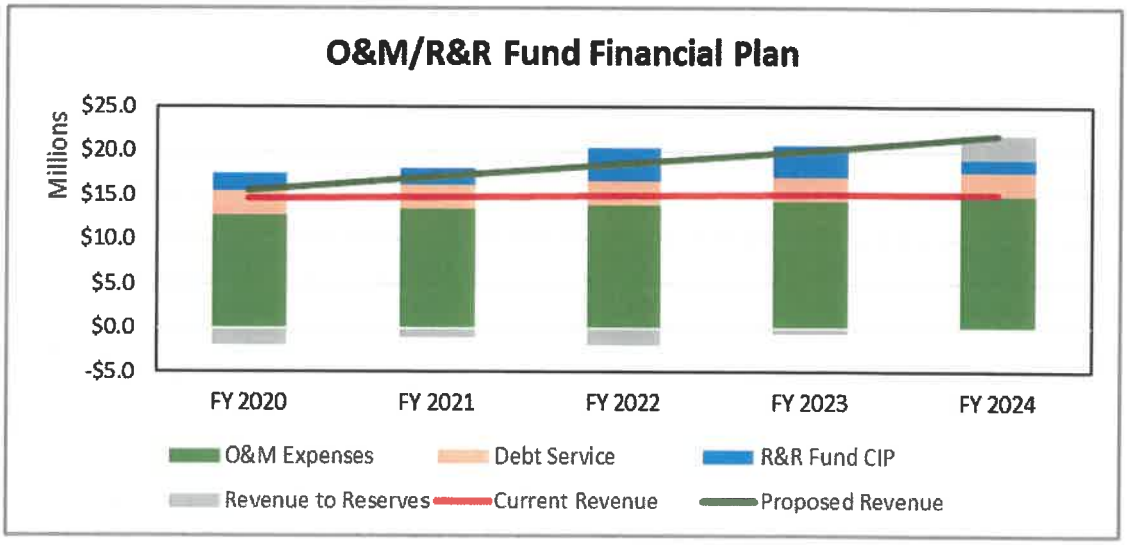


Figure 4-7: Scenario 1 Total Fund Balance

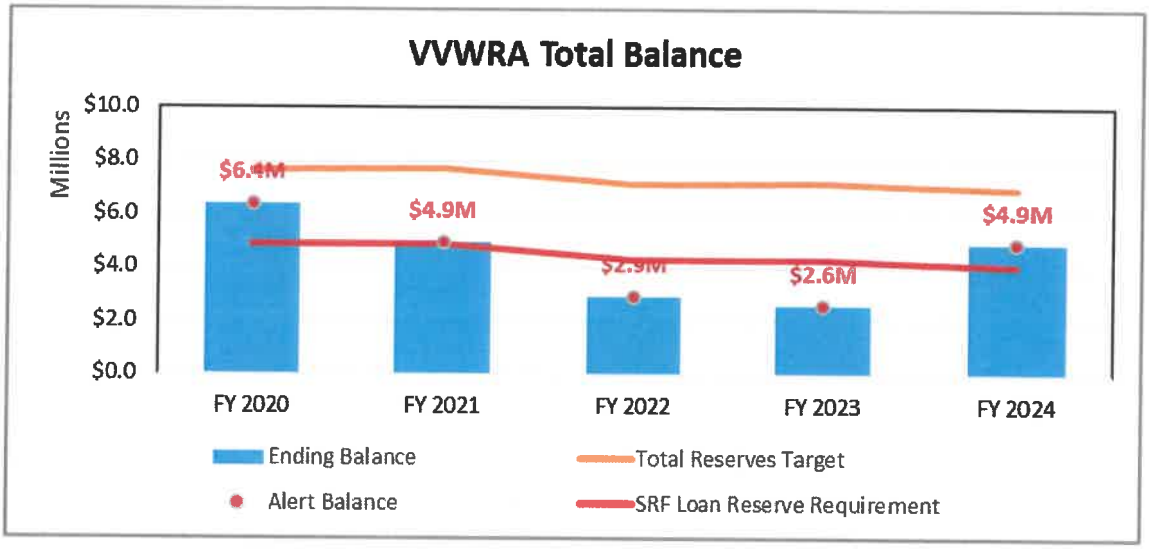
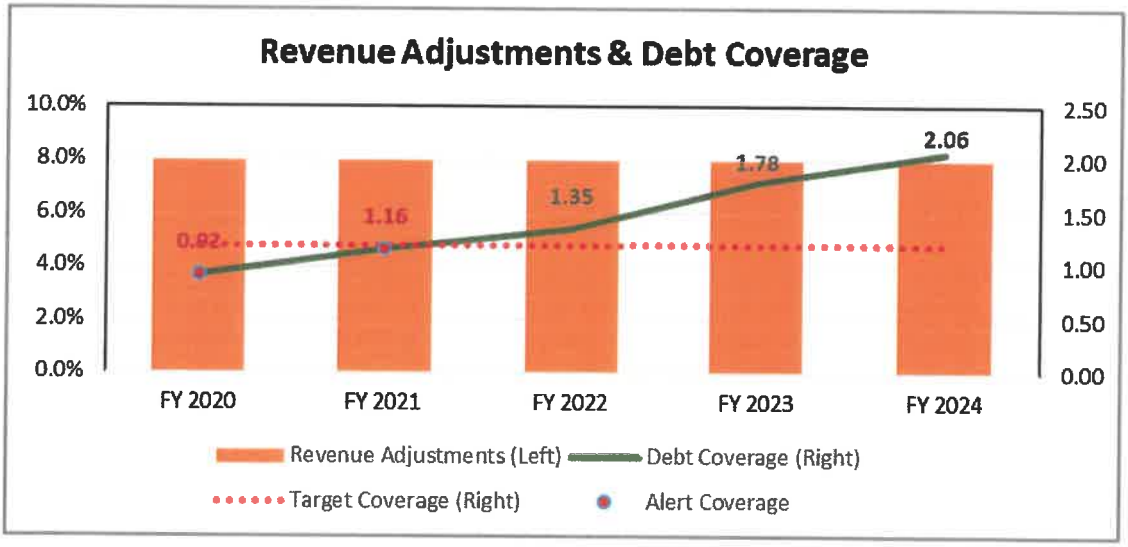


Figure 4-8: Scenario 1 Debt Coverage



4.4.3. SCENARIO 2 FINANCIAL PLAN (RAFTELIS RECOMMENDED)

Raftelis recommends the Scenario 2 Financial Plan, which projects the Authority funding its expenses while also meeting its debt coverage and reserve requirements for the entire Study period. The Scenario 2 revenue adjustments are shown below in Table 4-14. This scenario also incorporates the proposed Connection Fees effective October 2019. This schedule will increase the current User Charge of $3,503/MG by 25-percent in October 2019 so that the Authority can begin meeting its debt coverage and reserve obligations. Raftelis then recommends an annual adjustment of 2.5-percent for the remaining years in the Study period, resulting in a cumulative increase of 38.0% for the 5-year Study period. In this section, we calculate revenue under the Scenario 2 User Charges resulting from this rate adjustment schedule and discuss how it meets the Authority's expenses in addition to its debt coverage and SRF reserve requirements.

Table 4-14: Scenario 2 FY 2020-2024 Revenue Adjustment Schedule

Description	Connection Fees	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Cumulative Increase
Date Effective		Oct. 2019	July 2020	July 2021	July 2022	July 2023	
Scenario 2 (Raftelis-Recommended)	Proposed	25%	2.5%	2.5%	2.5%	2.5%	38.0%
Scenario 2 User Charges		$4,379	$4,489	$4,602	$4,718	$4,836	

4.4.3.1. Projected Revenues Under Scenario 2 Rates

As in the previous two scenarios, revenues from the Scenario 2 User Charge are calculated by first escalating the current User Charge by the schedule in Table 4-14. The resulting charge for each year is then multiplied by the projected billed wastewater flows (Line 4 of Table 3-2) to arrive at the total User Charge Revenues under the recommended Scenario 2 User Charges. Note that the FY 2020 increase will not be implemented until October 2019, thus the current rate is applied to the first three months' usage of the fiscal year.

Table 4-15: FY 2020-2024 Projected Revenues from Raftelis-Recommended Scenario 2 User Charge

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Scenario 2 User Charge	$3,503	$4,379	$4,489	$4,602	$4,718	$4,836
Total Billed Wastewater Flows (MG)		3,900	3,931	3,963	3,994	4,026
Total Scenario 2 User Charge Revenue		**$16,223,269**	**$17,644,086**	**$18,229,869**	**$18,835,101**	**$19,460,426**

Under this scenario, the Authority also expects that 500 additional units (as in the Status Quo Scenario) will be added each year between the four member agencies. Like Scenario 1, Scenario 2 incorporates the proposed Connection Fees, detailed in Section 5. Again, Connection Fee revenues are allocated entirely to Capital Fund costs to pay for construction related to new development. The fee will continue to be a uniform fee per added EDU with only an initial increase in FY 2020 and no further adjustments over the Study period. Table 4-16 repeats the projected revenues from the proposed Connection Fees first calculated in Table 4-11. Note again that FY 2020 shows less total revenue from the Connection Fees as it will continue to use the current Connection Fee for the first three months of the fiscal year.

Table 4-16: FY 2020-2024 Projected Revenues from Proposed Connection Fees

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Connection Fee	$4,000	$4,679	$4,679	$4,679	$4,679	$4,679
Additional EDUs per Year		500	500	500	500	500
Total User Charge Revenue		**$2,254,625**	**$2,339,500**	**$2,339,500**	**$2,339,500**	**$2,339,500**

Table 4-17 shows the projected total revenues for the Study period under Scenario 2. This combines the revenue calculated in Table 4-15 and Table 4-16 with the Other Operating Revenues originally projected in Table 4-7 and updated Interest revenue. Note that the Interest Revenue increases because the O&M/R&R Fund sees a positive

fund balance, which then gets added to the Interest earned through the CIP Fund's positive balance (note that this is the total Interest Revenue shown both in Table 4-7 and Table 4-12).

Table 4-17: Scenario 2 FY 2020-2024 Projected Total Revenues

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
User Charge Revenues	$16,223,269	$17,644,086	$18,229,869	$18,835,101	$19,460,426
Connection Fee Revenues	$2,254,625	$2,339,500	$2,339,500	$2,339,500	$2,339,500
Other Operating Revenues	$1,066,200	$1,063,700	$1,063,700	$1,063,700	$1,063,700
Interest	$50,000	$81,643	$76,068	$76,474	$76,145
Total	**$19,594,094**	**$21,128,928**	**$21,709,137**	**$22,314,775**	**$22,939,771**

4.4.3.2. Resulting Scenario 2 Financial Plan

Table 4-18 displays the pro forma of the Authority's combined funds (O&M Fund, R&R Fund, and Capital Fund) under Scenario 2 Raftelis-recommended User Charges and proposed Connection Fees over the Study period. The pro forma examines how well the projected revenues in Table 4-17 meet the O&M expenses defined in Table 4-1, debt service obligations in Table 4-2, and the CIP detailed in Table 4-3. Line 16 shows the net cash flow resulting from subtracting these expenses (Line 14) from the projected revenues under Scenario 2 charges (Line 6). The net cash flow, while only positive in FY 2021 and FY 2024 (Line 16), results in a significantly lower burden on reserves during the Study period. Note that, in order to result in a consistently positive cash flow, the Authority would have to implement higher rate adjustments than proposed in either Scenario 1 or Scenario 2. Figure 4-9 illustrates the impact of Scenario 1 on the O&M Fund and R&R Fund combined. In Scenario 2, the Authority's reserves are high enough for the entirety of the Study period to exceed the SRF Loan Reserve Requirement and meet the Authority's target reserves for all years except FY 2022 and FY 2023 (Figure 4-10). Importantly, this scenario also enables the Authority to meet its debt coverage requirements in all years of the Study period (Figure 4-11 and Table 4-18, Line 23).

Table 4-18: Scenario 2 Financial Plan

Line No.	Description	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
1	**Source of Funds**					
2	User Charge Revenues	$16,223,269	$17,644,086	$18,229,869	$18,835,101	$19,460,426
3	Connection Fee Revenues	$2,254,625	$2,339,500	$2,339,500	$2,339,500	$2,339,500
4	Other Operating Revenues	$1,066,200	$1,063,700	$1,063,700	$1,063,700	$1,063,700
5	Interest	$50,000	$81,643	$76,068	$76,474	$76,145
6	**Total - Source of Funds**	**$19,594,094**	**$21,128,928**	**$21,709,137**	**$22,314,775**	**$22,939,771**
7						
8	**Use of Funds**					
9	Operating Expenses	$13,106,467	$13,877,222	$14,354,605	$14,839,707	$15,341,837
10	R&R Fund CIP	$2,028,000	$1,898,758	$3,709,340	$3,586,249	$1,502,217
11	Capital Fund CIP	$600,000	$337,683	$59,537	$107,977	$754,980
12	Existing Debt Service	$5,147,861	$4,882,810	$4,882,810	$4,302,940	$4,302,940
13	Proposed Debt Service	$0	$0	$0	$0	$0
14	**Total - Use of Funds**	**$20,882,328**	**$20,996,473**	**$23,006,291**	**$22,836,872**	**$21,901,974**
15						
16	**Net Cash Flow**	**($1,288,234)**	**$132,455**	**($1,297,154)**	**($522,097)**	**$1,037,797**
17						
18	Beginning Cash Balance	$9,427,089	$8,138,855	$8,271,310	$6,974,156	$6,452,059
19						
20	**Ending Cash Balance**	**$8,138,855**	**$8,271,310**	**$6,974,156**	**$6,452,059**	**$7,489,856**
21	Total Reserves Target	$7,703,034	$7,716,936	$7,173,072	$7,196,147	$6,961,462
22						
23	Debt Coverage	126%	149%	151%	174%	177%
24	Target Coverage	120%	120%	120%	120%	120%

Figure 4-9: Scenario 2 O&M/R&R Fund Financial Plan

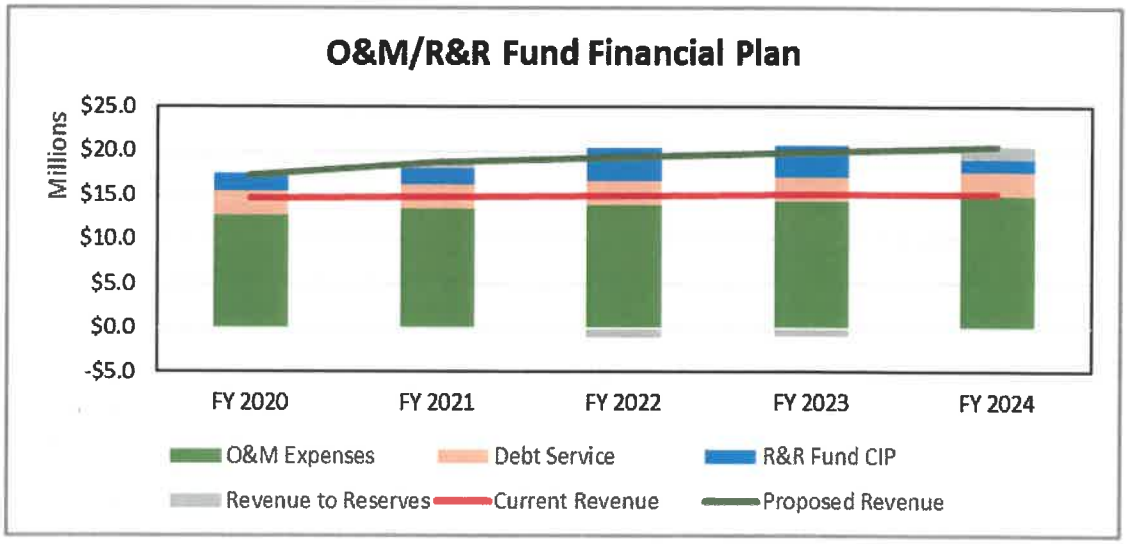


Figure 4-10: Scenario 2 Total Fund Balance

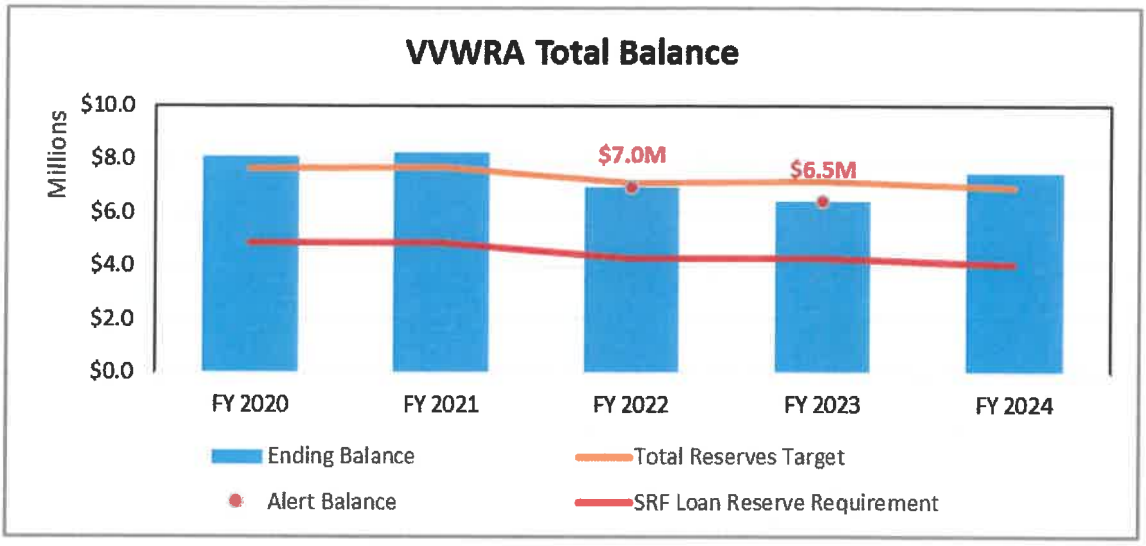
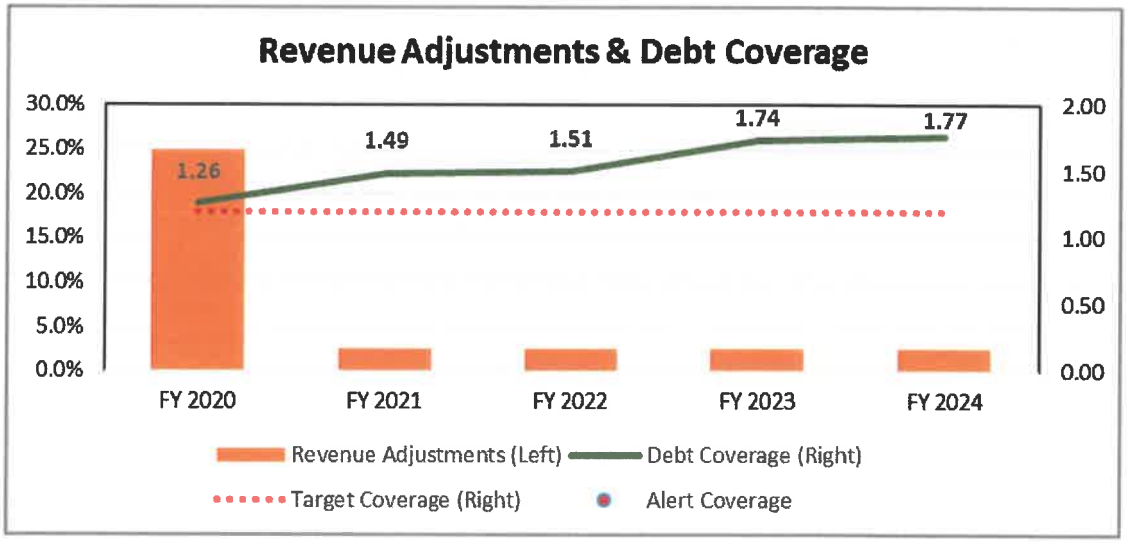


Figure 4-11: Scenario 2 Debt Coverage



4.5. Proposed User Charges

Table 4-19 shows the proposed User Charge rates under Scenario 1 and Scenario 2 over the five-year Study period. The User Charge rates shown below were previously derived in Table 4-9 for Scenario 1 and Table 4-14 for Scenario 2.

Table 4-19: Proposed User Charges (per MG)

Description	Current FY 2019	Proposed FY 2020	Proposed FY 2021	Proposed FY 2022	Proposed FY 2023	Proposed FY 2024
Date Effective		Oct. 2019	July 2020	July 2021	July 2022	July 2023
Scenario 1 (Approved)	$3,503	$3,784	$4,087	$4,414	$4,768	$5,150
Scenario 2 (Raftelis Recommended)	$3,503	$4,379	$4,489	$4,602	$4,718	$4,836

5. Connection Fee Update

5.1. Economic and Legal Framework

For publicly owned wastewater systems, most of the assets are typically paid for by the contributions of existing customers through rates, charges, and taxes. In service areas that incorporate new customers, the infrastructure developed by previous customers is generally extended toward the service of new customers. Existing customers' investment in the existing system capacity allows newly connecting customers to take advantage of unused surplus capacity. To further economic equality among new and existing customers, in turn, new connectors will typically buy into the existing and pre-funded facilities based on the percentage of remaining available system capacity, effectively putting them on par with existing customers. In other words, the new users are buying into the existing system through a payment for the portion of facilities that has already been constructed in advance of new development. In addition, new customers will be responsible for funding new assets that will need to be built to expand the system to meet the increased demand.

5.1.1. ECONOMIC FRAMEWORK

The basic economic philosophy behind connection fees (also known as capacity fees) is that the costs of providing wastewater service should be paid for by those that receive utility from the product. In order to effect fair distribution of the value of the system, the fee should reflect a reasonable estimate of the cost of providing capacity to new users, and not unduly burden existing users. Accordingly, many utilities make this philosophy one of their primary guiding principles when developing their connection fee structure.

The philosophy that service should be paid for by those that receive utility from the product is often referred to as "growth-should-pay-for-growth." The principal is summarized in the American Water Works Association (AWWA) Manual M26, Water Rates and Related Charges:

> *The purpose of designing customer-contributed-[connection fees] is to prevent or reduce the inequity to existing customers that results when these customers must pay the increase in water rates that are needed to pay for added plant costs for new customers. Contributed capital reduces the need for new outside sources of capital, which ordinarily has been serviced from the revenue stream. Under a system of contributed capital, many water utilities are able to finance required facilities by use of a 'growth-pays-for-growth' policy.*

5.1.2. LEGAL FRAMEWORK

The Authority reserves broad authority over the pricing of wastewater connection fees. The most salient limitation on this authority is the requirement that recovery costs on new development bear a reasonable relationship to the needs and benefits brought about by the development. Courts have long used a standard of reasonableness to evaluate the legality of connection fees. The basic statutory standards governing wastewater connection fees are embodied by Government Code Sections 66013, 66016, 66022 and 66023. Government Code Section 66013, in particular, contains requirements specific to pricing wastewater connection fees:

> *"Capacity charge" means a charge for public facilities in existence at the time a charge is imposed or charges for new public facilities to be acquired or constructed in the future that are of proportional benefit to the person or property being charged, including supply or capacity contracts for rights or entitlements, real property interests, and entitlements and other rights of the local agency involving capital expense relating to its use of existing or new public facilities. A "capacity charge" does not include a commodity charge.*

Section 66013 also requires that:

» Local agencies must follow a process set forth in the law, making certain determinations regarding the purpose and use of the fee; they must establish a nexus or relationship between a development project and the public improvement being financed with the fee.

