

As a matter of proper business decorum, the Board of Commissioners respectfully request that all cell phones be turned off or placed on vibrate. To prevent any potential distraction of the proceeding, we request that side conversations be taken outside the meeting room.

REGULAR BOARD MEETING
VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
VICTORVILLE CITY HALL, CONFERENCE ROOM D
14343 CIVIC DRIVE, VICTORVILLE CA 92392
Thursday, April 25, 2024
Open Session 8:00 a.m. NO CLOSED SESSION

VVWRA is committed to protecting public health and the environment in the Victor Valley by providing effective and fiscally responsible wastewater collection, treatment, and recycling.

Call to Order **Nassif**

Roll Call **Casteel**

Call to Order & Pledge of Allegiance **Nassif**

Public Comment (Government Code Section 54954.3) **Nassif**

Opportunity for members of the public to directly address the Board on items of public interest within its jurisdiction. The public may also address the Board on items being considered on this agenda. VVWRA requests that all public speakers complete a speaker's card and provide it to the Secretary. 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. We request that remarks be limited to five minutes or less. Pursuant to Government Code Section 54954.3, if speaker is utilizing a translator, the total allotted time will be doubled.

Possible Conflicts of Interest **Nassif**

Consent Calendar **Nassif**

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.

Item 1. Receive, Approve and File Minutes **Poulsen**

- Regular Board Meeting 03/21/2024

Item 2. Receive, Approve and File March 2024 Disbursement

- Warrant Summary Disbursements

Board Action Required

Staff Recommendation: Approve as presented

Action Item

The Executive Leadership Team will provide brief updates on existing matters under their purview and will be available to respond to any questions thereof.

Item 3. Recommendation to Adopt Resolution 2024-05 Adopting the 2024 Poulsen Wastewater and Connection Fee Update Prepared by RDN Inc.

It is recommended that the Board of Commissioners Adopt Resolution 2024-05 adopting the 2024 wastewater and connection fee update prepared by RDN Inc

Board Action Required

Staff Recommendation: Approve as Presented

Public Hearing

Item 4. First Reading of Ordinance 001: Rules and Regulations for Sewer Service

Nassif

Action Item

The Executive Leadership Team will provide brief updates on existing matters under their purview and will be available to respond to any questions thereof.

Item 5. Recommendation to Schedule Second Hearing of Ordinance 001: Poulsen Adoption of Sewer User Charge

It is recommended that the Board of Commissioners authorize the General Manager to schedule the second reading of Ordinance 001: Adoption of Sewer User Charge for May 16, 2024 at 8:00 AM

Board Action Required

Staff Recommendation: Approve as Presented

Public Hearing

Item 6. First Reading of Ordinance 002: Connection Fee Ordinance

Nassif

Action Item

The Executive Leadership Team will provide brief updates on existing matters under their purview and will be available to respond to any questions thereof.

Item 7. Recommendation to Schedule Second Hearing for Ordinance 002: Poulsen Connection Fee Ordinance

It is recommended that the Board of Commissioners authorize the General Manager to schedule the second reading of Ordinance 002: Connection Fee Ordinance for May 16, 2024 at 8:00 AM

Board Action Required

Staff Recommendation: Approve as Presented

Item 8. Recommendation to Approve the Staff's Recommendation, With the Poulsen City of Victorville's Consent, to Rescind/Terminate the Sludge Agreement and the Wastewater Excess Capacity Agreement

It is recommended that the Board of Commissioners approve the Staff's recommendation, with the City of Victorville's consent, to rescind/terminate the Sludge Agreement and the Wastewater Excess Capacity Agreement

Board Action Required

Staff Recommendation: Approve as Presented

Item 9. Recommendation to Authorize the General Manager to Approve the Purchase of Aeration Basins Air Flowmeters for an Amount Not to Exceed \$85,692.00 Laari

It is recommended that the Board of Commissioners authorize the General Manager to approve the purchase of Aeration Basins Air Flowmeters, for an amount not to exceed \$85,692.00

Board Action Required

Staff Recommendation: Approve as Presented

Item 10. Recommendation to Authorize the General Manager to Approve the Purchase of a New Loader, Using Cooperative Sourcewell Pricing, from Quinn Cat for an Amount Not to Exceed \$408,000 Adams

It is recommended that the Board of Commissioners authorize the General Manager to approve the purchase of a new loader from Quinn Cat, using cooperative Sourcewell pricing, for an amount not to exceed \$408,000

Board Action Required

Staff Recommendation: Approve as Presented

Item 11. Recommendation to Authorize the General Manager to Approve the Purchase of Two Grit Classifiers from Saddleback Environmental, for an Amount Not to Exceed \$176,000.00

Adams

It is recommended that the Board of Commissioners authorize the General Manager to approve the purchase of two grit classifiers from Saddleback Environmental for an amount not to exceed \$176,000

Board Action Required

Staff Recommendation: Approve as Presented

Item 12. Recommendation to Authorize the General Manager to Approve the Purchase of Two Godwin Dri-Prime SD150M Pumps for an Amount Not to Exceed \$132,000

Adams

It is recommended that the Board of Commissioners authorize the General Manager to approve the purchase of two Godwin Dri-Prime SD150M pumps for an amount not to exceed \$132,000

Board Action Required

Staff Recommendation: Approve as Presented

Staff Reports

Item 13. General Managers Report
- Earth Day

Poulsen

Report Range	Board Meeting Date (Thursday)
1st Quarter January 2024-March 2024	May 16, 2024
2 nd Quarter April 2024-June 2024	August 15, 2024
3 rd Quarter July 2024- September 2024	November 21, 2024
4 th Quarter October 2023- December 2023	February Board 2025

Adjournment

Nassif

The board will adjourn to a regular board meeting

American Disabilities Act Compliance Statement

Government Code Section 54954.2(a)



Any request for disability-related modifications or accommodations (including auxiliary aids or services) sought to participate in the above public meeting should be directed to the VVWRA's Secretary at (760) 246-8638 at least 72 hours prior to the scheduled meeting. Requests must specify the nature of the disability and the type of accommodation requested.

Agenda posting

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.

Agenda items received after posting

Government Code Section 54957.5

Materials related to an item on this agenda submitted after distribution of the agenda packet are available for public review at the VVWRA office located at, 20111 Shay Road, Victorville CA 92394. The materials will also be posted on the VVWRA website at www.vvwra.com.

Items Not Posted

Government Code Section 54954.2(b)

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 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.

Items Continued

Government Section 54954.2(b)(3)

Items may be continued from this meeting without further notice to a Committee or Board meeting held within five (5) days of this meeting

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

VVWRA's Board Meeting packets and agendas are available for review on its website at www.vvwra.com. The website is updated on Friday preceding any regularly scheduled board meeting.

**MINUTES OF A REGULAR MEETING
REGULAR MEETING OF THE BOARD OF COMMISSIONERS
VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY (VWRA)
March 21, 2024**

CALL TO ORDER: Chair Scott Nassif called the meeting to order at 8:05 AM; 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 **Larry Bird, Secretary**
ORO GRANDE (CSA 42) AND **Dakota Higgins, Treasurer**
SPRING VALLEY LAKE (CSA 64)

VWRA Staff and Legal Counsel:

Darron Poulsen, General Manager
Kristi Casteel, Executive Assistant
Piero Dallarda, Legal Counsel (BB&K)
David Wylie, Safety & Communications Officer
Brad Adams, Director of O&M
Robert Coromina, Director of Administration
Mike Medina, IT Technician
Latif Laari, EC Manager
Xiwei Wang, Accounting Supervisor

Guests

Keith Metzler, City of Victorville
Sam Arvizu, City of Victorville
Freddy Bonilla, City of Victorville
Janele Davidson, City of Victorville
Doug Matthews, City of Victorville
Rachel Molina, City of Hesperia

REGULAR SESSION

CALL TO ORDER & PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS- REGULAR SESSION AGENDA

NONE

POSSIBLE CONFLICT OF INTEREST

Chair Nassif abstaining from any disbursements to Napa Auto Parts on item 2

CONSENT CALENDAR:

- 1. Receive, Approve, and File Minutes, February 15, 2024 Regular Meeting**

2. Receive, Approve and File February 2024 Disbursement

Moved: Commissioner Jones Second: Commissioner Higgins
Approval of the Consent Calendar Items 1 and 2 with Chair Nassif abstaining from any disbursements to Napa Auto Parts on item 2

Chair Nassif- Yes
Commissioner Jones - Yes
Commissioner Bird - Yes
Commissioner Higgins- Yes

Motion passed by a 4-0 roll call vote

ACTION ITEM:

3. Recommendation to Adopt Resolution 2024-02 to Amend Flow Billing Percentages and Approve the Flow Billing Rates as Measured by ADS Environmental Services, Inc.

The Board will consider approval to adopt Resolution 2024-02 to amend flow billing percentages and approve the flow billing rates as measured by ADS Environmental Services, Inc.

Moved: Commissioner Bird Second: Commissioner Higgins
Approval to adopt Resolution 2024-02 to amend flow billing percentages and approve the flow billing rates as measured by ADS Environmental Services, Inc.

Chair Nassif- Yes
Commissioner Jones - Yes
Commissioner Bird - Yes
Commissioner Higgins- Yes

Motion passed by a 4-0 roll call vote

4. Recommendation to Adopt Resolution 2024-03 to Revise and Adopt New Policies on Vacation Buy Back

The Board will consider approval to adopt Resolution 2024-03 to revise VVWRA's Personnel Rules and Regulations to ensure compliance with the Internal Revenue Service's constructive receipt doctrine

Moved: Commissioner Higgins

Second: Commissioner Jones

Approval to adopt Resolution 2024-03 to revise VVWRA's Personnel Rules and Regulations to ensure compliance with the Internal Revenue Service's constructive receipt doctrine

Chair Nassif- Yes

Commissioner Jones - Yes

Commissioner Bird - Yes

Commissioner Higgins- Yes

Motion passed by a 4-0 roll call vote

5. Recommendation to Adopt Resolution 2024-04 Amending Surplus Property List of Unused Equipment and Scrap

The Board will consider approval to adopt Resolution 2024-04 to amend the Surplus Property List and authorize the General Manager to approve the disposition of surplus equipment that no longer has any present or prospective use

Moved: Commissioner Higgins

Second: Commissioner Bird

Approval to adopt Resolution 2024-04 to amend the Surplus Property List and authorize the General Manager to approve the disposition of surplus equipment that no longer has any present or prospective use

Chair Nassif- Yes

Commissioner Jones - Yes

Commissioner Bird - Yes

Commissioner Higgins- Yes

Motion passed by a 4-0 roll call vote

VVWRA Regular Meeting Minutes

Thursday, March 21, 2024

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6. Recommendation to Authorize the General Manager to Award a Contract for the Arc Flash Risk Assessment Study in the Amount of \$205,970.23 to Graybar Electric Pending Legal Review and Approval of the Agreement

The Board will consider approval to authorize the General Manager to award Graybar Electric a contract for the Arc Flash Risk Assessment Study for \$205,970.23, pending legal review and approval of the agreement

Moved: Commissioner Bird

Second: Commissioner Higgins

Approval to authorize the General Manager to award Graybar Electric a contract for the Arc Flash Risk Assessment Study for \$205,970.23, pending legal review and approval of the agreement

Chair Nassif- Yes

Commissioner Jones - Yes

Commissioner Bird - Yes

Commissioner Higgins- Yes

Motion passed by a 4-0 roll call vote

7. Recommendation to Authorize the General Manager to Approve Two Change Orders to the Existing Contract for the Side Stream Electrical and Integration Project for \$22,660.00 to Pro-Automation Inc

The Board will consider approval to authorize the General Manager to approve two change orders to the existing Pro-Automation Inc. for the Side Stream Electrical and Integration Project for \$22,660.00

Moved: Commissioner Higgins

Second: Commissioner Bird

Approval to authorize the General Manager to approve two change orders to the existing Pro-Automation Inc. for the Side Stream Electrical and Integration Project for \$22,660.00

Chair Nassif- Yes

Commissioner Jones - Yes

Commissioner Bird - Yes

Commissioner Higgins- Yes

Motion passed by a 4-0 roll call vote

8. Recommendation to Amend the Fiscal Year (FY) 2024 Budget by Utilizing a Portion of the Revised FY 2024 Operating Budget Surplus as well as from the FY 2023 Excess Fund Reserve

The Board will consider approval to authorize the General Manager to amend the FY 2024 Operating Budget by utilizing a portion of the excess revenue from FY 2024 to replenish several contingency accounts. Also, it is recommended that the Board of Commissioners approve the General Manager to utilize a portion of the excess fund reserve from FY 2023 to cover the additional costs needed for several capital projects

Moved: Commissioner Higgins

Second: Chair Nassif

Approval to authorize the General Manager to amend the FY 2024 Operating Budget by utilizing a portion of the excess revenue from FY 2024 to replenish several contingency accounts. Also, it is recommended that the Board of Commissioners approve the General Manager to utilize a portion of the excess fund reserve from FY 2023 to cover the additional costs needed for several capital projects

Chair Nassif- Yes

Commissioner Jones - Yes

Commissioner Bird - Yes

Commissioner Higgins- Yes

Motion passed by a 4-0 roll call vote

9. Recommendation to Authorize the General Manager to Execute the Change Order in the Amount of \$316,000 to the SoCal Biomethane Amendment and Anaergia Equipment Purchase Agreement to Allow for Additional Improvements to the ADM Receiving Operations

The Board will consider approval to authorize the General Manager to execute the change order in the amount of \$316,000 to the SoCal Biomethane Amendment and Anaergia Equipment Purchase Agreement to allow for additional improvements to the ADM receiving operations

Moved: Commissioner Higgins

Second: Commissioner Jones

Approval to authorize the General Manager to execute the change order in the amount of \$316,000 to the SoCal Biomethane Amendment and Anaergia Equipment Purchase Agreement to allow for additional improvements to the ADM receiving operations

<p>Chair Nassif- Yes</p> <p>Commissioner Jones - Yes</p> <p>Commissioner Bird - Yes</p> <p>Commissioner Higgins- Yes</p> <p style="text-align: center;">Motion passed by a 4-0 roll call vote</p>
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ADJOURNMENT

The board will adjourn to a regular board meeting on April 25, 2024 at 7:30 a.m.

APPROVAL:

DATE: _____ **BY:**

Approved by Larry Bird, Secretary
VVWRA Board of Commissioners



Victor Valley Wastewater Reclamation Authority

A Joint Powers Authority and Public Agency of the State of California

Administrative Offices

20111 Shay Road, Victorville, CA 92394

Telephone: (760) 246-8638

Fax: (760) 948-9897

e-mail: mail@vwwra.com

DATE: April 25, 2024

TO: Darron Poulsen
General Manager

FROM: Xiwei Wang
Accounting Supervisor

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 MARCH 2024, check numbers 125509-125542 and ACH's.

<i>Accounts Payable</i>			
<i>Checks</i>	<i>ACH's and EFT's</i>	<i>Payroll</i>	<i>Total</i>
<i>\$51,947.42</i>	<i>\$1,165,078.95</i>	<i>\$420,708.91</i>	<i>\$1,637,735.28</i>

Victor Valley Wastewater Reclamation Authority
Cash Disbursement Register
From 03/01/2024 through 03/31/2024

Vendor Name	Payment #	Date	Total
Battery Mart	125509	03/06/2024	\$ 2,400.91
Dell Inc.	125510	03/06/2024	\$ 760.83
Harrington Industrial Plastics	125511	03/06/2024	\$ 66.41
Hesperia Hose Supply	125512	03/06/2024	\$ 1,150.18
Hi-Grade Materials	125513	03/06/2024	\$ 5,546.26
Hilti Inc.	125514	03/06/2024	\$ 165.37
Industrial Rubber & Supply, Llc	125515	03/06/2024	\$ 4,218.31
Quill Corporation	125516	03/06/2024	\$ 221.78
United Rentals Northwest, Inc	125517	03/06/2024	\$ 391.94
Answering 365	125518	03/13/2024	\$ 743.60
Harrington Industrial Plastics	125519	03/13/2024	\$ 49.25
Hilti Inc.	125520	03/13/2024	\$ 128.22
Socal Filters And Services Inc.	125521	03/13/2024	\$ 1,738.31
Aquatic Bioassay / Consult Inc.	125522	03/19/2024	\$ 275.00
Dodson, Tom & Associates	125523	03/19/2024	\$ 5,381.70
Fisher Scientific	125524	03/19/2024	\$ 7,770.79
Hi-Grade Materials	125525	03/19/2024	\$ 1,386.58
Industrial Rubber & Supply, Llc	125526	03/19/2024	\$ 256.11
Ponton Industries, Inc.	125527	03/19/2024	\$ 996.91
Quill Corporation	125528	03/19/2024	\$ 36.96
Shredyourdocs.Com	125529	03/19/2024	\$ 108.00
Uline, Inc.	125530	03/19/2024	\$ 1,669.22
Verizon Wireless	125531	03/20/2024	\$ 2,785.53
Dell Inc.	125532	03/25/2024	\$ 5,881.65
Guardian	125533	03/25/2024	\$ 677.10
Hi-Desert Communications	125534	03/25/2024	\$ 150.00
Hi-Grade Materials	125535	03/25/2024	\$ 1,386.58
Johnson Controls Fire Protection Lp	125536	03/25/2024	\$ 900.00
Konica Minolta Business Solutions	125537	03/25/2024	\$ 223.57
Merrell Johnson Companies	125538	03/25/2024	\$ 3,759.60
Napa Victorville	125539	03/25/2024	\$ 720.75
San Bernardino County Fire Protection Dist	125540	03/25/2024	\$ 1,722.00
Uline, Inc.	125541	03/25/2024	\$ 1,009.11
Verizon Wireless	125542	03/25/2024	\$ 4,611.00
		Total Checks	\$ 51,947.42
Adams, Brad	21755	03/06/2024	\$ 250.00
Adt Commercial	21756	03/06/2024	\$ 473.45
Applied Maintenance Supplies & Solution	21757	03/06/2024	\$ 599.19
Aqua-Aerobic Systems, Inc	21758	03/06/2024	\$ 7,197.04
Bargain Byte	21759	03/06/2024	\$ 9,458.98
Beck Oil, Inc.	21760	03/06/2024	\$ 2,383.59
Blackline Safety Corp	21761	03/06/2024	\$ 210.00
Brax Company	21762	03/06/2024	\$ 7,334.52
California School Veba	21763	03/06/2024	\$ 596.13
Castro, Moises	21764	03/06/2024	\$ 70.00
Cdw Government, Inc	21765	03/06/2024	\$ 3,303.64
Cintas Corporation	21766	03/06/2024	\$ 1,715.13
Collicutt Energy Services Inc	21767	03/06/2024	\$ 4,885.00

**Victor Valley Wastewater Reclamation Authority
Cash Disbursement Register
From 03/01/2024 through 03/31/2024**

Vendor Name	Payment #	Date	Total
D.K.F. Solutions Group, Llc	21768	03/06/2024	\$ 350.00
Desert Pumps & Parts, Inc.	21769	03/06/2024	\$ 644.94
F B Roofing Company	21770	03/06/2024	\$ 150.00
Fha Services, Inc.	21771	03/06/2024	\$ 2,283.54
Graham Equipment	21772	03/06/2024	\$ 4,060.00
Grainger	21773	03/06/2024	\$ 4,062.04
Graybar Electric Co., Inc.	21774	03/06/2024	\$ 1,269.73
Haaker Equipment Company	21775	03/06/2024	\$ 2,073.94
Hach Company	21776	03/06/2024	\$ 4,329.34
Hi Desert Forklift Service	21777	03/06/2024	\$ 2,163.04
Hug Engineering, Inc.	21778	03/06/2024	\$ 40,385.06
Inland Empire Windustrial	21779	03/06/2024	\$ 5,768.22
Labor Finders	21780	03/06/2024	\$ 1,160.08
Luhdorff And Scalmanini	21781	03/06/2024	\$ 3,702.50
Mcmaster-Carr Supply Co.	21782	03/06/2024	\$ 2,984.08
Polydyne Inc.	21783	03/06/2024	\$ 15,551.25
Procurement Consulting Services, Llc.	21784	03/06/2024	\$ 1,800.00
Prudential Overall Supply	21785	03/06/2024	\$ 1,869.82
Quinn Company	21786	03/06/2024	\$ 3,490.95
Robert D. Niehause, Inc.	21787	03/06/2024	\$ 11,130.00
Scientific Services Plus	21788	03/06/2024	\$ 1,598.02
T-Mobile	21789	03/06/2024	\$ 116.76
U.S.A. Bluebook	21790	03/06/2024	\$ 1,961.11
W.M. Lyles	21791	03/06/2024	\$ 17,023.41
Waxie Sanitary Supply	21792	03/06/2024	\$ 1,397.81
West Coast Safety Supply	21793	03/06/2024	\$ 917.67
White Cap, L.P.	21794	03/06/2024	\$ 117.80
2G Energy Inc.	21795	03/14/2024	\$ 19,188.99
A.D.S. Corp.	21796	03/14/2024	\$ 9,490.00
Adt Commercial	21797	03/14/2024	\$ 95.87
American Express	21798	03/14/2024	\$ 12,495.53
Beck Oil, Inc.	21799	03/14/2024	\$ 32.63
Best, Best & Krieger, L.L.P.	21800	03/14/2024	\$ 38,475.61
Brenntag Pacific, Inc	21801	03/14/2024	\$ 20,638.10
Cdw Government, Inc	21802	03/14/2024	\$ 471.86
Collicutt Energy Services Inc	21803	03/14/2024	\$ 9,287.16
Crane Pro Services	21804	03/14/2024	\$ 1,517.00
Fha Services, Inc.	21805	03/14/2024	\$ 178.00
Graham Equipment	21806	03/14/2024	\$ 4,205.00
Grainger	21807	03/14/2024	\$ 3,433.03
Graybar Electric Co., Inc.	21808	03/14/2024	\$ 371.29
Hach Company	21809	03/14/2024	\$ 14,631.89
High Desert Affordable Landscaping	21810	03/14/2024	\$ 5,034.00
Inland Empire Windustrial	21811	03/14/2024	\$ 2,841.31
Labor Finders	21812	03/14/2024	\$ 1,414.16
Larry Walker Associates	21813	03/14/2024	\$ 5,274.50
Mcmaster-Carr Supply Co.	21814	03/14/2024	\$ 84.95
Michael'S Auto Detail	21815	03/14/2024	\$ 1,220.00
Pro Automation Co.	21816	03/14/2024	\$ 3,845.00

Victor Valley Wastewater Reclamation Authority
Cash Disbursement Register
From 03/01/2024 through 03/31/2024

