



Victor Valley Wastewater  
Reclamation Authority  
*Taking the Waste Out of Wastewater*  
**AB1600**

*For the Fiscal Year Ended June 30, 2018*



**2011 Shay Rd., Victorville, CA 92394**  
**760-246-8638 [www.vvwra.com](http://www.vvwra.com)**

**Table of Contents**

Connection Fee Background .....	2
Funding Source Definition .....	3
FY 2018 Project Expenditures .....	5

**WASTEWATER TREATMENT SYSTEM CONNECTION FEES**

The wastewater treatment system connection fee was first established by Ordinance No. 002, which the Board of Commissioners of Victor Valley Wastewater Reclamation Authority (VWVRA) adopted on May 26, 1983. This ordinance was revised several times since then, and its most current revision was adopted on March 20, 2014.

**Purpose of the Fund:**

The wastewater system connection fee is assessed as a condition of approval for all new development to pay for wastewater lines connected to VWVRA treatment facilities to support new development. The funds collected are accounted for as connection fee revenues and shall be used for the following purposes:

1. Acquisition of additional property for wastewater treatment facility system and right-of-ways
2. Design and construction of treatment facilities, buildings, infrastructure, and pipelines for wastewater collection and treatment services
3. Construction of facility buildings, pumps, and lift station to collect wastewater and provide wastewater treatment services
4. Purchases of treatment equipment for such treatment services
5. Growth and expansion of wastewater system excluding repairs and replacements

**Amount of Fees:**

Connection fees rate is \$4,000 per Equivalent Dwelling Unit (245 gallons per day or 20 fixture units) per Ordinance 002 that was adopted on March 20, 2014, effective on July 1, 2014.

**Funding Source Definition****Funding sources and connection (capacity) fees:**

VVWRA has determined allocation percentage to keep track of capital project costs separately from operation costs based on historical data. For example, for the Sub-Regional projects, VVWRA has 61% for operations and 39% for capital for all grants and SRF loans. The allocation summary for the SRF loan follows.

**SRF (State Revolving Fund) Loans:**

The California State Water Resource Control Board provides local government entities with relatively low interest rates for its SRF loans for mainly infrastructure projects. VVWRA has eight SRF loans as shown below.

2019	9.5 MGD Capital Improvements	11 MGD Expansion	North Apple Valley Interceptor	Phase IIIA Regulatory Upgrades	Upper Narrows Replacement Project	Nanticoke Bypass Project	Apple Valley Sub-Regional Project	Hesperia Sub-Regional Project	2019 Total
<b>SRF Loan Amount</b>	\$ 4,069,859	\$ 11,430,726	\$ 4,084,688	\$ 15,717,668	\$ 4,286,380	\$ 4,459,190	\$ 27,129,023	\$ 40,658,810	\$ 111,836,344
<b>Annual Payment</b>	\$ 265,050	\$ 579,870	\$ 258,151	\$ 1,027,610	\$ 257,745	\$ 270,220	\$ 1,050,521	\$ 1,574,511	\$ 5,283,678
<b>Payment Date</b>	September 15	April 3	February 13	June 30	December 31	June 30	February 28	February 28	
<b>1. Operations</b>	4.30%	0.00%	0.00%	75.00%	100.00%	75.00%	61.00%	61.00%	
<b>Original Loan</b>	\$ 175,004	\$ -	\$ -	\$ 11,788,251	\$ 4,286,380	\$ 3,344,393	\$ 16,548,704	\$ 24,801,874	
<b>Principal</b>	\$ 10,827	\$ -	\$ -	\$ 530,766	\$ 197,174	\$ 142,474	\$ 486,104	\$ 727,394	\$ 2,094,739
<b>Interest</b>	\$ 570	\$ -	\$ -	\$ 239,942	\$ 60,571	\$ 61,251	\$ 154,714	\$ 233,058	\$ 750,106
<b>Annual Payment</b>	\$ 11,397	\$ -	\$ -	\$ 770,708	\$ 257,745	\$ 203,725	\$ 640,818	\$ 960,452	\$ 2,844,845
<b>2. Capital</b>	95.70%	100.00%	100.00%	25.00%	0.00%	25.00%	39.00%	39.00%	
<b>Original Loan</b>	\$ 3,894,855	\$ 11,430,726	\$ 4,084,688	\$ 3,929,417	\$ -	\$ 1,114,798	\$ 10,580,319	\$ 15,856,936	
<b>Principal</b>	\$ 240,960	\$ 538,835	\$ 222,603	\$ 176,922	\$ -	\$ 47,491	\$ 310,787	\$ 465,055	\$ 2,002,653
<b>Interest</b>	\$ 12,693	\$ 41,035	\$ 35,548	\$ 79,981	\$ -	\$ 20,417	\$ 98,916	\$ 149,004	\$ 437,594
<b>Annual Payment</b>	\$ 253,653	\$ 579,870	\$ 258,151	\$ 256,903	\$ -	\$ 67,908	\$ 409,703	\$ 614,059	\$ 2,440,247
<b>Total Principal</b>	\$ 251,787	\$ 538,835	\$ 222,603	\$ 707,688	\$ 197,174	\$ 189,965	\$ 796,891	\$ 1,192,449	\$ 4,097,391
<b>Total Interest</b>	\$ 13,263	\$ 41,035	\$ 35,548	\$ 319,922	\$ 60,571	\$ 81,668	\$ 253,630	\$ 382,062	\$ 1,187,700
<b>Annual Payment</b>	\$ 265,050	\$ 579,870	\$ 258,151	\$ 1,027,610	\$ 257,745	\$ 271,633	\$ 1,050,521	\$ 1,574,511	\$ 5,285,091