5.1.3. METHODOLOGIES

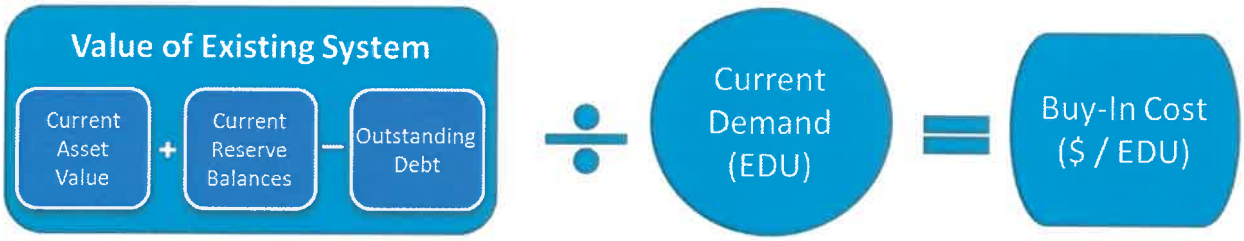
There are two primary steps in calculating connection fees: (1) determining the cost of capital related to new service connections, and (2) allocating those costs equitably to each connection. There are several available methodologies for calculating connection fees. The various approaches have evolved largely around the basis of changing public policy, legal requirements, and the unique and special circumstances of every local agency. However, there are four general approaches that are widely accepted and appropriate for wastewater connection fees. They are the "system buy-in", "capacity buy-in", "incremental-cost" and "hybrid" method.

5.1.3.1. System Buy-in Approach

The system buy-in approach rests on the premise that new customers are entitled to service at the same price as existing customers. However, existing customers have already developed the facilities that will serve new customers. Under this approach, new customers pay only an amount equal to the current system value, either using the original cost or replacement cost as the valuation basis and either netting the value of depreciation or not. This net investment, or value of the system, is then divided by the current demand of the system – number of customers (or equivalent units) – to determine the buy-in cost per EDU.

For example, if the existing system has 100 units of average usage and the new connector uses an equivalent unit, then the new customer would pay 1/100 of the total value of the existing system. By contributing this Connection Fee, the new connector has bought into the existing system. The user has effectively acquired a financial position on par with existing customers and will face future capital challenges on equal financial footing with those customers. This approach is suited for agencies that have capacity in their system and are essentially close to build-out. Figure 5-1 shows the framework for calculating the equity buy-in capacity fee.

Figure 5-1: Formula for Equity Buy-In Approach



5.1.3.1.1. Asset Valuation Approaches

As stated earlier, the first step is to determine the asset value of the capital improvements required to provide services to new users. However, under the system buy-in approach, the facilities have already been constructed, therefore the goal is to determine the value of the existing system/facilities. To estimate the asset value of the existing facilities required to furnish services to new users, various methods are employed. The principal methods commonly used to value a utility's existing assets are original cost and replacement cost.

1. **Original Cost (OC):** The principal advantages of the original cost method lie in its relative simplicity and stability, since the recorded costs of tangible property are held constant. The major criticism levied against original cost valuation pertains to the disregard of changes in the value of money, which are attributable to inflation and other factors. As evidenced by history, prices tend to increase rather than to remain constant. Because the value of money varies inversely with changes in price, monetary values in

most recent years have exhibited a definite decline; a fact not recognized by the original cost approach. This situation causes further problems when it is realized that most utility systems are developed over time on a piecemeal basis as demanded by service area growth. Consequently, each property addition was paid for with dollars of different purchasing power. When these outlays are added together to obtain a plant value the result can be misleading.

2. **Replacement Cost (RC):** Changes in the value of the dollar over time, at least as considered by the impacts of inflation, can be recognized by replacement cost asset valuation. The replacement cost represents the cost of duplicating the existing utility facilities (or duplicating its function) at current prices. Unlike the original cost approach, the replacement cost method recognizes price level changes that may have occurred since plant construction. The most accurate replacement cost valuation would involve a physical inventory and appraisal of plant components in terms of their replacement costs at the time of valuation. However, with original cost records available, a reasonable approximation of replacement cost plant value can most easily be ascertained by trending historical original costs. This approach employs the use of cost indices to express actual capital costs experienced by the utility in terms of current dollars. An obvious advantage of the replacement cost approach is that it gives consideration to changes in the value of money over time.

3. **Original Cost Less Depreciation (OCLD) or Replacement Cost Less Depreciation (RCLD):** Considerations of the current value of utility facilities may also be materially affected by the effects of age and depreciation. Depreciation takes into account the anticipated losses in plant value caused by wear and tear, decay, inadequacy, and obsolescence. To provide appropriate recognition of the effects of depreciation on existing utility facilities, both the original cost and replacement cost valuation measures can also be expressed on an OCLD and RCLD basis. These measures are identical to the aforementioned valuation methods, with the exception that accumulated depreciation is computed for each asset account based upon its age or condition, and deducted from the respective total original cost or replacement cost to determine the OCLD or RCLD measures of plant value.

5.1.3.2. Capacity Buy-In Approach

The capacity buy-in approach is based on the same premise as that for the system buy-in approach – that new customers are entitled to service at the same rates as existing customers. The difference between the two approaches is that for the capacity buy-in approach, for each major asset, the value is divided by its capacity. This approach presents a major challenge as determining the capacity of each major asset may be problematic or not available. The system is designed for peak use and customer behavior fluctuates based on economic and weather conditions. Figure 5-2 shows the framework for calculating a fee based on the Capacity Buy-In Approach.

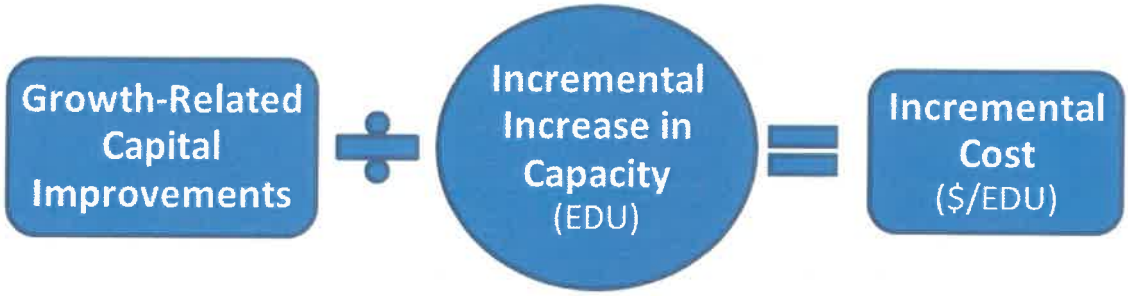
Figure 5-2: Formula for Capacity Buy-In Approach

5.1.3.3. Incremental Cost Approach

The incremental method is based on the premise that new development (new users) should pay for the additional capacity and expansions necessary to serve the new development. This method is typically used where there is little or no capacity available to accommodate growth and expansion is needed to service the new development. Under the incremental method, growth-related capital improvements are allocated to new development based on their estimated usage or capacity requirements, irrespective of the value of past investments made by existing customers.

For instance, if it costs X dollars ($X) to provide 100 additional equivalent units of capacity for average usage and a new connector uses one of those equivalent units, then the new user would pay $X/100 to connect to the system. In other words, new customers pay the incremental cost of capacity. As with the buy-in approach, new connectors will effectively acquire a financial position that is on par with existing customers. Use of this method is generally considered to be most appropriate when a significant portion of the capacity required to serve new customers must be provided by the construction of new facilities. Figure 5-3 shows the framework for calculating the incremental cost capacity fee.

Figure 5-3: Formula for the Incremental Cost Approach



5.1.3.4. Hybrid Approach

The hybrid approach is typically used where some capacity is available to serve new growth but additional expansion is still necessary to accommodate new development. Under the hybrid approach the Connection Fee is based on the summation of the existing capacity and any necessary expansions.

In utilizing this methodology, it is important that system capacity costs are not double-counted when combining costs of the existing system with future costs from the Capital Improvement Program (CIP). CIP costs associated with repair and replacement of the existing system should not be included in the calculation, unless specific existing facilities which will be replaced through the CIP can be isolated and removed from the existing asset inventory and cost basis. In this case, the rehabilitative costs of the CIP essentially replace the cost of the relevant existing assets in the existing cost basis. Capital improvements that expand system capacity to serve future customers may be included in proportion to the percentage of the cost specifically required for expansion of the system. Figure 5-4 summarizes the framework for calculating the hybrid Connection Fee.

Figure 5-4: Formula for the Hybrid Approach

5.2. Current Connection Fee

The Authority has not updated its Connection Fees since 2014. Therefore, they are no longer reflective of new development's share of the facilities. The Authority utilizes a uniform per EDU Connection Fee that is based on expected demand of one single family residential customer (the equivalent dwelling unit). This translates other customer types to an equivalent number of single-family residential customers. The assumed gallons per day of wastewater flow contributed by one EDU is 200 gallons.

Table 5-1: Current Connection Fee

Description	Connection Fee
1 EDU	$4,000

5.3. Proposed Connection Fee

The Authority's wastewater system has capacity within the existing system to serve future growth; however, there are also specific growth-related capital projects necessary accommodate new equivalent dwelling units. Therefore, we utilized the hybrid approach.

5.3.1. BUY-IN COMPONENT

The first step in determining the buy-in component of the hybrid connection fee is to determine the value of the existing system. As mentioned above, there are several methods of determining the current value of assets, but, for the purposes of this Study, Replacement Cost was used to account for today's replacement cost for system improvements. This also reflects the approach utilized in the last Connection Fee Study in 2014.

To accomplish this, the Authority provided fixed asset records on the original cost of the system. Replacement cost was then estimated by adjusting original costs to reflect what might be expected if a similar facility were constructed today. This is achieved by escalating the original construction costs by a construction cost index. Engineering News-Record's average Construction Cost Index for 20-cities (ENR CCI) is commonly used for this purpose. It reflects the average costs of a particular basket of construction goods over time. Raftelis used the list year 2018 with an index of 10,985 to inflate the replacement cost of each asset, except land, which was inflated by 2.0-percent.

Table 5-2: System Asset Valuation

Functional Category	Original Cost	Replacement Cost
Land	$779,136	$1,383,704
Pipelines	$67,544,011	$103,654,409
Buildings	$146,214,124	$162,095,292
Buildings and Equipment	$56,279,649	$124,331,898
Plant Equipment	$15,669,080	$19,191,513
Office Equipment	$547,438	$993,462
Vehicles	$841,568	$1,204,719
Land Improvements	$9,738,125	$12,300,188
Computer Software	$228,174	$253,773
Total	**$297,841,305**	**$425,408,957**

The total system replacement cost represents the estimated cost of replacing the entire system in 2018 dollars. Next, new users will pay their share of any outstanding debt through wastewater rates after joining the system. Therefore, the value of the system in Figure 5-2 should be reduced by the amount of the outstanding principal so that new users are not double-charged for this debt. Table 5-3 shows the resulting net value of the existing system in Line 3 (Line 1 – Line 2). This net value is then divided by the estimated total system capacity of 19.00 MGD, shown in Line Four. This results in the buy-in component per MGD shown in Line Five.

Table 5-3: Buy-In Component ($/MGD) Calculation

Line No.	Description	Value
1	Total Asset Value (Replacement Cost)	$425,408,957
2	Less Total Outstanding Debt Principal	$91,273,216
3	**Value of Existing System**	**$334,135,741**
4	Total System Capacity (MGD)	19.00
5	**Buy-in Component ($/MGD)**	**$17,586,092**

5.3.2. INCREMENTAL COMPONENT

The incremental component is intended to address the additional capacity and expansions necessary to serve the new development. Table 5-4 indicates the total debt service (principal and interest) allocated to the Capital Fund for the exclusively growth-related portion of capital projects that serve both current and projected expansion customers. In addition, this component includes the exclusively growth-related clarifier upgrades (Line 2). These result in the total capital costs allocated to growth listed in Line 3. This total cost is then divided by the incremental available system capacity of 7.66 million gallons per day (Line 4) to arrive at the Incremental Component (Line 5) of the Connection Fee.

Table 5-4: Incremental Component ($/MGD) Calculation

Line No.	Description	Value
1	Growth-Related Debt Service	$39,975,456
2	Additional Growth-Related CIP (Clarifier Upgrades)	$4,500,000
3	**Capital Costs Allocated to Growth**	**$44,475,456**
4	Incremental System Capacity (MGD)	7.66
5	**Incremental Component ($/MGD)**	**$5,806,195**

5.3.3. PROPOSED TOTAL CONNECTION FEE

To arrive at the total proposed connection fee, we combine the Buy-in and Incremental Components per MGD derived in Table 5-3 and Table 5-4. This is then converted from $/MGD to $/EDU using the assumed 200 GPD for each EDU, resulting in the Proposed Connection Fee in Line 5. The Proposed Connection Fee will remain constant with no adjustments for the entire Study period.

Table 5-5: Proposed FY 2020-2024 per EDU Connection Fee

Line No.	Description	Value
1	Buy-In Component ($/MGD)	$17,586,092
2	Incremental Component ($/MGD)	$5,806,195
3	**Proposed Connection Fee ($/MGD)**	**$23,392,287**
4	Assumed GPD per EDU	200
5	**Proposed Connection Fee ($/EDU)**	**$4,679**

Table 5-6 provides an impact analysis of the proposed Connection Fee over the current Connection fee. The updated fee results in an increase of $679 per EDU.

Table 5-6: Proposed Connection Fee Impact

Description	Impact
Proposed Connection Fee ($/EDU)	$4,679
Current Connection Fee ($/EDU)	$4,000
Difference ($)	$679
Difference (%)	17.0%

VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
Report/Recommendation to the Board of Commissioners

October 23, 2019

FROM Brian Macy, Interim General Manager

TO Board of Commissioners

SUBJECT Adoption of Ordinance 002 Amendment

RECOMMENDATION

Staff recommends that the Board of Commissioners conduct the public hearing, second reading, and adoption of Ordinance 002 amendment as presented for the fiscal year 2019-2020, increasing the connection fee from $4,000/equivalent dwelling unit to $4,679/equivalent dwelling unit.

REVIEW BY OTHERS

This recommendation was reviewed by Piero Dallarda, Legal Counsel

BACKGROUND INFORMATION

On July 18, 2019, the Board adopted Resolution 2019-10 and the Fiscal Year 2019-2020 Budget which included an 17% increase in connection fees. This amendment to Ordinance 002 is consistent with Board direction and Resolution 2019-10. As discussed in the Raftelis study, the existing infrastructure deficiencies and future needs of VVWRA have been identified and reviewed extensively. We have attached to the staff recommendation the proposed connection-capacity fees as set forth in the Wasteater Rate Study.

On September 19, 2019, the first public hearing for the amendment to Ordinance 002 was held. To date, no public comments have been received regarding the Ordinance 002 amendment.

The proposed rate structure would go in to effect on December 1, 2019.

FINANCIAL IMPACT

The financial impact will vary by Member Agency; the proposed rate schedule is attached.

RELATED IMPACTS

The proposed infrastructure discussed during the workshops and Board Meetings, and listed in the Capital Impromvement Plan contained within the Fiscal Year 2019-2020 and Wastewater Rate Study will allow VVWRA to reliably meet the state mandates for wastewater treatment, interceptor capacity, nutrient removal, and reclaimed water delivery.

VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY

20111 SHAY ROAD
VICTORVILLE CA 92394
(760) 246-8638

ORDINANCE NO. 002

CONNECTION FEES

~~March, 2014~~October 2019

AN ORDINANCE PRESCRIBING FEES FOR CONNECTING ANY PARCEL WITHIN THE BOUNDARIES OF THE VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY TO THE SEWERAGE SYSTEM, OR FOR INCREASING THE STRENGTH AND/OR QUANTITY OF WASTEWATER ATTRIBUTABLE TO A CONNECTED PARCEL WITHIN THE REGIONAL SERVICE AREA, AND PROVIDING FOR THE COLLECTION OF SUCH FEES, ALL PURSUANT TO THE STATEMENT OF FINDINGS AND BOARD ACTION SET FORTH IN THIS ORDINANCE NO. 002.

8582630.5

STATEMENT OF FINDINGS AND BOARD ACTION
REGARDING THE ADOPTION OF
ORDINANCE NO. 002

WHEREAS, Ordinance No. 002, adopted May 26, 1983 by the Board of Commissioners (Commission) of the Victor Valley Wastewater Reclamation Authority (VVWRA), as amended from time to time, establishes and imposes a schedule of fees for the connection of real property to the VVWRA sewerage system, and

WHEREAS, the Commission believes that it is necessary and desirable to update and clarify the terms and conditions applicable to the calculation of connection fees for the benefit of the member entities and the users within the boundaries of VVWRA; and

WHEREAS, the funds collected pursuant to the Connection Fee Schedule attached as Table 1 of Ordinance No. 002 are used to pay for capital improvements to the VVWRA sewerage system that are designed and constructed for the purpose of increasing the capacity of the VVWRA sewerage system to meet growth, and;

WHEREAS, a study was conducted on behalf of VVWRA by Raftelis in August, 2019, and was received, filed and approved by the Commission on September 19, 2019 (the "Study"); and

WHEREAS, the Study, a copy of which is attached to this Ordinance and incorporated herein by this reference, has determined that an increase is necessary in the amount of the connection fees collected by VVWRA to ensure the ongoing ability of VVWRA to increase the capacity of the VVWRA sewerage system to meet growth; and

WHEREAS, the Board of Commissioners conducted a Public Hearing and a First Reading of the Ordinance at the regular meeting held on September 19, 2019.

NOW THEREFORE BE IT RESOLVED that the Board of Commissioners of the Victor Valley Wastewater Reclamation Authority does hereby ordain as follows:

Section 1. Findings. The Board of Commissioners asserts and adopts the findings set forth above;

Section 2. Amendment of Table I of Ordinance No. 002 Table I, as referenced in Sections 3.01, 3.05, and 3.08 of Ordinance No. 002, is hereby repealed and is now amended, revised as set forth in this amendment to Ordinance 002, including any attachments hereto, and incorporated herein by this reference.

Section 3. Amendment of Table IV of Ordinance No. 002 Table IV, as referenced in Section 3.08 of Ordinance No. 002, is hereby repealed and is now amended and revised as set forth in this Amendment to Ordinance 002, including any attachments hereto, and is incorporated herein by the reference.

Section 4. Continued Effect of Remaining Provisions of Ordinance No. 002. The remaining provisions of Ordinance No. 002 not expressly repealed or amended by this Ordinance shall remain in full force and effect.

Section 5. Effective Date. This Ordinance shall take effect and be in full force thirty (30) days after its adoption. Prior to the expiration of the fifteen (15) days from its adoption, the Ordinance or a summary of it shall be published in The Daily Press, a newspaper of general circulation within the boundaries of the Victor Valley Wastewater Reclamation Authority, or a newspaper of substantially equivalent circulation.

~~**WHEREAS,** Ordinance No. 002, adopted May 26, 1983 by the Board of Commissioners (Commission) of the Victor Valley Wastewater Reclamation Authority (VVWRA), as amended from time to time, establishes and imposes a schedule of fees for the connection of real property to the VVWRA sewerage system, and~~

~~**WHEREAS,** the Commission believes that it is necessary and desirable to update and clarify the terms and conditions applicable to the calculation of connection fees for the benefit of the member entities and the users within the boundaries of VVWRA; and~~

~~**WHEREAS,** the funds collected pursuant to the Connection Fee Schedule attached as Table 1 of Ordinance No. 002 are used to pay for capital improvements to the VVWRA sewerage system that are designed and constructed for the purpose of increasing the capacity of the VVWRA sewerage system to meet growth, and;~~

~~**WHEREAS,** the Board finds that this Ordinance would authorize a rate increase for purposes of meeting ongoing operational expenses, maintenance obligations, purchasing supplies, and implementing infrastructure projects for which environmental review has already been completed (specifically including the Subregional Wastewater Reclamation Plant Projects reviewed pursuant to an Environmental Impact Report under State Clearinghouse No. 20100051087 and the Nanticoke Gravity Sewer Interceptor Project reviewed pursuant to an Environmental Impact Report under State Clearinghouse No. 2010061016; therefore the Board finds that the rate increase is statutorily exempt from further environmental review under State CEQA Guidelines § 15273;~~

~~**WHEREAS,** a study was conducted on behalf of VVWRA by Black and Veatch in February, 2014, and was received, filed and approved by the Commission on February 20, 2014 (the "Study"); and~~

~~**WHEREAS,** the Study, a copy of which is attached to this Ordinance and incorporated herein by this reference, has determined that an increase is necessary in the amount of the connection fees collected by VVWRA to ensure the ongoing ability of VVWRA to increase the capacity of the VVWRA sewerage system to meet growth; and~~

~~**WHEREAS,** the Board of Commissioners conducted a Public Hearing and a First Reading of the Ordinance at the regular meeting held on March 5, 2014.~~

~~**NOW THEREFORE BE IT RESOLVED** that the Board of Commissioners of the Victor Valley Wastewater Reclamation Authority does hereby ordain as follows:~~

~~**Section 1. Findings.** The Board of Commissioners asserts and adopts the findings set forth above;~~

Section 2. Repeal Of Existing Ordinance No. 002. Ordinance No. 002, as most recently adopted pursuant to Ordinance 002E, is hereby repealed in its entirety. Upon this Ordinance taking effect as set forth in Section 4 below, the existing Ordinance No. 002 shall have no further force or effect.

Section 3. Adoption of This Ordinance. This new Ordinance No. 002 is hereby adopted in its entirety along with the tables and attachments thereto.

Section 4. Effective Date. This Ordinance shall take effect and be in full force thirty (30) days after its adoption. Prior to the expiration of the fifteen (15) days from its adoption, the Ordinance or a summary of it shall be published in The Daily Press, a newspaper of general circulation within the boundaries of the Victor Valley Wastewater Reclamation Authority, or a newspaper of substantially equivalent circulation.

LEGISLATIVE HISTORY

ORDINANCE NO. 002

ADOPTED: 05/26/83

AMENDED: 07/25/85
AMENDED: 01/01/86
AMENDED: 08/21/97
AMENDED: 03/25/99
AMENDED: 03/19/02
AMENDED: 07/23/02
AMENDED: 03/13/06
AMENDED: 06/29/09
AMENDED: 03/20/14

REPEALED AND RESTATED: 10/23/19

TABLE OF CONTENTS
ORDINANCE NO. 002

PART I - GENERAL PROVISIONS

SECTION 1.01: SHORT TITLE

This Ordinance shall be known as the "Connection Fee Ordinance for the Victor Valley Wastewater Reclamation Authority" and may be cited as such.

SECTION 1.02: PURPOSE

The purpose of this Ordinance is to establish and impose fees for connecting a parcel within the boundaries of VVWRA to the regional sewerage system or for increasing the strength and/or quantity of wastewater discharged into the regional sewerage system, and to provide for collection of said charges. All funds collected under this Ordinance shall be used for capital expansion of the regional sewerage system.

SECTION 1.03: AUTHORITY TO ACT

VVWRA is empowered to fix fees and charges for connecting to or altering use of its sewerage system pursuant to the Service Agreement between member entities dated November 1976; the Joint Powers Agreement which created VVWRA, dated December 1977; Sections 6500 et seq. of the California Government Code, relating to Joint Powers Authorities; VVWRA's Wastewater Ordinance; each as amended from time to time; and other applicable law.

SECTION 1.04: ADDITIONAL REVENUE

The revenue generated by the connection fees herein defined shall be in addition to all revenue otherwise collected by VVWRA, including, but not limited to ad valorem taxes, federal and state grants, contract revenue, investment income, fees, service charges, and charges imposed under VVWRA's Wastewater Ordinance.

SECTION 1.05: ADMINISTRATION

The Senior Administrative Officer shall administer, implement and enforce the provisions of this Ordinance in accordance with policies established by the Board of Commissioners.