Vendor Name	Payment #	Date	Total
Prudential Overall Supply	21817	03/14/2024	\$ 934.50
Siemens Industry Inc.	21818	03/14/2024	\$ 19,853.40
U.S. Bank	21819	03/14/2024	\$ 17,272.36
U.S.A. Bluebook	21820	03/14/2024	\$ 3,390.84
Victor Valley Wastewater Employees Assoc	21821	03/14/2024	\$ 725.00
Waxie Sanitary Supply	21822	03/14/2024	\$ 384.32
Wp Products Db a Western Pacific Products	21823	03/14/2024	\$ 1,815.95
Anaergia Technologies, Llc	21824	03/14/2024	\$ 451,576.82
Adt Commercial	21825	03/20/2024	\$ 516.06
Ametek Arizona Instrument, Llc Db a Ametek Brookfie	21826	03/20/2024	\$ 1,650.00
Anthony, Donna	21827	03/20/2024	\$ 229.55
Babcock Laboratories, Inc.	21828	03/20/2024	\$ 3,087.81
Beck Oil, Inc.	21829	03/20/2024	\$ 60.23
Billings, Richard	21830	03/20/2024	\$ 414.00
Cdw Government, Inc	21831	03/20/2024	\$ 5,187.07
Cintas Corporation	21832	03/20/2024	\$ 1,602.43
City Of Victorville	21833	03/20/2024	\$ 10,784.73
Correia, Linda	21834	03/20/2024	\$ 414.00
Culligan Water Conditioning	21835	03/20/2024	\$ 906.00
Dagnino, Roy	21836	03/20/2024	\$ 414.00
Davis, Tim	21837	03/20/2024	\$ 414.00
Dxp Enterprises	21838	03/20/2024	\$ 6,003.10
Ehs International Inc.	21839	03/20/2024	\$ 1,620.00
Fha Services, Inc.	21840	03/20/2024	\$ 22,500.00
Flint, Terrie Gossard	21841	03/20/2024	\$ 291.15
G.A. Osborne Pipe & Supply	21842	03/20/2024	\$ 403.63
Graham Equipment	21843	03/20/2024	\$ 11,162.50
Grainger	21844	03/20/2024	\$ 2,428.73
Gyurcsik, Darline	21845	03/20/2024	\$ 291.15
Hach Company	21846	03/20/2024	\$ 196.96
Hinojosa, Thomas	21847	03/20/2024	\$ 414.00
Keniston, Olin	21848	03/20/2024	\$ 291.15
Labor Finders	21849	03/20/2024	\$ 3,005.73
Main, Randy	21850	03/20/2024	\$ 414.00
Mcgee, Mark	21851	03/20/2024	\$ 414.00
Mcmaster-Carr Supply Co.	21852	03/20/2024	\$ 4,603.57
Montgomery, Lillie	21853	03/20/2024	\$ 184.72
Msdsonline Db a Velocityehs	21854	03/20/2024	\$ 3,694.88
Nalian, L. Christina	21855	03/20/2024	\$ 184.72
Nave, Patrick	21856	03/20/2024	\$ 414.00
Ndk Chem, Inc.	21857	03/20/2024	\$ 3,869.33
Netgain Networks, Inc	21858	03/20/2024	\$ 2,100.00
Netwrix Corporation	21859	03/20/2024	\$ 1,475.18
Siemens Industry Inc.	21860	03/20/2024	\$ 642.71
Solenis Llc	21861	03/20/2024	\$ 11,074.90
Trimax Systems, Llc	21862	03/20/2024	\$ 11,912.00
West Coast Safety Supply	21863	03/20/2024	\$ 936.83
West Yost & Associates, Inc	21864	03/20/2024	\$ 276.50
Wp Products Db a Western Pacific Products	21865	03/20/2024	\$ 1,968.21

Victor Valley Wastewater Reclamation Authority
Cash Disbursement Register
From 03/01/2024 through 03/31/2024

Vendor Name	Payment #	Date	Total
Xylem Water Solutions	21866	03/20/2024	\$ 38,292.00
Collicutt Energy Services Inc	21867	03/26/2024	\$ 1,079.96
Consumers Pipe & Supply, Co.	21868	03/26/2024	\$ 381.43
Crane Pro Services	21869	03/26/2024	\$ 23.67
Grainger	21870	03/26/2024	\$ 368.45
Graybar Electric Co., Inc.	21871	03/26/2024	\$ 377.62
Inland Empire Windustrial	21872	03/26/2024	\$ 1,113.34
Labor Finders	21873	03/26/2024	\$ 1,132.13
Prudential Overall Supply	21874	03/26/2024	\$ 946.54
Quinn Company	21875	03/26/2024	\$ 12,115.99
Rockwell Engineering	21876	03/26/2024	\$ 6,757.65
Royal Industrial Solutions	21877	03/26/2024	\$ 17,162.11
Tritech Software Systems (Prev. Central Square)	21878	03/26/2024	\$ 270.00
Underground Service Alert Of Southern California	21879	03/26/2024	\$ 64.25
Victor Valley Wastewater Employees Assoc	21880	03/26/2024	\$ 725.00
Town Of Apple Valley	DFT04354	03/06/2024	\$ 199.10
Liberty Utilities	DFT04355	03/06/2024	\$ 79.44
Liberty Utilities	DFT04356	03/06/2024	\$ 594.76
Spectrum (Prev. Charter Communications)	DFT04357	03/06/2024	\$ 4,952.59
Flyers Energy, Llc	DFT04358	03/06/2024	\$ 3,095.72
Konica Minolta Business Solutions	DFT04359	03/06/2024	\$ 391.50
Lincoln Financial Group	DFT04360	03/06/2024	\$ 6,235.06
Lincoln Financial Group	DFT04361	03/06/2024	\$ 74.66
Principal Life Ins. Co.	DFT04362	03/06/2024	\$ 4,046.33
Southern California Edison	DFT04363	03/06/2024	\$ 58,526.15
Southern California Edison	DFT04364	03/06/2024	\$ 866.42
Sparkletts Drinking Water	DFT04365	03/06/2024	\$ 1,078.45
Ups	DFT04366	03/06/2024	\$ 37.25
Liberty Utilities	DFT04370	03/12/2024	\$ 132.25
Flyers Energy, Llc	DFT04371	03/12/2024	\$ 1,414.13
Hesperia Water District	DFT04372	03/12/2024	\$ 1,949.55
Ups	DFT04373	03/12/2024	\$ 2.98
Quadient Leasing Usa, Inc	DFT04374	03/20/2024	\$ 293.98
Southern California Edison	DFT04375	03/20/2024	\$ 29,047.97
Southern California Edison	DFT04376	03/20/2024	\$ 1,858.79
Southern California Edison	DFT04377	03/20/2024	\$ 25,981.70
Southwest Gas Company	DFT04378	03/20/2024	\$ 244.12
Ups	DFT04380	03/20/2024	\$ 371.93
At&T Mobility	DFT04381	03/20/2024	\$ 129.72
Flyers Energy, Llc	DFT04386	03/26/2024	\$ 2,337.03
Ups	DFT04387	03/26/2024	\$ 171.15
Hesperia Water District	DFT04388	03/26/2024	\$ 685.70
Total EFT's and ACH			\$ 1,165,078.95

Approved



Total Checks	\$ 51,947.42
Total EFT's and ACH	\$ 1,165,078.95
Total Payroll - March 2024	\$ 420,708.91
Total	\$ 1,637,735.28



**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
Board of Commissioners Staff Report**

TO: VVWRA Board of Commissioners
FROM: Darron Poulsen, General Manager
SUBMITTED BY: Darron Poulsen, General Manager
DATE: April 25, 2024
SUBJECT: **RECOMMENDATION TO ADOPT RESOLUTION 2024-05
ADOPTING THE 2024 WASTEWATER AND CONNECTION FEE
UPDATE PREPARED BY RDN INC.**

<input checked="" type="checkbox"/>	For Action	<input type="checkbox"/>	Fiscal Impact	\$0
<input type="checkbox"/>	Information Only	<input type="checkbox"/>	Account Code:	
		<input type="checkbox"/>	Funds Budgeted/ Approved:	

STAFF RECOMMENDATION

It is recommended that the Board of Commissioners Adopt Resolution 2024-05 adopting the 2024 wastewater and connection fee update prepared by RDN INC.

PREVIOUS ACTION(S)

None

BACKGROUND INFORMATION

The consideration of raising the user and connection fee rates is an important part of the fiscal responsibility of a public agency. As the regional wastewater treatment authority VVWRA is committed to protecting the environment and providing an essential service to the public. To ensure that this mission and purpose could be met now and in the future staff has done a great deal of work to evaluate our current operations over the last three years. A pipeline and treatment plant capacity study, that evaluated the projected growth in the region to the year 2050, was completed and shared with the Board in April 2021. A CIP Master Plan was completed and shared with the Board in May 2023. This plan identified over 30 projects that are necessary to ensure existing operations remain in compliance and future capacity-related projects necessary for the proposed growth of the region. All totaled the project list totaled over \$400,000,000. Both of these studies point to a significant capacity concern by the year 2030. To ensure VVWRA operations meet the projected future needs of the region it is necessary to consider a funding strategy that evaluates both the user fee and connection fee rates.

In July of 2023, the last approved 8% rate increase went into effect to help cover operational expense increases due to COVID-19 and normal CPI increases. VVWRA staff recognized the

need for a future rate study to help meet the needs of the proposed CIP master plan. An RFP was sent out to perform a new rate study on the user charge and the connection fee rates. In August a review of three consultants was performed and the selected vendor, RDN Inc., signed a contract to perform the services on August 31, 2023.

Work on the study began in September of 2023 and our consultant, RDN Inc., began gathering data to review our operating expenses and also reviewing our CIP master plan. By December of 2023, the final draft document was being completed. On January 25, 2024, the VVWRA staff met with the external finance committee to discuss the proposed rate study. On February 21, 2024, the VVWRA staff met with the internal finance committee which also asked for further information to be added to the presentation for further clarification. This presentation was given to the VVWRA board under the General Manager's report at the March 21, 2024, VVWRA Board meeting. At this meeting, the Commissioners asked that the General Manager share this presentation at the Member Agency Council meetings so that all the City and Town Council members could review and provide comments on the study. These presentations were given to the City of Hesperia, Victorville, and the Town of Apple Valley in advance of this meeting. Following those presentations, no further directions were provided.

It is for these reasons that VVWRA staff is recommending that the Board of Commissioners adopt Resolution 2024-05 adopting the 2024 wastewater and connection fee update prepared by RDN Inc. (Exhibit 1).

Attachment(s):

Exhibit 1: Resolution 2024-05- VVWRA 2024 Wastewater and Connection Fee Rate Study and Fee Update

EXHIBIT 1

RESOLUTION NO. 2024-05

**A RESOLUTION OF THE VICTOR VALLEY WASTEWATER
RECLAMATION AUTHORITY TO APPROVE AND ADOPT A
FINANCIAL PLAN PREPARED BY RDN**

WHEREAS, the Victor Valley Wastewater Reclamation Authority (“Authority”) is a Joint Powers Authority and Public Agency of the State of California established in 1978 that provides Regional wastewater treatment to a designated Service Area; and

WHEREAS, an amendment to the Victor Valley Regional Wastewater Service Agreement was made and entered into as of August 1, 2005, by and between the Authority and the City of Victorville, the City of Hesperia, the Town of Apple Valley, and the County of San Bernardino Service Areas No. 42 (Oro Grande) and No. 64 (Spring Valley Lake), collectively referred to as “Member Entities”; and

WHEREAS, the Authority provides wastewater treatment service to the Member Entities and issues monthly flow billings to the Member Entities based upon the number of gallons of flow received from each Entity; and

WHEREAS, a Financial Plan was prepared by prepared by Black & Veatch at the request of the Member Entities in 2014 in order to provide accurate and reliable financial planning information to the Authority for Capital Improvement projects; and

WHEREAS, an updated Financial Plan was prepared by Raftelis at the request of the Member Entities in 2017 in order to provide accurate and reliable financial planning information to the Authority for its current Capital Improvement projects; and

WHEREAS, an updated Financial Plan was prepared by RDN at the request of the Member Entities in 2024 in order to provide accurate and reliable financial planning information to the Authority for its current Capital Improvement projects; and

WHEREAS, the updated Financial Plan by RDN also suggested different options for VVWRA to modify its rates to meet its operations and maintenance expenses and the Board of Commissioners was presented with those options,

NOW, THEREFORE, BE IT RESOLVED that the Commission of the Victor Valley Wastewater Reclamation Authority does hereby receive, approve and adopt the 2024 Financial Plan, attached hereto as “Exhibit A”, as prepared by RDN is hereby.

RECEIVED, APPROVED AND ADOPTED on this 25th day of April, 2024

Scott Nassif, Chair
VWRA Board of Commissioners

APPROVED AS TO FORM:

Piero C. Dallarda of
Best Best & Krieger LLP
CERTIFICATION

Larry Bird, Secretary
VWRA Board of Commissioners

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the Board of Commissioners held on April 25, 2024.

Kristi Casteel
Secretary to the Board of Commissioners

EXHIBIT A

Resolution 2024-05



VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY

**2024 Wastewater Rate Study and
Connection Fee Update**

Final Report

April 5th, 2024



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sgaur@water-economics.com

File: K-349

April 5, 2024
Xiwei Wang
Accounting Supervisor
Victor Valley Wastewater Reclamation Authority
20111 Shay Road
Victorville, CA 92394

SUBJECT: Wastewater Rate Study and Connection Fee Update

Dear Mr. Wang,

Robert D. Niehaus, Inc. (RDN) is pleased to provide this 2024 Wastewater Rate Study and Development Impact Fee Update Report (Report) for the Victor Valley Wastewater Reclamation Authority (VWVRA or Authority). This study accompanies an extensive review of the Authority's financial position, user charges, fee calculation methodology, and derivation of an updated fee for the Authority's consideration.

All of the data used in the report was provided by Authority staff and documents published by the Authority. The key variables used in this Report are budgeted revenues and expenses, system asset value, capital expenses for replacement and future growth, outstanding debt principal, current reserves, future system capacity and current system-wide Equivalent Dwelling Units and sewer flow.

It has been an absolute pleasure to work with you and your staff. We thank you and other VWVRA Staff for the support provided during this study.

Respectfully submitted,

Robert D. Niehaus, Ph.D.
Managing Director/Principal Economist - RDN

Sanjay Gaur M.S., M.P.A.
Project Manager - Water Resource
Economics

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1. Introduction

The Victor Valley Wastewater Reclamation 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 as well as the Mojave Narrows Park:

- 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 (MGPD) 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 MGPD 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 RDN in 2023 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 a manner that is equitable across member agencies.

The Authority last conducted a Financial Plan Update Study and Connection Fee Study in 2019. The prior study established proposed user charges and connection fees through fiscal year (FY) 2024. Since the 2019 study, the Authority has developed a significant capital improvement schedule update. Major capital improvements are needed to continue to serve current customers as well as allow for additional capacity to serve new customers. This Study was conducted in order to develop an updated financial plan that accounts for financial challenges which have emerged since the prior study was conducted in 2019, 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.

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

1. Develop an updated five-year financial plan through FY 2029 to ensure financial sufficiency, meet operating costs, ensure sufficient funding to meet debt obligations, and fund necessary capital expenditures;
2. Develop proposed user charges and rates for FY 2025 to FY 2029; 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.

2. Results and Recommendations

RDN proposes the following revenue, rate, and fee adjustments to accomplish the Authority's goals of capital and reserve funding as well as maintaining debt service coverage ratios. **Table 1** shows the proposed wastewater rate adjustments for the five-year rate study period. To maintain the proposed financial plan, the Authority should raise wastewater rate revenues by 15 percent in FY 2025, followed by 10 percent per year through FY 2029.

Table 1. Proposed Wastewater Revenue Adjustments

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenue Adjustment	15.0%	10.0%	10.0%	10.0%	10.0%

In addition to adjusting revenues from user rates, the Authority must also time debt issuances in order to fund capital expenditures for Repair and Replacement (R&R) projects and growth-related projects. **Table 2** and **Table 3** display the timing and amount of debt issuances that are needed to accomplish capital funding goals. Rate funded debt issuances are used to complete R&R projects and will be repaid using user charges. Connection Fee (Con Fee) funded debt will be repaid by new customers who connect to the system in the form of connection fee revenue.

Table 2. Proposed Rate Funded Debt Issuances

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Rate Funded Debt Issuance	\$ -	\$ -	\$ 65,000,000	\$ -	\$ -

Table 3. Proposed Connection Fee Funded Debt Issuances

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Con Fee Funded Debt	\$ -	\$ 21,000,000	\$ -	\$ -	\$ 35,000,000

The proposed rates and fees shown in **Table 4** and **Table 5** are based on the results of the financial planning analysis. No change was made to the methodology used to calculate user charges per million gallons of sewer flows, which are escalated based on the proposed revenue adjustments; however, the proposed connection fee methodology includes a recalculation of the available system capacity as well as individual customer capacity for EDU determination compared to the previous study. It is the recommendation of this Study that the Authority assess the increase in construction costs each year based on the Engineering News Record Construction Cost Index (ENR CCI) or some similar index to escalate the proposed connection fee to reflect the increasing cost of construction.

Table 4. Proposed User charges

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
User Charge (per MG)	\$ 5,923	\$ 6,515	\$ 7,166	\$ 7,883	\$ 8,671

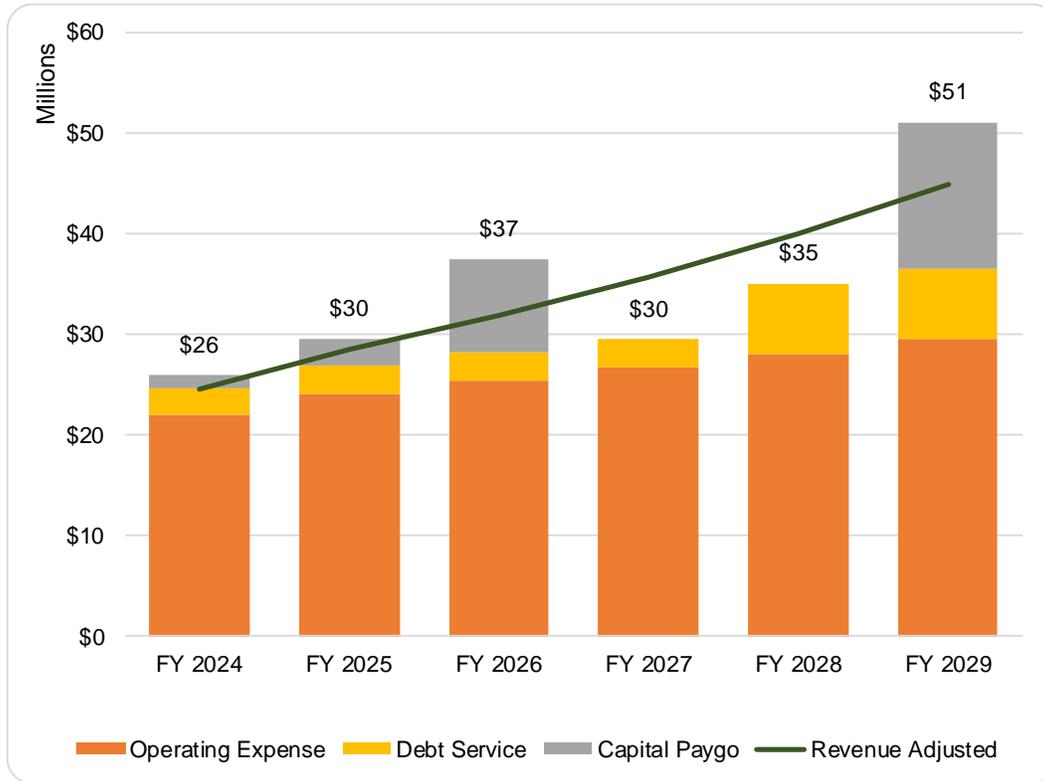
Table 5. Proposed Connection Fees

	FY 2025
Connection Fee	\$ 7,923

Figure 1 through **Figure 4** show the financial plan results under the proposed debt issuances, rates, fees, and adjustments. The line in **Figure 1** shows the revenue under the proposed adjustments.

Where the line is above the bars, the Authority is contributing to reserves, where it falls below, the reserves are being drawn down.

Figure 1. Proposed Rate Cash Flow



Because rate and fee revenues must be tracked separately under California Law¹, **Figure 2** and **Figure 3** show the ending cash balances for rate and fee funds, respectively. The Authority’s rate reserve must maintain a target level determined by the policy set in place by the Board of Directors. The target balance for each year is represented by the orange line in **Figure 2**. The reserve policy will be discussed later in the Report.