**Prop (Proposition) 1 grant:**

On November 6, 2015, the California State Water Resource Control Board provided VVWRA with a grant to fund the construction of Apple Valley (only) sub-regional plant. The loan amount of \$9,181,841 was limited to \$8,961,687 due to funding allocation determined as the grant percentage against the total grant and SFR loan actually used. VVWRA uses the same allocation rates, 61% for operations and 39% for capital.

**Prop (Proposition) 13 “Water Recycling” grant:**

On November 6, 2015, the California State Water Resource Control Board provided VVWRA with a grant to fund the construction of Apple Valley (only) sub-regional plant. The loan amount of \$4,000,000 was limited to \$3,992,567 due to funding allocation determined as the grant percentage against the total grant and SFR loan actually used. VVWRA uses the same allocation rates, 61% for operations and 39% for capital.

**Prop (Proposition) 84 grant:**

State of California, Department of Water Resources has provided VVWRA with \$3,000,000 grant per ‘Round 2 Integrated Regional Water Management Implementation Grant Agreement’ dated July 14, 2014. The entire \$3,000,000 was utilized on the construction of both Apple Valley and Hesperia plants and granted for reimbursements. VVWRA uses the same allocation rates, 61% for operations and 39% for capital.

**Title 16 grant:**

United States Department of the Interior, Bureau of Reclamation has provided VVWRA with a grant (originally \$5,000,000 on September 30, 2011 and then modified to \$4,866,994.46 on July 9, 2018) based on Southern California Desert Region Integrated Water and Economic Sustainability Plan. Mojave Water Agency (MWA) received Title 16 authorizing a regional recycled water program under PL 102-575. MWA has designated VVWRA to receive up to \$5,000,000 of the Title 16 fund to construct sub-regional water reclamation plants and recycled water distribution systems that implement the water recycling program. The two sub-regional plants will produce 2,240 AFY for groundwater recharge and recycled water customers, satisfying about 7% of the area’s water demand. This use of recycled water will replace current uses of the local groundwater and State Water Project Water. The entire \$4,866,994.46 was granted. VVWRA uses the same allocation rates, 61% for operations and 39% for capital.