SECTION 1.06: VALIDITY

If any part, section, subsection, paragraph, sentence, clause, or phrase of this Ordinance is held invalid or unconstitutional for any reason by any court, that decision shall not affect the validity or constitutionality of the remainder of this Ordinance. The Board of Commissioners declares that it would have adopted each part of this Ordinance irrespective of the validity of any other part.

PART II - DEFINITIONS

This Ordinance shall be interpreted according to the definitions set forth in the VVWRA Wastewater Ordinance, as supplemented by the following definitions (in the event of any conflict between the definitions in the VVWRA Wastewater Ordinance and the definitions contained herein, the definitions contained herein shall prevail):

SECTION 2.01: AMMONIA NITROGEN

Ammonia nitrogen shall mean the soluble ionized and unionized ammonia nitrogen component in wastewater that can be measured using the procedure described in the current edition of "Standard Methods for the Examination of Water and Wastewater", published by the American Public Health Association.

SECTION 2.02: BIOCHEMICAL OXYGEN DEMAND (BOD)

Biochemical Oxygen Demand or BOD shall mean the measure of decomposable organic material in wastewater as represented by the oxygen utilized as determined by the procedure described in the current edition of "Standard Methods for the Examination of Water and Wastewater", published by the American Public Health Association.

SECTION 2.03: BOARD OF COMMISSIONERS

Board of Commissioners shall mean the Board of Commissioners of the Victor Valley Wastewater Reclamation Authority of San Bernardino County, California.

SECTION 2.04: CAPACITY UNIT

Capacity Unit shall mean the loading in terms of capacity that a typical single-family home places on the sewerage system over a twenty-four (24) hour period based on flow, biochemical oxygen demand, suspended solids, and ammonia nitrogen.

SECTION 2.05: INDUSTRIAL WASTEWATER

Industrial Wastewater shall mean all waterborne wastes and wastewater of the community excluding wastewater of domestic origin and uncontaminated water, and shall include all wastewater from any producing, manufacturing, processing, institutional, commercial, agricultural, brine wastewater resulting from the regeneration of water conditioning devices, or any other operation where the wastewater discharged includes significant quantities of wastes of non-human origin.

SECTION 2.06: INDUSTRIAL WASTEWATER PERMIT

Industrial Wastewater Permit shall mean a Nondomestic Wastewater Discharge Permit as

required by Article 08 of the Wastewater Ordinance.

SECTION 2.07: MEMBER ENTITIES

Member Entities shall mean the participating agencies in VVWRA, which include the City of Victorville, County Service Areas No. 42 and No. 64, The Town of Apple Valley and the Hesperia Water District.

SECTION 2.08: NEW CONNECTION

A New Connection shall mean any of the following located within the regional service area that contributes to the Regional Sewerage System:

(1) A connection to the sewerage system for the first time of any improvement or parcel(s) of land.

(2) An existing connection from a parcel or improvement where the number or strength of capacity units attributable to said parcel or improvement has been increased due to construction of additional dwelling or other units or a change in land usage.

(3) An existing connection from an industrial, commercial, or institutional parcel or improvement where operational modifications (such as changes in the manufacturing process or the use of different constituents) have increased the original number or strength of capacity units attributable to said parcel or improvement.

SECTION 2.09: PARCEL

Parcel shall mean real property or any improvement thereon, real or personal, which has or seeks access to the sewerage system.

SECTION 2.10: PERSON

Person shall mean any individual, partnership, committee, association, corporation, public agency, or any other organization, entity, or group of persons, public or private.

SECTION 2.11: REGIONAL SEWERAGE SYSTEM

Regional Sewerage System shall mean that portion of the Sewerage System that is owned and operated by VVWRA.

SECTION 2.12: SENIOR ADMINISTRATIVE OFFICER

Senior Administrative Officer shall mean the General Manager of the Victor Valley Wastewater Reclamation Authority.

SECTION 2.13: SEWERAGE SYSTEM

Sewerage System shall mean the network of wastewater collection, conveyance, treatment and disposal facilities which are interconnected by means of sewers either owned in whole or in part by the VVWRA, the Member Entities, or as to which the VVWRA has a contractual right of use.

SECTION 2.14: TOTAL SUSPENDED SOLIDS

Total suspended Solids shall mean the insoluble solid matter suspended in wastewater that is separable by laboratory filtration in accordance with the procedure described in the current edition of "Standard Methods for the Examination of Water and Wastewater", published by the American Public Health Association.

SECTION 2.15: VVWRA

VVWRA shall mean the Victor Valley Wastewater Reclamation Authority, a Joint Powers Authority and Public Agency of the State of California, located in San Bernardino County, California.

SECTION 2.16: WASTEWATER

Wastewater shall mean the liquid and water-carried domestic or nondomestic wastes from dwellings, commercial buildings, industrial facilities, and institutions, together with any ground water, surface water, and stormwater that may be present, whether treated or untreated, which is contributed into or permitted to enter the regional sewerage system.

SECTION 2.17: WASTEWATER ORDINANCE

Wastewater Ordinance shall mean VVWRA Ordinance 001 (also referred to as Ordinance 90-19), as amended from time to time.

PART III - FEES

SECTION 3.01: CONNECTION FEES

(1) No person or parcel shall connect any parcel or improvement within the regional service area to the sewerage system until a sewer connection permit or similar instrument has been issued by the local agency having jurisdiction over land use. Connection fees shall be collected as described in Section 3.05 herein.

(2) All applicants for new connections shall pay a connection fee in accordance with Sections 3.02 and 3.03, and the Connection Fee Schedule set forth in the Tables to this Ordinance. With respect to new connections which constitute an increase in the existing strength and/or quantity of wastewater attributable to a particular parcel or improvement already connected, the connection fee shall be based on the increase in anticipated use of the sewerage system only.

(3) A credit against new connection fees shall be allowed with respect to new construction replacing a demolished building that had been connected to the sewerage system. The credit shall be equal to the connection fee that was paid with respect to the demolished building under the terms of this Ordinance or its predecessors. There will be no additional charge for an exact duplication of replacement construction. It shall be the responsibility of the applicant to demonstrate to the reasonable satisfaction of the Senior Administrative Officer, the user category and the number of units of usage applicable to the demolished building and that such building was connected to the sewerage system. In no case shall the credit provided exceed the new connection fee, calculated in accordance with Section 3.03.

SECTION 3.02: CALCULATION OF THE CONNECTION FEE (INDUSTRIAL DISCHARGERS)

(1) The connection fee for any parcel or improvement within the regional service area connecting to the sewerage system shall be based on anticipated use and shall equal the product of the estimated number of capacity units which will result from the connection, as determined in paragraph (3) of this section, and the connection fee rate determined pursuant to Section 3.03 hereof.

(2) Industrial dischargers shall provide approved flow measuring devices at their point of discharge when required by VVWRA or a Member Entity.

(3) The anticipated use of the sewerage system by industrial dischargers shall be calculated in terms of capacity units (CU).

The number of capacity units (CU) shall be determined by the following formula:

$$CU = X\left(\frac{Q_2}{Q_1}\right) + Y\left(\frac{BOD_2}{BOD_1}\right) + Z\left(\frac{TSS_2}{TSS_1}\right) + A\left(\frac{NH3_2}{NH3_1}\right)$$

Where:

X = A proportional share of the total capital costs required to construct an incremental expansion of the sewerage system for conveyance, treatment, and disposal of wastewater which is attributable to flow,

Y = A proportional share of the total capital costs required to construct an incremental expansion of the sewerage system for conveyance, treatment, and disposal of wastewater which is attributable to biochemical oxygen demand (BOD),

Z = A proportional share of the total capital costs required to construct an incremental expansion of the sewerage system for conveyance, treatment, and disposal of wastewater which is attributable to total suspended solids (TSS),

A = A proportional share of the total capital costs required to construct an incremental expansion of the sewerage system for conveyance, treatment, and disposal of wastewater which is attributable to ammonia nitrogen (NH3),

Q_1 = Average flow of wastewater from a single family home in gallons per day,

BOD_1 = Average loading of biochemical oxygen demand in the wastewater from a single family home in pounds per day,

TSS_1 = Average loading of total suspended solids in the wastewater from a single family home in pounds per day,

$NH3_1$ = Average loading of ammonia nitrogen in the wastewater from a single family home in pounds per day,

Q_2 = Estimated flow of wastewater which will enter the sewerage system via the connection in gallons per day,

BOD_2 = Estimated loading of biochemical oxygen demand which will enter the sewerage system via the connection in pounds per day,

TSS_2 = Estimated loading of total suspended solids which will enter the sewerage system via the connection in pounds per day.

$NH3_2$ = Estimated loading of ammonia nitrogen which will enter the sewerage system via the connection in pounds per day.

Q, BOD, SS, NH3, X, Y, Z, and A shall be determined by periodic review.

(4) A capacity unit has the following values in computing the loading on the regional sewage system:

Flow	=	**245 gallons per day, or 20 fixture units**
BOD	=	**200 mg/l, or 0.40866 pounds per day**
TSS	=	**250 mg/l, or 0.51082 pounds per day**
NH3	=	**20 mg/l, or 0.040866 pounds per day**

(5) Any facility which is subject to an Industrial Wastewater Permit shall be considered a discharger of industrial wastewater. The loadings of flow, BOD, total suspended solids, and ammonia nitrogen resulting from the connection of such a facility, for the purpose of calculating the number of capacity units attributable to such a connection, shall equal the loadings based on information contained in the Industrial Wastewater Permit, including the estimated sanitary wastewater loadings. Each full-time employee shall be considered to discharge 15 gallons per day of single family home strength wastewater.

The Senior Administrative Officer may, at any time after connection, verify the actual flow, BOD, total suspended solids, and ammonia nitrogen attributable to the new connection. Should a discrepancy exist between measured quantities and the estimated quantities of flow, BOD, total suspended solids, and ammonia nitrogen upon which the connection fee had been based, the owner of the parcel or improvement shall, upon written notification, pay to the VVWRA the difference between the connection fee paid and the amount due on the basis of the verified quantities.

SECTION 3.03: CALCULATION OF THE CONNECTION FEE RATE

The total capital costs required to construct an incremental expansion of the regional sewerage system to provide additional capacity shall be determined periodically by VVWRA. In addition, VVWRA shall calculate the number of capacity units that can be accommodated by the incremental expansion and shall then divide the former value by the latter value. The resulting value shall be known as the capacity unit rate.

The number of capacity units resulting from a domestic or dwelling unit connection through which no industrial wastewater is discharged shall be based on the actual number of fixture units per connection. No connection, however, shall be charged less than the fee for eight (8) fixture units.

SECTION 3.04: CAPITAL IMPROVEMENT FUNDS

Connection fee revenue collected pursuant to this Ordinance and all accruals thereon shall be deposited into a capital account and shall be maintained in accordance with prudent management and investment policies adopted by VVWRA. All connection fee revenue with respect to the regional sewerage system is owned by VVWRA. Any connection fee imposed separately by the Member Entities in connection with local tributary sewerage systems and collection sewers shall be owned

and maintained by such Member Entities.

The connection fee imposed pursuant to this Ordinance, which is for the capital cost of expansion of the regional sewerage system, shall be used for capital expansion of the regional sewerage system.

SECTION 3.05: IMPOSITION, PAYMENT, AND COLLECTION OF CONNECTION FEE

No sewer use by any person or parcel shall be permitted prior to payment of the connection fee. The connection fee for a parcel shall be paid and collected at the time of final inspection or the date the certificate of occupancy is issued for improvements to the subject parcel, whichever occurs first. No person who has secured a sewer connection permit prior to July 1, 1982 from the local agency having jurisdiction over land development shall be liable for the payment of a connection fee with respect to facilities of the type, quantity, and strength of use therein described.

In order to assure uniform calculation and collection of connection fees, and in accordance with good audit procedures, each Member Entity shall be responsible for the calculation and collection of connection fees from properties located within their respective jurisdictions. Member Entities shall use the connection fee worksheet and/or other forms as provided by or as approved by VVWRA. Connection fees shall be calculated according to VVWRA Ordinance 001 and 002. Notwithstanding the foregoing, VVWRA shall be responsible for calculating the number of capacity units applicable to an Industrial Wastewater Permit as provided in Table I.

Connection fee revenue shall be forwarded to VVWRA on a monthly basis by each Member Entity. Connection fees collected during each calendar month are due and payable no later than the last day of the next month. Interest will be assessed for connection fees received more than thirty (30) days beyond the due date. The interest charge will be calculated using the State of California legal interest rate applicable to judgements.

SECTION 3.06: CREDIT

A credit against the connection fee shall be allowed with respect to any building which had been constructed and was located within the regional service area prior to July 1, 1982.

SECTION 3.07: APPEALS

Any User permit applicant, or permit holder affected by any decision, action, or determination, including Cease and Desist Orders, made by the Senior Administrative Officer, interpreting or implementing the provisions of this Ordinance or in any permit issued herein, may file with the Senior Administrative Officer a written request for reconsideration with ten (10) days, setting forth in detail the facts supporting the user's request for reconsideration. The Senior Administrative Officer shall render a decision on the request for reconsideration to the user, permit applicant or permit holder in writing within fifteen (15) days of receipt of the request. If the ruling

on the request for reconsideration made by the Senior Administrative Officer is unsatisfactory, the person requesting reconsideration may, within ten (10) days after notification of the Senior Administrative Officer's action, file a written appeal with the Secretary of the Board of Commissioners.

SECTION 3.08: TABLES

Tables I through V are included in this Ordinance as follows: Table I, Connection Types and Definitions; Table II, Equivalent Fixture Units; Table III, Commercial Facility Fees; Table IV, Cost of Expansion; and Table V, EDU Credit Program.

SECTION 3.09: PERIODIC REVIEW

This Ordinance, including the Tables, shall be reviewed at least annually by the Senior Administrative Officer, and shall be revised as needed. A revision of this Ordinance requires the approval of the Board of Commissioners and shall be presented for Public Hearing at a regularly scheduled meeting of the Board.

SECTION 3.10: CONFLICT WITH PREVIOUS PROVISIONS

If any provision of this Ordinance is in conflict with any provision of any previous ordinance, resolution or other regulation of VVWRA, then the provisions of this Ordinance shall govern.

END OF TEXT OF ORDINANCE

THIS ORDINANCE NO. 002 IS APPROVED AND ADOPTED this 23rd day of October, 2019.

Scott Nassif
Chair, VVWRA Board of Commissioners

APPROVED AS TO FORM

Piero C. Dallarda of
Best Best & Krieger LLP
VVWRA General Counsel

ATTEST:

Larry Bird
Secretary, VVWRA Board of Commissioners

CERTIFICATION

I, Kristi Casteel, Secretary to the Board of Commissioners ("Commission") of the Victor Valley Wastewater Reclamation Authority, certify that the foregoing Ordinance was introduced at a regular meeting of the Board of Commissioners on September 19, 2019, and was adopted by the Commission at a regular meeting held on the October 23, 2019 by the following vote of the Commissioners:

AYES:

NOES:

ABSTAINED:

ABSENT:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Victor Valley Wastewater Reclamation Authority on this October 23, 2019.

_____
Kristi Casteel
Secretary to the Board of Commissioners

TABLE I

CONNECTION FEE SCHEDULE

CONNECTION TYPES AND DEFINITIONS

A. NEW UNITS

1. RESIDENTIAL

All dwelling units shall be charged on a total fixture unit (F.U.) basis. The fee for each fixture unit is $200.00. A typical single family home will have twenty (20) fixture units, which is considered to be one equivalent dwelling unit (EDU). The connection fee for one EDU is $4,~~000~~679.00.

For single family homes, mobile homes, multiple family dwellings (apartments), condominiums, motels/hotels (rooms only), or any other form of residential property, the residential column of Table II shall be used for determining fixture units. In the case of jointly used facilities (such as laundry rooms, cabanas, clubhouses, etc.) for serving more than one residential unit, these additional fixture units shall be determined using the public use column of Table II.

2. COMMERCIAL

Each commercial building, office, store, motel/hotels (restaurant and service facilities) or separately owned or operated commercial space, or like structure, or any other similar structure or use, with a separate service connection, shall be billed on a fixture unit basis with each fixture unit charged at $200.00. The public use column of Table II shall be used for determining the number of fixture units. In addition, sewerage facility fees shall also be collected for those categories listed in Table III.

3. INDUSTRIAL

Connection fees for Users requiring an Industrial Wastewater Permit will be calculated according to Ordinance No. 002 (Section 3.02) by VVWRA and will be based on wastewater quantity and strength contained in the application for permit for industrial wastewater discharge and other pertinent data. The Wastewater Ordinance defines which dischargers are industrial and provides instructions for completing the application for industrial discharge. The connection fee for each capacity unit (CU) for an industrial discharger is $4,~~000~~679.00.

For purposes of this Ordinance, the following types of facilities shall be considered Industrial Users in addition to any definition contained in the Wastewater Ordinance:

1. Bakeries.

2. Commercial facilities with garbage grinders of 2 hp or greater may be classified as Industrial Users.

3. Laundries.

4. Facilities with servicebay or garage facilities that have floor drains in the work area.

5. Facilities with swimming pools open to general public use if the swimming pool, filters, or associated equipment have floor drains in the work area or connections to the sewer system.

6. Hospitals.

7. Prisons Industrial Users.

B. EXISTING UNITS

1. SUPPLEMENTAL FEES

a. Supplemental fees shall be collected for modifications that result in the addition of fixture units to all structures and units connected to the sewer system. The fee shall be based only on the actual number of fixtures added using the appropriate fixture unit tables.

b. Exemptions to Supplemental Fees:

1. Additions to residential units that previously paid for their connections on a flat fee-EDU basis (as opposed to a total fixture unit basis)

2. Additions to residential units that connect as exempt properties developed as of July 1, 1982 (See Section 11.2 of VVWRA Ordinance No. 80-19)

c. Supplemental fees shall be collected for modifications by Industrial Users that

result in increasing the original number of flow or strength of capacity units attributable to a parcel or improvement.

2. FIXTURE UNIT TABLE

For purposes of determining the fixture unit count applicable to any development under this Ordinance, the "Table of Equivalent Fixture Units" most recently adopted by VVWRA shall be utilized.

TABLE II

CONNECTION FEE SCHEDULE

EQUIVALENT FIXTURE UNITS

See Attached

TABLE III

CONNECTION FEE SCHEDULE

COMMERCIAL FACILITY FEES

Category	Unit	Fee
Prison	Per Bed	$ 146.52
Restaurant	Per Seat	65.92
Cocktail Bar	Per Seat	26.38
Hospital	Per Bed	329.76
Laundromat	Per Machine	293.04
Day Care Center	Per Child	29.31
Convalescent Care Center	Per Bed	73.26

The Victor Valley Wastewater Reclamation Authority may require the owner to submit plans and other information as may be needed to determine the charge.

TABLE IV

CONNECTION FEE SCHEDULE

COST OF EXPANSION

For support purposes, the rate schedules contained in this Ordinance are based upon the findings of the Victor Valley Wastewater Reclamation Authority Wastewater Rate Study~~Capital Improvement Fund and Connection Fee Study~~, which was completed by Raftelis ~~Black and Veatch~~ in August 2019~~February, 2014 ("Connection Fee Study")~~. The Wastewater Rate Study ~~Connection Fee Study~~ and its findings and recommendations were approved by the Board of Commissioners on September 19, 2019~~February 20, 2014~~.

TABLE V

CONNECTION FEE SCHEDULE

EDU CREDIT PROGRAM

Resolution No. 85-4 of the VVWRA entitled "Resolution of the Victor Valley Wastewater Reclamation Authority Establishing Policy Guidelines for a Limited Term 'EDU Credit' Program," and the formulas for the EDU Credit Program entitled "VVWRA Deferred Payment Sewer Financing Approach Requirements and Procedures to Determine 'Credit' Amount," dated May 30, 1985, all as previously adopted by the VVWRA, are incorporated herein by this reference and, in conjunction with any contracts executed for that purpose, shall govern those situations wherein a project is approved for inclusion in the EDU Credit Program.

RAFTELIS STUDY

SEE ATTACHED

VICTOR VALLEY
WASTEWATER RECLAMATION AUTHORITY

2019 Wastewater Rate Study and Connection Fee Update

Final Report / August 19, 2019

VVWRA

RAFTELIS

RAFTELIS

August 19, 2019

Chieko Keagy
Controller
Victor Valley Wastewater Reclamation Authority
20111 Shay Road
Victorville, CA 92394

Subject: 2019 Wastewater Rate Study and Connection Fee Update Report

Dear Ms. Keagy,

Raftelis is pleased to provide this 2019 Wastewater Rate Study and Connection Fee Update Report for the Victor Valley Wastewater Reclamation Authority (Authority). The contents of this Report include a financial plan for the Authority for fiscal year (FY) 2020 to FY 2024, proposed user charges over the same timeframe, as well as updated connection fees.

The major objectives of the study include the following:

- Develop a five-year financial plan through FY 2024 to ensure financial sufficiency, meet operating costs, ensure sufficient funding to meet debt obligations, and fund necessary capital expenditures
- Propose updated user charge rates for FY 2020 to FY 2024
- Update the prior connection fee calculation methodology and develop proposed connection fees that are justifiable and fair to both new and existing users of the Authority's wastewater system.

This Report summarizes the key findings and recommendations related to the development of the financial plan, the associated user charges, and the updated connection fee. It has been a pleasure working with you and we thank you, Xiwei Wang, and other Authority staff for the support provided during this study.

Sincerely,

RAFTELIS FINANCIAL CONSULTANTS, INC.

Sanjay Gaur
Vice President

Charles Diamond
Consultant

445 S Figueroa Street, Suite 2270
Los Angeles, CA 90071
www.raftelis.com

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1. Executive Summary

1.1. Background of the Study

The Victor Valley Wastewater Reclamation Authority (Authority) is a Joint Power public agency of the State of California formed in 1977 to maintain compliance with the Federal Clean Water Act and to provide wastewater treatment within a 279 square mile service area in San Bernardino County. The primary function of the Authority is to receive and treat wastewater from the four member agencies listed below:

- Town of Apple Valley
- City of Hesperia
- City of Victorville
- County of San Bernardino Special District Service Areas No. 42 (Oro Grande) and No. 64 (Spring Valley Lake)

The Authority is governed by a Board of Commissioners that consists of four elected officials representing each member agency listed above. The Authority operates a Regional Wastewater Treatment Plant with 17 million gallons per day (MGD) of treatment capacity in the City of Victorville. Additionally, the Authority completed construction in April 2018 of two Sub-regional Wastewater Reclamation Plants with 1 MGD of treatment capacity each in the Town of Apple Valley and the City of Hesperia. Wastewater treated by the Authority is either discharged to the Mojave River or utilized as recycled water for irrigative use after undergoing an extensive cleaning and purification process.

The Authority engaged Raftelis in 2018 to conduct a wastewater rate study and connection fee update (Study). The purpose of the Study is to update the Authority's financial plan, user charges, and connection fees. User charges assessed per million gallons (MG) of billed wastewater flows and one-time connection fees assessed per equivalent dwelling unit (EDU) of new development constitute the vast majority of the Authority's annual revenues. Therefore, both user charges and connection fees must be appropriately set to ensure the financial sufficiency of the Authority in manner that is equitable across member agencies.

The Authority last conducted a Financial Plan Update Study and Connection Fee Study in 2014. These prior studies established proposed user charges and connection fees through fiscal year (FY) 2018.[1] Since these prior studies were completed in 2014, unanticipated circumstances have significantly impacted the Authority's financial situation. Firstly, the service area has experienced slower growth from new development than what was anticipated in the 2014 studies. Consequently, lower revenues from user charges and connection fees have been collected compared to projections from the prior financial plan. Additionally, a flow diversion by the City of Victorville and non-payment of connection fees by the City of Hesperia have critically impacted the Authority's financial situation in an adverse manner.