¹ Government Code 60013

Figure 2. Proposed Rate Cash Balances

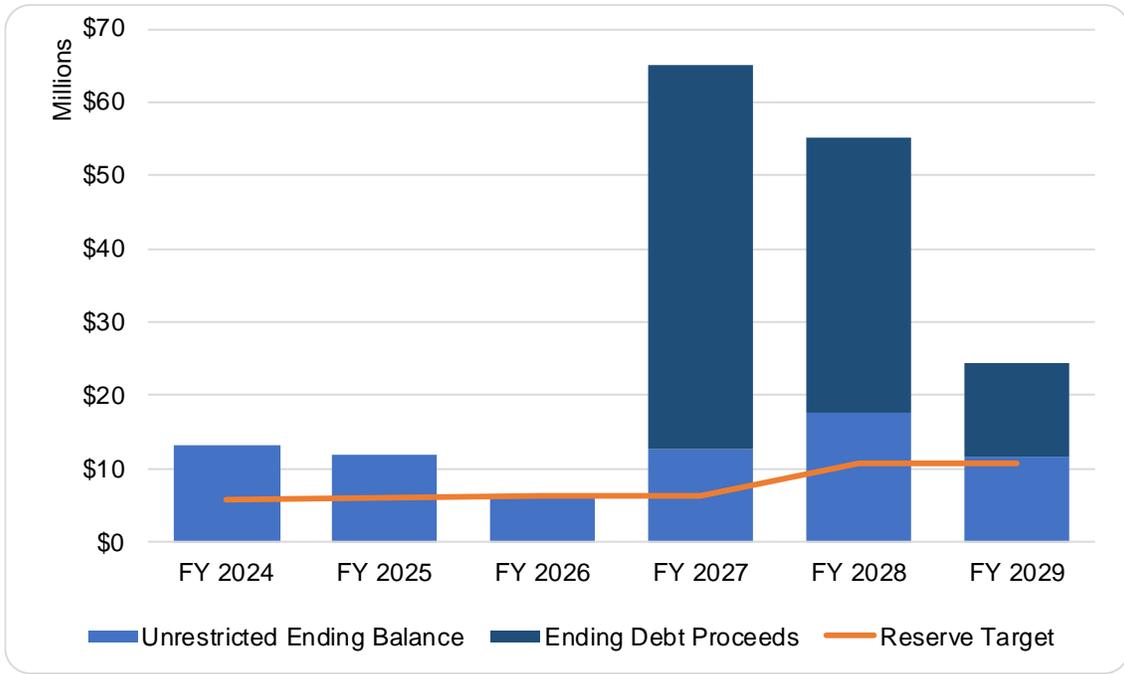
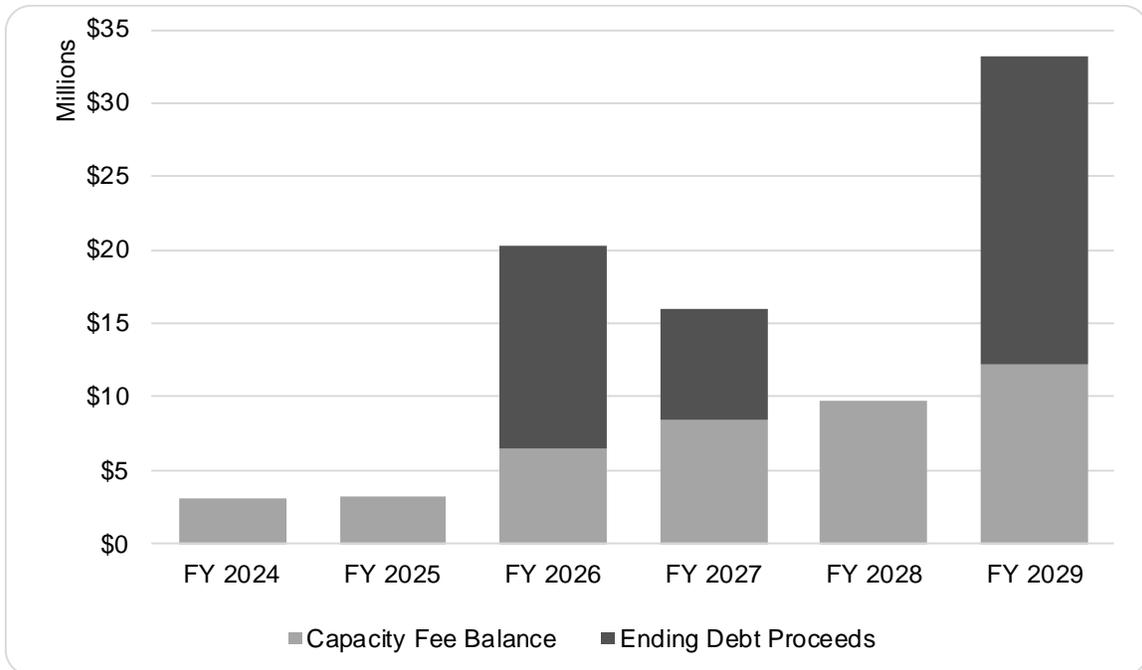
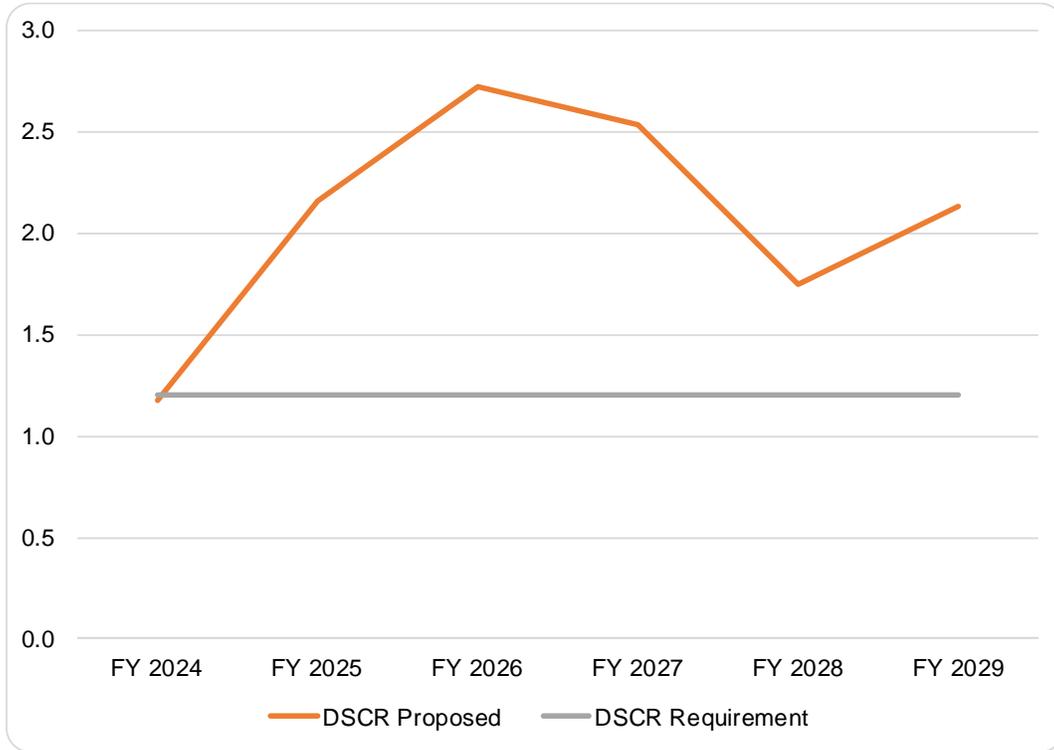


Figure 3. Proposed Connection Fee Cash Balances



Finally, the Authority’s debt covenants have a requirement of maintaining a debt service coverage ratio (DSCR) of 120 percent of net revenues. **Figure 4** shows the annual DSCR for each year of the study under the proposed plan.

Figure 4. Proposed Debt Service Coverage Ratio



3. Financial Assumptions

The purpose of the current study is to project the revenue needs for the next five years and provide solutions to accomplish the Authority's financial goals. The main inputs to the financial plan include operating expenses and inflation, capital spending and funding sources, reserve targets, and debt service coverage requirements.

The Authority's reserve policy includes an operating reserve which is designed to maintain 10 percent of the previous year's operating and maintenance (O&M) expense, a repair & replacement reserve which totals the value of 1 percent of all land improvements, plants, and interceptors (currently \$1 million as per Authority staff direction), and reserves which maintain an amount equal to annual debt service payments. **Table 6** displays the VVWRA's current reserve policies as described and **Table 7** shows the balances required for each year of the study period under the proposed financial plan (which includes the proposed debt issuances described in Section 6).

Table 6. Authority Reserve Policies

Reserve	Policy
Operating Reserve	10% of Prior Year O&M
R&R Reserve	1% of land improvements, plants, and interceptors
Debt Reserve	Sum of Annual Debt Payments

Table 7. Target Reserves, FY 2024 - FY 2029

Reserve	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Operating Reserve	\$ 1,913,812	\$ 2,199,191	\$ 2,413,771	\$ 2,544,260	\$ 2,675,147	\$ 2,811,769
R&R Reserve	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Debt Reserve	\$ 4,307,270	\$ 4,045,249	\$ 4,045,249	\$ 5,411,329	\$ 9,639,672	\$ 9,639,672
Total Reserve Target	\$ 7,221,081	\$ 7,244,440	\$ 7,459,019	\$ 8,955,589	\$ 13,314,819	\$ 13,451,441

To project long-term changes to operating and maintenance expenses, RDN used 10 independent inflationary measures. The Authority's budgets for FY 2024 were used as a starting point for future inflationary measures. FY 2023 data was included to provide a background on past expenditures. **Table 8** shows each inflation factor used for this study. Because of recent record inflation, some of the factors are expected to reduce over time. The "Overall" inflation metric is a category given in Bureau of Labor Statistics data made up of prices paid by urban consumers for a market basket of consumer goods and services and was used to inflate costs which could not be directly attributed to other inflationary measures. The average projected annual inflation for operating expenses for the next ten years is 5.6 percent. Inflation factors were developed using the best available data². The 80 percent inflation in chemicals in FY 2025 was used at the direction of VVWRA staff because of a known increase in chemical costs for that fiscal year.

² Sources include: the US Bureau of Labor Statistics Consumer Prices Index, Quarterly Census of Employment and Wages; Federal Reserve Bank of St. Louis Producer Price Index; Engineering News Record Building Cost Index; and National Association of Insurance Commissioners Annual Inflation Report, as well as input from Authority staff.

Table 8. Inflationary Adjustments, FY 2025 – FY 2029

Category	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Payroll	6.5%	6.5%	6.5%	6.5%	6.5%
Other Employee	8.0%	8.0%	8.0%	8.0%	8.0%
Utilities	7.7%	5.0%	5.0%	5.0%	5.0%
Chemicals	80.0%	5.3%	5.3%	5.3%	5.3%
Water Treatment	5.0%	5.0%	5.0%	5.0%	5.0%
Fuel/Automobile	5.9%	5.9%	3.6%	3.6%	3.6%
Construction	5.6%	5.6%	5.6%	4.1%	3.9%
Insurance	4.0%	4.0%	4.0%	4.0%	4.0%
Overall	3.8%	3.8%	3.1%	3.1%	2.7%
Property Tax	4.4%	4.4%	4.4%	4.4%	4.4%

RDN additionally projected future customer flows, the primary billing unit used by the Authority, based on historical increases as well as input from VVWRA staff. The average projected increase in flows used in this study is **2.5 percent** per year for each of the Authority's customers. While increases have fluctuated in recent years, ranging between -1.4 percent and 7.2 percent between FY 2019 and FY 2023, 2.5 percent reflects a conservative estimate of flow increases for projecting revenues, which was agreed upon by Authority staff.

Table 9. Projected Sewer Flows FY 2024 – FY 2029

Agency	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Victorville	2,575	2,639	2,705	2,773	2,842	2,913
Apple Valley	682	699	716	734	753	771
Hesperia	902	925	948	971	996	1,021
CSA 64 Spring Valley Lake	197	201	206	212	217	222
Mojave Narrows Park	1	1	1	1	1	1
CSA 42 Oro Grande	31	32	33	34	35	36

To project revenues from connection fees, RDN also reviewed EDU growth projections. Based on actual connection fee revenues collected between FY 2019 and FY 2023, the average number of new EDUs per year ranges between 492 and 660. This study uses an increase of **550 EDUs** per year for calculating connection fee revenues.

Debt projections for new debt issuances assume a 30 year term at 5.0 percent interest with a 1 percent issuance fee. For rate funded and connection fee funded debt issuances, repayment is assumed to begin the year after issuance and that all debt proceeds must be spent within 3 years of the initial issuance. Debt coverage ratios are based on the total debt service, which includes principal and interest.

To determine the asset replacement values used for connection fee calculations, RDN used the Engineering News Record's Building Cost Index (ENR BCI) for the State of California. Purchase price and date acquired were provided by Authority staff. The indexed value between the date of purchase and November 2023 was used to determine the point-in-time value which was used to determine the total system replacement cost of \$601 million. Backbone assets constitute approximately 99.6 percent of the total asset value.

4. Financial Projections

VVWRA collects revenue based on annual wastewater flows (User Charges); the amount (approximately 550 per year) of new customers who join the system (Connection Fees); other various operating fees such as reclaimed water sales, fats oils and grease (FOG) fees, renewable natural gas (RNG) revenue, sludge flow and other septage receiving charges, and non-operating revenues such as land lease and interest revenue. **Table 10** shows the current rates and fees which are charged by the VVWRA for service. At the direction of Authority staff, only user charges and connection fees are being evaluated in the current study. All other rates and fees as well as the revenue generated by them are assumed to remain at the current level.

Table 10. VVWRA Current Rates and Fees

Fee	Current
User Charge (per MG)	\$ 5,150.00
Connection Fee (per EDU)	\$ 4,679.00
Septage Receiving Facility Charges	\$ 0.12
FOG	\$ 0.12
Sludge Flow - Victorville (Monthly)	\$ 12,000.00
High Strength Waste Surcharges (Monthly)	\$ 1,000.00
Potable Well Water Sales (Monthly)	\$ 135.00
Apple Valley Reclaimed Water Sales (Monthly)	\$ 617.93
Hesperia Reclaimed Water Sales (Monthly)	\$ 352.60
Victorville Reclaimed Water Sales (Monthly)	\$ 1,356.12
America Organics (Monthly)	\$ 1,356.12
AV Reclaimed Water Sales (per MG)	\$ 160.00
Hes Reclaimed Water Sales (per MG)	\$ 237.00
VV Reclaimed Water Sales (per MG)	\$ 418.00
America Organics (per MG)	\$ 418.00

Table 11 shows the projected revenue for the study period with no revenue adjustments.

Table 11. Projected Revenues, FY 2024 – FY 2029

Category	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
User Charge Revenue	\$ 22,597,016	\$ 23,161,941	\$ 23,740,989	\$ 24,334,514	\$ 24,942,877	\$ 25,566,449
Connection Fee Revenue	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450
Other Operating Revenue	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323
Non Operating Revenue	\$ 180,000	\$ 182,610	\$ 185,334	\$ 188,176	\$ 191,141	\$ 194,236
Total Revenue	\$ 27,065,789	\$ 27,633,324	\$ 28,215,096	\$ 28,811,463	\$ 29,422,791	\$ 30,049,458

Operating expenses contained in the FY 2024 budget are individually escalated based on the inflationary categories shown in **Table 8**. **Table 12** shows VVWRA's expenses broken down by category. FY 2024 expenses are based on budgeted expenses provided by Authority staff. Note that the categories contained in **Table 12** were developed for this report. The payroll and employee expense category is the

sum of salaries, overtime, and insurance benefits; the equipment and tools expense category includes field equipment, tools, and office supplies; the maintenance category is the sum of system and building maintenance; chemicals include treatment and testing chemicals; utility costs include electricity, natural gas, potable water and waste disposal; and general administrative costs are made up of professional services and other expenses which are not directly contained within any other category.

Table 12. Projected O&M Expenses, FY 2024 - FY 2029

Category	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Payroll and Employee	\$ 9,347,256	\$ 9,965,911	\$ 10,626,826	\$ 11,325,067	\$ 12,071,146	\$ 12,864,469
Equipment and Tools	\$ 3,574,524	\$ 3,718,109	\$ 3,863,986	\$ 3,986,168	\$ 4,112,267	\$ 4,229,576
Maintenance	\$ 2,158,658	\$ 2,262,163	\$ 2,370,816	\$ 2,471,779	\$ 2,560,047	\$ 2,645,795
Chemicals	\$ 1,161,000	\$ 2,089,800	\$ 2,200,559	\$ 2,317,189	\$ 2,440,000	\$ 2,569,320
Utilities	\$ 3,491,552	\$ 3,755,128	\$ 3,942,668	\$ 4,135,482	\$ 4,337,795	\$ 4,549,649
General Administrative	\$ 2,258,921	\$ 2,346,594	\$ 2,437,749	\$ 2,515,782	\$ 2,596,438	\$ 2,671,413
Total Operating	\$ 21,991,911	\$ 24,137,705	\$ 25,442,604	\$ 26,751,467	\$ 28,117,694	\$ 29,530,221

The Authority's capital expenditures include both R&R projects and capacity expansion related projects. Additionally, VVWRA funds capital expenditures through a variety of sources, including user charge revenue, connection fee revenue, grants, and loans. The capital improvement plan provided by staff includes approximately \$336.3 million in capital expenditure needs over the next 10 years. **Table 13** and **Table 14** show the planned capital expenditures used in this study by type and funding source, respectively. Where capital expenditures are funded by customer rates in a pay-as-you-go (Paygo) basis, those are tied to user charge revenues, either directly through rates, or by debt issuances which are refunded by rates. Optimally, connection fee funded improvements should be paid for by growth as they are related to expanding system capacity; however, where connection fee revenues are not available, these projects may be funded by user charges.

Table 13. Projected Capital Expenditures by Type, FY 2024 – FY 2029

Category	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Collection System	\$ 514,385	\$ 3,143,667	\$ 4,078,667	\$ 452,000	\$ 452,000	\$ -
Facilities	\$ 898,758	\$ 3,118,984	\$ 16,441,385	\$ 12,136,885	\$ 11,616,886	\$ 60,831,886
Recycled Water	\$ 83,000	\$ -	\$ 300,000	\$ -	\$ -	\$ -
Technology	\$ 1,209,797	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
Treatment and Laboratory	\$ 5,948,869	\$ 1,900,000	\$ 1,076,000	\$ 8,137,250	\$ 12,937,250	\$ 4,000,000
Total	\$ 8,654,809	\$ 8,662,651	\$ 22,396,052	\$ 21,226,135	\$ 25,506,136	\$ 65,331,886

Table 14. Projected Capital Expenditures by Funding Source, FY 2024 – FY 2029

Category	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Paygo	\$ 1,212,510	\$ 2,702,252	\$ 9,286,507	\$ 12,681,457	\$ 14,934,482	\$ 39,249,132
Connection Fee	\$ 3,542,299	\$ 2,919,916	\$ 7,126,168	\$ 6,421,301	\$ 8,448,277	\$ 13,916,377
Grant	\$ 3,900,000	\$ 3,040,483	\$ 5,983,377	\$ 2,123,377	\$ 2,123,377	\$ 12,166,377
Total	\$ 8,654,809	\$ 8,662,651	\$ 22,396,052	\$ 21,226,135	\$ 25,506,136	\$ 65,331,886

The Authority's current debt service includes six issuances which are variously being repaid with either user charge revenues or connection fee revenues. **Table 15** shows the current outstanding debt

which has been issued by the Authority, the year it was issued, and the percent of the debt issuance which is to be repaid using either connection fee revenues or user charge revenues.

Table 15. VVWRA Current Debt Outstanding Debt

Debt Issuance	Year Issued	Total Issuance	Capacity Percent	Rate Percent
North Apple Valley Interceptor	2005	\$ 4,084,688	100%	0%
Phase IIIA Regulatory Upgrades	2013	\$ 15,717,668	25%	75%
Upper Narrows Replacement	2016	\$ 4,286,380	0%	100%
Nanticoke Bypass	2018	\$ 4,459,190	25%	75%
Apple Valley Sub-Regional	2019	\$ 26,455,229	39%	61%
Hesperia Sub-Regional	2019	\$ 37,758,385	39%	61%

The total debt service payments for the study period under the status quo financial plan are shown in **Table 16**. The total debt service is used to calculate debt service coverage ratios and reserve targets.

Table 16. Debt Service by Funding Category, FY 2024 – FY 2029

Category	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Total User Charge Principal	\$ 2,152,549	\$ 2,187,646	\$ 2,223,435	\$ 2,259,930	\$ 2,297,148	\$ 2,335,105
Total User Charge Interest	\$ 597,950	\$ 562,853	\$ 527,064	\$ 490,569	\$ 453,351	\$ 415,394
Total Capacity Principal	\$ 1,266,271	\$ 1,024,650	\$ 1,038,900	\$ 1,053,398	\$ 1,068,147	\$ 1,083,154
Total Capacity Interest	\$ 290,499	\$ 270,100	\$ 255,849	\$ 241,352	\$ 226,602	\$ 211,596
Total Debt Service	\$ 4,307,270	\$ 4,045,249	\$ 4,045,249	\$ 4,045,249	\$ 4,045,249	\$ 4,045,249

A summary of the financial inputs and results under the status quo financial plan is shown in **Table 17**. Because of the ratio of expenses to revenues, cash balances and debt service coverage levels are projected to decrease significantly through the five years outlined in this report, with even steeper decreases in future years as the Authority's capital plan is fully implemented. According to the projections, the DSCR will fall under required levels in FY 2025; additionally, with no revenue increases or changes to the financial plan (debt issuance), cash balances will be negative by FY 2026. To counteract the rapid decline in financial position, RDN recommends a series of revenue adjustments to increase revenues from user charges, an update to the connection fee methodology to include all proposed expansion related capital projects, and a series of debt issuances to increase equity between current and future customers.

Table 17. Status Quo Financial Plan Pro Forma

User Charge Input	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
User Charge Revenue	\$ 22,597,016	\$ 23,161,941	\$ 23,740,989	\$ 24,334,514	\$ 24,942,877	\$ 25,566,449
Other Operating Revenue	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323
Non-Operating Revenue	\$ 180,000	\$ 182,610	\$ 185,334	\$ 188,176	\$ 191,141	\$ 194,236
Total Revenues	\$ 24,492,339	\$ 25,059,874	\$ 25,641,646	\$ 26,238,013	\$ 26,849,341	\$ 27,476,008
Operating Expenses	\$ 21,991,911	\$ 24,137,705	\$ 25,442,604	\$ 26,751,467	\$ 28,117,694	\$ 29,530,221
Net Revenue	\$ 2,500,427	\$ 922,169	\$ 199,042	\$ (513,454)	\$ (1,268,352)	\$ (2,054,213)
User Charge Debt Service	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499
Paygo	\$ 1,212,510	\$ 2,702,252	\$ 9,286,507	\$ 12,681,457	\$ 14,934,482	\$ 39,249,132
Net Rate Revenue	\$ (1,462,582)	\$ (4,530,582)	\$ (11,837,964)	\$ (15,945,409)	\$ (18,953,333)	\$ (44,053,844)
Connection Fee Input	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Connection Fee Revenue	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450
Connection Fee Debt Service	\$ 1,556,771	\$ 1,294,750	\$ 1,294,750	\$ 1,294,750	\$ 1,294,750	\$ 1,294,750
Connection Fee CIP	\$ 3,542,299	\$ 2,919,916	\$ 7,126,168	\$ 6,421,301	\$ 8,448,277	\$ 13,916,377
Net Connection Fee Revenue	\$ (2,525,620)	\$ (1,641,216)	\$ (5,847,468)	\$ (5,142,601)	\$ (7,169,577)	\$ (12,637,677)
Cash Balances	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Beginning User Charge Balance	\$ 14,535,495	\$ 13,072,913	\$ 8,542,331	\$ (3,295,633)	\$ (19,241,042)	\$ (38,194,375)
Ending User Charge Balance	\$ 13,072,913	\$ 8,542,331	\$ (3,295,633)	\$ (19,241,042)	\$ (38,194,375)	\$ (82,248,219)
Beginning Connection Fee Balance	\$ 5,576,170	\$ 3,050,550	\$ 1,409,335	\$ (4,438,133)	\$ (9,580,733)	\$ (16,750,310)
Ending Connection Fee Balance	\$ 3,050,550	\$ 1,409,335	\$ (4,438,133)	\$ (9,580,733)	\$ (16,750,310)	\$ (29,387,987)
DSCR	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Debt Service Coverage Ratio	1.18	0.86	0.69	0.51	0.32	0.13
Reserve Levels	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Reserve Target	\$ 7,221,081	\$ 7,244,440	\$ 7,459,019	\$ 7,589,509	\$ 7,720,395	\$ 7,857,018
Total Cash Balance	\$ 16,123,464	\$ 9,951,666	\$ (7,733,765)	\$ (28,821,776)	\$ (54,944,685)	\$ (111,636,206)

5. Proposed User Charge Adjustments

The proposed revenue adjustments are to occur at the level shown in **Table 18** at the beginning of each fiscal year (July 1).