**FEMA and Cal OES grants:**

Federal Emergency Management Agency (FEMA) and California Office of Emergency Services (Cal OES) have granted VVWRA with grants based on President Obama’s declaration of national disaster announced on January 26, 2011. These grants include \$33,124,002 for Upper Narrows pipeline, \$7,954,740 for Lower Narrows pipeline, \$228,416 for other large projects, and \$24,940 for other small projects, making a total grant of \$41,332,098. This entire amount was utilized for the construction of a temporary pipeline, a permanent pipeline to replace the temporary line, and all large and small projects affected by this national disaster. These grants were for 100% operations.

**Fiscal Year 2018**

Project Code	Project Description	Additions during YE 6/30/18	Funding Sources								Total	
			SRF	Prop 1	Prop 13	Prop 84	Title 16	FEMA/Cal OES	CEC	Operating Revenue/Reserve		Connection (Capacity) Fee
C005	Desert Knolls Wash	152,208								152,208		152,208
C101	Hesperia WRP - Sub Regional	1,956,153	1,956,153									1,956,153
C103	Apple Valley WRP - Sub Regional	4,716,749	3,160,222	1,084,852	471,675							4,716,749
C104	Nanticoke Gravity Interceptor	182,145	182,145									182,145
C126	Oro Grande Interceptor Project	2,050								2,050		2,050
C131	Micro-grid/Battery Storage	1,037,601							1,028,990		8,611	1,037,601
C130	Storm Containment System	20,097									20,097	20,097
R135	SCADA Ignition Software	150,000								150,000		150,000
		8,217,002	5,298,519	1,084,852	471,675	-	-	-	1,028,990	304,258	28,708	8,217,002

	FY 2018
Operating Revenues	14,696,537
Operating Expenses excluding Depreciation	(11,129,093)
Operating Surplus	3,567,444
Connection (Capacity) Fee Accrued	2,882,239

Debt Service Payment	Connection (Capacity) Fee Accrued	Capital Fund Balance
Operating Revenue/Reserve	1,243,574	Apple Valley 818,819
Connection (Capacity) Fee	1,416,485	SB County 185,600
	2,660,059	Hesperia 1,084,920
		Victorville 792,900
		2,882,239
		Beginning Balance 8,471,651
		Connection (Capacity) Fee Received 1,446,154
		Interest and Misc Income 65,808
		Capital Acquisitions (28,708)
		Capacity Loan Repayments (1,416,485)
		8,538,420

**Project Description**

**Desert Knolls Wash (C005)**

San Bernardino County Flood Control intends to reconstruct desert knolls wash which will require VVWRA to realign its manholes in that area.

**Hesperia WRP (C101)**

The Hesperia WRP project will reduce flow in the VVWRA interceptor system thus eliminating extensive sewer interceptor upgrades. In addition the facility will provide recycled water to the City of Hesperia.

**Apple Valley WRP (C103)**

The Apple Valley WRP project will reduce flow in the VVWRA interceptor system thus eliminating extensive sewer interceptor upgrades. In addition the facility will provide recycled water to the Town of Apple Valley.

**Nanticoke Gravity Interceptor (C104)**

The Nanticoke gravity interceptor replaces the obsolete Nanticoke pump station with a gravity sewer line. The new interceptor will significantly reduce VVWRA’s operation and maintenance costs by eliminating the pump station.

**Fiscal Year 2018 (Continued)**

**Oro Grande Interceptor Project (C126)**

This project serves as the Replacement or lining of the interceptor in the Mojave River serving Oro Grande.

**Microgrid (C131)**

This project will improve the power management and energy production of VVWRA electrical infrastructure.

**Storm Containment System (C130)**

The storm-water containment project is a regulatory compliance project to capture flows that may reach the stormwater system and be captured and sent to the headworks for treatment prior to discharge.

**SCADA Ignition Software (R135)**

Ignition SCADA by Inductive Automation® combines an unlimited licensing model, with instant web-based deployment, and the industry-leading toolset for supervisory control and data acquisition (SCADA) — all on one open and scalable universal platform. Ignition is The New SCADA because it solves all the major pain points of old SCADA . Ignition empowers VVWRA to easily control our processes, and track, display, and analyze all our data, without limits.