This Study was conducted in order to develop an updated financial plan that accounts for the aforementioned financial challenges which have emerged since the prior studies were conducted in 2014, and to develop updated user charges and connection fees that enhance the financial stability of the Authority. All analyses, results, and recommendations related to this Study are outlined in this Wastewater Rate Study and Connection Fee Update Report (Report).

[1] The Authority's fiscal year spans from July 1 of the prior calendar year to June 30 of the concurrent calendar year. For example, FY 2018 spanned from July 1, 2017 to June 30, 2018.

Given these considerations, the major objectives of this Study include the following:

1. Develop an updated five-year financial plan through FY 2024 to ensure financial sufficiency, meet operating costs, ensure sufficient funding to meet debt obligations, and fund necessary capital expenditures;
2. Develop proposed user charges rates for FY 2020 to FY 2024; and
3. Update the prior connection fee calculation methodology and develop proposed connection fees that are justifiable and fair to both new and existing users of the Authority's wastewater system.

1.2. Results and Recommendations

1.2.1. FINANCIAL PLAN

For this Study, Raftelis and the Authority examined three different financial planning scenarios. The Status Quo Scenario provided the Authority an understanding of the adequacy of current User Charges and Connection Fees in funding the Authority's expenses and debt obligations. Scenario 1, which is not recommended by Raftelis but approved by the Authority's Board of Commissioners, is an alternative revenue adjustment schedule that neither meets the Authority's revenue requirements nor its debt coverage requirements. Note that it incorporates the proposed Connection Fees discussed in Section 5. Scenario 2 presents Raftelis' recommended financial plan and required revenue adjustments in order to adequately meet the Authority's O&M, capital, and debt service expenses as well as meeting its required debt coverage ratio. As with Scenario 1, Scenario 2 incorporates the proposed Connection Fees rather than the current fees. Table 1-1 summarizes the different scenarios examined for this study.

Table 1-1: FY 2020-2024 Scenario Revenue Adjustment Comparison

Description	Connection Fees	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Cumulative Increase
Date Effective		Oct. 2019	July 2020	July 2021	July 2022	July 2023	
Status Quo	Current	0%	0%	0%	0%	0%	**0%**
Scenario 1 (Approved)	Proposed	8%	8%	8%	8%	8%	**46.9%**
Scenario 2 (Raftelis Recommended)	Proposed	25%	2.5%	2.5%	2.5%	2.5%	**38.0%**

Figure 1-1: Scenario 1 O&M/R&R Fund Financial PlanFigure 1-1 illustrates Scenario 1's inability to meet the Authority's O&M and R&R capital expenses and the significant reliance on reserves to meet the Authority's costs for most of the Study Period. As a result of this depletion of reserves, the Authority is unable to meet its combined reserve targets as well as unable to meet its SRF Loan Reserve Requirement (Figure 1-2). As mentioned above, Scenario 1 also results in the Authority not meeting its debt coverage requirements in FY 2020 and FY 2021, as illustrated in Figure 1-3. It is for these reasons that Raftelis cannot recommend this scenario.

Figure 1-1: Scenario 1 O&M/R&R Fund Financial Plan

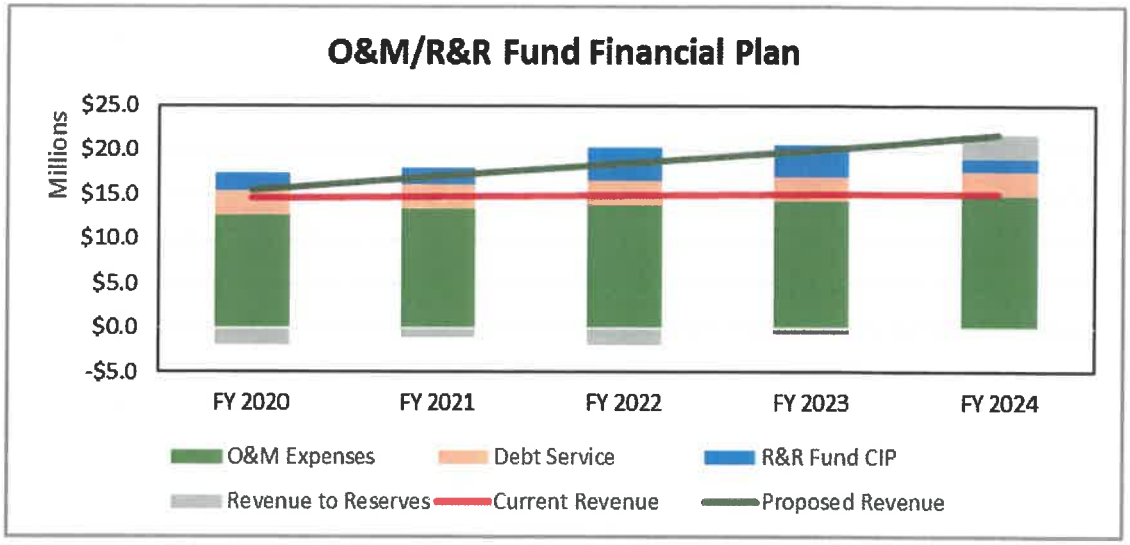


Figure 1-2: Scenario 1 Total Fund Balance

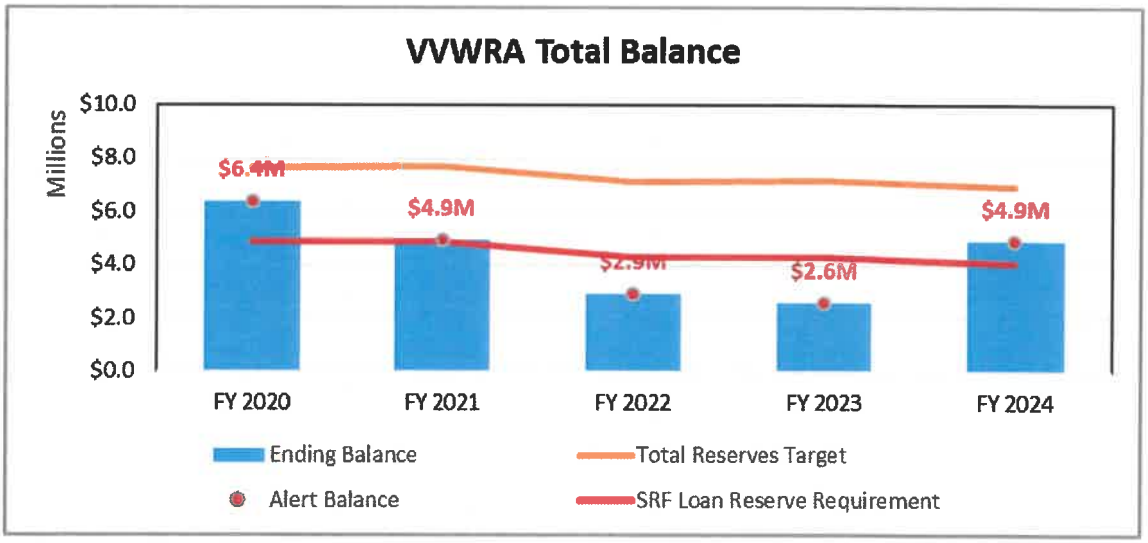
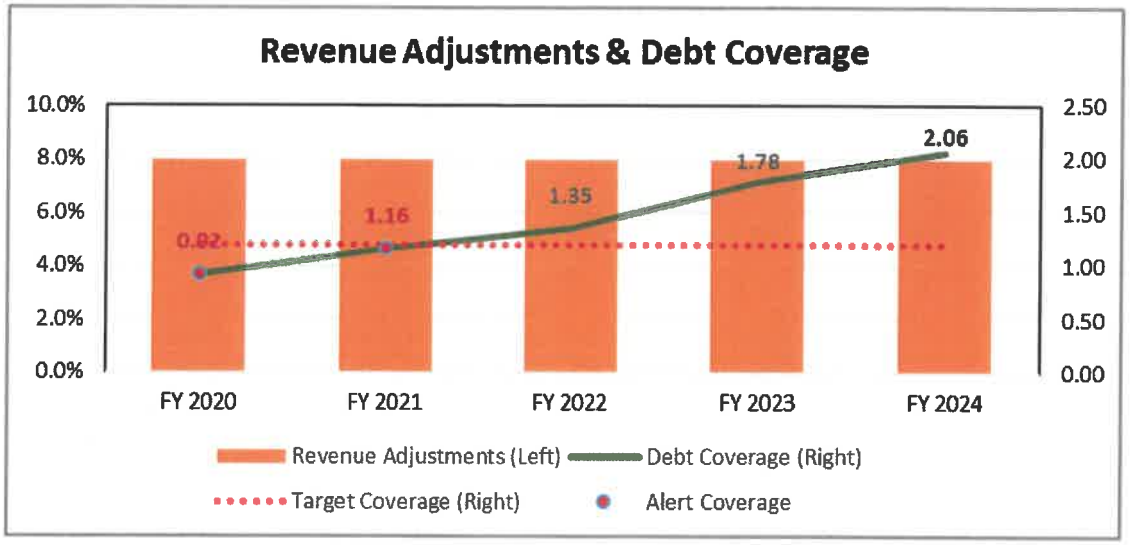


Figure 1-3: Scenario 1 Debt Coverage



In contrast, while Scenario 2 requires some reliance on reserves, it does meet the SRF Reserve Requirement and the debt coverage requirement for the entire Study period. In order to fully fund expenses through rate revenue and not rely on reserves at all, the Authority would have to utilize greater revenue adjustments than proposed in Scenario 2. Figure 1-4, Figure 1-5, and Figure 1-6 show how the Authority meets its obligations while sufficiently funding its expenses.

Figure 1-4: Scenario 2 O&M/R&R Fund Financial Plan

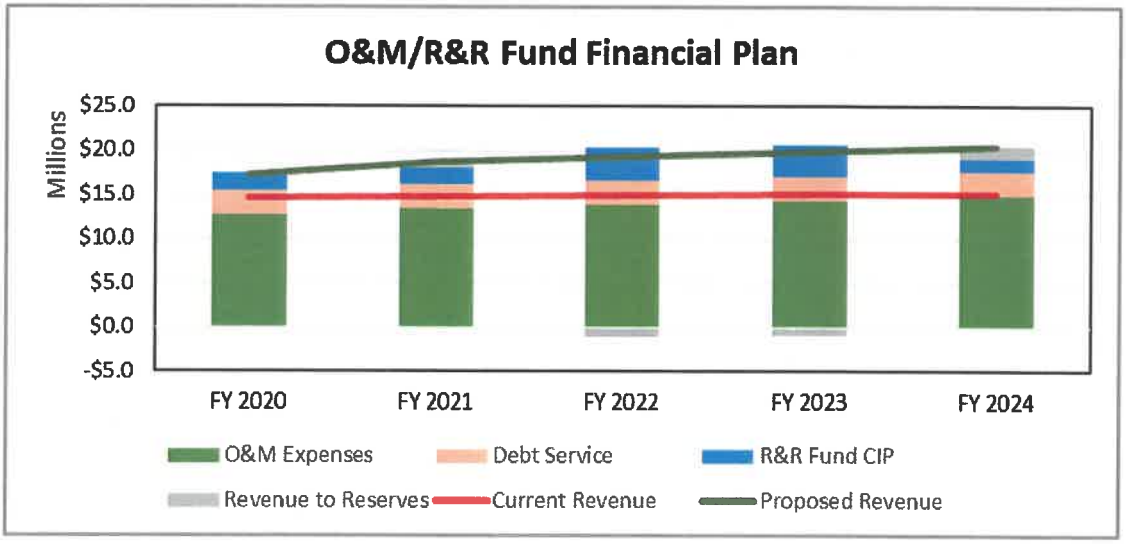


Figure 1-5: Scenario 2 Total Fund Balance

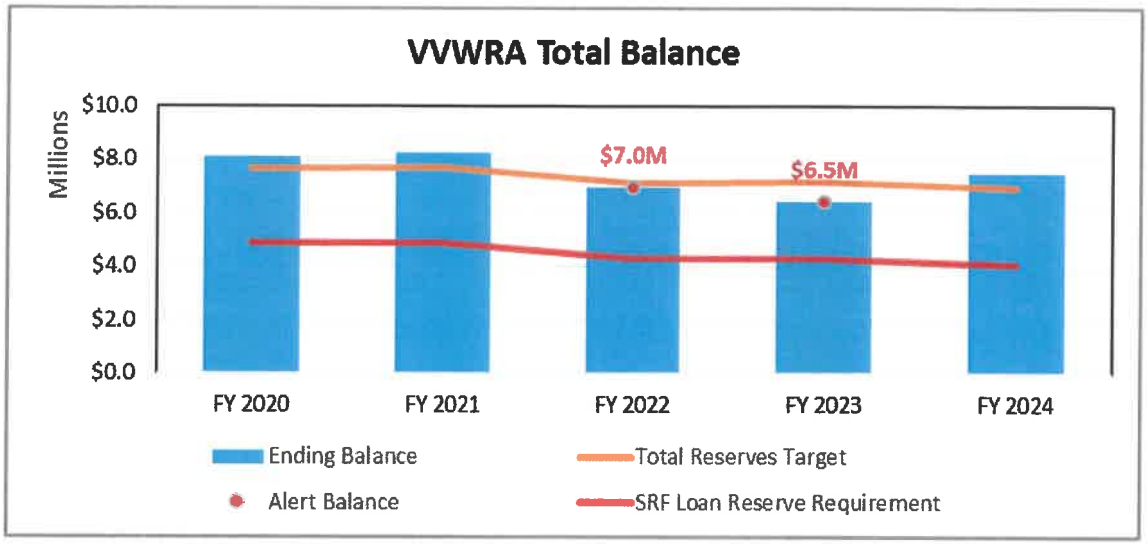
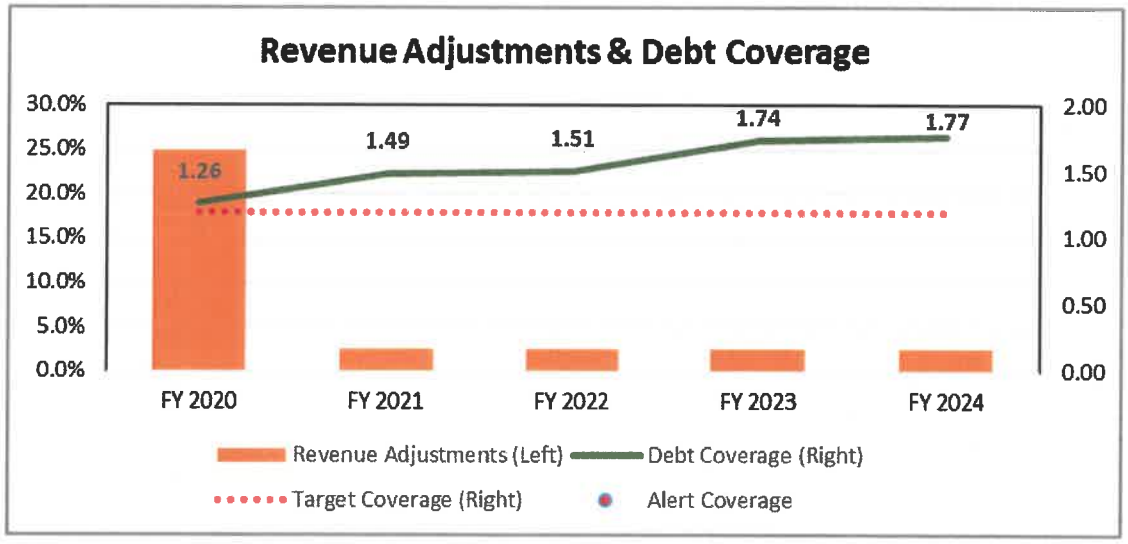


Figure 1-6: Scenario 2 Debt Coverage



1.2.2. PROPOSED USER CHARGES

Proposed User Charges are calculated by simply increasing the prior year's rates by the proposed revenue adjustments from Table 1-1. **Error! Reference source not found.** shows proposed user charges in each year throughout the Study Period for Scenario 1 and Scenario 2.

Table 1-2: Proposed User Charges (per MG)

Description	Current FY 2019	Proposed FY 2020	Proposed FY 2021	Proposed FY 2022	Proposed FY 2023	Proposed FY 2024
Date Effective		Oct. 2019	July 2020	July 2021	July 2022	July 2023
Scenario 1 (Approved)	$3,503	$3,784	$4,087	$4,414	$4,768	$5,150
Scenario 2 (Raftelis Recommended)	$3,503	$4,379	$4,489	$4,602	$4,718	$4,836

1.2.3. UPDATED CONNECTION FEES

The Authority has not updated its Connection Fees since 2014. Therefore, they are no longer reflective of new development's share of the facilities. The Authority utilizes a uniform per EDU Connection Fee that is based on expected demand of one single family residential customer (the equivalent dwelling unit). This translates other customer types to an equivalent number of single-family residential customers. The assumed gallons per day of wastewater flow contributed by one EDU is 200 gallons.

Table 1-3: Current Connection Fee

Description	Connection Fee
1 EDU	$4,000

The Authority's wastewater system has capacity within the existing system to serve future growth; however, there are also specific growth-related capital projects necessary accommodate new equivalent dwelling units. Therefore, we utilized the hybrid approach. Section 5 provides the detailed calculation of the buy-in and incremental components combined to arrive at the proposed Connection Fee. Table 1-4 shows the resulting proposed Connection Fee per equivalent dwelling unit (EDU) in comparison to the current Connection Fee.

Table 1-4: Proposed Connection Fee Impact

Description	Impact
Proposed Connection Fee ($/EDU)	$4,679
Current Connection Fee ($/EDU)	$4,000
Difference ($)	$679
Difference (%)	17.0%

2. Introduction

2.1. Background of the Study

The Victor Valley Wastewater Reclamation Authority (the Authority) is a Joint Power public agency of the State of California formed in 1977 to maintain compliance with the Federal Clean Water Act and to provide wastewater treatment within a 279 square mile service area in San Bernardino County. The primary function of the Authority is to receive and treat wastewater from the four member agencies listed below:

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This Study was conducted in order to develop an updated financial plan that accounts for the aforementioned financial challenges which have emerged since the prior studies were conducted in 2014, and to develop updated user charges and connection fees that enhance the financial stability of the Authority. All analyses, results, and recommendations related to this Study are outlined in this Wastewater Rate Study and Connection Fee Update Report (Report).

[2] The Authority's fiscal year spans from July 1 of the prior calendar year to June 30 of the concurrent calendar year. For example, FY 2018 spanned from July 1, 2017 to June 30, 2018.

Given these considerations, the major objectives of this Study include the following:

4. Develop an updated five-year financial plan through FY 2024 to ensure financial sufficiency, meet operating costs, ensure sufficient funding to meet debt obligations, and fund necessary capital expenditures;
5. Develop proposed user charges rates for FY 2020 to FY 2024; and
6. Update the prior connection fee calculation methodology and develop proposed connection fees that are justifiable and fair to both new and existing users of the Authority's wastewater system.

3. Key Assumptions

The Study period is from FY 2020 to 2024. The Study is based on the FY 2020 budget inflated annually to forecast changes in costs. Various types of assumptions and inputs were incorporated into the Study based on directions from Authority staff. The cost escalation factors are shown in Table 3-1. The general inflation rate of 3% is based on a historical Consumer Price Index (CPI) range of 3-3.5%. All other inflationary assumptions were determined based on Authority staff estimates.

Table 3-1: Cost Escalation Factors

Inflationary Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
General	3.0%	3.0%	3.0%	3.0%	3.0%
Salaries	3.0%	3.0%	3.0%	3.0%	3.0%
Benefits	5.0%	5.0%	5.0%	5.0%	5.0%
Utilities	3.0%	3.0%	3.0%	3.0%	3.0%
Capital	3.1%	3.1%	3.1%	3.1%	3.1%
Non-Inflated	0.0%	0.0%	0.0%	0.0%	0.0%
Non-Recurring	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%
Combined Salary/Benefits	3.0%	3.0%	3.0%	3.0%	3.0%

The Authority does not expect to serve any additional agencies over its current customer base during the Study period. However, across its member agencies, they expect the addition of 500 equivalent dwelling units (EDUs) per fiscal year. This incremental increase (Table 3-2, Line 1) will both provide the Authority with additional connection fee revenues and slightly increase wastewater flows annually during the Study period (Line 2). The Authority does not expect water conservation to affect wastewater flows during the Study period (Line 3). The resulting projected flows in million gallons (MG) are shown in Line 4.

Table 3-2: System Demand Assumptions

Line	Description	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
1	Incremental Increase in EDUs	500	500	500	500	500
2	Annual Growth in Billed Wastewater Flows	0.59%	0.80%	0.80%	0.80%	0.80%
3	Water Conservation Factor	100%	100%	100%	100%	100%
4	Total Billed Wastewater Flows (MG)	3,900	3,931	3,963	3,994	4,026

4. Financial Plan Development

4.1. Operating & Maintenance Expenses

The Authority's combined Operating and Maintenance (O&M) expenses are shown in Table 4-1. The FY 2020 budget is inflated according to the inflationary factors shown in Section 3. Personnel Expenses include salaries, CALPERS benefits, and insurance. Maintenance Expenses includes costs such as vehicle repairs, maintaining safety equipment, and grounds maintenance. Operations Expenses encompass costs such as utility bills, wastewater treatment costs, and lab supplies. Administrative Expenses include office supplies, legal services, and permits & professional fees. Note that Construction Expenses consist of other interest expenses and are not capital improvements themselves.

Table 4-1: Budgeted and Projected Water O&M Expenses

Description	FY 2020 Budgeted	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
Personnel Expenses	$4,974,695	$5,481,876	$5,687,015	$5,890,914	$6,102,583
Maintenance Expenses	$2,864,482	$2,950,416	$3,038,929	$3,130,097	$3,224,000
Operations Expenses	$3,433,685	$3,556,645	$3,684,056	$3,816,082	$3,952,891
Administration Expenses	$1,822,648	$1,877,327	$1,933,647	$1,991,657	$2,051,406
Construction Expenses	$10,957	$10,957	$10,957	$10,957	$10,957
Total	$13,106,467	$13,877,222	$14,354,605	$14,839,707	$15,341,837

4.2. Debt Service Obligations

Table 4-2 lists the Authority's annual debt service for the Study period. The debt obligation for both the 9.5 MGD Capital Improvements and 11 MGD Expansion of the treatment plant will be fulfilled during the Study period (FY 2020 and FY 2022 respectively). Additionally, the Authority does not intend to incur any new debt during the Study period.

Table 4-2: Annual Debt Service

Description	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Current Debt					
9.5 MGD Capital Improvements	$265,049	$0	$0	$0	$0
11 MGD Expansion	$579,870	$579,870	$579,870	$0	$0
North Apple Valley Interceptor	$258,151	$258,151	$258,151	$258,151	$258,151
Phase IIIA Regulatory Upgrades	$1,027,610	$1,027,610	$1,027,610	$1,027,610	$1,027,610
Upper Narrows Replacement	$257,745	$257,745	$257,745	$257,745	$257,745
Nanticoke Bypass	$271,633	$271,633	$271,633	$271,633	$271,633
Apple Valley Sub-Regional	$1,024,951	$1,024,951	$1,024,951	$1,024,951	$1,024,951
Hesperia Subregional	$1,462,850	$1,462,850	$1,462,850	$1,462,850	$1,462,850
Total Current Debt	**$5,147,861**	**$4,882,810**	**$4,882,810**	**$4,302,940**	**$4,302,940**
Proposed Debt	**$0**	**$0**	**$0**	**$0**	**$0**
Total Debt Service	**$5,147,861**	**$4,882,810**	**$4,882,810**	**$4,302,940**	**$4,302,940**

4.3. Capital Improvement Plan

Table 4-3 lists the Authority's capital improvement plan (CIP) for the Study period. The Authority intends to fully fund its CIP for the Study period through User Charge and Connection Fee Revenues. User Charge revenues (O&M/R&R Fund) will fund capital repair and replacement projects, while the Connection Fee revenues (Capital Fund) will fund new capital projects.