Table 18. Proposed Wastewater Revenue Adjustments

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenue Adjustment	15.0%	10.0%	10.0%	10.0%	10.0%

Under California law, property based utility rates must adhere to Proposition 218. Specifically, that revenues derived from a fee or charge shall not exceed the funds required to provide the service. The current user charges are shown in **Table 19**. User charges are paid per million gallons of sewer flow. After reviewing the Authority's current rate structure, RDN determined that it adheres to Proposition 218 requirements, thus no changes to the overall structure are being proposed. The amount of the fee or charge imposed upon any customer does not exceed the proportional cost of service attributable to the customer, since rates are wholly based on levels of sewer flow. Because no changes are being recommended to the rate structure, these percentages are applied directly to the user charge per million gallons. The resulting user charge rates are shown in **Table 20**.

Table 19. Current User charges

	Current
User Charge (per MG)	\$ 5,150

Table 20. Proposed User charges

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
User Charge (per MG)	\$ 5,923	\$ 6,515	\$ 7,166	\$ 7,883	\$ 8,671

Under the proposed plan, an additional \$50.0 million will be generated by user charges between FY 2025 and FY 2029. **Table 21** shows revenues under the proposed financial plan. The line titled "Additional User Charge" tracks the additional revenue which is generated each year with the proposed compounding adjustments from **Table 18**.

Table 21. Projected Revenues with User Charge Adjustments, FY 2025 – FY 2029

Category	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Current User Charge	\$ 23,161,941	\$ 23,740,989	\$ 24,334,514	\$ 24,942,877	\$ 25,566,449
Additional User Charge	\$ 3,474,291	\$ 6,291,362	\$ 9,526,962	\$ 13,235,938	\$ 17,480,165
Connection Fee Revenue	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450
Other Operating Revenue	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323
Non Operating Revenue	\$ 182,610	\$ 185,334	\$ 188,176	\$ 191,141	\$ 194,236
Total Revenue	\$ 31,107,615	\$ 34,506,458	\$ 38,338,425	\$ 42,658,729	\$ 47,529,623

6. Connection Fee Update

Connection Fees are a one-time charge paid by a new customer for system capacity. The simplest and most succinct economic justification for connection fees is the idea that “growth-pays-for growth,” Essentially, stating that customers who benefit from a service should be the ones who pay for that service. The American Waterworks Association (AWWA) Manual M26 states: “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 rates that are needed to pay for added plant costs for new customers.” To effect fair distribution of the value of the system, Connection Fees should reflect a reasonable estimate of the cost of providing capacity to new users and not disproportionately burden existing users through a rate increase.

Connection Fees should also meet rational nexus criteria to assure maximum reasonable acceptance by the development community, local government elected and administrative officials, and courts. At the heart of the rational nexus test is the concept of "proportionate share," which can be defined as that component of the cost of existing and future system improvements that is reasonably related to the demands of new development.

The two primary methods used to calculate Connection Fees are the Buy-in and the Incremental Cost methods. The Buy-in method recovers the cost of capacity in those portions of the existing system in which there is still capacity available. The Incremental Cost method is a calculation of the incremental costs of additional system capacity needed to add to serve new development. Combining these two approaches is most often used when the system has some capacity left to take on new customers, but additional capacity is also needed to serve projected growth in the planning horizon. RDN maintained the current methodology, the combined approach, as it is most appropriate for the VVWRA’s fee calculation. In this section each method is described in detail and the rationale is provided for selecting the combined approach.

Buy-in Method

Under the Buy-in method, new development purchases a share of capacity proportionate to the development’s estimated demand. This method is typically used when the existing system has the capacity to accommodate increased demand without large investment in capital projects. There are four generally accepted methods used to determine the existing system value:

- Original Cost – asset cost in the year of construction
- Original Cost less Depreciation – original cost subtracting the accumulated depreciation of system assets
- Replacement Cost New (RCN) – original cost escalated to current dollars using a construction cost index. This method reflects the cost of replicating the existing system.
- Replacement Cost New less Depreciation (RCLD) – replacement cost new of existing system subtracted by the accumulated depreciation. This method reflects the current costs of replacing system assets while adjusting the valuation to reflect the remaining life of current assets.

Incremental Cost Method

While the Buy-in method is used when the system has sufficient capacity for additional development, the Incremental Cost method is most appropriate when current system capacity is not capable of serving new development without significant investment in new facilities. Under this

methodology all of the costs of future system expansion are allocated to new customers. This method requires a detailed long-term capital improvement plan (CIP) that clearly identifies the proportion of project cost contributing to expansion of the system

Combined Approach

For systems that have the capacity to serve new development in the short-run but require investment in capacity-expanding facilities in the long-run, a combination of Buy-in and Incremental Cost methods is most often used. Fees developed under the combined method reflect the value of the existing system and expansion related CIPs. **Figure 5** displays the summarized formula used to calculate the Authority’s proposed fees.

Figure 5. Combined Approach, Development Impact Fee Calculation Methodology for VVWRA



To determine available and needed capacity expansion, RDN worked extensively with VVWRA staff. Current design capacity was updated based on staff input and each capital project was reviewed as to the amount of increased capacity it would provide. Authority staff also provided a detailed list of all current assets, their purchase price, the year of service, and current level of depreciation. **Table 22** shows the current connection fee which is charged to new customers per EDU.

Table 22. Current Connection Fee per EDU

	Current
Connection Fee	\$ 4,679

Table 23 shows the total system asset valuation which was used to calculate the buy-in portion of the fee. The original costs of assets and functional categories were provided by VVWRA auditors. Replacement cost was estimated by escalating the purchase price to reflect the cost of each asset in today’s dollars based on the Engineering News Record’s Building Cost Index for California which is an index based on the increasing building costs across California. Each individual asset is assigned an inflation value based on the index value in the year of construction versus November 2023.

Table 23. System Asset Valuation

Functional Category	Original Cost	Replacement Cost
Land	\$ 617,484	\$ 992,224
Interceptor Lines	\$ 69,170,246	\$ 135,030,292
Plant and Buildings	\$ 202,851,322	\$ 395,995,027
Plant Equipment	\$ 23,068,110	\$ 45,032,276
Office Equipment	\$ 420,619	\$ 821,108
Trucks and Autos	\$ 1,537,149	\$ 3,000,737
Land Improvements	\$ 9,711,869	\$ 18,958,968
Computer Software	\$ 661,321	\$ 1,290,995
Total	\$ 308,038,120	\$ 601,121,627

The total system value used to calculate the buy-in portion is reduced by approximately \$2.2 million dollars to remove assets which are not backbone assets, such as a subset of vehicles or furniture, which do not provide service to all existing customers. The total asset value used for the buy-in portion is calculated to be \$598.9 million. Two adjustments used to further calculate system value are Repair and Replacement reserves, which are added to the asset value to account for contributions made by current customers and outstanding rate funded debt principal, which is removed from the total valuation to avoid double charging new customers for debt after they join the system. **Table 24** shows the total system value, \$532.6 million, used to calculate the buy-in portion of fees.

Table 24. Total System Value Used for Buy-In Component

Fee Component	Value
Backbone System Value	\$ 598,889,796
R&R Reserves	\$ 2,976,961
Outstanding Debt Principal	\$ (69,220,472)
Total System Value	\$ 532,646,284

VVWRA provided a current system capacity value of 16.0 MGD. The total system value is divided by the system capacity to determine the unit value for the buy-in component of the connection fee. The cost per unit of capacity needed for a new customer to join the system is shown in **Table 25**, \$33.29 per gallon of daily sewer flow.

Table 25. Buy-In Unit Calculation (per Gallon)

Fee Calculation	Buy-In
Total System Value	\$ 532,646,284
Total System Capacity (gpd)	16,000,000
Buy-in per gallon	\$ 33.29

The incremental component of the connection fee is calculated by summing the total capacity expanding capital projects and the outstanding debt service which is funded by connection fee revenues and dividing that total by the amount of new capacity which VVWRA will receive from these projects. The Authority's long-term capital improvement plan includes \$79.5 million worth of capacity expanding projects. Additionally, VVWRA has \$27.8 million in debt that was used to finance capacity expanding projects and needs to be repaid by connection fee revenues. **Table 26** shows the total costs which will fund, or have funded, future capacity expansion.

Table 26. Total Costs for Additional Capacity

Fee Component	Value
Growth Related Capital	\$ 79,473,470
Growth Related Debt	\$ 27,778,468
Cost of Capacity Expansion	\$ 107,251,939

VVWRA estimated an additional system capacity value of 10.0 MGD would be provided by the growth-related capital. The cost of capacity expansion is divided by the incremental system capacity to determine the unit value for the incremental component of the connection fee. The cost per unit of capacity needed for a new customer to join the system is shown in **Table 27**, \$10.73 per gallon of daily sewer flow.

Table 27. Incremental Unit Calculation (per Gallon)

Fee Calculation	Buy-In
Cost of Capacity Expansion	\$ 107,251,939
Incremental System Capacity	10,000,000
Incremental per gallon	\$ 10.73

The total connection fee per EDU is determined by multiplying the unit cost for each component by the total units of capacity needed for a new equivalent customer. For new customers, one EDU is equal to 180 gallons per day of sewer flow, or 20 fixture units, as indicated by VVWRA staff. The calculation used to determine the total connection fee per EDU is shown in **Table 28**.

Table 28. Connection Fee Calculation

Fee Component	Value	EDU	Total
Buy-in per gallon	\$ 33.29	x 180 gpd	= \$ 5,992
Incremental per gallon	\$ 10.73	x 180 gpd	= \$ 1,931
Total Capacity Fee			\$ 7,923

The proposed connection fees also include an estimate of future inflationary adjustments. To maintain a connection fee which continues to reflect the replacement cost of asset values and capital costs, the Authority should inflate the connection fee each year to match inflation in the building cost index. RDN's fee proposal includes estimated inflation of 4.0 percent per year based on a conservative estimate of future increases in the building cost index, but authority staff should review the annual index and apply the actual percentage of inflation each year. Under the estimated increase of 4.0 per year, the annual connection fees used to project revenues are shown in **Table 29**.

Table 29. Proposed Connection Fees

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Connection Fee	\$ 7,923	\$ 8,240	\$ 8,569	\$ 8,912	\$ 9,269

The updated connection fees will generate an additional \$10.7 million in revenue to fund capital projects between FY 2025 and FY 2029. **Table 30** shows revenues under the proposed financial plan with both connection fee and user charge adjustments. The line titled “Additional User Charge” tracks the additional revenue which is generated each year with the proposed compounding adjustments from **Table 29**.

Table 30. Projected Revenues with User Charge and Fee Adjustments, FY 2025 – FY 2029

Category	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Current User Charge	\$ 23,161,941	\$ 23,740,989	\$ 24,334,514	\$ 24,942,877	\$ 25,566,449
Additional User Charge	\$ 3,474,291	\$ 6,291,362	\$ 9,526,962	\$ 13,235,938	\$ 17,480,165
Connection Fee Revenue	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450
Additional Connection Fee	\$ 1,784,093	\$ 1,958,395	\$ 2,139,669	\$ 2,328,193	\$ 2,524,259
Other Operating Revenue	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323
Non Operating Revenue	\$ 182,610	\$ 185,334	\$ 188,176	\$ 191,141	\$ 194,236
Total Revenue	\$ 32,891,708	\$ 36,464,853	\$ 40,478,094	\$ 44,986,922	\$ 50,053,882

7. Updated Financial Plan

A summary of the financial inputs and results under the proposed rate and fee adjustments is shown in **Table 31**. The proposed changes to the rates and fees will allow VVWRA to maintain debt service coverage ratios well above the requirements of the debt covenants. The increase in revenues from user charges and fees will also slow the overall decline in cash position, though in order to fully fund capital expenditures, a series of debt issuances is needed in addition to the proposed changes. According to updated financial projections, the Authority will drop below total reserve levels in FY 2026 and will have a negative balance by FY 2027.

Table 31. Rate and Fee Adjusted Financial Plan Pro Forma

User Charge Input	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
User Charge Revenue	\$ 22,597,016	\$ 23,161,941	\$ 23,740,989	\$ 24,334,514	\$ 24,942,877	\$ 25,566,449
Additional User Charge Revenue	\$ -	\$ 3,474,291	\$ 6,291,362	\$ 9,526,962	\$ 13,235,938	\$ 17,480,165
Other Operating Revenue	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323
Non-Operating Revenue	\$ 180,000	\$ 182,610	\$ 185,334	\$ 188,176	\$ 191,141	\$ 194,236
Total Revenues	\$ 24,492,339	\$ 28,534,165	\$ 31,933,008	\$ 35,764,975	\$ 40,085,279	\$ 44,956,173
Operating Expenses	\$ 21,991,911	\$ 24,137,705	\$ 25,442,604	\$ 26,751,467	\$ 28,117,694	\$ 29,530,221
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Revenue	\$ 2,500,427	\$ 4,396,460	\$ 6,490,404	\$ 9,013,508	\$ 11,967,585	\$ 15,425,951
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
User Charge Debt Service	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499
Paygo	\$ 1,212,510	\$ 2,702,252	\$ 9,286,507	\$ 12,681,457	\$ 14,934,482	\$ 39,249,132
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Rate Revenue	\$ (1,462,582)	\$ (1,056,291)	\$ (5,546,601)	\$ (6,418,447)	\$ (5,717,395)	\$ (26,573,679)
Connection Fee Input	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Connection Fee Revenue	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450
Additional Connection Fee Revenue	\$ -	\$ 1,784,093	\$ 1,958,395	\$ 2,139,669	\$ 2,328,193	\$ 2,524,259
Connection Fee Debt Service	\$ 1,556,771	\$ 1,294,750	\$ 1,294,750	\$ 1,294,750	\$ 1,294,750	\$ 1,294,750
Connection Fee CIP	\$ 3,542,299	\$ 2,919,916	\$ 7,126,168	\$ 6,421,301	\$ 8,448,277	\$ 13,916,377
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Connection Fee Revenue	\$ (2,525,620)	\$ 142,878	\$ (3,889,073)	\$ (3,002,932)	\$ (4,841,383)	\$ (10,113,418)
Cash Balances	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Beginning User Charge Balance	\$ 14,535,495	\$ 13,072,913	\$ 12,016,622	\$ 6,470,021	\$ 51,574	\$ (5,665,822)
Ending User Charge Balance	\$ 13,072,913	\$ 12,016,622	\$ 6,470,021	\$ 51,574	\$ (5,665,822)	\$ (32,239,501)
Beginning Connection Fee Balance	\$ 5,576,170	\$ 3,050,550	\$ 3,193,428	\$ (695,645)	\$ (3,698,577)	\$ (8,539,960)
Ending Connection Fee Balance	\$ 3,050,550	\$ 3,193,428	\$ (695,645)	\$ (3,698,577)	\$ (8,539,960)	\$ (18,653,378)
DSCR	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Debt Service Coverage Ratio	1.18	2.16	2.72	3.39	4.17	5.07
Reserve Levels	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Reserve Target	\$ 7,221,081	\$ 7,244,440	\$ 7,459,019	\$ 7,589,509	\$ 7,720,395	\$ 7,857,018
Total Cash Balance	\$ 16,123,464	\$ 15,210,050	\$ 5,774,376	\$ (3,647,003)	\$ (14,205,782)	\$ (50,892,879)

8. Proposed Debt Issuances

In order to mitigate the impacts of capital expenditures and spread the costs between current and future customers, this report also recommends that VVWRA issue debt to fund both user charge and capacity expanding capital projects. **Table 32** and **Table 33** display the timing and amount of debt issuances that are needed to accomplish capital funding goals. Rate funded debt issuances are used to complete R&R projects and will be repaid using user charges. Connection Fee funded debt will be repaid by new customers who connect to the system in the form of connection fee revenue.

Table 32. Proposed Rate Funded Debt Issuances

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Rate Funded Debt Issuance	\$ -	\$ -	\$ 65,000,000	\$ -	\$ -

Table 33. Proposed Connection Fee Funded Debt Issuances

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Con Fee Funded Debt	\$ -	\$ 21,000,000	\$ -	\$ -	\$ 35,000,000

9. Rate and Fee Study Recommended Financial Plan

A summary of the financial inputs and results under the proposed rate and fee adjustments and proposed debt issuances is shown in **Table 34**. The proposed changes to the rates and fees will allow VVWRA to maintain debt service coverage ratios well above the requirements of the debt covenants which allows the issuance of additional debt to maintain reserves. Through the mindful issuance of debt, VVWRA will maintain Debt Service Coverage Ratios and have cash balances which are above reserve targets in each year of the study. It is important to note that both annual debt service costs and reserve targets increase based on the issuance of new debt as reserves must cover a year of debt payments.

Table 34. Rate, Fee, and Debt Issuance Adjusted Financial Plan Pro Forma

User Charge Input	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
User Charge Revenue	\$ 22,597,016	\$ 26,636,232	\$ 30,032,352	\$ 33,861,476	\$ 38,178,815	\$ 43,046,614
Other Operating Revenue	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323
Non-Operating Revenue	\$ 180,000	\$ 182,610	\$ 185,334	\$ 188,176	\$ 191,141	\$ 194,236
Total Revenues	\$ 24,492,339	\$ 28,534,165	\$ 31,933,008	\$ 35,764,975	\$ 40,085,279	\$ 44,956,173
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses	\$ 21,991,911	\$ 24,137,705	\$ 25,442,604	\$ 26,751,467	\$ 28,117,694	\$ 29,530,221
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Revenue	\$ 2,500,427	\$ 4,396,460	\$ 6,490,404	\$ 9,013,508	\$ 11,967,585	\$ 15,425,951
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
User Charge Debt Service	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499	\$ 6,978,842	\$ 6,978,842
Paygo	\$ 1,212,510	\$ 2,702,252	\$ 9,286,507	\$ -	\$ -	\$ 1,865,070
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Rate Revenue	\$ (1,462,582)	\$ (1,056,291)	\$ (5,546,601)	\$ 6,263,009	\$ 4,988,743	\$ 6,582,039
Connection Fee Input	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Connection Fee Revenue	\$ 2,573,450	\$ 4,357,543	\$ 4,531,845	\$ 4,713,119	\$ 4,901,643	\$ 5,097,709
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Connection Fee Debt Service	\$ 1,556,771	\$ 1,294,750	\$ 1,294,750	\$ 2,660,830	\$ 2,660,830	\$ 2,660,830
Connection Fee CIP	\$ 3,542,299	\$ 2,919,916	\$ -	\$ -	\$ 995,747	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Connection Fee Revenue	\$ (2,525,620)	\$ 142,878	\$ 3,237,095	\$ 2,052,289	\$ 1,245,067	\$ 2,436,879
Cash Balances	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Beginning User Charge Balance	\$ 14,535,495	\$ 13,072,913	\$ 12,016,622	\$ 6,470,021	\$ 12,733,030	\$ 17,721,773
Ending User Charge Balance	\$ 13,072,913	\$ 12,016,622	\$ 6,470,021	\$ 12,733,030	\$ 17,721,773	\$ 24,303,813
Beginning Connection Fee Balance	\$ 5,576,170	\$ 3,050,550	\$ 3,193,428	\$ 6,430,523	\$ 8,482,812	\$ 9,727,879
Ending Connection Fee Balance	\$ 3,050,550	\$ 3,193,428	\$ 6,430,523	\$ 8,482,812	\$ 9,727,879	\$ 12,164,759
DSCR	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Debt Service Coverage Ratio	1.18	2.16	2.72	2.54	1.75	2.13
Reserve Levels	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Reserve Target	\$ 7,221,081	\$ 7,244,440	\$ 7,459,019	\$ 8,955,589	\$ 13,314,819	\$ 13,451,441
Total Cash Balance	\$ 16,123,464	\$ 15,210,050	\$ 12,900,544	\$ 21,215,842	\$ 27,449,653	\$ 36,468,571

10. Summary of Results and Recommendations

RDN proposes the following revenue, rate, and fee adjustments to accomplish the Authority's goals of capital and reserve funding as well as maintaining debt service coverage ratios. **Table 35** shows the proposed wastewater rate adjustments for the five-year rate study period. To maintain the proposed financial plan, the Authority should raise wastewater rate revenues by 15 percent in FY 2025, followed by 10 percent per year through FY 2029.

Table 35. Proposed Wastewater Revenue Adjustments

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenue Adjustment	15.0%	10.0%	10.0%	10.0%	10.0%

In addition to adjusting revenues from user rates, the Authority must also time debt issuances in order to fund capital expenditures for R&R projects and growth-related projects. **Table 36** and **Table 37** display the timing and amount of debt issuances that are needed to accomplish capital funding goals. Rate funded debt issuances are used to complete R&R projects and will be repaid using user charges. Connection Fee funded debt will be repaid by new customers who connect to the system in the form of connection fee revenue.

Table 36. Proposed Rate Funded Debt Issuances

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Rate Funded Debt Issuance	\$ -	\$ -	\$ 65,000,000	\$ -	\$ -

Table 37. Proposed Connection Fee Funded Debt Issuances

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Con Fee Funded Debt	\$ -	\$ 21,000,000	\$ -	\$ -	\$ 35,000,000

The proposed rates and fees shown in **Table 38** and **Table 39** are based on the results of the financial planning analysis. No change was made to the methodology used to calculate user charges per million gallons of sewer flows, which are escalated based on the proposed revenue adjustments; however, the proposed connection fee methodology includes a recalculation of the available system capacity as well as individual customer capacity for EDU determination compared to the previous study. It is the recommendation of this Study that the Authority assess the increase in construction costs each year based on the Engineering News Record Construction Cost Index or some similar index to escalate the proposed connection fee to reflect the increasing cost of construction.

Table 38. Proposed User charges

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
User Charge (per MG)	\$ 5,923	\$ 6,515	\$ 7,166	\$ 7,883	\$ 8,671

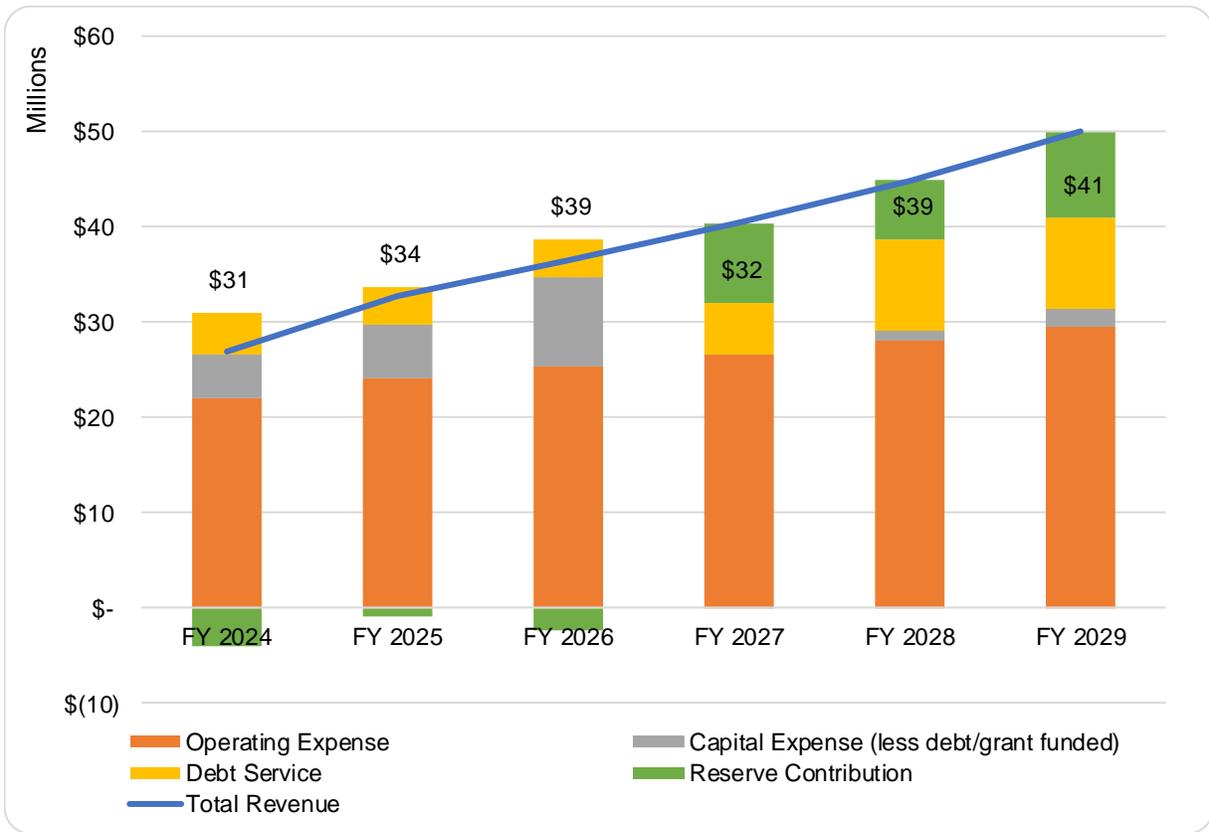
Table 39. Proposed Connection Fees

	FY 2025
Connection Fee	\$ 7,923

Figure 6 through **Figure 8** show the financial plan results under the proposed debt issuances, rates, fees, and adjustments. The line in **Figure 6** shows the combined revenue under the proposed rate

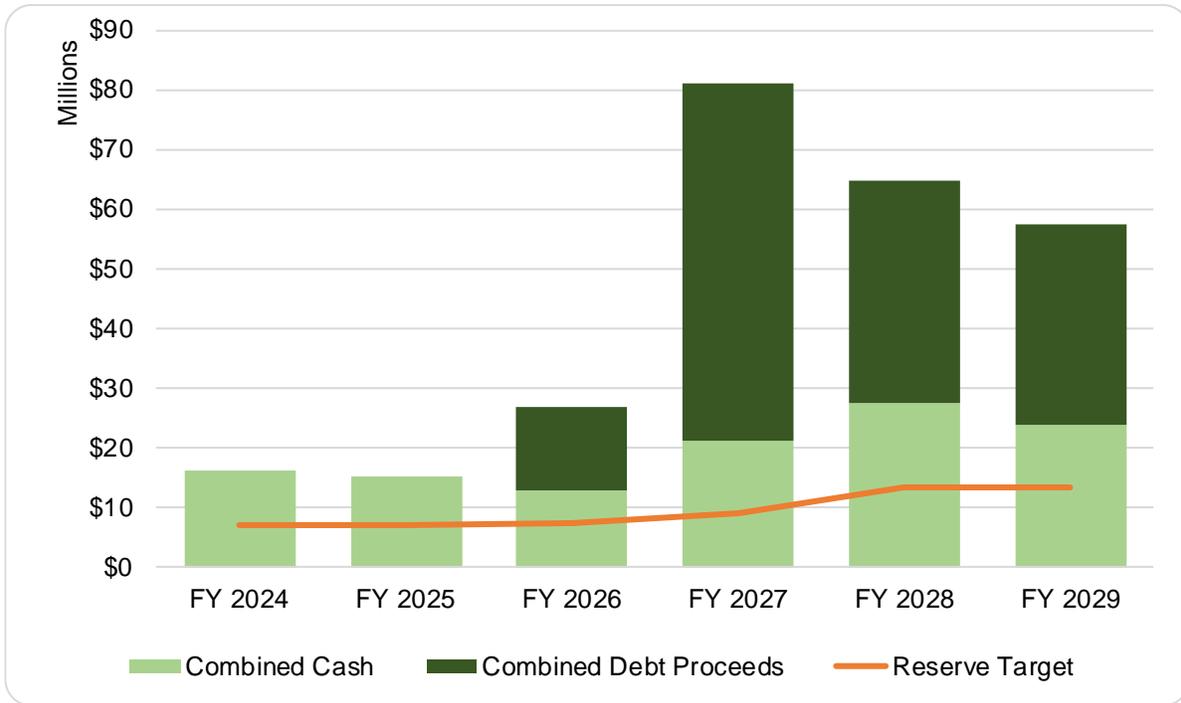
and fee adjustments. Reserve contributions are shown in green, negative reserve contributions mean that the Authority is drawing cash from the reserves, positive means that cash is being contributed.

Figure 6. Proposed Total Cash Flow



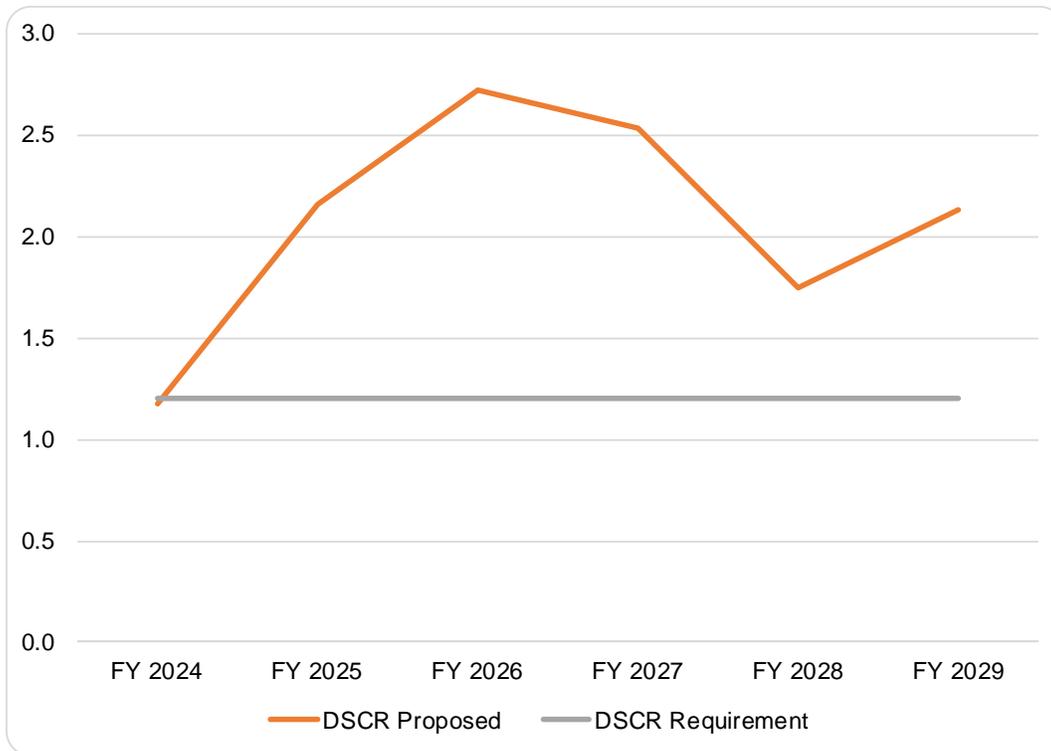
The combined cash balance is shown in **Figure 7**. Cash balances include unspent debt proceeds, though it was assumed that all debt proceeds must be spent within three years of the debt issuance.

Figure 7. Proposed Combined Cash Balances



Finally, the Authority’s debt covenants have a requirement of maintaining a DSCR of 120 percent of net revenues. **Figure 8** shows the annual DSCR for each year of the study under the proposed plan.

Figure 8. Proposed Combined Debt Service Coverage Ratio



VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY

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VICTORVILLE CA 92394
(760) 246-8638



ORDINANCE NO. 001 RULES AND REGULATIONS FOR SEWERAGE SERVICE

May 16, 2024

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 (“VWVRA”) adopted by the Board of Commissioners (“Commission”) of VWVRA on October 8, 1980, (also known as Ordinance No. 80-19 established and imposes a schedule of user fees for services provided by the collection and treatment system owned, maintained and operated by VWVRA; and

WHEREAS, Article 11, Section 11-02 of Ordinance No. 001 provides in pertinent part that the Commission reserves the right to adopt charges and fees for the recovery of costs in connection with the commercial and industrial Pretreatment Program; 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 VWVRA and to ensure compliance with regulatory requirements; and

WHEREAS, in 2016, Ordinance No. 001 was amended to allow a third party acting under the authority granted by a member entity to make a direct connection to a VWVRA interceptor and the member entities, in consultation with staff, have determined that only member entities should have such authority and the language added in 2016 should be deleted.

WHEREAS, VWVRA operates a pretreatment program for certain commercial and industrial customers who discharge wastewater into the regional collection system to ensure that such discharge is in compliance with VWVRA quality requirements and does not overload or cause disruptions in the wastewater treatment system; and

WHEREAS, VWVRA issues permits to the commercial and industrial customers who are required to participate in the pretreatment program and charges application and inspection fees, as well as annual permitting fees in connection with such permits to ensure that the commercial and

industrial users that are creating the additional burden on the system are paying the full costs associated with the program; and

WHEREAS, an independent analysis of VVWRA’s costs in connection with the pretreatment program was undertaken by Larry Walker Associates (“Report”) and VVWRA’s permitting fees and fee structure were reviewed and compared to the fees imposed by similar agencies; and

WHEREAS, the Report, a copy of which is attached hereto as Exhibit “A”, determined that VVWRA is not recovering the full cost of operating the pretreatment program and recommended an increase in pretreatment program fees to address this deficit;

WHEREAS, the Report also pointed out that certain commercial and industrial users create a higher compliance and enforcement burden within the pretreatment program and recommended that VVWRA charge annual permitting fees by permit type to reflect the actual cost of the different classes of commercial and industrial user; and

WHEREAS; the member entities (i) have local pretreatment programs for the handling of FOG (food, oil and grease) that is generated by restaurants, (ii) require local permits in connection with such programs, and (iii) enforce permit requirements through the local inspection process, it was determined that wastewater pretreatment for Food Service Establishments should be handled exclusively through member entity pretreatment programs to avoid duplication of cost and regulatory burden on Food Service Establishments;

WHEREAS, (1) after discussing these matters with staff for its member entities and the VVWRA Engineering Committee, (2) review and consideration of the Report by the Commission; and (3) conducting the necessary notice and public hearing process in the matter, the Commission believes that the proposed changes in the pretreatment program fees and the structure of those fees and the elimination of duplicate cost with respect to the permitting of Food Service Establishments, is necessary in light of the findings above.

WHEREAS, in July of 2021, the Board of Commissioners approved an amendment to Ordinance 001 to update the pretreatment program as recommended by the study completed by Larry Walker and associates attached here to as Exhibit “A” and reflecting the circumstances and findings stated above, and;

WHEREAS, on February 16, 2023, the Commission approved Resolution 2023-04, a true and accurate copy of which is attached hereto as Exhibit “B” and is incorporated herein by this reference; and,

WHEREAS, Resolution 2023-04 sets tipping fee for ADM, specifically, Fats, Oil, and Grease (FOG), disposal as authorized and contemplated by Section 07-04 of the Ordinance and,

WHEREAS, a Rate Study was completed in April of 2024 by RDN Inc. to evaluate future VVWRA users fee revenues necessary to fund regular operations and the capital improvement program (the “Rate Study”) and,

WHEREAS, a true and accurate copy of the Rate Study is attached hereto as Exhibit “C” and is incorporated herein by this reference;

WHEREAS, the Board of Commissioners approved the Rate Study on April 25, 2024, pursuant to Resolution 2024-05 a true and accurate copy of which is attached hereto as Exhibit “D” and is incorporated herein by this reference;

WHEREAS, the Rate Study determined that the current user fee rates charged by VVWRA are not sufficient to cover future operating costs and necessary capital improvements and;

WHEREAS, the Rate Study and Resolution 2024-05 provide that an increase in user fee rates is necessary to ensure that no deficit is further incurred in the operations of VVWRA; and,

WHEREAS, it is the decision of the Board of Commissioners that the recommended increase approved in Resolution 2024-05 be implemented

WHEREAS, on April 25, 2024, at a regularly scheduled meeting, the Board of Commissioners conducted a duly noticed public hearing and the First Reading of the Ordinance;

WHEREAS, on May 16, 2024, the Board of Commissioners conducted a duly noticed public hearing and the Second Reading of the Ordinance

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. Repeal of Table II of Ordinance No. 001 Table II is hereby repealed in its entirety and, as set forth below, is to be replaced by the Amended Table II attached hereto.

Section 3. Amendment of Table II of Ordinance No. 001 Table II, as referenced in Section 10-01 of Ordinance No. 001, is hereby amended and revised as set forth in the attachment hereto and is incorporated herein by the reference.

Section 4. 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 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. 001.

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

AMENDED: 6/17/21

REPEALED AND RESTATED: 05/16/2024

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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 (VWVRA) 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 Member 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; and with respect to Food Service Establishments, by the standards and procedures established by the Member Entities consistent with the requirements of this Ordinance.

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 statutes, 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.

FATS, OIL, and GREASE (FOG) shall mean any substance such as vegetable or animal product that is used in, or is a byproduct of, the cooking for food preparation process, and that turns or may turn viscous or solidify with a change in temperature or other conditions.

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

FOOD SERVICE ESTABLISHMENT (FSE) shall mean means facilities defined in California Uniform Retail Food Facilities Law (CURFFL) Section 113785, and any commercial entity (such as, but not limited to, restaurants, commercial kitchens, caterers, hotels, bakeries, donut shops, public and private schools, hospitals, prisons, correctional facilities, and care institutions) within the service area, operating in a permanently constructed structure such as a room, building, or place, or portion thereof, maintained, used, or operated for the purpose of preparing, serving, or

manufacturing, packaging, or otherwise handling food for sale to other entities, or for consumption by the public, its members or employees, and which has any process or device that uses or produces FOG, or grease vapors, steam, fumes, smoke or odors that are required to be removed by a Type I or Type II hood, as defined in CURFFL Section 113785. A limited food preparation establishment is not considered a food service establishment when engaged only in reheating, hot holding or assembly of ready to eat food products and as a result, there is no wastewater discharge containing a significant amount of FOG. A limited food preparation establishment does not include any operation that changes the form, flavor, or consistency of food.

FOOD WASTE shall mean organic wastes derived from pre- and post-processed plants and animals (excluding those wastes generated at rendering 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
AO	Administrative Order	NCSIU	Non-Categorical Significant Industrial User
ADM	Anaerobically Digestible Materials	NOV	Notice of Violation
APE	Alkyl Phenol Ethoxylates	NPDES	National Pollutant Discharge Elimination System
BMR	Baseline Monitoring Report	NSIU	Nonsignificant Industrial User
BOD	Biochemical Oxygen Demand	NWDP	Nondomestic Wastewater Discharge Permit
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	SWDA	Solid Waste Disposal Act, 42 USC 6901 et. seq.
DOX	Dissolved Organic Halides	TDS	Total Dissolved Solids
EAP	Ethylated Alkyl Phenols	TFR	Total Filterable Residue
EC	Electrical Conductivity	TIU	Temporary Industrial User
EPA	Environmental Protection Agency	TOC	Total Organic Carbon
FOG	Fats, oils, and grease	TOX	Total Organic Halides
FSE	Food Service Establishment	TRC	Technical Review Criteria
gpd	gallons per day	TSCA	Toxic Substances Control Act
IU	Industrial User	TSS	Total Suspended Solids
JPA	Joint Powers Authority	TTO	Total Toxic Organics
JPAG	Joint Powers Agreement	µg	micrograms
l	liter	µg/l	micrograms per liter
lb	pound	µmhos/cm	micromhos per centimeter
LEL	Lower Explosive Limit	UBC	Uniform Building Code
MBAS	Methylene Blue Activated Substances	UFC	Uniform Fire Code
mg	milligrams	UPC	Uniform Plumbing Code
mg/l	milligrams per liter	USC	United States Code
MOU	Memorandum of Understanding	VVWRA	Victor Valley Wastewater Reclamation Authority
MPRSA	Marine Protection Research and Sanctuaries Act	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).

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 resolution 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)

The 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, Food Service Establishment (FSE)

FSEs that propose to discharge nondomestic wastewater to the POTW shall complete and submit the appropriate FOG permit application and fee to the Member Entity where proposed FSE is located. The Member Entity responsibility will be to issue the appropriate FOG permit and enforce all its conditions.

08-06.5 - 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). A rate study utilized to develop any new rates will also be attached to this ordinance as Exhibit “C” 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 sewerred 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. The current Pretreatment Program fees are in Table III.

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 reinstated by the Manager after the User has complied with all provisions in the Administrative Order. The User shall be liable for all costs for reinstating 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 reinstated 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: May 16, 2024

Scott Nassif,
Chair VVWRA Board of Commissioners

APPROVED AS TO FORM:

ATTEST:

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

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 April 25, 2024, and was adopted by the Commission at a regular meeting held on the May 16, 2024 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 May 16, 2024.

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	.012
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 1st, 2024

User Charge Rate per Million Gallons (\$/MG)

FY 2024-2025	\$5,923
FY 2025-2026	\$6,515
FY 2026-2027	\$7,166
FY 2027-2028	\$7,883
FY 2028-2029	\$8,671

High Strength Surcharges

BOD	See the Adopted Budget for the corresponding fiscal year rate
TSS	See the Adopted Budget for the corresponding fiscal year rate
NH3	See the Adopted Budget for the corresponding fiscal year rate

Other Fees

Septage Receiving Fee	\$0.12 per gallon
Fats Oil, and Grease (FOG) Tipping Fee	\$0.12 per gallon

TABLE III: PRETREATMENT PROGRAM FEES

Wastewater Discharge Permit Application Fee (Class I, II, IV): \$220

Wastewater Discharge Permit Fees

Permit Type	Annual Fee
Class I	\$3,000
Class II	\$3,000
Class III	\$175
Class IV	\$800

Plan Check Fee: \$110

Follow-up Inspection Fee: \$330

Follow-up Compliance Sampling Fee: \$220 plus analytical costs

EXHIBIT A: LARRY WALKER ASSOCIATES REPORT

Memorandum



DATE: March 24, 2021

TO: Latif Laari, Victor Valley Wastewater Reclamation Authority

SUBJECT: Victor Valley Wastewater Reclamation Authority Pretreatment Program Fee Evaluation - DRAFT

cc: Betsy Elzufon, Larry Walker Associates

Gorman Lau, P.E.

1480 Drew Avenue, Suite 100
 Davis, CA 95618
 530.753.6400 (phone)
 530.753.7030 (fax)
 gormanl@lwa.com

INTRODUCTION

Victor Valley Wastewater Reclamation Authority (VWVRA) is a joint powers authority that consists of the Cities Victorville and Hesperia, Town of Apple Valley, and two San Bernardino County Service Areas (No. 42 Oro Grande and No. 64 Spring Valley Lakes). VWVRA owns and operates the Victor Valley Regional Wastewater Treatment Plant (Plant), which provides treatment of domestic, commercial, and industrial wastewater from its service area. Since 1995, VWVRA has implemented a Pretreatment Program to regulate non-domestic users discharging wastewater from its service area to the Plant. VWVRA's National Pollutant Discharge Elimination System (NPDES) permit (CA0102822, Order No. R6V-2020-0028) and Ordinance No. 001, which was most recently updated in December 2016, provide the legal authority to implement the Pretreatment Program.

Title 40 of the Code of Federal Regulations (40 CFR) Part 403.8(f)(3) requires that a Pretreatment Program be sufficiently funded with resources and qualified personnel to implement the program. The purpose of this technical memorandum is to evaluate the current Pretreatment Program fee structure and identify potential fees that may be implemented to fund the Pretreatment Program.

PRETREATMENT PROGRAM BACKGROUND

VVWRA structured the administration and implementation of its Pretreatment Program into five types of wastewater discharge permits:

- Class I – categorical industrial users (CIUs)
- Class II – non-categorical significant industrial users (NCSIUs)
- Class III – non-significant industrial users (NSIUs)
- Class IV – temporary industrial users (TIUs)
- Class V – dischargers of trucked or hauled wastewater to the Plant

At the end of 2020, VVWRA had one Class I, ten Class II, and two Class IV industrial users that were permitted under the Pretreatment Program. Additionally, VVWRA also permits and regulated 418 Class III dischargers that include, but are not limited to, food service establishments (FSEs), car and truck washes, grocery stores, hospitals, and automotive service facilities. VVWRA is currently evaluating the feasibility of transitioning certain types of dischargers (e.g., FSEs) to its member agencies for oversight. This may reduce the number of Class III permits that VVWRA issues.

The VVWRA Pretreatment Program is currently implemented by one equivalent full-time employee (FTE) with responsibilities split between a manager (25%), an inspector (50%) and an administrative assistant (25%). In 2020, VVWRA spent approximately \$153,000 in the implementation of its Pretreatment Program. The costs included salary and benefits of staff, third-party analytical and regulatory consulting fees, and equipment and supplies. Pretreatment Program revenue in 2020 was approximately \$50,000, which was primarily collected from annual permit fees and some enforcement actions.

PRETREATMENT PROGRAM FUNDING SOURCES

Generally, sewer service is funded by rates, fees, and surcharges that are applied to dischargers using the system. Rates, fees, and surcharges vary depending on the classification of the discharge (e.g., residential, commercial, industrial) and the strength or type of the waste that is discharged. Sewer rates are typically flat rates based on classification of the wastewater source but can also be based on water meter size and/or potable water usage. Fees can include impact fees (i.e., fees charged to a developer when the sewer connection is first established), fees associated with reviewing and checking plans for sewer connections, and permit fees. Surcharges are charges for the use of sewer and/or treatment capacity above a standard threshold that may incorporate discharger-specific flow volumes and/or pollutant loads.