Table 4-3: FY 2020-2024 Capital Improvement Plan

Description	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Digester 4&5 Dome Repair and Misc. Mechanical	$325,000	$386,660	$0	$0	$0
Digester 4&5 Dome Repair and Misc. Mechanical	$50,000	$0	$0	$0	$0
SCADA Upgrade Project (Ignition)	$0	$143,322	$0	$0	$0
Coating Project: UV and DAFTS	$425,000	$0	$0	$0	$0
Digital Information Management System (DIMS)	$0	$61,866	$0	$0	$0
Headworks Replacement	$50,000	$154,664	$212,631	$3,288,628	$0
Oro Grande Interceptor First Priority - possible USDA grant	$150,000	$103,109	$2,498,409	$0	$0
Ossum Wash	$0	$670,210	$0	$0	$0
R4B South Lower Narrows	$0	$0	$0	$0	$0
Interceptor Risk Assessment Report	$50,000	$0	$0	$0	$0
Programmable Logic Control (PLC) Replacement	$400,000	$0	$0	$0	$0
Programmable Logic Control (PLC) Replacement	$55,000	$0	$0	$0	$0
Fleet Replacement	$100,000	$0	$0	$0	$0
Network Re-design and updates	$100,000	$51,555	$0	$0	$0
Network Re-design and updates	$35,000	$0	$0	$0	$0
Main Switch Board Upgrade/Replacement	$0	$0	$372,103	$0	$0
Motor Control Center (MCC) - Aqua Diamonds	$0	$170,130	$0	$0	$0
UV Generator Tie-in to South Perc. Pond PS	$0	$0	$398,682	$0	$0
Micro-grid/Battery Storage Project	$0	$0	$0	$0	$0
Storm Water Spill Containment System	$400,000	$0	$0	$0	$0
Digester 1-5 Engineering Services	$50,000	$20,622	$0	$0	$0
Golf Cart Recharging Station	$0	$15,466	$0	$0	$0
Operations Building Extension	$0	$206,219	$0	$0	$0
Digesters 4 and 5 Supernatant Line	$0	$77,332	$0	$0	$0
Upgrades to AV WRP	$100,000	$0	$0	$0	$0
R4A North Lower Narrows MH 3-1 to MH 3-3	$0	$51,555	$106,315	$54,810	$1,895,502
R7 Old Town VV MH 4-24 to MH 4-25A	$0	$0	$0	$109,621	$113,029
R5 Cemex MH 4-7 to 4-14	$0	$0	$53,158	$109,621	$113,029
R4B South Lower Narrows	$0	$0	$0	$0	$0
Solids Dewatering and Side Stream Study	$50,000	$0	$0	$0	$0
Capitalized Pump Expenses	$288,000	$123,731	$127,578	$131,545	$135,635
Total	**$2,628,000**	**$2,236,441**	**$3,768,876**	**$3,694,225**	**$2,257,196**

Figure 4-1 and Figure 4-2 show total CIP by funding source for the Authority's R&R Fund and Capital Fund respectively. R&R Fund CIP includes projects required to maintain the existing wastewater system, while Capital Fund CIP includes CIP projects required to serve future new connections to the wastewater system.

Figure 4-1: FY 2020-2024 O&M/R&R Fund Capital Financing Plan

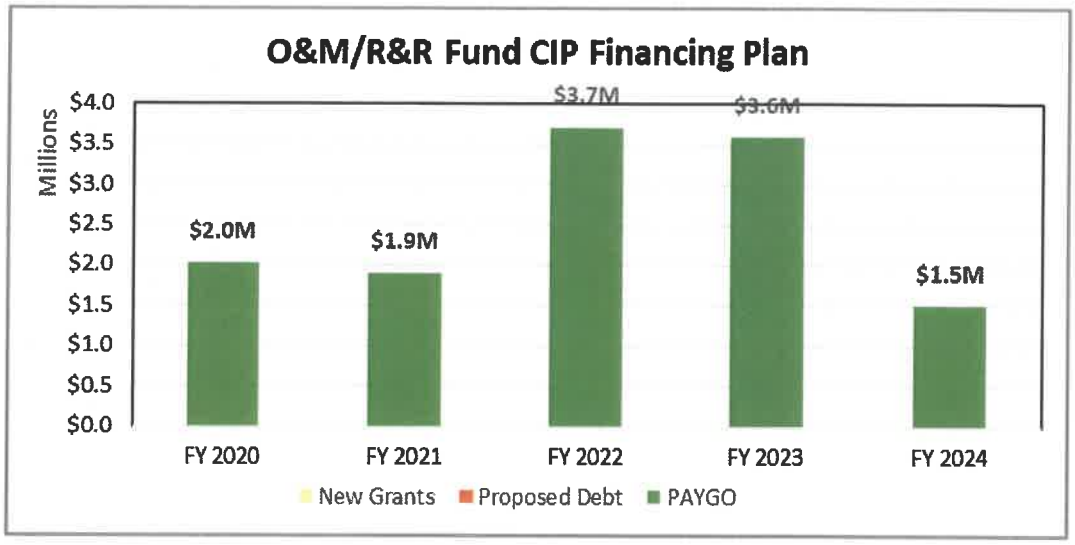
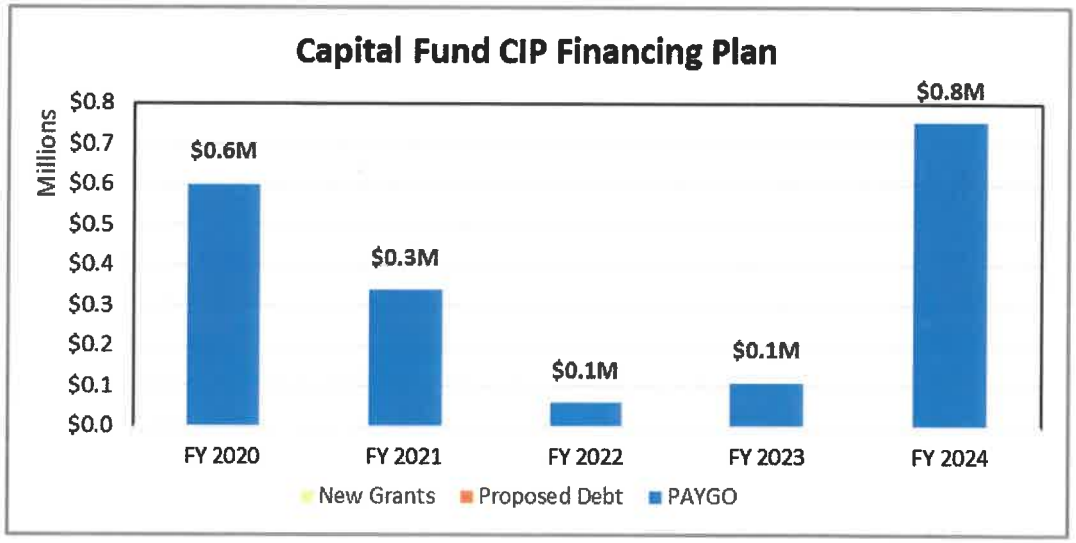


Figure 4-2: FY 2020-2024 CIP Fund Capital Financing Plan



4.4. Financial Planning Scenarios

For this Study, Raftelis and the Authority examined three different financial planning scenarios. The Status Quo Scenario provided the Authority an understanding of the adequacy of current User Charges and Connection Fees in funding the Authority's expenses and debt obligations. Scenario 1, which is not recommended by Raftelis but approved by the Authority's Board of Commissioners, is an alternative revenue adjustment schedule that neither meets the Authority's revenue requirements nor its debt coverage requirements. Note that it incorporates the proposed Connection Fees discussed in Section 5. Scenario 2 presents Raftelis' recommended financial plan and required revenue adjustments in order to adequately meet the Authority's O&M, capital, and debt service expenses as well as meeting its required debt coverage ratio. As with Scenario 1, Scenario 2 incorporates the proposed Connection Fees rather than the current fees. Table 4-4 summarizes the different scenarios examined for this study.

Table 4-4: FY 2020-2024 Scenario Revenue Adjustment Comparison

Description	Connection Fees	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Cumulative Increase
Date Effective		Oct. 2019	July 2020	July 2021	July 2022	July 2023	
Status Quo	Current	0%	0%	0%	0%	0%	**0%**
Scenario 1 (Approved)	Proposed	8%	8%	8%	8%	8%	**46.9%**
Scenario 2 (Raftelis Recommended)	Proposed	25%	2.5%	2.5%	2.5%	2.5%	**38.0%**

4.4.1. STATUS QUO FINANCIAL PLAN (NO REVENUE INCREASE)

The Status Quo financial plan projects the Authority's ability to meet its expenses under current User Charges, which have not been increased since FY 2018. In this section, we calculate revenue under the current User Charges and examine how well it meets the Authority's revenue requirement.

4.4.1.1. Projected Revenues Under Current Rates

The current user charge has been in place since FY 2018, with the previous study conducted in calendar year 2014. Currently, all member agencies pay a flat user charge of $3,503 per MG of flow into the system. Revenues from the User Charge are calculated by multiplying this charge by the total projected wastewater flows shown in Line 4 of Table 3-2.

Table 4-5: FY 2020-2024 Projected Revenues from Current User Charge

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
User Charge	$3,503	$3,503	$3,503	$3,503	$3,503
Total Billed Wastewater Flows (MG)	3,900	3,931	3,963	3,994	4,026
Total User Charge Revenue	**$13,661,700**	**$13,770,994**	**$13,881,162**	**$13,992,211**	**$14,104,149**

As mentioned in Section 3, the Authority expects that 500 additional units will be added each year between the four member agencies. The Authority charges a Connection Fee for each added EDU. When a wastewater treatment system is developed, it requires significant infrastructure investment to build the system. The initial EDUs served pay for the construction of this infrastructure through their wastewater charges. New EDUs would not have made that investment. Therefore, the Authority charges a uniform Connection Fee per EDU, which can recoup some of the costs of the initial investment and/or expansion of the system. For this Study, Raftelis has also updated the Connection Fees, which are discussed in detail in Section 5. Table 4-6 shows the calculation of the projected Connection Fee revenue under the current fees.

Table 4-6: FY 2020-2024 Projected Revenues from Current Connection Fees

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Connection Fee	$4,000	$4,000	$4,000	$4,000	$4,000
Additional EDUs per Year	500	500	500	500	500
Total Connection Fee Revenue	**$2,000,000**	**$2,000,000**	**$2,000,000**	**$2,000,000**	**$2,000,000**

Table 4-7 shows the projected total revenues for the Study period. In addition to the User Charge and Connection Fee revenue calculated above, the Authority also earns other revenue from services such as fats, oils, and grease (FOG) tipping fees and processing high strength waste in addition to earning interest.

Table 4-7: Status Quo Scenario FY 2020-2024 Projected Total Revenues

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
User Charge Revenues	$13,661,700	$13,770,994	$13,881,162	$13,992,211	$14,104,149
Connection Fee Revenues	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000
Other Operating Revenues	$1,066,200	$1,063,700	$1,063,700	$1,063,700	$1,063,700
Interest	$50,000	$75,273	$68,387	$65,321	$61,485
Total	**$16,777,900**	**$16,909,967**	**$17,013,248**	**$17,121,232**	**$17,229,334**

4.4.1.2. Resulting Status Quo Financial Plan

Table 4-8 displays the pro forma of the Authority's combined funds (O&M/R&R Funds and Capital Fund) under current rates over the Study period without any revenue adjustment. The pro forma examines how well the projected revenues in Table 4-7 meet the O&M expenses defined in Table 4-1, debt service obligations in Table 4-2, and the CIP detailed in Table 4-3. Line 16 shows the net cash flow resulting from subtracting these expenses (Line 14) from the projected revenues under current rates (Line 6). The net cash flow for the Study period indicates that the current rates significantly underfund the Authority's financial obligations. Figure 4-3 illustrates the impact of maintaining current rates on the O&M and R&R combined funds as the Capital Fund is designated for expansion capital improvements and separately funded through Connection Fees. Note that, even when narrowing the focus to only the O&M/R&R Fund, current revenues are unable to meet these obligations.

As a result of insufficient revenues, the Authority must supplement revenues with reserve funds, shown in Table 4-8 by subtracting the net cash flow (Line 16) from the beginning cash balance (Line 20). While this solution funds expenses for FY 2020 and FY 2021, beginning in FY 2022, the Authority would be unable to fully fund its expenses. The Authority is unable to meet its combined reserve target, set by Authority policy, or its SRF loan reserve requirement (Figure 4-4) under current rates. In addition, the Authority is unable to meet its required debt coverage ratio during the entire Study period (Lines 23 and 24). The insufficiency of the current rates to meet this debt coverage obligation is also shown in Figure 4-5.

Table 4-8: Status Quo Financial Plan

Line No.	Description	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
1	**Source of Funds**					
2	User Charge Revenues	$13,661,700	$13,770,994	$13,881,162	$13,992,211	$14,104,149
3	Connection Fee Revenues	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000
4	Other Operating Revenues	$1,066,200	$1,063,700	$1,063,700	$1,063,700	$1,063,700
5	Interest	$50,000	$75,273	$68,387	$65,321	$61,485
6	**Total - Source of Funds**	**$16,777,900**	**$16,909,967**	**$17,013,248**	**$17,121,232**	**$17,229,334**
7						
8	**Use of Funds**					
9	Operating Expenses	$13,106,467	$13,877,222	$14,354,605	$14,839,707	$15,341,837
10	R&R Fund CIP	$2,028,000	$1,898,758	$3,709,340	$3,586,249	$1,502,217
11	Capital Fund CIP	$600,000	$337,683	$59,537	$107,977	$754,980
12	Existing Debt Service	$5,147,861	$4,882,810	$4,882,810	$4,302,940	$4,302,940
13	Proposed Debt Service	$0	$0	$0	$0	$0
14	**Total - Use of Funds**	**$20,882,328**	**$20,996,473**	**$23,006,291**	**$22,836,872**	**$21,901,974**
15						
16	**Net Cash Flow**	**($4,104,428)**	**($4,086,506)**	**($5,993,043)**	**($5,715,640)**	**($4,672,640)**
17						
18	Beginning Cash Balance	$9,427,089	$5,322,661	$1,236,155	($4,756,888)	($10,472,528)
19						
20	**Ending Cash Balance**	$5,322,661	$1,236,155	($4,756,888)	($10,472,528)	($15,145,168)
21	Total Reserves Target	$7,703,034	$7,716,936	$7,173,072	$7,196,147	$6,961,462
22						
23	Debt Coverage	71%	62%	54%	53%	44%
24	Target Coverage	120%	120%	120%	120%	120%

Figure 4-3: Status Quo O&M/R&R Fund Financial Plan

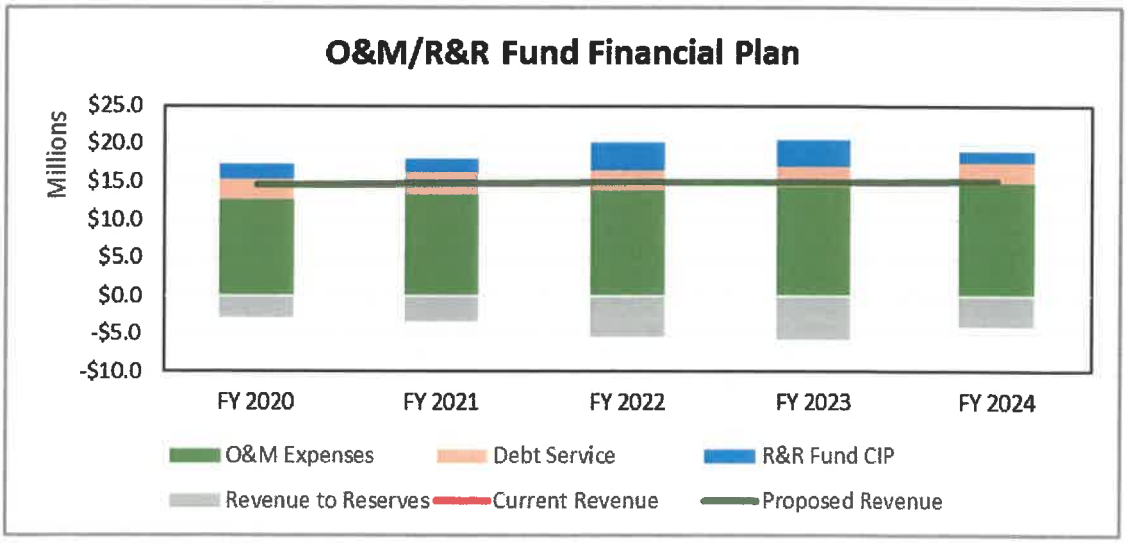


Figure 4-4: Status Quo Total Fund Balance

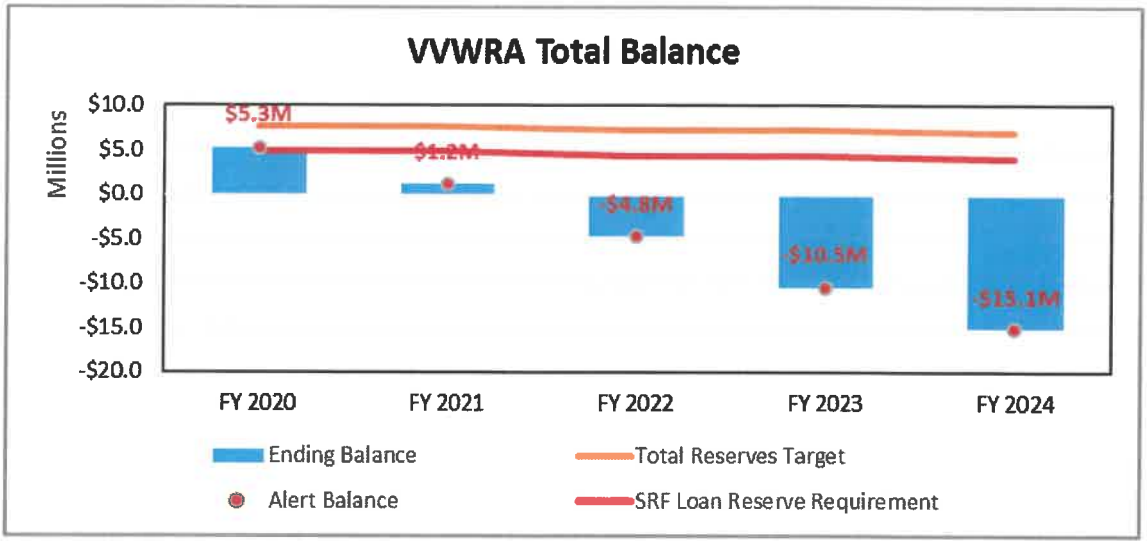
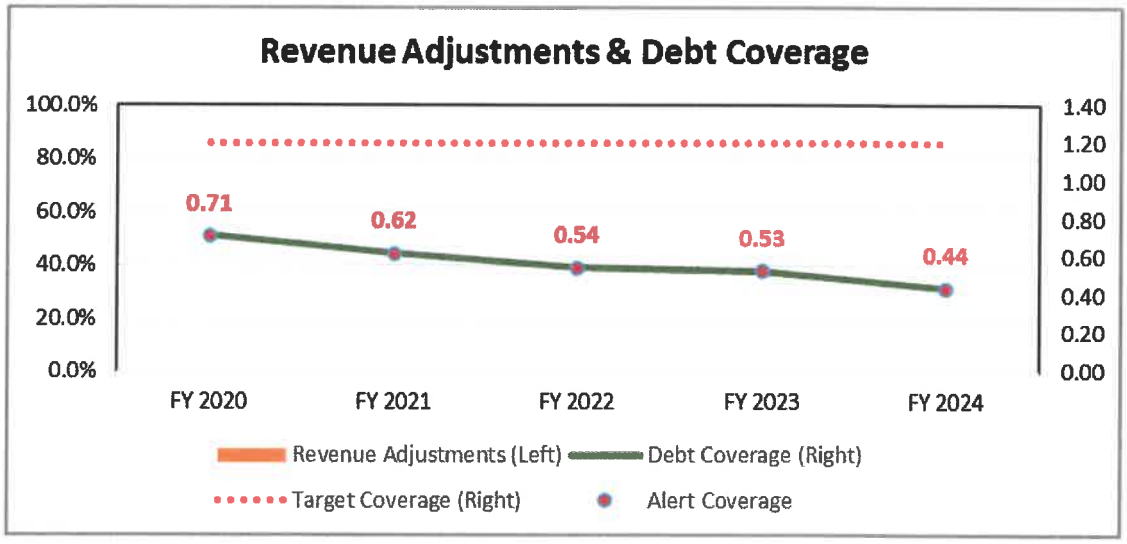


Figure 4-5: Status Quo Debt Coverage



4.4.2. SCENARIO 1 FINANCIAL PLAN (APPROVED BY BOARD)

The Scenario 1 financial plan projects the Authority's ability to meet its expenses under the Board-approved revenue adjustment schedule, shown below in Table 4-9. This schedule will increase the current User Charge of $3503/MG by 8-percent annually for the Study period, resulting in a cumulative increase of 46.9-percent. In this section, we calculate revenue under the resulting Scenario 1 User Charges and examine how well it meets the Authority's revenue requirement. Note, this Board-approved scenario does not meet required debt coverage in all years within the Study period. Therefore, under our fiduciary responsibility as a municipal advisor, Raftelis cannot recommend proceeding with this scenario.

Table 4-9: Scenario 1 FY 2020-2024 Revenue Adjustment Schedule

Description	Connection Fees	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Cumulative Increase
Date Effective		Oct. 2019	July 2020	July 2021	July 2022	July 2023	
Scenario 1 Percent Increases (Approved)	Proposed	8%	8%	8%	8%	8%	**46.9%**
Scenario 1 User Charges (Approved)		$3,784	$4,087	$4,414	$4,768	$5,150	

4.4.2.1. Projected Revenues Under Scenario 1 Charges

Revenues from the Scenario 1 User Charges are calculated by first escalating the current User Charge by the schedule in Table 4-9. The resulting charge for each year is then multiplied by the projected billed wastewater flows (Line 4 of Table 3-2) to arrive at the total User Charge Revenues under the approved Scenario 1 User Charges. Note that the FY 2020 increase will not be implemented until October 2019.

Table 4-10: FY 2020-2024 Projected Revenues from Approved Scenario 1 User Charge

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Scenario 1 User Charge	$3,503	$3,784	$4,087	$4,414	$4,768	$5,150
Total Billed Wastewater Flows (MG)		3,900	3,931	3,963	3,994	4,026
Total Scenario 1 User Charge Revenue		**$14,481,402**	**$16,062,487**	**$17,486,266**	**$19,036,248**	**$20,723,621**

Under this scenario, the Authority also expects that 500 additional units (as in the Status Quo Scenario) will be added each year between the four member agencies. Scenario 1 incorporates the proposed Connection Fees, detailed in Section 5. As noted in the previous section, Connection Fee revenues are allocated entirely to Capital Fund costs to pay for construction related to new development. The fee will continue to be a uniform fee per added EDU with only an initial increase in FY 2020 and no further adjustments over the Study period. Table 4-11 shows the projected revenues from the proposed Connection Fees. The Authority expects to incorporate the new Connection Fees in October 2019. Therefore, FY 2020 shows less total revenue from the Connection Fees as it will continue to use the current Connection Fee for the first three months of the fiscal year.