Ideally, VVWRA's Pretreatment Program should be fiscally self-sustaining through collection of applicable charges. The following sections describe the current fees implemented by VVWRA and a comparison of similar fees implemented by other publicly-owned treatment works (POTWs). For the purposes of this discussion, sewer rates and surcharges are not discussed in this evaluation as these types of funding sources are typically based on wastewater discharge rates while the implementation of the Pretreatment Program is typically funded through fees for permit applications, permits,

Pretreatment Program Fee Review - DRAFT

and follow-up requirements. Applicable Pretreatment Program fees should sufficiently account for the cost of labor and materials associated with an activity (e.g., review of documents, sampling, inspection).

Plan Check and Permit Application Fees

When new businesses are proposed to enter the service area, proper sanitary sewer connections need to be made. As part of this process in planning, designing, building, and/or retrofitting existing businesses, a municipal sewer agency is consulted as part of the plan review process to review and approve sanitary system connection applications and plans. This step ensures that any treatment devices (e.g., pretreatment, grease interceptors) and connection sizes meet the applicable standards, and that the connection of the business will not negatively impact the sanitary sewer system and/or wastewater treatment plant. Typical fees that may apply during the planning phase of introducing a new or modifying an existing wastewater discharge to the sanitary sewer system may include plan check fees. Additionally, if a discharger requires a wastewater discharge permit, there may be an application fee.

VVWRA currently implements the following fees for plan checking:

- Sampling manhole installation – \$100
- Discharge flow meter review – \$100
- Gravity separation interceptor – \$100
- Other pretreatment facilities – \$100

Most POTWs implement plan check fees, but some POTWs include a permit application fee with the plan check fees. Of the POTWs that were reviewed, Delta Diablo and Napa Sanitation District separated plan check fees from application fees. For Delta Diablo, an initial plan check fee of \$250 is applied with a subsequent \$50 charged per subsequent plan check. Napa Sanitation District has a list of various plan check fees, similar to VVWRA, depending on the type of structure that is intended to be constructed. For example, a grease interceptor plan check is \$179. On the further extreme, Orange County Sanitation District implements a charge of 20 percent of the sewer construction cost for new tract sewer, sewer extensions, or special facilities for plan check and inspection fees.

Most POTWs appear to include a wastewater discharge permit application fee with the wastewater discharge permit fees, described in the following section. However, several POTWs identified separate wastewater discharge permit application fees. The City of Burbank implements a \$53.50 application fee while the City of Riverside implements an application fee of \$120 for most permits, including SIUs, CIUs, and NSIUs, and \$25 for a waste hauler permit application. VVWRA does not currently have a fee for a wastewater discharge permit application.

It is recommended that VVWRA evaluate if the plan check fees adequately cover the cost of doing plan checks and determine whether additional fees (e.g., subsequent plan checks) are needed. For wastewater discharge applications, fees can either be implemented as a separate fee or incorporated into the wastewater discharge permit fee.

Pretreatment Program Fee Review - DRAFT

Wastewater Discharge Permit Fees

VVWRA currently charges \$500 annually for wastewater discharge permits for all classes of dischargers except for Class III dischargers, which have an annual fee of \$100. Wastewater discharge permit fees are intended to cover costs of administering wastewater discharge permits and include regular activities such as inspections, sampling, and review of submittals and discharge reports.

For CIUs and NCSIUs, pretreatment regulations require a minimum of one annual sampling event and one inspection conducted by the POTW administering a pretreatment program to verify compliance and submittal of two semi-annual reports. Under specific conditions, a POTW may waive some monitoring requirements. Analytical costs to assess compliance with federal categorical limits and/or local limits can range from \$600 to \$1,600 per year depending on the type of discharger and the pollutants that need to be monitored. The higher end of the analytical costs may include analyses of organic compounds. If the discharger has more than one discharge location or sampling point, the analytical costs can increase. For non-CIUs and NCSIUs, there may be more flexibility in how these requirements (e.g., sampling or inspection frequency) are administered.

In reviewing wastewater discharge permit fee information collected from other POTWs, it appears that the VVWRA wastewater discharge permit fees are on the lower end of the spectrum. A summary of wastewater discharge permit fees from other POTWs is presented in Table 1.

Table 1. Wastewater Discharge Permit Fees

Publicly-Owned Treatment Works	Permit Type	Fee
Victor Valley Wastewater Reclamation Authority	Class I (CIU), II (NCSIU), IV (TIU), V (hauled waste)	\$500/year (or \$2,500/5 years)
	Class III (NSIU)	\$100/year (or \$500/5 years)
City of Burbank	Class I	\$439/5 years
	Class II	\$922/5 years
	Class III	\$2,848/5 years
	Class IV (SIU, CIU)	\$8,300/5 years
Delta Diablo	SIU	\$4,600/year (\$23,000/5 years)
	SIU without TTO analyses	\$2,750/year (\$13,750/5 years)
	SIU with zero discharge	\$690/year (\$3,450/5 years)
East Bay Municipal Utilities District	Industrial permit	\$2,920/year (\$14,600/5 years)
		\$1,550/year (\$7,750/5 years) for monitoring

Pretreatment Program Fee Review - DRAFT

Publicly-Owned Treatment Works	Permit Type	Fee
Inland Empire Utilities Agency	CIU	\$4,375/2 or 5 years (new permittee)
		\$3,250/2 or 5 years (permit renewal)
	NSCIU	\$3,188/2 or 5 years (new permittee)
		\$813/2 or 5 years (permit renewal)
	NSIU	\$2,625/2 or 5 years (new permittee)
		\$563/2 or 5 years (permit renewal)
Orange County Sanitation District	Class I (SIU, CIU)	\$1,265/year (or \$6,325/5 years)
	Class II (commercial)	\$380/year (\$1,900/5 years)
	Special purpose	\$1,116/year (\$5,580/5 years)
City of Riverside	Class I (SIU, CIU)	\$1,000/year (or \$5,000/5 years)
	Class II (NSIU)	\$500/year (or \$2,500/5 years)
	Class III (smaller NSIU), IV (zero discharger)	\$250/year (or \$1,250/5 years)
	Class VI (hauled)	\$120/year (\$600/5 years)

The average annual permit fee of the six POTWs (excluding VVWRA) identified Table 1 is \$2,200 for SIU/CIU permits. A potential increase of the VVWRA Class I and II permit fees to the average would potentially yield \$18,700 annually in additional revenue. The average annual fee currently charged by VVWRA likely does not sufficiently cover the cost of administering permit activities such as inspections, sampling and analysis, review of submittals, and possibly wastewater discharge permit application processing.

NSIU permit fees for other POTWs are also higher than what VVWRA currently charges. Depending on the additional NSIUs for which VVWRA will continue to administer permits, there could be further generation of revenue from an increase in annual permit fees. While the level of effort necessary to administer a Class III permit is lower, the current Class III permit fees likely do not cover the costs.

It is recommended that VVWRA consider implementing wastewater discharge permit fees based on the class of permit issued. Class I and II permits require a higher level of VVWRA engagement and should have higher fees. Class III and IV permits would have lower fees since they require less oversight and time to administer. Depending on the

Pretreatment Program Fee Review - DRAFT

approach taken, wastewater discharge permit application fees may be rolled into the wastewater discharge permit fee as well.

Non-Compliance-Related Fees

VVWRA current implements a wide range of fees associated with follow-up activities related to permittees in non-compliance. These activities and fees include follow-up inspections and sampling fees, issuance of administrative orders, and enforcement penalties. Fees associated with non-compliant wastewater discharge permittees are presented in Table 2.

Table 2. Victor Valley Wastewater Reclamation Authority Enforcement Action Fees

Enforcement Action Fee Type	Fee Amount
Follow-up Sampling (non-compliance)	\$100 per sample
Non-compliance for sample analyses not submitted	\$100 per sample
Stop Work Order	\$100
Compliance Order	\$250
Cease and Desist Order	\$500
Cease Discharge Order	\$500
Termination of Service	\$500
Follow-up Inspection	\$100
Notice of Violation/Inspection	\$150
Obtaining Inspection Warrant	\$500
Compliance Meeting	\$250
Enforcement Hearing	\$500

Most POTWs include language in their Sewer Use Ordinances outlining conditions for cost recovery related to enforcement activities, including labor and expenses associated with addressing the non-compliance (e.g., additional inspections, additional sampling). These are typically determined upon conclusion of an enforcement action through penalties or fines. Of the POTWs reviewed, only the City of Burbank included fees for follow-up enforcement inspections in their fee schedule. Depending on the class of discharger in non-compliance, follow-up inspection fees can range from \$449-\$1,992 with the higher amount being associated with CIUs/SIUs.

It makes sense to include fees for some lower levels of enforcement activity (e.g., follow-up inspection, administrative fines). However, a follow-up sampling event can be a higher cost depending on the analyses needed. Because enforcement efforts can vary significantly in level of effort to resolve and duration, it may be inhibitory to provide fees for higher levels of enforcement as it may limit the cost recovery that VVWRA can obtain. These types of fees should be determined on a case-by-case basis to ensure that VVWRA receives proper compensation for the enforcement activities.

Pretreatment Program Fee Review - DRAFT

It is recommended that VVWRA reconsider some of the fees associated with higher levels of enforcement and perhaps use narrative language in the Sewer Use Ordinance to administer these fees. Similarly, fees associated with follow-up sampling should be at-cost based on the required analyses. Lastly, VVWRA should evaluate if the fees for lower-level enforcement activities sufficiently cover the costs associated with performing the enforcement actions.

PROPOSED FEE STRUCTURE

Based on discussions with Pretreatment Program staff, the level of effort required to implement the Pretreatment Program on a permit-by-permit basis was assessed. A breakdown of the labor hours associated with wastewater discharge permit implementation and compliance for VVWRA staff is presented in Table 3. For Class I/II permits, tasks include annual sampling and inspections, self-monitoring report review, annual and quarterly report development, and permit-related tasks (e.g., communication with permittees, follow-up on submittals, issuance of first Notice of Violation). For Class III permits, tasks include inspections and miscellaneous permit related-tasks. For Class IV permits, tasks include annual inspection, self-monitoring report review, and miscellaneous permit-related tasks. The total annual labor hours do not include other Pretreatment Program activities, such as Pretreatment Compliance Inspections or Audits (PCI/PCA), wastewater discharge permit modifications, and training.

Table 3. Breakdown of Annual Labor Hours by Permit Type

Permit Type (Number of Permits)	Total Annual Labor Hours	Average Labor Hours per Permit
Class I/II (10 permits)	264	26.4
Class III (406 permits)	1,218	3
Class IV (2 permits)	27	13.5

In addition to labor costs, other expenditures for Pretreatment Program implementation associated with wastewater discharge permitting include materials (e.g., sampling tubing), equipment (e.g., portable samplers), and analytical costs. Based on discussions with Pretreatment Program staff, these other expenditures are approximately \$15,000 annually for Class I/II permittees and \$3,000 annually for Class III permittees.

Based on these expenditures on wastewater discharge permit compliance activities, a proposed annual wastewater discharge permit fee structure would be as follows:

- Class I/II: \$2,952
- Class III: \$172
- Class IV: \$743

This annual wastewater discharge permit fee structure would be expected to generate approximately \$101,000 in revenue based on a labor rate of \$55 per hour.

Pretreatment Program Fee Review - DRAFT

In addition to the annual wastewater discharge permit fee, other fees that can be implemented include a wastewater discharge permit application fee for the Class I, II, and IV permits, plan check fees, and non-compliance follow-up fees. Class III permit application fees would be covered by the annual permit fee. Based on expected labor hours at \$55 per hour, these proposed fees may be:

- Class I/II/IV permit application fee: \$220
- Plan check fee: \$110
- Follow-up compliance sampling fee: \$220 plus analytical costs
- Follow-up inspection fee: \$330

Because enforcement actions can vary from case to case, any cost recovery associated with enforcement, aside from the first Notice of Violation, should be assessed based on the labor hours needed to correct the compliance issue.

SUMMARY AND RECOMMENDATIONS

This technical memorandum summarized an evaluation of the VVWRA Pretreatment Program fees to determine the following:

- Are VVWRA Pretreatment Program fees providing sufficient revenue to fund the program?
- What fees are being applied by Pretreatment Programs implemented by other POTWs?
- What additional fees can be implemented by VVWRA to increase revenue to cover the costs of Pretreatment Program implementation?
- What is a proposed fee structure that will provide additional Pretreatment Program cost recovery?

At present, revenue generated by the Pretreatment Program do not sufficiently recover the cost of administering the program. A review of VVWRA's wastewater discharge permit fees indicates that the annual fees are low compared to several other POTWs surveyed. The annual fees should consider time and material costs of administering permits that may include, but are not limited to, inspections, sampling, and review of submittals (e.g., periodic compliance reports, applications). Because the level of effort can vary between permit classes, the fees may be different and need to be structured based on the permit classes. Additionally, fees for plan checks and lower-level enforcement activities (e.g., follow-up inspections, administrative fines) may need to be evaluated to ensure that they sufficiently recover costs for the activity since they have not been updated since 1995.

It is also recommended that VVWRA reconsider the need for including fees associated with higher levels of enforcement as the level of effort needed for these types of enforcement activities can vary significantly on a case-by-case basis. It may be more beneficial for VVWRA to utilize general ordinance language that allows for the recovery of costs for implementing enforcement actions in these cases.

Pretreatment Program Fee Review - DRAFT

Based on this evaluation, LWA proposes the following fee structure to provide additional cost recovery for the Pretreatment Program:

- Annual Wastewater Discharge Permit Fee
 - Class I/II: \$2,952
 - Class III: \$172
 - Class IV: \$743
- Other As-Needed Pretreatment Program Fees
 - Class I/II/IV permit application fee: \$220
 - Plan check fee: \$110
 - Follow-up compliance sampling fee: \$220 plus analytical costs
 - Follow-up inspection fee: \$330
- Enforcement Fees
 - To be determined on a case-by-case basis

The proposed annual wastewater discharge permit fees would generate approximately \$101,000 in revenue compared to the 2020 revenue of \$50,000. The other proposed fees would provide cost recovery based on level of effort expected to complete the service needed. The proposed fees would be in-line with what other POTWs charge wastewater discharge permit holders for similar services.

**EXHIBIT B: RESOLUTION 2023-04 REGARDING SOLID WASTE
ADM DISPOSAL FEES**

RESOLUTION 2023-04

RESOLUTION OF THE VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY TO APPROVE TIPPING FEE OF \$.12 PER GALLON EFFECTIVE JULY 1, 2023, FOR THE FOG PROGRAM

WHEREAS Ordinance 001 of the Victor Valley Wastewater Reclamation Authority (“VWVRA” or the “Authority”) provides that its fees for the receipt and processing of ADM and Food, Oils and Grease (“FOG”) may be established and set by Resolution; and,

WHEREAS, pursuant to its contractual relationship with SoCal Biomethane, VWVRA is to receive and treat in excess of 50,000 gallons per day of ADM/FOG; and,

WHEREAS, VWVRA Staff has recommended and the VWVRA Board of Commissioners has determined and ordered that VWVRA recuperate the cost of all expenses associated with ADM/FOG facilities and operations; and,

WHEREAS, in or about July of 2021, VWVRA adopted Resolution 2021-06, a true and accurate copy of which is hereto attached as Attachment A; and,

WHEREAS, Resolution 2021-06 sets the rate for both ADM (Food Waste) and FOG at the same value of \$.05 per gallon for both; and,

WHEREAS, from the time of passage of Resolution 2021-06, Staff at VWVRA (“Staff”) has observed and reported a drastic difference between how FOG must be received, handled and processed as opposed to how ADM must be received, handled and processed; and,

WHEREAS, from the time of passage of Resolution 2021-06, Staff has also observed and reported that the gas production from FOG is much lower than the gas production originated from ADM; and,

WHEREAS, from the time of passage of Resolution 2021-06, Staff has also observed and reported that the impact of receiving, handling and processing of FOG on VWVRA’s equipment and operations is much higher, and therefore costly, than the receiving, handling and processing ADM; and,

WHEREAS, in light of those observations and impacts, VWVRA Staff commissioned a study and report by John Robinson Consulting, Inc. (the “Robinson Report”) (a true and accurate copy of the Robinson Report is attached hereto as Attachment B); and,

WHEREAS, the Robinson Report finds that the true impact of receiving, handling and processing FOG on VWVRA’s operations and equipment is consistent with the costs of receiving, handling and processing septage; and,

WHEREAS, in light of the Robinson Report, Staff recommends that the fees for receiving, handling and processing of FOG should be equal to the fees charged for receiving, handling and processing septage (a true and accurate copy of Staff Recommendation is attached hereto as Attachment C); and,

WHEREAS, Staff recommends that the fees for receiving, handling and processing of FOG should be equal to and in the future track the fees charged for receipt, handling and processing of septage; and,

WHEREAS, Staff recommends that the receiving, handling and processing fees for ADM remain at this time as set forth in Resolution 2021-06;

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 as well as the studies, reports that support the fee being adopted, including the staff report and exhibits attached to this Resolution;

Section 2. Repeal of Past FOG Fee/Establishment of New FOG Fee. The current Fee Schedule for FOG attached to Resolution 2021-06 is hereby repealed and a new FOG fee is established as follows:

- the Board adopts a fee of \$.12 per gallon of FOG;

Section 3. The fee for FOG set by this resolution shall supersede any previous FOG fees established by VVWRA contractually or otherwise;

Section 4. The ADM fee set forth by Resolution 2021-06 shall remain unchanged and is not modified by this Resolution;

Section 5. From the time that this Resolution becomes effective, the charges and fees for receipt, handling and processing of FOG shall be the same as the fees charged for the receipt, handling and processing of septage;

Section 6. Effective Date. This Resolution shall become effective upon its approval or adoption. The established rate of \$.12 per gallon for the FOG Program shall be effective on July 1st, 2023, following the adoption of this Resolution.

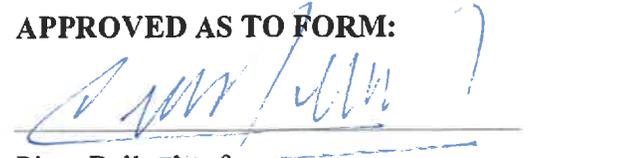
ADOPTED this 16th day of February 2023.



 Dakota Higgins, Chair
 VVWRA Board of Commissioners

ATTEST:

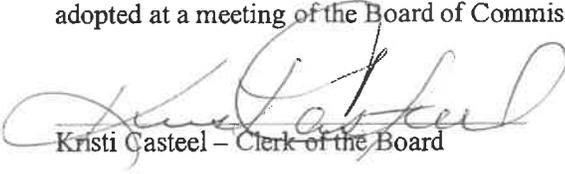

 Debra Jones, Secretary
 VVWRA Board of Commissioners

APPROVED AS TO FORM:


 Piero Dallarda of
 Best Best & Krieger LLP, Counsel for VVWRA

CERTIFICATION:

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the Board of Commissioners held on February 16, 2023.



Kristi Casteel – Clerk of the Board

EXHIBIT A

Resolution 2023-04

RESOLUTION 2021-06

RESOLUTION OF THE VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY TO APPROVE TIPPING FEE OF \$0.05 PER GALLON EFFECTIVE JULY 1, 2021, FOR THE ADM/FOG PROGRAM

WHEREAS Ordinance 001 of the Victor Valley Wastewater Reclamation Authority (“VWVRA” or the “Authority”) provides that its fees for the receipt and processing of ADM and Food, Oils and Grease (“FOG”) may be established and set by Resolution; and,

WHEREAS, pursuant to its contractual relationship with SoCal Biomethane, VWVRA is to receive and treat in excess of 50,000 gallons per day of ADM/FOG; and,

WHEREAS VWVRA Staff recommends that VWVRA recuperate the cost of all expenses associated with ADM/FOG facilities and operations; and,

WHEREAS, in order to recuperate the costs of said expenses, VWVRA Staff recommends a \$0.05 per gallon user fee schedule as set forth in the Staff Report, a copy of which is attached hereto as Exhibit “A”

WHEREAS, as provided in the Staff Report based on the current volume of materials received, a potential total amount of revenue of \$658,212 would cover both the costs of treating the materials as well as the long impacts on the system;

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 as well as the studies, reports that support the fee being adopted, including the staff report and exhibits attached to this Resolution;

Section 2. Establish ADM/FOG Fee. The current Fee Schedule, for ADM/FOG attached hereto as Exhibit “B”. is hereby established, as follows:

- the Board adopts a fee of \$0.05 per gallon of ADM/FOG;

Section 3. The fee for ADM/FOG set by this resolution shall supersede any previous ADM/FOG fees established by VWVRA contractually or otherwise.

Section 4. Effective Date. This Resolution shall become effective upon its approval or adoption. The established rate of \$0.05 per gallon for the ADM/FOG Program shall be effective on July 1st, 2021, following the adoption of this Resolution.

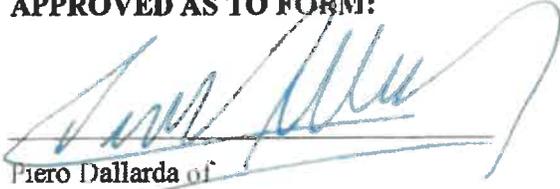
ADOPTED this 17th day of June 2021,


 Debra Jones Chair
 VWVRA Board of Commissioners

ATTEST:

APPROVED AS TO FORM:

Paul Cook, Secretary
VWVRA Board of Commissioners


Piero Dallarda of
Best Best & Krieger LLP, Counsel VWVRA

CERTIFICATION:

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the Board of Commissioners held on June 17, 2021.

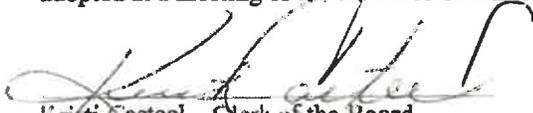

Kristi Casteel - Clerk of the Board

EXHIBIT B



TECHNICAL MEMORANDUM

Subject: Victor Valley Wastewater Reclamation Authority – FOG Tipping Fee Rate Evaluation Technical Memorandum

Prepared For: Darron Poulsen, General Manager with Victor Valley Wastewater Reclamation Authority

Prepared By: John Robinson, Principal with John Robinson Consulting, Inc.

Date: November 8, 2022

INTRODUCTION

Victor Valley Wastewater Reclamation Authority (VWVRA) is a joint powers authority that consists of the City of Victorville, the City of Hesperia, the Town of Apple Valley, and two San Bernardino County Service Areas (No. 42 Oro Grande and No. 64 Spring Valley Lake). VWVRA owns and operates the Victor Valley Regional Wastewater Treatment Plant (Plant), which provides domestic, commercial, and industrial wastewater treatment from its service area.