Table 4-11: FY 2020-2024 Projected Revenues from Proposed Connection Fees

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Connection Fee	$4,000	$4,679	$4,679	$4,679	$4,679	$4,679
Additional EDUs per Year		500	500	500	500	500
Total Connection Fee Revenue		**$2,254,625**	**$2,339,500**	**$2,339,500**	**$2,339,500**	**$2,339,500**

Table 4-12 shows the projected total revenues for the Study period under Scenario 1. This combines the revenue calculated in Table 4-10 and Table 4-11 with the Other Operating Revenues and Interest originally projected in Table 4-7.

Table 4-12: Scenario 1 FY 2020-2024 Projected Total Revenues

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
User Charge Revenues	$14,481,402	$16,062,487	$17,486,266	$19,036,248	$20,723,621
Connection Fee Revenues	$2,254,625	$2,339,500	$2,339,500	$2,339,500	$2,339,500
Other Operating Revenues	$1,066,200	$1,063,700	$1,063,700	$1,063,700	$1,063,700
Interest	$50,000	$79,517	$76,068	$76,474	$76,145
Total	$17,852,227	$19,545,204	$20,965,534	$22,515,922	$24,202,966

4.4.2.2. Resulting Scenario 1 Financial Plan

Table 4-13 displays the pro forma of the Authority's combined funds (O&M Fund, R&R Fund, and Capital Fund) under Scenario 1 approved User Charges and Connection Fees over the Study period. The pro forma examines how well the projected revenues in Table 4-12 meet the O&M expenses defined in Table 4-1, debt service obligations in Table 4-2, and the CIP detailed in Table 4-3. Line 16 shows the net cash flow resulting from subtracting these expenses (Line 14) from the projected revenues under Scenario 1 charges (Line 6). The net cash flow improves somewhat under Scenario 1, but still significantly underfunds the Authority's financial obligations until FY 2024, where it begins to show a positive net cash flow. Figure 4-6 illustrates the impact of Scenario 1 on the O&M and R&R Funds. Under this scenario, the Authority begins to meet its debt coverage obligation in FY 2022 (also shown in Table 4-13, Line 23) due to the revenue adjustments combined with the remaining balance in the combined reserves. However, the Authority must make up the entire shortfall (Line 16) in FY 2020 and FY 2021 through reserve funding. As noted before, since the Authority is unable to meet its required debt coverage ratio under this scenario in FY 2020 and FY 2021 (Table 4-13, Line 23 and Figure 4-8),Raftelis cannot recommend that the Authority implement this scenario.

Since this scenario still results in insufficient revenues for FY 2020 through FY 2023, the Authority must supplement revenues with reserve funds, shown in Table 4-13 by subtracting the net cash flow (Line 16) from the beginning cash balance (Line 20). While this scenario avoids fully depleting reserves, it still reduces combined reserves to insufficient levels for its combined reserve target. It also does not meet the Authority's SRF loan reserve requirement (Figure 4-4) in FY 2022 and FY 2023.

Table 4-13: Scenario 1 Financial Plan

Line No.	Description	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
1	**Source of Funds**					
2	User Charge Revenues	$14,481,402	$16,062,487	$17,486,266	$19,036,248	$20,723,621
3	Connection Fee Revenues	$2,254,625	$2,339,500	$2,339,500	$2,339,500	$2,339,500
4	Other Operating Revenues	$1,066,200	$1,063,700	$1,063,700	$1,063,700	$1,063,700
5	Interest	$50,000	$79,517	$76,068	$76,474	$76,145
6	**Total - Source of Funds**	**$17,852,227**	**$19,545,204**	**$20,965,534**	**$22,515,922**	**$24,202,966**
7						
8	**Use of Funds**					
9	Operating Expenses	$13,106,467	$13,877,222	$14,354,605	$14,839,707	$15,341,837
10	R&R Fund CIP	$2,028,000	$1,898,758	$3,709,340	$3,586,249	$1,502,217
11	Capital Fund CIP	$600,000	$337,683	$59,537	$107,977	$754,980
12	Existing Debt Service	$5,147,861	$4,882,810	$4,882,810	$4,302,940	$4,302,940
13	Proposed Debt Service	$0	$0	$0	$0	$0
14	**Total - Use of Funds**	**$20,882,328**	**$20,996,473**	**$23,006,291**	**$22,836,872**	**$21,901,974**
15						
16	**Net Cash Flow**	**($3,030,101)**	**($1,451,269)**	**($2,040,757)**	**($320,950)**	**$2,300,992**
17						
18	Beginning Cash Balance	$9,427,089	$6,396,988	$4,945,719	$2,904,962	$2,584,012
19						
20	**Ending Cash Balance**	**$6,396,988**	**$4,945,719**	**$2,904,962**	**$2,584,012**	**$4,885,005**
21	Total Reserves Target	$7,703,034	$7,716,936	$7,173,072	$7,196,147	$6,961,462
22						
23	Debt Coverage	92%	116%	135%	178%	206%
24	Target Coverage	120%	120%	120%	120%	120%

Figure 4-6: Scenario 1 O&M/R&R Fund Financial Plan

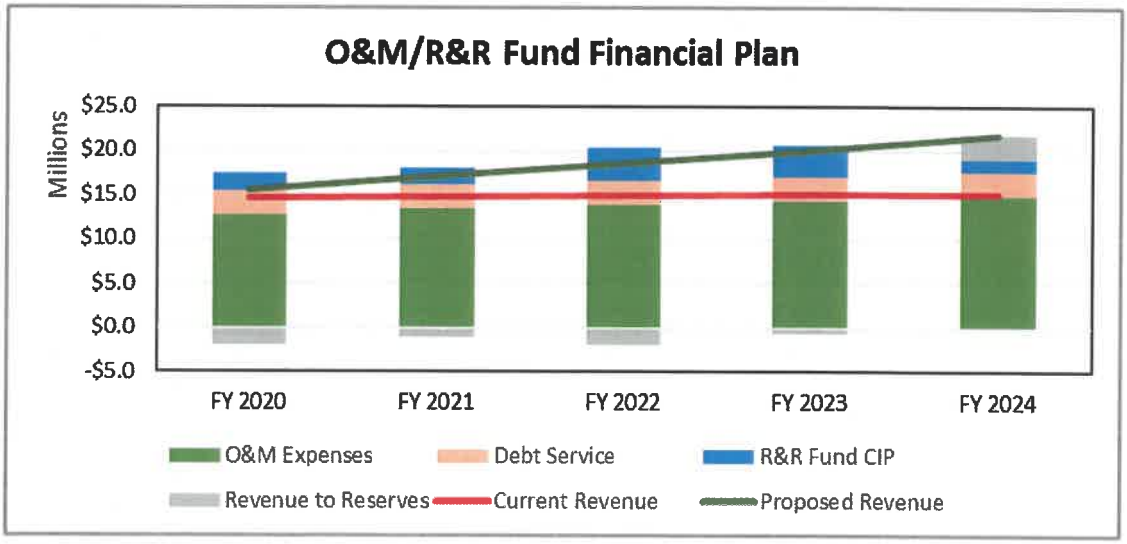


Figure 4-7: Scenario 1 Total Fund Balance

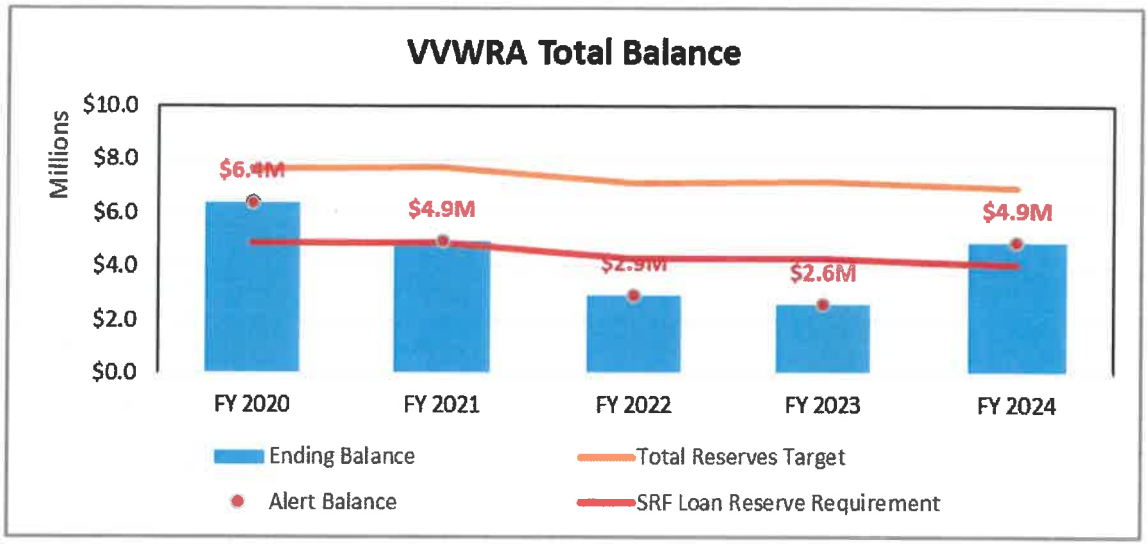
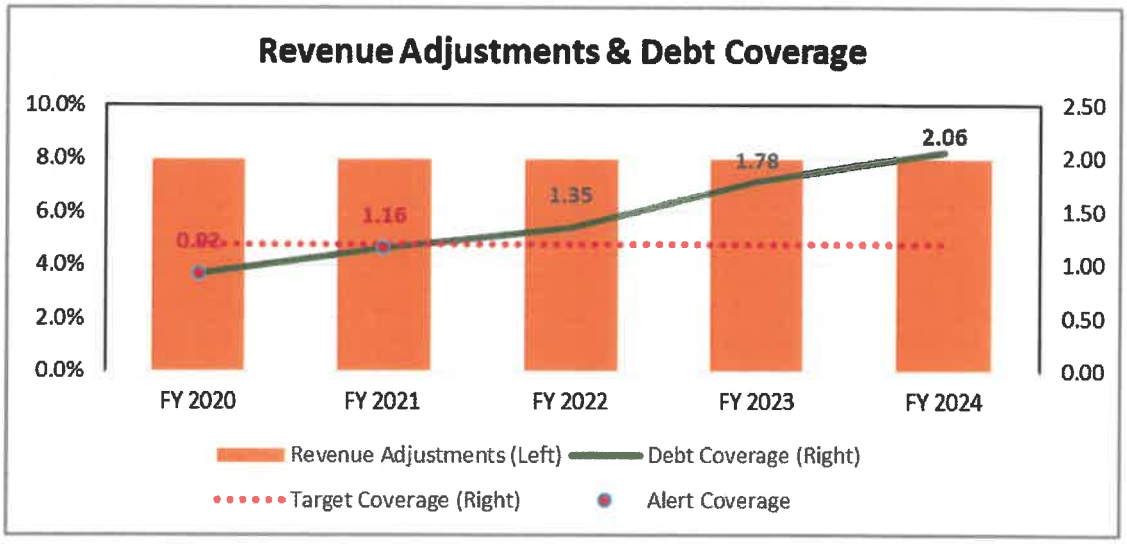


Figure 4-8: Scenario 1 Debt Coverage



4.4.3. SCENARIO 2 FINANCIAL PLAN (RAFTELIS RECOMMENDED)

Raftelis recommends the Scenario 2 Financial Plan, which projects the Authority funding its expenses while also meeting its debt coverage and reserve requirements for the entire Study period. The Scenario 2 revenue adjustments are shown below in Table 4-14. This scenario also incorporates the proposed Connection Fees effective October 2019. This schedule will increase the current User Charge of $3,503/MG by 25-percent in October 2019 so that the Authority can begin meeting its debt coverage and reserve obligations. Raftelis then recommends an annual adjustment of 2.5-percent for the remaining years in the Study period, resulting in a cumulative increase of 38.0% for the 5-year Study period. In this section, we calculate revenue under the Scenario 2 User Charges resulting from this rate adjustment schedule and discuss how it meets the Authority's expenses in addition to its debt coverage and SRF reserve requirements.

Table 4-14: Scenario 2 FY 2020-2024 Revenue Adjustment Schedule

Description	Connection Fees	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Cumulative Increase
Date Effective		Oct. 2019	July 2020	July 2021	July 2022	July 2023	
Scenario 2 (Raftelis-Recommended)	Proposed	25%	2.5%	2.5%	2.5%	2.5%	38.0%
Scenario 2 User Charges		$4,379	$4,489	$4,602	$4,718	$4,836	

4.4.3.1. Projected Revenues Under Scenario 2 Rates

As in the previous two scenarios, revenues from the Scenario 2 User Charge are calculated by first escalating the current User Charge by the schedule in Table 4-14. The resulting charge for each year is then multiplied by the projected billed wastewater flows (Line 4 of Table 3-2) to arrive at the total User Charge Revenues under the recommended Scenario 2 User Charges. Note that the FY 2020 increase will not be implemented until October 2019, thus the current rate is applied to the first three months' usage of the fiscal year.

Table 4-15: FY 2020-2024 Projected Revenues from Raftelis-Recommended Scenario 2 User Charge

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Scenario 2 User Charge	$3,503	$4,379	$4,489	$4,602	$4,718	$4,836
Total Billed Wastewater Flows (MG)		3,900	3,931	3,963	3,994	4,026
Total Scenario 2 User Charge Revenue		**$16,223,269**	**$17,644,086**	**$18,229,869**	**$18,835,101**	**$19,460,426**

Under this scenario, the Authority also expects that 500 additional units (as in the Status Quo Scenario) will be added each year between the four member agencies. Like Scenario 1, Scenario 2 incorporates the proposed Connection Fees, detailed in Section 5. Again, Connection Fee revenues are allocated entirely to Capital Fund costs to pay for construction related to new development. The fee will continue to be a uniform fee per added EDU with only an initial increase in FY 2020 and no further adjustments over the Study period. Table 4-16 repeats the projected revenues from the proposed Connection Fees first calculated in Table 4-11. Note again that FY 2020 shows less total revenue from the Connection Fees as it will continue to use the current Connection Fee for the first three months of the fiscal year.

Table 4-16: FY 2020-2024 Projected Revenues from Proposed Connection Fees

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Connection Fee	$4,000	$4,679	$4,679	$4,679	$4,679	$4,679
Additional EDUs per Year		500	500	500	500	500
Total User Charge Revenue		**$2,254,625**	**$2,339,500**	**$2,339,500**	**$2,339,500**	**$2,339,500**

Table 4-17 shows the projected total revenues for the Study period under Scenario 2. This combines the revenue calculated in Table 4-15 and Table 4-16 with the Other Operating Revenues originally projected in Table 4-7 and updated Interest revenue. Note that the Interest Revenue increases because the O&M/R&R Fund sees a positive

fund balance, which then gets added to the Interest earned through the CIP Fund's positive balance (note that this is the total Interest Revenue shown both in Table 4-7 and Table 4-12).

Table 4-17: Scenario 2 FY 2020-2024 Projected Total Revenues

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
User Charge Revenues	$16,223,269	$17,644,086	$18,229,869	$18,835,101	$19,460,426
Connection Fee Revenues	$2,254,625	$2,339,500	$2,339,500	$2,339,500	$2,339,500
Other Operating Revenues	$1,066,200	$1,063,700	$1,063,700	$1,063,700	$1,063,700
Interest	$50,000	$81,643	$76,068	$76,474	$76,145
Total	**$19,594,094**	**$21,128,928**	**$21,709,137**	**$22,314,775**	**$22,939,771**

4.4.3.2. Resulting Scenario 2 Financial Plan

Table 4-18 displays the pro forma of the Authority's combined funds (O&M Fund, R&R Fund, and Capital Fund) under Scenario 2 Raftelis-recommended User Charges and proposed Connection Fees over the Study period. The pro forma examines how well the projected revenues in Table 4-17 meet the O&M expenses defined in Table 4-1, debt service obligations in Table 4-2, and the CIP detailed in Table 4-3. Line 16 shows the net cash flow resulting from subtracting these expenses (Line 14) from the projected revenues under Scenario 2 charges (Line 6). The net cash flow, while only positive in FY 2021 and FY 2024 (Line 16), results in a significantly lower burden on reserves during the Study period. Note that, in order to result in a consistently positive cash flow, the Authority would have to implement higher rate adjustments than proposed in either Scenario 1 or Scenario 2. Figure 4-9 illustrates the impact of Scenario 1 on the O&M Fund and R&R Fund combined. In Scenario 2, the Authority's reserves are high enough for the entirety of the Study period to exceed the SRF Loan Reserve Requirement and meet the Authority's target reserves for all years except FY 2022 and FY 2023 (Figure 4-10). Importantly, this scenario also enables the Authority to meet its debt coverage requirements in all years of the Study period (Figure 4-11 and Table 4-18, Line 23).

Table 4-18: Scenario 2 Financial Plan

Line No.	Description	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
1	**Source of Funds**					
2	User Charge Revenues	$16,223,269	$17,644,086	$18,229,869	$18,835,101	$19,460,426
3	Connection Fee Revenues	$2,254,625	$2,339,500	$2,339,500	$2,339,500	$2,339,500
4	Other Operating Revenues	$1,066,200	$1,063,700	$1,063,700	$1,063,700	$1,063,700
5	Interest	$50,000	$81,643	$76,068	$76,474	$76,145
6	**Total - Source of Funds**	**$19,594,094**	**$21,128,928**	**$21,709,137**	**$22,314,775**	**$22,939,771**
7						
8	**Use of Funds**					
9	Operating Expenses	$13,106,467	$13,877,222	$14,354,605	$14,839,707	$15,341,837
10	R&R Fund CIP	$2,028,000	$1,898,758	$3,709,340	$3,586,249	$1,502,217
11	Capital Fund CIP	$600,000	$337,683	$59,537	$107,977	$754,980
12	Existing Debt Service	$5,147,861	$4,882,810	$4,882,810	$4,302,940	$4,302,940
13	Proposed Debt Service	$0	$0	$0	$0	$0
14	**Total - Use of Funds**	**$20,882,328**	**$20,996,473**	**$23,006,291**	**$22,836,872**	**$21,901,974**
15						
16	**Net Cash Flow**	**($1,288,234)**	**$132,455**	**($1,297,154)**	**($522,097)**	**$1,037,797**
17						
18	Beginning Cash Balance	$9,427,089	$8,138,855	$8,271,310	$6,974,156	$6,452,059
19						
20	**Ending Cash Balance**	**$8,138,855**	**$8,271,310**	**$6,974,156**	**$6,452,059**	**$7,489,856**
21	Total Reserves Target	$7,703,034	$7,716,936	$7,173,072	$7,196,147	$6,961,462
22						
23	Debt Coverage	126%	149%	151%	174%	177%
24	Target Coverage	120%	120%	120%	120%	120%

Figure 4-9: Scenario 2 O&M/R&R Fund Financial Plan

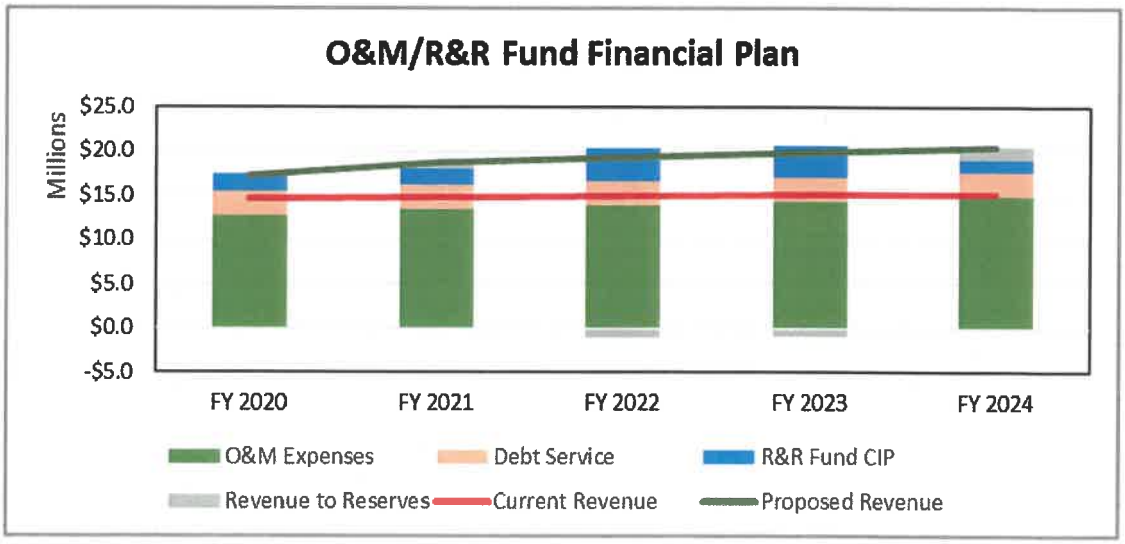


Figure 4-10: Scenario 2 Total Fund Balance

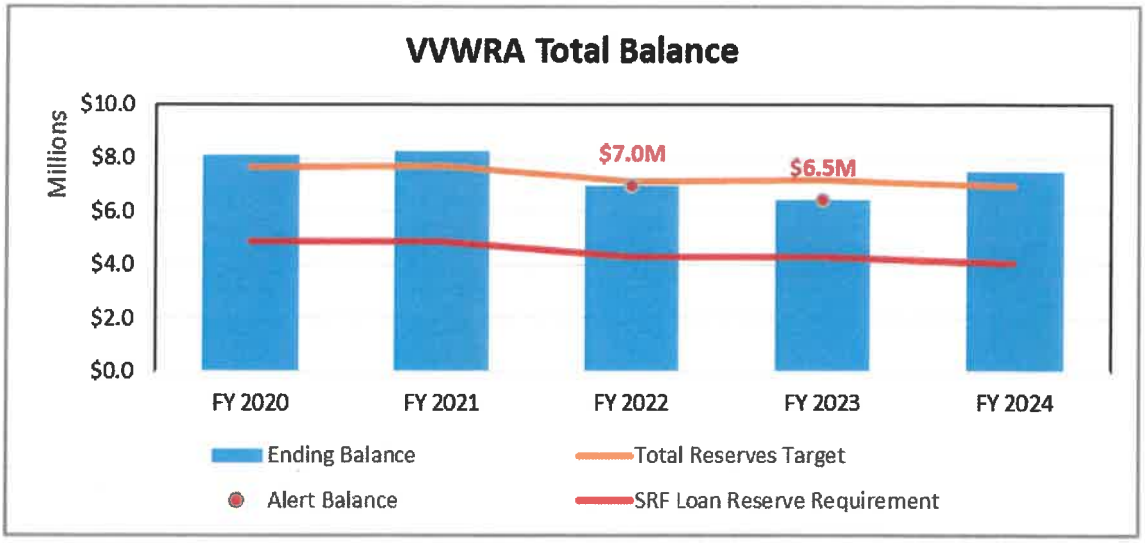
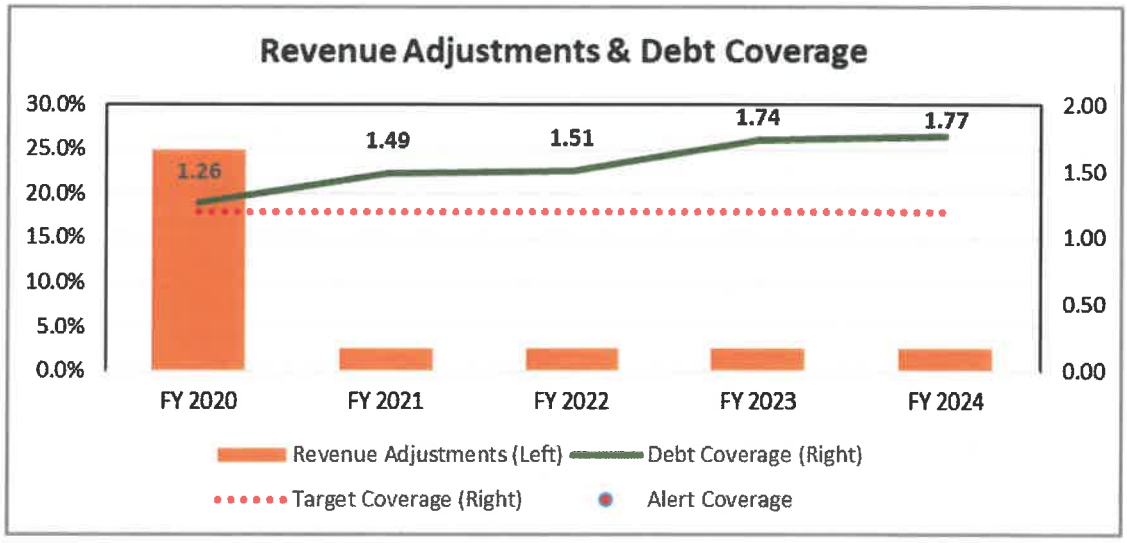


Figure 4-11: Scenario 2 Debt Coverage



4.5. Proposed User Charges

Table 4-19 shows the proposed User Charge rates under Scenario 1 and Scenario 2 over the five-year Study period. The User Charge rates shown below were previously derived in Table 4-9 for Scenario 1 and Table 4-14 for Scenario 2.