In 2016, VWVRA began a program of receiving FOG to assist local haulers dispose of this difficult waste. The receiving of this waste is environmentally beneficial as it produces a good amount of methane gas that when captured during the digestion process can be used to operate the 2G generators instead of being released into the atmosphere. The previous tipping fee was established by evaluating the additional costs of receiving these materials divided by the estimated volume of material at the established rate. This rate was established to cover the costs of the FOG program so as not to be fiscally impactful to other operations at the regional facility.

One of the goals is to have portions of the Plant be sufficiently funded with resources and qualified personnel to implement the FOG tipping program. This technical memorandum aims to evaluate the current FOG fee structure and identify potential fees that may be implemented to support improvements to the FOG tipping program.

BACKGROUND:

As part of the TM, the FOG tipping volumes were evaluated for 2014 through 2020. The volumes for 2021 were not included as COVID significantly impacted the FOG tipping as the average was 1,329 gallons per day. The volumes for 2022 were not included as we did not have a full year worth of data and COVID was still impacting the FOG generations.

The average volume over those seven (7) years was 4,792 gallons per day. Refer to Table 1 below for the summary:

TECHNICAL MEMORANDUM

Table 1. FOG Tipping – Last Seven Years

Year	Volume (Gallons)	Days Discharged
2014	6,425	46
2015	4,130	84
2016	4,457	115
2017	5,008	148
2018	5,416	182
2019	4,193	167
2020	3,917	304
Average	4,792	183 ⁽¹⁾

(1) Average of 2016 through 2020

The average number of days FOG tipping over the last seven years (2014 to 2020) is approximately 139 days but over the last five years (2016 to 2020) the average days of discharge increase dramatically to 183 days.

As part of the TM, the FOG tipping rates were evaluated for other agencies. The FOG tipping rates have not been reviewed or updated since 2016, which is similar to the Septage Receiving rates evaluated earlier in 2022. For the last seven years (2016 through 2022), these rates have remained at \$0.05 per gallon for FOG tipping. The current FOG tipping service is not balanced with the FOG tipping rate information collected from other Public Owned Treatment Works (POTWs) as the VVWRA's FOG tipping fees are on the lower end of the spectrum. A summary of wastewater discharge permit fees from other POTWs is presented in Table 2.

Table 2. FOG Tipping Rates Fees

Publicly-Owned Treatment Works	Tipping Fee
Victor Valley Wastewater Reclamation Authority	\$0.05/gallon
Burbank Water and Power	\$0.15/gallon
City of Los Angeles Sanitation and Environment (Hyperion WRP only)	\$0.12/gallon
City of Riverside	\$0.10/gallon



TECHNICAL MEMORANDUM

Eastern Municipal Water District	\$0.10/gallon
Los Angeles County Sanitation District (Lancaster WRP and Palmdale WRP)	\$0.18/gallon
Inland Empire Utilities Agency	\$0.15/gallon
Orange County Sanitation District	\$0.20/gallon

The average FOG tipping fee for the seven POTWs (excluding VVWRA) identified is \$0.143/gallon. A potential increase of the VVWRA septage receiving tipping rate from \$0.05/gallon to \$0.12/gallon would potentially yield an additional \$61,385 annually in additional revenue. This is calculated based on $\$0.07/\text{gallon} * 4,792 \text{ gallons/day} * 183 \text{ days/year} = \$61,385$. The current FOG tipping fee charged by VVWRA does not sufficiently cover the cost of administering FOG receiving activities for operations and maintenance or to cover the cost for future planning and construction for the FOG receiving station.

SUMMARY

This technical memorandum summarized an evaluation of the VVWRA current FOG tipping fee and researched FOG tipping programs in Southern California in order to determine the following:

- Are VVWRA FOG tipping fees providing sufficient revenue to fund the program?
- What tipping fees are being applied for FOG implemented by other POTWs in Southern California?

RECOMMENDATIONS

At present, revenue generated by the FOG tipping program does not sufficiently provide funds for future planning and modifications for FOG equipment. A review of VVWRA's FOG tipping fees indicates that the price (\$) per gallon is approximately 65% lower than seven POTWs located in Southern California. The FOG tipping should consider increasing the same percentage rate as to service charges fees increase that were applied to the Septage receiving program.

Based on this evaluation, JRC proposes the following recommendations for the VVWRA's FOG tipping system:

- Increase septage receiving tipping fee from \$0.05/gallon to \$0.12/gallon for Fiscal Year 23
- FOG tipping fee recommendations should be evaluated annually to ensure that they sufficiently recover costs for the program since they have not been updated since 2016.



TECHNICAL MEMORANDUM

CONCLUSION

The recommended increase in the FOG tipping fee from \$0.05/gallon to \$0.12/gallon will allow VVWRA additional revenue for both operations and maintenance as well as planning and construction of future modifications to the system. While there will be an economic impact on the FOG waste hauling companies, the cost per truck seems minimal compared to the benefits.

EXHIBIT C

Resolution 2023-04

25



VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
Board of Commissioners Staff Report

TO: VWVRA Board of Commissioners
FROM: Darron Poulsen, General Manager
SUBMITTED BY: Latif Laari Environmental Compliance Manager
DATE: February 16, 2023
SUBJECT: **STAFF RECOMMENDATION TO ADOPT RESOLUTION NO. 2023-04 TO ESTABLISH A NEW FOG TIPPING FEE OF \$.12 PER GALLON**

<input checked="" type="checkbox"/>	For Action	<input type="checkbox"/>	Fiscal Impact	\$
<input type="checkbox"/>	Information Only	<input type="checkbox"/>	Account Code:	
		<input type="checkbox"/>	Funds Budgeted/ Approved:	

STAFF RECOMMENDATION

It is recommended that the Board of Commissioners adopt Resolution No. 2023-04 to establish a new FOG tipping fee of \$.12 per gallon.

PREVIOUS ACTION(S)

On July 21, 2016, the Commission approved Resolution 2016-3 to approve a tipping fee of \$.05 per gallon effective July 1, 2016, for both ADM and FOG program.

BACKGROUND INFORMATION

FOG refers to Food Oils and Grease. In 2016, VWVRA began a program of receiving FOG to assist local haulers dispose of this difficult waste. The receiving of this waste is environmentally beneficial as it produces a good amount of methane gas that when captured during the digestion process can be used to operate the 2G generators instead of being released into the atmosphere. The previous tipping fee was established by evaluating the additional costs of receiving these materials divided by the estimated volume of material at the established rate. This rate was established to cover the costs of the FOG program so as not to be fiscally impactful to other operations at the regional facility.

At the time, we advised the Board that we would be keeping track of the costs of receiving, handling and processing FOG; how it impacted our operations and

its contribution to our biomethane production process. One of the goals is to have portions of the Plant be sufficiently funded with resources and qualified personnel to implement the FOG tipping program. In order to do this, we engaged a consultant, John Robinson Consulting, Inc. (“Robinson Consulting”) to prepare a technical memorandum that would review the costs associated with the receiving handling and processing of FOG, the impact on our operations and also a comparison with the operations and charges of other facilities engaged in similar activities. Robinson Consulting prepared a technical memorandum (the “Robinson Report”) that aims to evaluate the current FOG fee structure and identify potential fees that may be implemented to support improvements to the FOG tipping program and ensure that it is as self-sustaining as possible. A copy of the Robinson Report is attached hereto as Exhibit 1.

As part of the Robinson Report the FOG tipping volumes were evaluated for 2014 through 2020. The volumes for 2021 were not included as COVID significantly impacted the FOG tipping as the average was 1,329 gallons per day. The volumes for 2022 were not included as we did not have a full year worth of data and COVID was still impacting the FOG generations. The average volume over those seven (7) years was 4,792 gallons per day. Refer to Table 1 below for the summary:

Table 1. FOG Tipping – Last Seven Years

Year	Volume	Days
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2020	3,917	304
Average	4,792	183⁽¹⁾

(1) Average of 2016 through 2020

The current FOG tipping service is not balanced with the FOG tipping rate information collected from other Public Owned Treatment Works (POTWs) as the VVWRA’s FOG tipping fees are on the lower end of the spectrum. A summary of wastewater discharge permit fees from other POTWs is presented in Table 2.

TABLE 2. FOG TIPPING RATES FEES

Publicly Owned Treatment Works	Tipping Fee
Victor Valley Wastewater Reclamation Authority	\$0.05/gallon
Burbank Water and Power	\$0.15/gallon
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The average FOG tipping fee for the seven POTWs (excluding VVWRA) identified is \$0.143/gallon. A potential increase of the VVWRA septage receiving tipping rate from \$0.05/gallon to \$0.12/gallon would potentially yield an additional \$61,385 annually in additional revenue. This is calculated based on $\$0.07/\text{gallon} * 4,792 \text{ gallons/day} * 183 \text{ days/year} = \$61,385$. The current FOG tipping fee charged by VVWRA does not sufficiently cover the cost of administering FOG receiving activities for operations and maintenance or to cover the cost for future planning and construction for the FOG receiving station.

In light of the Robinson Report and Staff's experience with the FOG program, it is recommended that the Board of Commissioners approve and adopt Resolution No. 2023-04 to establish a new FOG tipping fee of \$.12 per gallon, which is similar to the fee VVWRA charges for receiving, handling and processing septage. Staff also recommends that, going forward, the FOG fees track the fees VVWRA charges for septage. In order to make sure that FOG haulers have enough notice and time to prepare, Staff recommends that the recommended FOG fees become effective on July 1, 2023.

Attachment(s):

Exhibit | 1 | – Resolution 2023-04

EXHIBIT C: FY 2025-2029 RATE STUDY BY RDN INC



VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY

**2024 Wastewater Rate Study and
Connection Fee Update**

Final Report

April 5th, 2024



Robert D. Niehaus, Inc.
140 East Carrillo Street
Santa Barbara, CA 93101
Phone: (805) 962-0611
Fax: (805) 962-0097

www.rdniehaus.com

Email: anthony@rdniehaus.com
sgaur@water-economics.com

File: K-349

April 5, 2024
Xiwei Wang
Accounting Supervisor
Victor Valley Wastewater Reclamation Authority
20111 Shay Road
Victorville, CA 92394

SUBJECT: Wastewater Rate Study and Connection Fee Update

Dear Mr. Wang,

Robert D. Niehaus, Inc. (RDN) is pleased to provide this 2024 Wastewater Rate Study and Development Impact Fee Update Report (Report) for the Victor Valley Wastewater Reclamation Authority (VWVRA or Authority). This study accompanies an extensive review of the Authority's financial position, user charges, fee calculation methodology, and derivation of an updated fee for the Authority's consideration.

All of the data used in the report was provided by Authority staff and documents published by the Authority. The key variables used in this Report are budgeted revenues and expenses, system asset value, capital expenses for replacement and future growth, outstanding debt principal, current reserves, future system capacity and current system-wide Equivalent Dwelling Units and sewer flow.

It has been an absolute pleasure to work with you and your staff. We thank you and other VWVRA Staff for the support provided during this study.

Respectfully submitted,

Robert D. Niehaus, Ph.D.
Managing Director/Principal Economist - RDN

Sanjay Gaur M.S., M.P.A.
Project Manager - Water Resource
Economics

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1. Introduction

The Victor Valley Wastewater Reclamation 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 as well as the Mojave Narrows Park:

- 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 (MGPD) 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 MGPD 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 RDN in 2023 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 a manner that is equitable across member agencies.

The Authority last conducted a Financial Plan Update Study and Connection Fee Study in 2019. The prior study established proposed user charges and connection fees through fiscal year (FY) 2024. Since the 2019 study, the Authority has developed a significant capital improvement schedule update. Major capital improvements are needed to continue to serve current customers as well as allow for additional capacity to serve new customers. This Study was conducted in order to develop an updated financial plan that accounts for financial challenges which have emerged since the prior study was conducted in 2019, 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.

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

1. Develop an updated five-year financial plan through FY 2029 to ensure financial sufficiency, meet operating costs, ensure sufficient funding to meet debt obligations, and fund necessary capital expenditures;
2. Develop proposed user charges and rates for FY 2025 to FY 2029; 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.

2. Results and Recommendations

RDN proposes the following revenue, rate, and fee adjustments to accomplish the Authority's goals of capital and reserve funding as well as maintaining debt service coverage ratios. **Table 1** shows the proposed wastewater rate adjustments for the five-year rate study period. To maintain the proposed financial plan, the Authority should raise wastewater rate revenues by 15 percent in FY 2025, followed by 10 percent per year through FY 2029.

Table 1. Proposed Wastewater Revenue Adjustments

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenue Adjustment	15.0%	10.0%	10.0%	10.0%	10.0%

In addition to adjusting revenues from user rates, the Authority must also time debt issuances in order to fund capital expenditures for Repair and Replacement (R&R) projects and growth-related projects. **Table 2** and **Table 3** display the timing and amount of debt issuances that are needed to accomplish capital funding goals. Rate funded debt issuances are used to complete R&R projects and will be repaid using user charges. Connection Fee (Con Fee) funded debt will be repaid by new customers who connect to the system in the form of connection fee revenue.

Table 2. Proposed Rate Funded Debt Issuances

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Rate Funded Debt Issuance	\$ -	\$ -	\$ 65,000,000	\$ -	\$ -

Table 3. Proposed Connection Fee Funded Debt Issuances

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Con Fee Funded Debt	\$ -	\$ 21,000,000	\$ -	\$ -	\$ 35,000,000

The proposed rates and fees shown in **Table 4** and **Table 5** are based on the results of the financial planning analysis. No change was made to the methodology used to calculate user charges per million gallons of sewer flows, which are escalated based on the proposed revenue adjustments; however, the proposed connection fee methodology includes a recalculation of the available system capacity as well as individual customer capacity for EDU determination compared to the previous study. It is the recommendation of this Study that the Authority assess the increase in construction costs each year based on the Engineering News Record Construction Cost Index (ENR CCI) or some similar index to escalate the proposed connection fee to reflect the increasing cost of construction.

Table 4. Proposed User charges

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
User Charge (per MG)	\$ 5,923	\$ 6,515	\$ 7,166	\$ 7,883	\$ 8,671

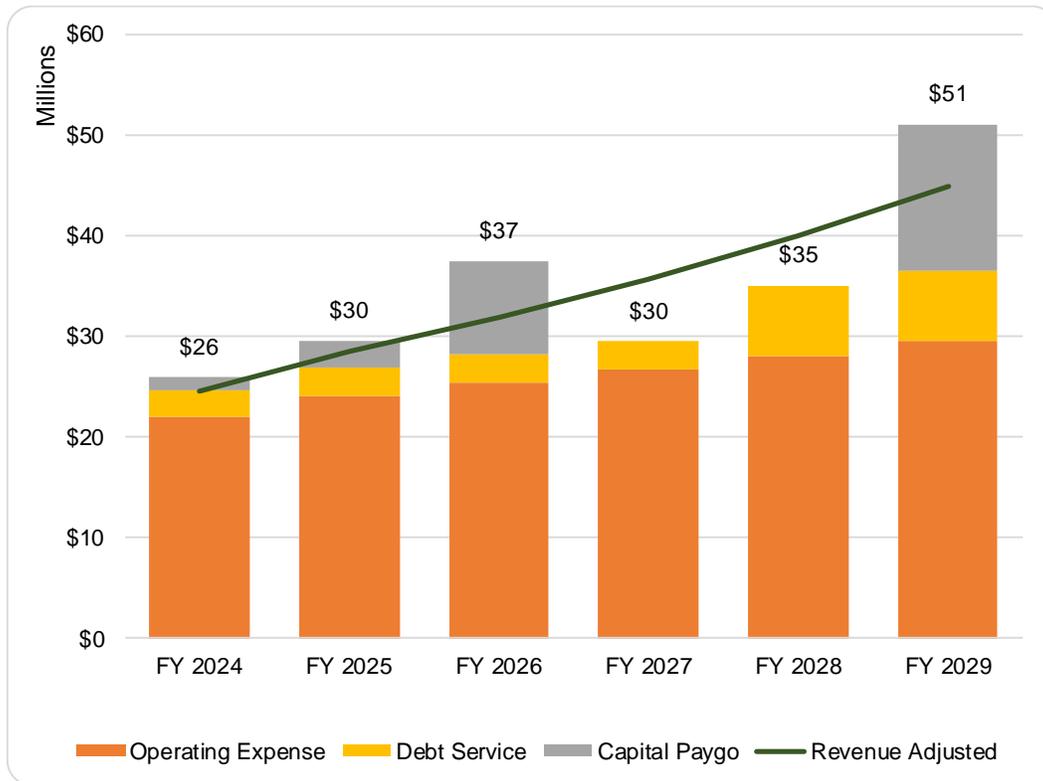
Table 5. Proposed Connection Fees

	FY 2025
Connection Fee	\$ 7,923

Figure 1 through **Figure 4** show the financial plan results under the proposed debt issuances, rates, fees, and adjustments. The line in **Figure 1** shows the revenue under the proposed adjustments.

Where the line is above the bars, the Authority is contributing to reserves, where it falls below, the reserves are being drawn down.

Figure 1. Proposed Rate Cash Flow



Because rate and fee revenues must be tracked separately under California Law¹, **Figure 2** and **Figure 3** show the ending cash balances for rate and fee funds, respectively. The Authority’s rate reserve must maintain a target level determined by the policy set in place by the Board of Directors. The target balance for each year is represented by the orange line in **Figure 2**. The reserve policy will be discussed later in the Report.

¹ Government Code 60013

Figure 2. Proposed Rate Cash Balances

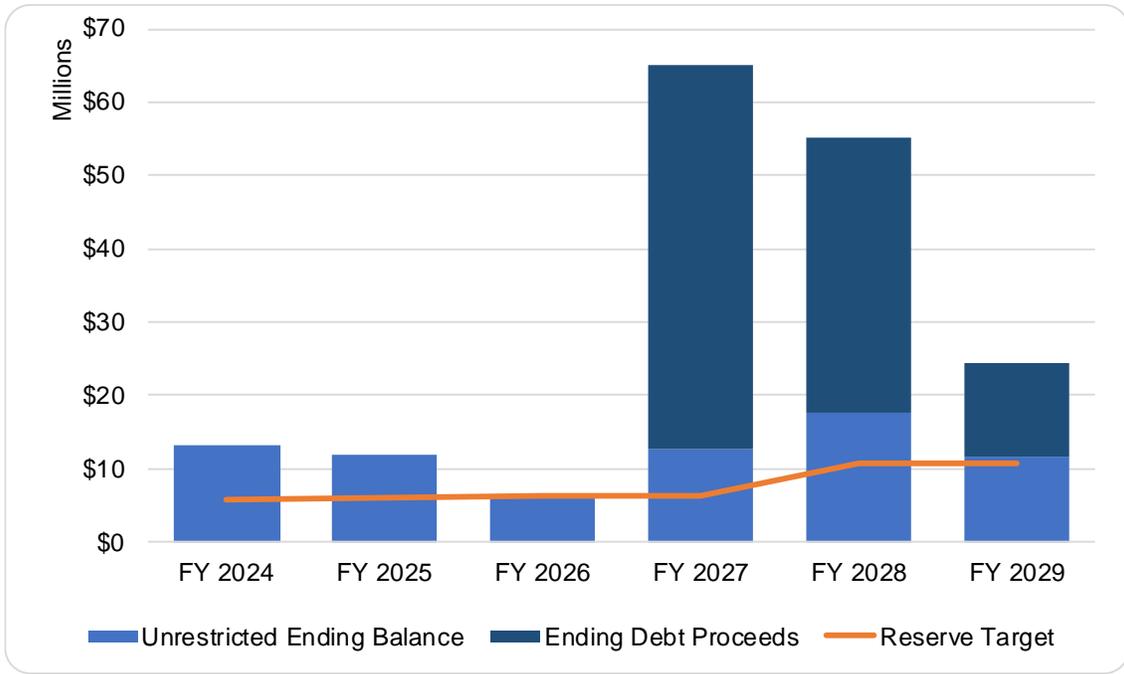
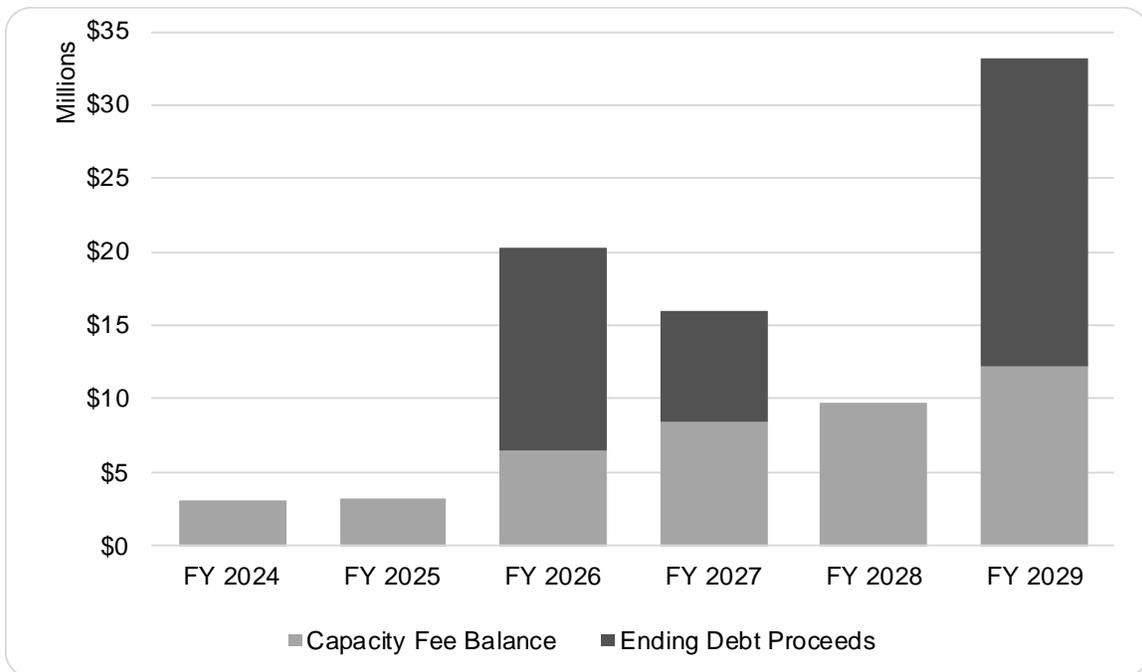
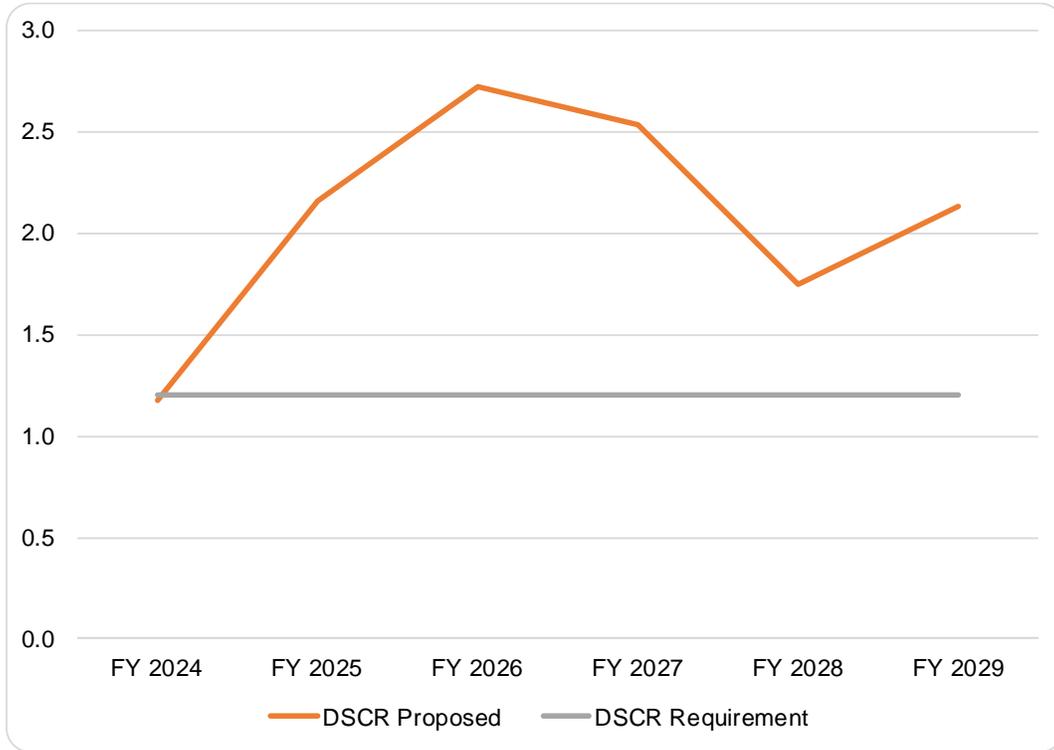


Figure 3. Proposed Connection Fee Cash Balances



Finally, the Authority’s debt covenants have a requirement of maintaining a debt service coverage ratio (DSCR) of 120 percent of net revenues. **Figure 4** shows the annual DSCR for each year of the study under the proposed plan.