Table 4-19: Proposed User Charges (per MG)

Description	Current FY 2019	Proposed FY 2020	Proposed FY 2021	Proposed FY 2022	Proposed FY 2023	Proposed FY 2024
Date Effective		Oct. 2019	July 2020	July 2021	July 2022	July 2023
Scenario 1 (Approved)	$3,503	$3,784	$4,087	$4,414	$4,768	$5,150
Scenario 2 (Raftelis Recommended)	$3,503	$4,379	$4,489	$4,602	$4,718	$4,836

5. Connection Fee Update

5.1. Economic and Legal Framework

For publicly owned wastewater systems, most of the assets are typically paid for by the contributions of existing customers through rates, charges, and taxes. In service areas that incorporate new customers, the infrastructure developed by previous customers is generally extended toward the service of new customers. Existing customers' investment in the existing system capacity allows newly connecting customers to take advantage of unused surplus capacity. To further economic equality among new and existing customers, in turn, new connectors will typically buy into the existing and pre-funded facilities based on the percentage of remaining available system capacity, effectively putting them on par with existing customers. In other words, the new users are buying into the existing system through a payment for the portion of facilities that has already been constructed in advance of new development. In addition, new customers will be responsible for funding new assets that will need to be built to expand the system to meet the increased demand.

5.1.1. ECONOMIC FRAMEWORK

The basic economic philosophy behind connection fees (also known as capacity fees) is that the costs of providing wastewater service should be paid for by those that receive utility from the product. In order to effect fair distribution of the value of the system, the fee should reflect a reasonable estimate of the cost of providing capacity to new users, and not unduly burden existing users. Accordingly, many utilities make this philosophy one of their primary guiding principles when developing their connection fee structure.

The philosophy that service should be paid for by those that receive utility from the product is often referred to as "growth-should-pay-for-growth." The principal is summarized in the American Water Works Association (AWWA) Manual M26, Water Rates and Related Charges:

> *The purpose of designing customer-contributed-[connection fees] is to prevent or reduce the inequity to existing customers that results when these customers must pay the increase in water rates that are needed to pay for added plant costs for new customers. Contributed capital reduces the need for new outside sources of capital, which ordinarily has been serviced from the revenue stream. Under a system of contributed capital, many water utilities are able to finance required facilities by use of a 'growth-pays-for-growth' policy.*

5.1.2. LEGAL FRAMEWORK

The Authority reserves broad authority over the pricing of wastewater connection fees. The most salient limitation on this authority is the requirement that recovery costs on new development bear a reasonable relationship to the needs and benefits brought about by the development. Courts have long used a standard of reasonableness to evaluate the legality of connection fees. The basic statutory standards governing wastewater connection fees are embodied by Government Code Sections 66013, 66016, 66022 and 66023. Government Code Section 66013, in particular, contains requirements specific to pricing wastewater connection fees:

> *"Capacity charge" means a charge for public facilities in existence at the time a charge is imposed or charges for new public facilities to be acquired or constructed in the future that are of proportional benefit to the person or property being charged, including supply or capacity contracts for rights or entitlements, real property interests, and entitlements and other rights of the local agency involving capital expense relating to its use of existing or new public facilities. A "capacity charge" does not include a commodity charge.*

Section 66013 also requires that:

- Local agencies must follow a process set forth in the law, making certain determinations regarding the purpose and use of the fee; they must establish a nexus or relationship between a development project and the public improvement being financed with the fee.

5.1.3. METHODOLOGIES

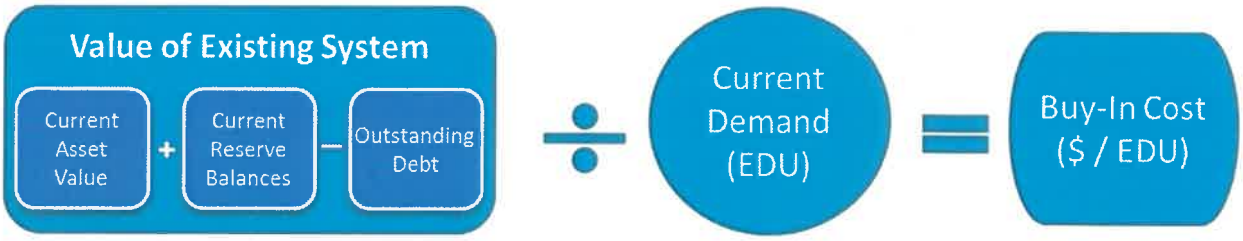
There are two primary steps in calculating connection fees: (1) determining the cost of capital related to new service connections, and (2) allocating those costs equitably to each connection. There are several available methodologies for calculating connection fees. The various approaches have evolved largely around the basis of changing public policy, legal requirements, and the unique and special circumstances of every local agency. However, there are four general approaches that are widely accepted and appropriate for wastewater connection fees. They are the "system buy-in", "capacity buy-in", "incremental-cost" and "hybrid" method.

5.1.3.1. System Buy-in Approach

The system buy-in approach rests on the premise that new customers are entitled to service at the same price as existing customers. However, existing customers have already developed the facilities that will serve new customers. Under this approach, new customers pay only an amount equal to the current system value, either using the original cost or replacement cost as the valuation basis and either netting the value of depreciation or not. This net investment, or value of the system, is then divided by the current demand of the system – number of customers (or equivalent units) – to determine the buy-in cost per EDU.

For example, if the existing system has 100 units of average usage and the new connector uses an equivalent unit, then the new customer would pay 1/100 of the total value of the existing system. By contributing this Connection Fee, the new connector has bought into the existing system. The user has effectively acquired a financial position on par with existing customers and will face future capital challenges on equal financial footing with those customers. This approach is suited for agencies that have capacity in their system and are essentially close to build-out. Figure 5-1 shows the framework for calculating the equity buy-in capacity fee.

Figure 5-1: Formula for Equity Buy-In Approach



5.1.3.1.1. Asset Valuation Approaches

As stated earlier, the first step is to determine the asset value of the capital improvements required to provide services to new users. However, under the system buy-in approach, the facilities have already been constructed, therefore the goal is to determine the value of the existing system/facilities. To estimate the asset value of the existing facilities required to furnish services to new users, various methods are employed. The principal methods commonly used to value a utility's existing assets are original cost and replacement cost.

1. **Original Cost (OC):** The principal advantages of the original cost method lie in its relative simplicity and stability, since the recorded costs of tangible property are held constant. The major criticism levied against original cost valuation pertains to the disregard of changes in the value of money, which are attributable to inflation and other factors. As evidenced by history, prices tend to increase rather than to remain constant. Because the value of money varies inversely with changes in price, monetary values in

most recent years have exhibited a definite decline; a fact not recognized by the original cost approach. This situation causes further problems when it is realized that most utility systems are developed over time on a piecemeal basis as demanded by service area growth. Consequently, each property addition was paid for with dollars of different purchasing power. When these outlays are added together to obtain a plant value the result can be misleading.

2. **Replacement Cost (RC):** Changes in the value of the dollar over time, at least as considered by the impacts of inflation, can be recognized by replacement cost asset valuation. The replacement cost represents the cost of duplicating the existing utility facilities (or duplicating its function) at current prices. Unlike the original cost approach, the replacement cost method recognizes price level changes that may have occurred since plant construction. The most accurate replacement cost valuation would involve a physical inventory and appraisal of plant components in terms of their replacement costs at the time of valuation. However, with original cost records available, a reasonable approximation of replacement cost plant value can most easily be ascertained by trending historical original costs. This approach employs the use of cost indices to express actual capital costs experienced by the utility in terms of current dollars. An obvious advantage of the replacement cost approach is that it gives consideration to changes in the value of money over time.

3. **Original Cost Less Depreciation (OCLD) or Replacement Cost Less Depreciation (RCLD):** Considerations of the current value of utility facilities may also be materially affected by the effects of age and depreciation. Depreciation takes into account the anticipated losses in plant value caused by wear and tear, decay, inadequacy, and obsolescence. To provide appropriate recognition of the effects of depreciation on existing utility facilities, both the original cost and replacement cost valuation measures can also be expressed on an OCLD and RCLD basis. These measures are identical to the aforementioned valuation methods, with the exception that accumulated depreciation is computed for each asset account based upon its age or condition, and deducted from the respective total original cost or replacement cost to determine the OCLD or RCLD measures of plant value.

5.1.3.2. Capacity Buy-In Approach

The capacity buy-in approach is based on the same premise as that for the system buy-in approach – that new customers are entitled to service at the same rates as existing customers. The difference between the two approaches is that for the capacity buy-in approach, for each major asset, the value is divided by its capacity. This approach presents a major challenge as determining the capacity of each major asset may be problematic or not available. The system is designed for peak use and customer behavior fluctuates based on economic and weather conditions. Figure 5-2 shows the framework for calculating a fee based on the Capacity Buy-In Approach.

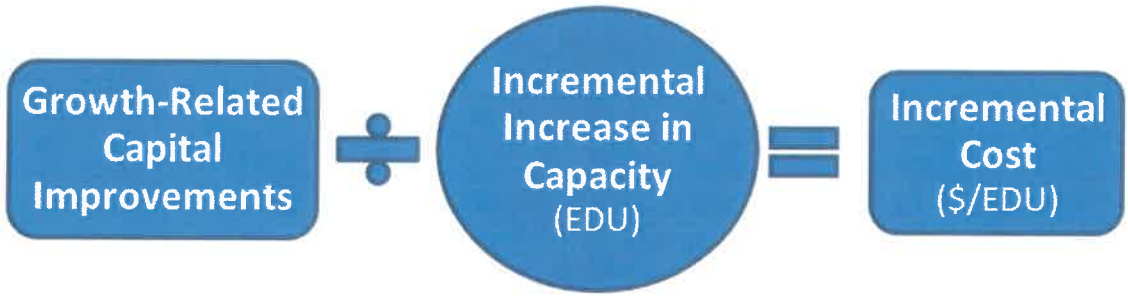
Figure 5-2: Formula for Capacity Buy-In Approach

5.1.3.3. Incremental Cost Approach

The incremental method is based on the premise that new development (new users) should pay for the additional capacity and expansions necessary to serve the new development. This method is typically used where there is little or no capacity available to accommodate growth and expansion is needed to service the new development. Under the incremental method, growth-related capital improvements are allocated to new development based on their estimated usage or capacity requirements, irrespective of the value of past investments made by existing customers.

For instance, if it costs X dollars ($X) to provide 100 additional equivalent units of capacity for average usage and a new connector uses one of those equivalent units, then the new user would pay $X/100 to connect to the system. In other words, new customers pay the incremental cost of capacity. As with the buy-in approach, new connectors will effectively acquire a financial position that is on par with existing customers. Use of this method is generally considered to be most appropriate when a significant portion of the capacity required to serve new customers must be provided by the construction of new facilities. Figure 5-3 shows the framework for calculating the incremental cost capacity fee.

Figure 5-3: Formula for the Incremental Cost Approach



5.1.3.4. Hybrid Approach

The hybrid approach is typically used where some capacity is available to serve new growth but additional expansion is still necessary to accommodate new development. Under the hybrid approach the Connection Fee is based on the summation of the existing capacity and any necessary expansions.

In utilizing this methodology, it is important that system capacity costs are not double-counted when combining costs of the existing system with future costs from the Capital Improvement Program (CIP). CIP costs associated with repair and replacement of the existing system should not be included in the calculation, unless specific existing facilities which will be replaced through the CIP can be isolated and removed from the existing asset inventory and cost basis. In this case, the rehabilitative costs of the CIP essentially replace the cost of the relevant existing assets in the existing cost basis. Capital improvements that expand system capacity to serve future customers may be included in proportion to the percentage of the cost specifically required for expansion of the system. Figure 5-4 summarizes the framework for calculating the hybrid Connection Fee.

Figure 5-4: Formula for the Hybrid Approach

5.2. Current Connection Fee

The Authority has not updated its Connection Fees since 2014. Therefore, they are no longer reflective of new development's share of the facilities. The Authority utilizes a uniform per EDU Connection Fee that is based on expected demand of one single family residential customer (the equivalent dwelling unit). This translates other customer types to an equivalent number of single-family residential customers. The assumed gallons per day of wastewater flow contributed by one EDU is 200 gallons.

Table 5-1: Current Connection Fee

Description	Connection Fee
1 EDU	$4,000

5.3. Proposed Connection Fee

The Authority's wastewater system has capacity within the existing system to serve future growth; however, there are also specific growth-related capital projects necessary accommodate new equivalent dwelling units. Therefore, we utilized the hybrid approach.

5.3.1. BUY-IN COMPONENT

The first step in determining the buy-in component of the hybrid connection fee is to determine the value of the existing system. As mentioned above, there are several methods of determining the current value of assets, but, for the purposes of this Study, Replacement Cost was used to account for today's replacement cost for system improvements. This also reflects the approach utilized in the last Connection Fee Study in 2014.

To accomplish this, the Authority provided fixed asset records on the original cost of the system. Replacement cost was then estimated by adjusting original costs to reflect what might be expected if a similar facility were constructed today. This is achieved by escalating the original construction costs by a construction cost index. Engineering News-Record's average Construction Cost Index for 20-cities (ENR CCI) is commonly used for this purpose. It reflects the average costs of a particular basket of construction goods over time. Raftelis used the list year 2018 with an index of 10,985 to inflate the replacement cost of each asset, except land, which was inflated by 2.0-percent.

Table 5-2: System Asset Valuation

Functional Category	Original Cost	Replacement Cost
Land	$779,136	$1,383,704
Pipelines	$67,544,011	$103,654,409
Buildings	$146,214,124	$162,095,292
Buildings and Equipment	$56,279,649	$124,331,898
Plant Equipment	$15,669,080	$19,191,513
Office Equipment	$547,438	$993,462
Vehicles	$841,568	$1,204,719
Land Improvements	$9,738,125	$12,300,188
Computer Software	$228,174	$253,773
Total	**$297,841,305**	**$425,408,957**

The total system replacement cost represents the estimated cost of replacing the entire system in 2018 dollars. Next, new users will pay their share of any outstanding debt through wastewater rates after joining the system. Therefore, the value of the system in Figure 5-2 should be reduced by the amount of the outstanding principal so that new users are not double-charged for this debt. Table 5-3 shows the resulting net value of the existing system in Line 3 (Line 1 – Line 2). This net value is then divided by the estimated total system capacity of 19.00 MGD, shown in Line Four. This results in the buy-in component per MGD shown in Line Five.

Table 5-3: Buy-In Component ($/MGD) Calculation

Line No.	Description	Value
1	Total Asset Value (Replacement Cost)	$425,408,957
2	Less Total Outstanding Debt Principal	$91,273,216
3	**Value of Existing System**	**$334,135,741**
4	Total System Capacity (MGD)	19.00
5	**Buy-in Component ($/MGD)**	**$17,586,092**

5.3.2. INCREMENTAL COMPONENT

The incremental component is intended to address the additional capacity and expansions necessary to serve the new development. Table 5-4 indicates the total debt service (principal and interest) allocated to the Capital Fund for the exclusively growth-related portion of capital projects that serve both current and projected expansion customers. In addition, this component includes the exclusively growth-related clarifier upgrades (Line 2). These result in the total capital costs allocated to growth listed in Line 3. This total cost is then divided by the incremental available system capacity of 7.66 million gallons per day (Line 4) to arrive at the Incremental Component (Line 5) of the Connection Fee.

Table 5-4: Incremental Component ($/MGD) Calculation

Line No.	Description	Value
1	Growth-Related Debt Service	$39,975,456
2	Additional Growth-Related CIP (Clarifier Upgrades)	$4,500,000
3	**Capital Costs Allocated to Growth**	**$44,475,456**
4	Incremental System Capacity (MGD)	7.66
5	**Incremental Component ($/MGD)**	**$5,806,195**

5.3.3. PROPOSED TOTAL CONNECTION FEE

To arrive at the total proposed connection fee, we combine the Buy-in and Incremental Components per MGD derived in Table 5-3 and Table 5-4. This is then converted from $/MGD to $/EDU using the assumed 200 GPD for each EDU, resulting in the Proposed Connection Fee in Line 5. The Proposed Connection Fee will remain constant with no adjustments for the entire Study period.

Table 5-5: Proposed FY 2020-2024 per EDU Connection Fee

Line No.	Description	Value
1	Buy-In Component ($/MGD)	$17,586,092
2	Incremental Component ($/MGD)	$5,806,195
3	**Proposed Connection Fee ($/MGD)**	**$23,392,287**
4	Assumed GPD per EDU	200
5	**Proposed Connection Fee ($/EDU)**	**$4,679**

Table 5-6 provides an impact analysis of the proposed Connection Fee over the current Connection fee. The updated fee results in an increase of $679 per EDU.

Table 5-6: Proposed Connection Fee Impact

Description	Impact
Proposed Connection Fee ($/EDU)	$4,679
Current Connection Fee ($/EDU)	$4,000
Difference ($)	$679
Difference (%)	17.0%

Victor Valley Wastewater Reclamation Authority

Financial and Cash Report

September 2019

Executive Summary of Financial Statements

For the Month Ended September 30, 2019

1. Cash balance at September 30, 2019 was $11.32 million with sufficient reserves for operation, repairs/replacement, and SRF loan principal and interest payments.

Targeted Capital Reserve:	
O&M Reserve: 10% of Prior Year Budgeted Operating Expenses	$ 1,372,099
R&R Reserve: 1% of Land Improvements/Plants/Interceptors PY CAFR	2,954,450
Reserve for SRF Payments (P& I) - Operating	2,749,736
Reserve for SRF Payments (P& I) - Capital	2,133,074
Available for O&M	2,108,183
Total Cash	$ 11,317,541

2. The September 2019 financial statements show a deficit of $436,518 after $1.06 million depreciation expense. The depreciation expense is a part of financial statements but does not affect our cash flow.

3. The current month user fee revenue is lower than a budgeted monthly average amount by $84,000, while the connection fee revenue is estimated at the monthly budget number. The revenues reflect billed amounts for the month, while the expenses are what the staff actually processed during the month. We have paid up the SRF loan for 9.5 MGD project during September, reducing the SRF loan requirement by $265,050.

Chieko Keagy, Controller

Victor Valley Wastewater Reclamation Authority
CASH AND RESERVE SUMMARY
September 30, 2019

G/L Account	Description	Balance	
1000	DCB Checking Account	$ 1,112,446	
1030	DCB Sweep Account	973,401	
1075	Cal TRUST	6,371,397	
1070	LAIF	2,860,297	$65 mil Max
	Total Cash	$ 11,317,541	

Reserves:	Current Balance	Restricted	Assigned	Not Assigned
Targeted Capital Reserve	$ -	$	$	$ -
O&M Reserve: 10% of Prior Year Budgeted Operating Expenses	1,372,099		1,372,099	
R&R Reserve: 1% of Land Improvements/Plants/Interceptors PY CAFR	2,954,450		2,954,450	
Reserve for SRF Payments (P& I) - Operating	2,749,736	2,749,736		
Reserve for SRF Payments (P& I) - Capital	2,133,074	2,133,074		
Available for O&M	2,108,183	-		
Total Cash	$ 11,317,541	$ 4,882,810	$ 4,326,548	$ -

Note 1: ACCUMULATION FOR SRF LOAN PAYMENTS:

	9.5 MGD, 11.0 MGD, NAVI, Phase III-A	Upper Narrows Replacement	Nanticoke Bypass	Sub-Regional Apple Valley	Sub-Regional Hesperia	Total
Reserve for SRF Payments (P& I) - Operating	$ 770,707	257,745	203,725	625,220	892,339	$ 2,749,736
Reserve for SRF Payments (P& I) - Capital	1,094,924	-	67,908	399,731	570,512	2,133,074
	$ 1,865,631	257,745	271,633	1,024,951	1,462,850	$ 4,882,810

Payment Schedule

Upper Narrows Replacement	December	257,745
NAVI	February	258,151
Subregional - AV	February	1,024,951
Subregional - HES	February	1,462,850
11.0 MGD	April	579,870
Phase III-A	June	1,027,610
Nanticoke	June	271,633
		$ 4,882,810

Victor Valley Wastewater Reclamation Authority
Statement of Net Position
September 30, 2019

Assets and Deferred Outflows of Resources		2019
Current assets:		
Cash and cash equivalents	$	11,534,553
Interest receivable		1,209,165
Accounts receivable		1,127,107
Receivable from FEMA Grants		3,679,746
Accounts receivable - Other		9,599
Allowance for Doubtful Accounts		(89,459)
Materials and supplies inventory		85,674
Prepaid expenses and other deposits		122,142
Total current assets		17,678,527
Fixed assets:		
Capital assets not being depreciated		3,285,285
Capital assets being depreciated		185,610,106
Total capital assets		188,895,391
Total assets		206,573,918
Deferred outflows of resources		
Deferred outflows of resources - pension		1,742,472
Total	$	**208,316,390**
Liabilities, Deferred Inflows of Resources, and Net Position		
Current liabilities:		
Accounts payable and accrued expenses	$	469,056
Accrued interest on long-term debt		275,043
Long-term liabilities - due within one year:		
Compensated absences		48,647
Loans payables		1,849,149
Other payables		6,852
Total current liabilities		2,648,747
Non-current liabilities:		
Long-term liabilities - due in more than one year:		
Compensated absences		239,372
Other post employment benefits payable		2,285,368
Loans payable		81,664,815
Net Pension Liability		5,750,574
Other payables		242,248
Total non-current liabilities:		90,182,377
Total liabilities		92,831,124
Deferred inflows of resources		
Deferred inflows of resources - pension		89,437
Net position:		
Net investment in capital assets		122,731,832
Restricted for SRF loan covenant		5,285,091
Unrestricted		(10,518,548)
Decrease in net position FY 19		(2,102,546)
Total net position		115,395,829
Total	$	**208,316,390**

Victor Valley Wastewater Reclamation Authority
Revenues and Expenses
Operations and Maintenance
For the Month Ended Septemer 30, 2019

	Actual September 2019	YTD Actual FY 19-20	Approved Budget FY 19-20
REVENUES			
User Charges	$ 1,123,012	$ 3,392,866	$ 14,480,700
Sludge Flow Charge	-	18,605	120,000
High Strength Waste Surcharges	-	158	20,000
ADM FOG Tipping Fee Revenue	22,124	68,367	250,000
Septage Receiving Facility Charges	45,927	164,325	600,000
Reclaimed Water Sales	-	1,967	25,000
Potable Well Water Sales	-	119	-
Leased Property Income	-	100	-
Interest	113	341	-
Pretreatment Fees	5,700	15,400	50,000
Finance Charge	-	-	-
Grant - FEMA/Cal-EMA	-	-	-
Grant - Proposition 1	-	-	-
Grant- Water Recycling	-	-	-
Grant- CEC Microgrid	-	-	-
Sale of Assets, Scrap, & Misc Income	421	421	1,200
Total REVENUES	$ 1,197,297	$ 3,662,669	$ 15,546,900
EXPENSES			
Personnel	$ 321,697	$ 1,218,473	$ 4,589,786
Maintenance	51,039	253,868	2,236,156
Operations	229,436	743,271	3,433,513
Administrative	70,705	441,382	1,823,605
Construction	-	8,966	-
Total EXPENSES	$ 672,877	$ 2,665,960	$ 12,083,060
Revenues over Expenses before Depreciation, Debt Service and Transfers	$ **524,420**	$ **996,709**	$ **3,463,840**
Depreciation Expense	(1,057,775)	(3,142,651)	-
FEMA CalOES Retention	$ -	$ -	$ -
DEBT SERVICE			
SRF Principal	$ -	$ -	$ 2,039,479
SRF Interest	-	-	721,656
	$ -	$ -	$ 2,761,135
FUND TRANSFERS IN			
Salary/Benefits Charge from Capital	$ -	$ -	$ -
Admin Charge from Capital	-	-	-
Total FUND TRANSFERS IN	$ -	$ -	$ -
FUND TRANSFERS OUT			
Transfer to Repairs and Replacements Fund	$ -	$ -	$ 702,705
Inter-fund loan payment to Capital	-	-	-
Total FUND TRANSFERS OUT	$ -	$ -	$ 702,705
Excess Revenues Over Expenses	$ (533,355)	$ (2,145,942)	$ -

Accrual Basis

Victor Valley Wastewater Reclamation Authority
Revenues and Expenditures
Repairs and Replacement
For the Month Ended September 30, 2019

	Actual September 2019	YTD Actual FY 19-20	Approved Budget FY 19-20
REVENUES			
R&R Revenues	$ -	$ -	$ -
Total REVENUES	$ -	$ -	$ -
OTHER FINANCING SOURCES			
Interfund Transfer	$ -	$ -	$ 1,963,621
CAPITAL EXPENSES			
Personnel	$ -	$ -	$ -
Maintenance	73,837	138,576	1,896,326
Operations	-	-	-
Administrative	-	63,743	145,000
Construction	-	22,818	625,000
Total CAPITAL EXPENSES	$ 73,837	$ 225,137	$ 2,666,326
Revenues over Expenses before Debt Service and Transfers	$ (73,837)	$ (225,137)	$ (702,705)
FUND TRANSFERS IN			
Transfer from Operations and Maintenance Fund	$ -	$ -	$ 702,705
Interfund Loan Payment from O&M	-	-	-
Total FUND TRANSFERS IN	$ -	-	$ 702,705
FUND TRANSFERS OUT			
Salary/Benefits Charge to O & M	$ -	$ -	$ -
Admin Charge to O & M	-	-	-
Total FUND TRANSFERS OUT	$ -	-	$ -
Excess Revenues Over Expenses	$ (73,837)	$ (225,137)	$ -

Accrual Basis

Victor Valley Wastewater Reclamation Authority
Revenues and Expenditures
CAPITAL
For the Month Ended September 30, 2019

	Actual September 2019	YTD Actual FY 19-20	Approved Budget FY 19-20
REVENUES			
Connection Fees	$ 191,000	$ 292,858	$ 2,254,625
Title 16 Grant - Subregional	-	-	-
Grant- Water Recycling	-	-	-
Sale of Assets, Scrap, & Misc Income	-	-	-
Interest	17,320	54,402	50,000
Propostion 1 Grant	-	-	-
Propostition 84 Grant	-	-	-
FMV Adjustment	(9,324)	3,112	-
CEC Microgrid Grant	-	-	-
Grant - FEMA/Cal-EMA	-	-	-
Total REVENUES	$ 198,996	$ 350,372	$ 2,304,625
CAPITAL EXPENSES			
Personnel	$ 21,894	$ 75,412	$ 384,912
Maintenance	-	-	-
Operations	-	-	170
Administrative	6,428	6,428	50,000
Construction	-	-	550,000
Total CAPITAL EXPENSES	$ 28,322	$ 81,840	$ 985,082
Revenues over Expenses before Debt Service and Transfers	$ 170,674	$ 268,532	$ 1,319,543
DEBT SERVICE			
SRF Principal	$ -	$ -	$ 1,981,331
SRF Interest	-	-	405,395
	$ -	$ -	$ 2,386,726
FUND TRANSFERS IN			
Capital Recovery - Septage from O&M	$ -	$ -	$ -
Interfund Loan Payment from O&M	-	-	(1,963,621)
Total FUND TRANSFERS IN	$ -	$ -	$ (1,963,621)
FUND TRANSFERS OUT			
Salary/Benefits Charge to O & M	$ -	$ -	$ -
Admin Charge to O & M	-	-	-
Total FUND TRANSFERS OUT	$ -	$ -	$ -
Excess Revenues Over Expenses	$ 170,674	$ 268,532	$ (3,030,804)

Accrual Basis

VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY

SRF LOAN SUMMARY

September 30, 2019

	Existing 9.5 MGD Capital Improvements	Existing 11 MGD Expansion	Existing North Apple Valley Interceptor	Existing Phase IIIA Regulatory Upgrades	Existing UN Replacement Project	Existing Nanticoke Pump Station Bypass	Existing Apple Valley Sub-Regional	Existing Hesperia Sub-Regional	Total Agreed SRF Loans
SRF LOAN #	**4573**	**4574**	**4658**	**5376**	**7805**	**7833**	**4806**	**4807**	
Original Amount Financed	$ 4,069,859.00	$ 11,430,726.00	$ 4,084,688.00	$ 18,581,561.00	$ 4,286,380.00	$ 4,495,212.79	$ 26,455,228.84	$ 37,758,384.81	$ 111,162,040.44
SRF Interest Rate (fixed)	2.60%	* 0.00%	2.50%	2.70%	1.90%	1.90%	1.00%	1.00%	Varies
Local Match Amount	-	1,905,159.00	-	-	-	-	-	-	1,905,159.00
Principal Forgiveness	n/a	n/a	n/a	**3,000,000.00**	n/a	n/a	n/a	n/a	3,000,000.00
SRF Amount Borrowed	4,069,859.00	9,525,567.00	4,084,688.00	15,717,667.66	4,286,380.00	4,495,212.79	26,455,228.84	37,758,384.81	106,392,988.10
Annual Payment Amount	265,049.56	579,869.96	258,151.05	1,027,609.73	257,745.38	271,632.70	1,024,950.85	1,462,850.30	5,147,859.53
Annual Payment Due Date	September 15	April 3	February 13	June 30	December 31	June 30	February 28	February 28	Varies
Loan Term (years)	20	20	20	20	20	20	30	30	Varies
Years remaining	0	3	5	13	14	18	29	29	Varies
DEBT SERVICE									
Loan Outstanding Balance	-	**1,679,292.56**	**1,421,928.33**	**11,141,254.67**	**2,990,766.22**	**4,108,359.29**	**25,691,197.89**	**36,667,491.56**	**83,700,290.52**
Principal Paid to Date	4,069,859.00	7,846,274.44	2,662,759.67	4,576,412.99	1,295,613.78	386,853.50	764,030.95	1,090,893.25	22,692,697.58
Interest Paid to Date	1,174,193.75	1,844,841.67	951,357.03	2,559,079.99	171,431.28	156,411.90	260,919.90	371,957.05	7,490,192.57
First Payment Date	Sept. 15, 2000	April 3, 2003	Feb. 13, 2005	June 30, 2013	Dec. 31, 2016	Jun 30, 2018	February 28 2019	February 28 2019	Varies
Final Payment Date	Sept. 15, 2019	April 3, 2022	Feb. 13, 2024	June 30, 2032	Dec. 31, 2032	Jun. 30, 2037	February 28, 2048	February 28, 2048	Varies
Effective interest rate	2.544%	1.850%	2.499%	2.700%	1.900%	1.900%	1.00%	1.00%	Varies

* An imputed interest rate is 1.707% per annum.

Victor Valley Wastewater Reclamation Authority
Flow Study
For the Month Ended August 31, 2019

Measured by ADS	**Percentage of Total %**	**August Monthly MG**
VSD 1 (less North Apple Valley)	5.7272%	20.6570
VSD 2	13.9708%	50.3900
VSD 3	25.2332%	91.0110
VSD 4	6.5385%	23.5830
VSD 5	0.6466%	2.3320
VSD 6	6.4423%	23.2360
VSD Total	**58.5586%**	**211.2090**
Apple Valley 03	16.5651%	59.7470
Apple Valley North	0.0480%	0.1730
Apple Total	**16.6131%**	**59.9200**
Hesperia	**19.3088%**	**69.6430**
CSA 64 SVL	4.7302%	17.0610
CSA 42 Oro Grande	0.7893%	2.8470
CSA Total	**5.5195%**	**19.9080**
Total Apportioned Flow	**100.0001%**	**360.6800**
Mojave Narrows Regional Park		0.1000
Total Study Flow		**360.7800**

Victor Valley Wastewater Reclamation Authority

Operations and Maintenance Report

September 2019

Victor Valley Wastewater Reclamation Authority
Operations and Maintenance Report
September 2019

TO: Brian Macy, Interim General Manager

FROM: Operations & Maintenance Staff

SUBJECT: OPERATIONS/MAINTENANCE REPORT

DATE: October 14, 2019

The following information details the operation of the Victor Valley Wastewater Reclamation Authority Facility. Included in this report is pertinent information regarding flows, process control information, process sampling, permit requirements, operations activities, and facility maintenance activities. This report is based on O&M activities for September 2019.

Biochemical Oxygen Demand (BOD)		10 mg/l
Effluent to Mojave	<5.00	
Percent Removal	>98.44	
		Limit
Total Suspended Solids (TSS)		10 mg/l
Effluent to Mojave	<2.1	
Percent Removal	>99.53	
		Limit
Turbidity		2.0 ntu
30 Day Average	0.37	

Major Operations Activities

Headworks

The Headworks area operated as intended throughout the months with normal equipment maintenance performed on a weekly basis.

Primary Treatment

Overall removal efficiency of the primary clarifiers was 50.65% removal of influent BOD and 71.54% removal of TSS. Typical operating parameters are 25 to 35 percent removal of BOD and 50 to 60 percent removal of TSS. The primary sludge concentration averaged 2.20 % total solids at 83,136 gallons per day.

Primary clarifiers: #1, #3, #4, #5, #6, #7 and #8 are currently online and continue to treat all incoming flow. Primaries #2 remained offline for the month. With one clarifier off line, the remaining 7 primary clarifiers are capable of treating peak flows up to 27 MGD.

The digester gas conditioning system remains online. The system will prevent premature wear and tear on engines #2 & #3 by removing siloxanes by the addition of ferric chloride. The system increases fuel pressure to the blower gas system, allowing for more output from the blower engine. Digester #4 and 5 gas is mixed and sent to the gas conditioning system. This all but eliminates the use of Natural gas to run engines #2 and #3.

Staff continues to add ADM/FOG to Daft #3 from Primaries and truck deliveries where it is the then feed it to Digesters #4 and #5. This operation is assisting in additional grease removal from the primary clarifiers and increased gas production in the anaerobic digesters.

Secondary Process

Secondary Clarifiers #1 thru #6 are currently offline, not needed at this time.

Aeration basins #1 thru 12 have been retrofitted with the new Aquarius diffusers and are currently performing very well reducing the RPM's on the Piller blower. Currently basins #1-6 and 7-12 are online.

Piller #1 is supplying air to basins #1-6, mixed liquor channel and aerated grit chamber. Piller #6 is supplying air to AB's #7-12.

Staff continues to monitor the solids under aeration and SVI to compare against the SRT Master Control Program. The SRT Master program is performing well. The secondary process has been performing well as a result of the SRT Master Control Program. Weekly Nitrogen studies performed by VVWRA staff produced results below regulatory requirements.

Secondary turbidity averaged 1.47 NTU.
The 30 minute settleometer test averaged 57.2 mL/L.
The average "pop time" of the MLSS was >90 min.

Percolation Ponds

South percolation ponds #7, #8, #10, #11, #12 and #13 were used and rotated during the month.

All Percolation Pond freeboard level requirements were met during the month. Ponds are being rotated on a daily basis. Percolation Pond #6 remains off line and drained to minimal levels. No flow seepage has been observed. The north percolation ponds were used sparingly during the month.

Tertiary Filters

Both Aqua Diamond Filters #1 and #2 were utilized this month. The Filter Effluent Turbidity averaged 0.58 NTU.

Solids

Staff has been operating Digester #4 and #5 at predetermined sludge levels which is controlled by the

SCADA system.

VVWRA received 546,222 gallons of ADM (Anaerobically Digestible Material) and FOG (Fats Oil and Grease). Total is comprised of 492,098 gallons of ADM and 54,124 gallons of FOG.

A Total 20,291,691cf of gas was created by digesters #4 and 5 this month.
That is an average gas production of 676,390cf/day.
Digester #4 averaged 335,220cf/day.
Digester #5 averaged 342,170cf/day.
Digester Volatile Acid/Alkalinity averaged 0.0125 for the month.

Ultra Violet Disinfection (UV)
The UV system is currently operating via one channel mode.
Monthly UV intensity probe and flow meter calibration checks were performed.

Permit Continuous Monitoring Requirements and Permit Violations
All permit required, continuous monitoring equipment was on-line, in calibration and working properly during the month.

Date of last reportable incident: March 10, 2015
Days since last reportable incident: 1,679 days

Discharge Sampling
All required samples for the month were collected and processed as scheduled.

Maintenance Activities

CMMS Work Order Activity

VVWRA KPI Report

10/14/2019
9:37 AM

9/1/2019 - 9/30/2019

KPI	Count	Percent
Planned Work Total	328	
Planned Work Completed	328	100.00%
Planned Work Completed On-Time	266	81.10%
Planned Work Incomplete	0	0 %
Planned Work Completed Late	61	18.60%
Total Work Completed	652	
Reactive Work Completed	120	18.40%
PM Work Completed	483	74.08%

Safety

1. Monthly Vehicle Safety Inspections completed.
2. Monthly gas tech monitor inspections completed.
3. Monthly Eyewash safety showers inspected.
4. Monthly SCBA inspections.
5. Hazardous storage area inspection.
6. Spill kit inspections.

Preliminary Process

1. Aqua Guard pre-treatment screen inspected and serviced.

2. Headwork's Conveyor Belt Lube & Inspect.
3. Grit classifier monthly lube.
4. Septage auger brush replacent.

Primary Process

1. All PH and conductivity probes cleaned and calibrated.
2. Influent PH and conductivity probe calibrations complete.
3. Primary 1-4 Shear pin quarterly PM completed.

Secondary Process

1. Piller blowers 1 & 6 weekly inspections complete.
2. Service Air compressors inspection and service completed.
3. Waukesha engines inspections.
4. Piller #1and #6 Filters Replacement.

Tertiary

1. Monthly gear box and platform drive wheel service complete
2. Filter #1 & #2 monthly platform gear box PM's comp
3. Monthly festoon inspection.
4. Filter #1 & #2 monthly backwash wasting pumps oil checks complete
5. All PH and conductivity probes cleaned and calibrated.
6. South perc pond pump #3 mechanical seal replacement.

Ultra Violet Disinfection (UV)

1. PH and conductivity probes cleaned and calibrated
2. UVT probe calibrated
3. UV Compliance sample pumps foot valve cleaning.
4. UV MCC filters cleaning.

Treatment Disposal

1. DAFT #1 and #2 Air Compressors 1&2 PM services complete.
2. DAFT monthly lube.
3. Digester 1-3 ongoing repairs.
4. DAFT 2 pump PM completed.
5. GBT transfer pump 1 replaced.

Miscellaneous Plant

1. Emergency generator monthly test.
2. Monthly Blower buildings AHU filter replacement.

2G/CHP 1&2

1. Monthly UREA refill completed CHP #1 & #2

2. CHP1&2 differential pressure readings taken within normal range, Gas DP pressure collected within normal range.
3. Monthly gas samples collected.
4. CHP #2 cylinder head replaced A1.

Gas Conditioning Skid

1. Monthly gas sampling collected.
2. Monthly gas conditioning skid inspection.

OGPS

1. Monthly Generator Test completed.

Hesperia WRP

1. Plant generator test completed.
2. Air scrubber monthly lube.
3. Aeration blower PM completed.

Hesperia LS

1. Plant generator test completed.
2. Air scrubber monthly lube.

AVWRP

1. Plant generator test completed.
2. Air scrubber monthly lube.
3. Aeration blower PM completed.

AVPS OTOE LS

1. Monthly Emergency generator test.
2. Pump #3 grinder installations ongoing.

OFFROAD EQUIPMENT

1. Brown Bear weekly PM's completed.
2. Brown Bear steering repairs.
3. JCB front loader weekly PM's complete.

FLEET

1. Monthly fleet inspections completed pumps, vehicles, hose reel trailer, light towers.

Victor Valley Wastewater Reclamation Authority

Environmental Compliance Department Report

September 2019

VVWRA Environmental Compliance Department
Industrial Pretreatment Program

I. Interceptors Operation and Maintenance:

1. **Interceptors cleaning & CCTV: None in September 2019**
2. **Interceptors Inspections:**

The following interceptors were visually inspected for signs of damage, vandalism and evidence of sanitary sewer overflows:

- ✓ South Apple Valley & North Apple Valley.
- ✓ Schedule 1, 2, 3 & 4
- ✓ UNE Bypass HDPE pipe
- ✓ Hesperia, I Ave and Santa Fe.
- ✓ CSA 64
- ✓ Adelanto
- ✓ SCLA1

3. **Damage and repair summary:**
   - ✓ No Damage found during inspections and no repair was needed or performed.
4. **Sanitary sewer overflows (SSO) summary:**
   - ✓ Date of last reportable SSO: June 30th, 2018
5. **Interceptors maintenance budget remaining:**
   - ✓ The fiscal year 2019-2020 Interceptor sewer maintenance amount remaining for sewer cleaning and inspection services is $85,620.00
6. **Dig Alert Underground tickets processed:**
   - ✓ A total of One hundred and Fifty-Four (154) USA Tickets were received and processed in September 2019.
7. **Flow monitoring Studies:**
   - ✓ A flow monitoring study by ADS Environmental is continuing.

II. Industrial pretreatment Activities:

1. **New Business Questionnaires and permits applications evaluated:**
   - ✓ Seven (7) New Business Questionnaires were processed in the month of September 2019.
   - ✓ One (1) New Business Inspection was conducted in the month of September 2019.
2. **New permits issued:**
   - ✓ Two (2) New permits were issued in the month of September 2019.
3. **Permit renewals issued:**
   - ✓ Thirteen (13) Class III permit renewals were issued in the month of September 2019.
4. **Work Orders:**
   - ✓ 54 Work Orders were completed in September 2019
5. **Monthly revenues collected, and invoices issued:**
   - ✓ Revenues: $4,700.00
   - ✓ Invoiced: $4,100.00

III. Industrial Pretreatment Activities (continued)

1. **Current enforcement actions:**

✓ No Notice of Violations were issued in September 2019.

2. **Current active industrial pretreatment permits:**

✓ The current number of VVWRA's industrial wastewater discharge permits is 429, they are comprised as follows:

1	Class I	Categorical Industrial User
11	Class II	Non-Categorical Significant Industrial User
407	Class III	Non-Significant Industrial User
1	Class IV	Zero Discharge Industrial User
14	Class V	Sanitary Waste Haulers

✓ The permitted establishments include:

17	Automotive Service Facility
12	Bakery
1	Brewery/Winery
20	Car Wash/Truck Wash/Bus Wash
3	Coffee Shop
9	Dry Cleaner
300	FSE
22	Grocery Store
3	Hospital
3	Misc. Food
3	Misc. Industrial
4	Other
1	Photographic
1	Print Shop
1	Prison
3	School
4	Water Retail
14	Waste Haulers

✓ Permitted businesses are distributed among member entities as follows: 166 in Victorville, 123 in Apple Valley, 116 in Hesperia and 1 in Oro Grande.

Victor Valley Wastewater Reclamation Authority

Environmental Compliance Department

Septage/FOG/ADM Monthly Report

September 2019

1. Septage/FOG/ADM receiving invoices and payments monthly report:

Payments and Invoices period: September 1st thru September 30th – Septage rate per Gallon: $ 0.0936
FOG/ADM rate per Gallon: $ 0.04

Receiving invoices

ID No	Septage Hauler	Invoice Date	Total Gallons	Invoice Amount
ABS000	Absolute Pumping	9/28/2019	30,540	$2,858.54
ALP000	Alpha Omega Septic Service	9/28/2019	175,081	$16,387.58
BUR000	Burns Septic	9/28/2019	76,000	$7,113.60
HIT000	Hitt Plumbing	9/28/2019	0	$0
HON001	Honest Johns Septic Service, Inc	9/28/2019	70,130	$6,564.17
RIG001	Right Angle Solutions	9/28/2019	0	$0
ROT001	T.R. Stewart Corp. dba Roto Rooter	9/28/2019	89,012	$8,331.52
USA000	USA Septic	9/28/2019	45,700	$4,277.52
ALP000	Alpha Omega Septic Service (Nutro)	9/28/2019	65,722	$2,628.88
COW000	Co-West Commodities	9/28/2019	145,000	$5,800.00
LIQ000	Liquid Environmental Solutions of CA	9/28/2019	0	$0
SMC000	SMC Grease Specialist, Inc.	9/28/2019	335,500	$13,420.00
WES004	West Valley MRF, LLC Burrtec Waste Industries, Inc.	9/28/2019	0	$0
HIT000	Hitt Plumbing	9/28/2019	6,870	$274.80
Grand Totals			**1,039,555**	**$67,656.61**

Septage/FOG/ADM receiving payments:

ID No	Business Name	Payments Received
ABS000	Absolute Pumping	$2,289.84
ALP000	Alpha Omega Septic Service	$28,668.09
BUR000	Burns Septic	$13,478.40
HON001	Honest Johns Septic Service, Inc	$6,595.80
RIG001	Right Angel Solutions	$0
ROT001	T.R. Stewart Corp. dba Roto Rooter	$10,837.20
USA000	USA Septic	$8,723.52
ALP000	Alpha Omega Septic Service (Nutro)	$5,879.40
COW000	Co-West Commodities	$0
LIQ000	Liquid Environmental Solutions of CA	$0
SMC000	SMC Grease Specialist, Inc.	$17,500.00
WES004	West Valley MRF, LLC Burrtec Waste Industries, Inc.	$0
HIT000	Hitt Plumbing	$0
Grand Total		**$95,016.80**

Safety & Communications Report

Outfall to the Mojave River

September 2019

Safety

STAFF SAFETY TAILGATE/ORIENTATION

- September 5--Ladder safety

- September 12--Universal Waste
- September 19--Causes of accidents

- September 23--Ergonomics
- September 26--LOTO

Safety

Safety Events/ Training

- Safety tailgates
- Daily, weekly and monthly plant inspections
- Overhead Crane training

Unsafe Conditions Reported/Resolved

Date of last recordable accident/injury: April 22, 2019

Days since last recordable accident/injury:
160 Days

Safety

NEXT MONTH'S SCHEDULE OF STAFF TRAINING/SAFETY EVENTS :

- Safety Tailgates will be conducted at the Thursday weekly staff briefings.
- Safety Tailgates will be conducted at the bi-monthly Administrative staff meetings.
- Safety Committee meeting
- LOTO training
- Front end loader training

Communications

- Maintained VVWRA website and social media sites including Facebook & Twitter.

- Prepping Fall edition of the Purple Pipe