Figure 4. Proposed Debt Service Coverage Ratio



3. Financial Assumptions

The purpose of the current study is to project the revenue needs for the next five years and provide solutions to accomplish the Authority's financial goals. The main inputs to the financial plan include operating expenses and inflation, capital spending and funding sources, reserve targets, and debt service coverage requirements.

The Authority's reserve policy includes an operating reserve which is designed to maintain 10 percent of the previous year's operating and maintenance (O&M) expense, a repair & replacement reserve which totals the value of 1 percent of all land improvements, plants, and interceptors (currently \$1 million as per Authority staff direction), and reserves which maintain an amount equal to annual debt service payments. **Table 6** displays the VVWRA's current reserve policies as described and **Table 7** shows the balances required for each year of the study period under the proposed financial plan (which includes the proposed debt issuances described in Section 6).

Table 6. Authority Reserve Policies

Reserve	Policy
Operating Reserve	10% of Prior Year O&M
R&R Reserve	1% of land improvements, plants, and interceptors
Debt Reserve	Sum of Annual Debt Payments

Table 7. Target Reserves, FY 2024 - FY 2029

Reserve	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Operating Reserve	\$ 1,913,812	\$ 2,199,191	\$ 2,413,771	\$ 2,544,260	\$ 2,675,147	\$ 2,811,769
R&R Reserve	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Debt Reserve	\$ 4,307,270	\$ 4,045,249	\$ 4,045,249	\$ 5,411,329	\$ 9,639,672	\$ 9,639,672
Total Reserve Target	\$ 7,221,081	\$ 7,244,440	\$ 7,459,019	\$ 8,955,589	\$ 13,314,819	\$ 13,451,441

To project long-term changes to operating and maintenance expenses, RDN used 10 independent inflationary measures. The Authority's budgets for FY 2024 were used as a starting point for future inflationary measures. FY 2023 data was included to provide a background on past expenditures. **Table 8** shows each inflation factor used for this study. Because of recent record inflation, some of the factors are expected to reduce over time. The "Overall" inflation metric is a category given in Bureau of Labor Statistics data made up of prices paid by urban consumers for a market basket of consumer goods and services and was used to inflate costs which could not be directly attributed to other inflationary measures. The average projected annual inflation for operating expenses for the next ten years is 5.6 percent. Inflation factors were developed using the best available data². The 80 percent inflation in chemicals in FY 2025 was used at the direction of VVWRA staff because of a known increase in chemical costs for that fiscal year.

² Sources include: the US Bureau of Labor Statistics Consumer Prices Index, Quarterly Census of Employment and Wages; Federal Reserve Bank of St. Louis Producer Price Index; Engineering News Record Building Cost Index; and National Association of Insurance Commissioners Annual Inflation Report, as well as input from Authority staff.

Table 8. Inflationary Adjustments, FY 2025 – FY 2029

Category	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Payroll	6.5%	6.5%	6.5%	6.5%	6.5%
Other Employee	8.0%	8.0%	8.0%	8.0%	8.0%
Utilities	7.7%	5.0%	5.0%	5.0%	5.0%
Chemicals	80.0%	5.3%	5.3%	5.3%	5.3%
Water Treatment	5.0%	5.0%	5.0%	5.0%	5.0%
Fuel/Automobile	5.9%	5.9%	3.6%	3.6%	3.6%
Construction	5.6%	5.6%	5.6%	4.1%	3.9%
Insurance	4.0%	4.0%	4.0%	4.0%	4.0%
Overall	3.8%	3.8%	3.1%	3.1%	2.7%
Property Tax	4.4%	4.4%	4.4%	4.4%	4.4%

RDN additionally projected future customer flows, the primary billing unit used by the Authority, based on historical increases as well as input from VVWRA staff. The average projected increase in flows used in this study is **2.5 percent** per year for each of the Authority's customers. While increases have fluctuated in recent years, ranging between -1.4 percent and 7.2 percent between FY 2019 and FY 2023, 2.5 percent reflects a conservative estimate of flow increases for projecting revenues, which was agreed upon by Authority staff.

Table 9. Projected Sewer Flows FY 2024 – FY 2029

Agency	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Victorville	2,575	2,639	2,705	2,773	2,842	2,913
Apple Valley	682	699	716	734	753	771
Hesperia	902	925	948	971	996	1,021
CSA 64 Spring Valley Lake	197	201	206	212	217	222
Mojave Narrows Park	1	1	1	1	1	1
CSA 42 Oro Grande	31	32	33	34	35	36

To project revenues from connection fees, RDN also reviewed EDU growth projections. Based on actual connection fee revenues collected between FY 2019 and FY 2023, the average number of new EDUs per year ranges between 492 and 660. This study uses an increase of **550 EDUs** per year for calculating connection fee revenues.

Debt projections for new debt issuances assume a 30 year term at 5.0 percent interest with a 1 percent issuance fee. For rate funded and connection fee funded debt issuances, repayment is assumed to begin the year after issuance and that all debt proceeds must be spent within 3 years of the initial issuance. Debt coverage ratios are based on the total debt service, which includes principal and interest.

To determine the asset replacement values used for connection fee calculations, RDN used the Engineering News Record's Building Cost Index (ENR BCI) for the State of California. Purchase price and date acquired were provided by Authority staff. The indexed value between the date of purchase and November 2023 was used to determine the point-in-time value which was used to determine the total system replacement cost of \$601 million. Backbone assets constitute approximately 99.6 percent of the total asset value.

4. Financial Projections

VVWRA collects revenue based on annual wastewater flows (User Charges); the amount (approximately 550 per year) of new customers who join the system (Connection Fees); other various operating fees such as reclaimed water sales, fats oils and grease (FOG) fees, renewable natural gas (RNG) revenue, sludge flow and other septage receiving charges, and non-operating revenues such as land lease and interest revenue. **Table 10** shows the current rates and fees which are charged by the VVWRA for service. At the direction of Authority staff, only user charges and connection fees are being evaluated in the current study. All other rates and fees as well as the revenue generated by them are assumed to remain at the current level.

Table 10. VVWRA Current Rates and Fees

Fee	Current
User Charge (per MG)	\$ 5,150.00
Connection Fee (per EDU)	\$ 4,679.00
Septage Receiving Facility Charges	\$ 0.12
FOG	\$ 0.12
Sludge Flow - Victorville (Monthly)	\$ 12,000.00
High Strength Waste Surcharges (Monthly)	\$ 1,000.00
Potable Well Water Sales (Monthly)	\$ 135.00
Apple Valley Reclaimed Water Sales (Monthly)	\$ 617.93
Hesperia Reclaimed Water Sales (Monthly)	\$ 352.60
Victorville Reclaimed Water Sales (Monthly)	\$ 1,356.12
America Organics (Monthly)	\$ 1,356.12
AV Reclaimed Water Sales (per MG)	\$ 160.00
Hes Reclaimed Water Sales (per MG)	\$ 237.00
VV Reclaimed Water Sales (per MG)	\$ 418.00
America Organics (per MG)	\$ 418.00

Table 11 shows the projected revenue for the study period with no revenue adjustments.

Table 11. Projected Revenues, FY 2024 – FY 2029

Category	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
User Charge Revenue	\$ 22,597,016	\$ 23,161,941	\$ 23,740,989	\$ 24,334,514	\$ 24,942,877	\$ 25,566,449
Connection Fee Revenue	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450
Other Operating Revenue	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323
Non Operating Revenue	\$ 180,000	\$ 182,610	\$ 185,334	\$ 188,176	\$ 191,141	\$ 194,236
Total Revenue	\$ 27,065,789	\$ 27,633,324	\$ 28,215,096	\$ 28,811,463	\$ 29,422,791	\$ 30,049,458

Operating expenses contained in the FY 2024 budget are individually escalated based on the inflationary categories shown in **Table 8**. **Table 12** shows VVWRA's expenses broken down by category. FY 2024 expenses are based on budgeted expenses provided by Authority staff. Note that the categories contained in **Table 12** were developed for this report. The payroll and employee expense category is the

sum of salaries, overtime, and insurance benefits; the equipment and tools expense category includes field equipment, tools, and office supplies; the maintenance category is the sum of system and building maintenance; chemicals include treatment and testing chemicals; utility costs include electricity, natural gas, potable water and waste disposal; and general administrative costs are made up of professional services and other expenses which are not directly contained within any other category.

Table 12. Projected O&M Expenses, FY 2024 - FY 2029

Category	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Payroll and Employee	\$ 9,347,256	\$ 9,965,911	\$ 10,626,826	\$ 11,325,067	\$ 12,071,146	\$ 12,864,469
Equipment and Tools	\$ 3,574,524	\$ 3,718,109	\$ 3,863,986	\$ 3,986,168	\$ 4,112,267	\$ 4,229,576
Maintenance	\$ 2,158,658	\$ 2,262,163	\$ 2,370,816	\$ 2,471,779	\$ 2,560,047	\$ 2,645,795
Chemicals	\$ 1,161,000	\$ 2,089,800	\$ 2,200,559	\$ 2,317,189	\$ 2,440,000	\$ 2,569,320
Utilities	\$ 3,491,552	\$ 3,755,128	\$ 3,942,668	\$ 4,135,482	\$ 4,337,795	\$ 4,549,649
General Administrative	\$ 2,258,921	\$ 2,346,594	\$ 2,437,749	\$ 2,515,782	\$ 2,596,438	\$ 2,671,413
Total Operating	\$ 21,991,911	\$ 24,137,705	\$ 25,442,604	\$ 26,751,467	\$ 28,117,694	\$ 29,530,221

The Authority's capital expenditures include both R&R projects and capacity expansion related projects. Additionally, VVWRA funds capital expenditures through a variety of sources, including user charge revenue, connection fee revenue, grants, and loans. The capital improvement plan provided by staff includes approximately \$336.3 million in capital expenditure needs over the next 10 years. **Table 13** and **Table 14** show the planned capital expenditures used in this study by type and funding source, respectively. Where capital expenditures are funded by customer rates in a pay-as-you-go (Paygo) basis, those are tied to user charge revenues, either directly through rates, or by debt issuances which are refunded by rates. Optimally, connection fee funded improvements should be paid for by growth as they are related to expanding system capacity; however, where connection fee revenues are not available, these projects may be funded by user charges.

Table 13. Projected Capital Expenditures by Type, FY 2024 – FY 2029

Category	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Collection System	\$ 514,385	\$ 3,143,667	\$ 4,078,667	\$ 452,000	\$ 452,000	\$ -
Facilities	\$ 898,758	\$ 3,118,984	\$ 16,441,385	\$ 12,136,885	\$ 11,616,886	\$ 60,831,886
Recycled Water	\$ 83,000	\$ -	\$ 300,000	\$ -	\$ -	\$ -
Technology	\$ 1,209,797	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
Treatment and Laboratory	\$ 5,948,869	\$ 1,900,000	\$ 1,076,000	\$ 8,137,250	\$ 12,937,250	\$ 4,000,000
Total	\$ 8,654,809	\$ 8,662,651	\$ 22,396,052	\$ 21,226,135	\$ 25,506,136	\$ 65,331,886

Table 14. Projected Capital Expenditures by Funding Source, FY 2024 – FY 2029

Category	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Paygo	\$ 1,212,510	\$ 2,702,252	\$ 9,286,507	\$ 12,681,457	\$ 14,934,482	\$ 39,249,132
Connection Fee	\$ 3,542,299	\$ 2,919,916	\$ 7,126,168	\$ 6,421,301	\$ 8,448,277	\$ 13,916,377
Grant	\$ 3,900,000	\$ 3,040,483	\$ 5,983,377	\$ 2,123,377	\$ 2,123,377	\$ 12,166,377
Total	\$ 8,654,809	\$ 8,662,651	\$ 22,396,052	\$ 21,226,135	\$ 25,506,136	\$ 65,331,886

The Authority's current debt service includes six issuances which are variously being repaid with either user charge revenues or connection fee revenues. **Table 15** shows the current outstanding debt

which has been issued by the Authority, the year it was issued, and the percent of the debt issuance which is to be repaid using either connection fee revenues or user charge revenues.

Table 15. VVWRA Current Debt Outstanding Debt

Debt Issuance	Year Issued	Total Issuance	Capacity Percent	Rate Percent
North Apple Valley Interceptor	2005	\$ 4,084,688	100%	0%
Phase IIIA Regulatory Upgrades	2013	\$ 15,717,668	25%	75%
Upper Narrows Replacement	2016	\$ 4,286,380	0%	100%
Nanticoke Bypass	2018	\$ 4,459,190	25%	75%
Apple Valley Sub-Regional	2019	\$ 26,455,229	39%	61%
Hesperia Sub-Regional	2019	\$ 37,758,385	39%	61%

The total debt service payments for the study period under the status quo financial plan are shown in **Table 16**. The total debt service is used to calculate debt service coverage ratios and reserve targets.

Table 16. Debt Service by Funding Category, FY 2024 – FY 2029

Category	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Total User Charge Principal	\$ 2,152,549	\$ 2,187,646	\$ 2,223,435	\$ 2,259,930	\$ 2,297,148	\$ 2,335,105
Total User Charge Interest	\$ 597,950	\$ 562,853	\$ 527,064	\$ 490,569	\$ 453,351	\$ 415,394
Total Capacity Principal	\$ 1,266,271	\$ 1,024,650	\$ 1,038,900	\$ 1,053,398	\$ 1,068,147	\$ 1,083,154
Total Capacity Interest	\$ 290,499	\$ 270,100	\$ 255,849	\$ 241,352	\$ 226,602	\$ 211,596
Total Debt Service	\$ 4,307,270	\$ 4,045,249	\$ 4,045,249	\$ 4,045,249	\$ 4,045,249	\$ 4,045,249

A summary of the financial inputs and results under the status quo financial plan is shown in **Table 17**. Because of the ratio of expenses to revenues, cash balances and debt service coverage levels are projected to decrease significantly through the five years outlined in this report, with even steeper decreases in future years as the Authority's capital plan is fully implemented. According to the projections, the DSCR will fall under required levels in FY 2025; additionally, with no revenue increases or changes to the financial plan (debt issuance), cash balances will be negative by FY 2026. To counteract the rapid decline in financial position, RDN recommends a series of revenue adjustments to increase revenues from user charges, an update to the connection fee methodology to include all proposed expansion related capital projects, and a series of debt issuances to increase equity between current and future customers.

Table 17. Status Quo Financial Plan Pro Forma

User Charge Input	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
User Charge Revenue	\$ 22,597,016	\$ 23,161,941	\$ 23,740,989	\$ 24,334,514	\$ 24,942,877	\$ 25,566,449
Other Operating Revenue	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323
Non-Operating Revenue	\$ 180,000	\$ 182,610	\$ 185,334	\$ 188,176	\$ 191,141	\$ 194,236
Total Revenues	\$ 24,492,339	\$ 25,059,874	\$ 25,641,646	\$ 26,238,013	\$ 26,849,341	\$ 27,476,008
Operating Expenses	\$ 21,991,911	\$ 24,137,705	\$ 25,442,604	\$ 26,751,467	\$ 28,117,694	\$ 29,530,221
Net Revenue	\$ 2,500,427	\$ 922,169	\$ 199,042	\$ (513,454)	\$ (1,268,352)	\$ (2,054,213)
User Charge Debt Service	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499
Paygo	\$ 1,212,510	\$ 2,702,252	\$ 9,286,507	\$ 12,681,457	\$ 14,934,482	\$ 39,249,132
Net Rate Revenue	\$ (1,462,582)	\$ (4,530,582)	\$ (11,837,964)	\$ (15,945,409)	\$ (18,953,333)	\$ (44,053,844)
Connection Fee Input	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Connection Fee Revenue	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450
Connection Fee Debt Service	\$ 1,556,771	\$ 1,294,750	\$ 1,294,750	\$ 1,294,750	\$ 1,294,750	\$ 1,294,750
Connection Fee CIP	\$ 3,542,299	\$ 2,919,916	\$ 7,126,168	\$ 6,421,301	\$ 8,448,277	\$ 13,916,377
Net Connection Fee Revenue	\$ (2,525,620)	\$ (1,641,216)	\$ (5,847,468)	\$ (5,142,601)	\$ (7,169,577)	\$ (12,637,677)
Cash Balances	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Beginning User Charge Balance	\$ 14,535,495	\$ 13,072,913	\$ 8,542,331	\$ (3,295,633)	\$ (19,241,042)	\$ (38,194,375)
Ending User Charge Balance	\$ 13,072,913	\$ 8,542,331	\$ (3,295,633)	\$ (19,241,042)	\$ (38,194,375)	\$ (82,248,219)
Beginning Connection Fee Balance	\$ 5,576,170	\$ 3,050,550	\$ 1,409,335	\$ (4,438,133)	\$ (9,580,733)	\$ (16,750,310)
Ending Connection Fee Balance	\$ 3,050,550	\$ 1,409,335	\$ (4,438,133)	\$ (9,580,733)	\$ (16,750,310)	\$ (29,387,987)
DSCR	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Debt Service Coverage Ratio	1.18	0.86	0.69	0.51	0.32	0.13
Reserve Levels	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Reserve Target	\$ 7,221,081	\$ 7,244,440	\$ 7,459,019	\$ 7,589,509	\$ 7,720,395	\$ 7,857,018
Total Cash Balance	\$ 16,123,464	\$ 9,951,666	\$ (7,733,765)	\$ (28,821,776)	\$ (54,944,685)	\$ (111,636,206)

5. Proposed User Charge Adjustments

The proposed revenue adjustments are to occur at the level shown in **Table 18** at the beginning of each fiscal year (July 1).

Table 18. Proposed Wastewater Revenue Adjustments

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenue Adjustment	15.0%	10.0%	10.0%	10.0%	10.0%

Under California law, property based utility rates must adhere to Proposition 218. Specifically, that revenues derived from a fee or charge shall not exceed the funds required to provide the service. The current user charges are shown in **Table 19**. User charges are paid per million gallons of sewer flow. After reviewing the Authority's current rate structure, RDN determined that it adheres to Proposition 218 requirements, thus no changes to the overall structure are being proposed. The amount of the fee or charge imposed upon any customer does not exceed the proportional cost of service attributable to the customer, since rates are wholly based on levels of sewer flow. Because no changes are being recommended to the rate structure, these percentages are applied directly to the user charge per million gallons. The resulting user charge rates are shown in **Table 20**.

Table 19. Current User charges

	Current
User Charge (per MG)	\$ 5,150

Table 20. Proposed User charges

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
User Charge (per MG)	\$ 5,923	\$ 6,515	\$ 7,166	\$ 7,883	\$ 8,671

Under the proposed plan, an additional \$50.0 million will be generated by user charges between FY 2025 and FY 2029. **Table 21** shows revenues under the proposed financial plan. The line titled "Additional User Charge" tracks the additional revenue which is generated each year with the proposed compounding adjustments from **Table 18**.

Table 21. Projected Revenues with User Charge Adjustments, FY 2025 – FY 2029

Category	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Current User Charge	\$ 23,161,941	\$ 23,740,989	\$ 24,334,514	\$ 24,942,877	\$ 25,566,449
Additional User Charge	\$ 3,474,291	\$ 6,291,362	\$ 9,526,962	\$ 13,235,938	\$ 17,480,165
Connection Fee Revenue	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450
Other Operating Revenue	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323
Non Operating Revenue	\$ 182,610	\$ 185,334	\$ 188,176	\$ 191,141	\$ 194,236
Total Revenue	\$ 31,107,615	\$ 34,506,458	\$ 38,338,425	\$ 42,658,729	\$ 47,529,623

6. Connection Fee Update

Connection Fees are a one-time charge paid by a new customer for system capacity. The simplest and most succinct economic justification for connection fees is the idea that “growth-pays-for growth,” Essentially, stating that customers who benefit from a service should be the ones who pay for that service. The American Waterworks Association (AWWA) Manual M26 states: “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 rates that are needed to pay for added plant costs for new customers.” To effect fair distribution of the value of the system, Connection Fees should reflect a reasonable estimate of the cost of providing capacity to new users and not disproportionately burden existing users through a rate increase.

Connection Fees should also meet rational nexus criteria to assure maximum reasonable acceptance by the development community, local government elected and administrative officials, and courts. At the heart of the rational nexus test is the concept of "proportionate share," which can be defined as that component of the cost of existing and future system improvements that is reasonably related to the demands of new development.

The two primary methods used to calculate Connection Fees are the Buy-in and the Incremental Cost methods. The Buy-in method recovers the cost of capacity in those portions of the existing system in which there is still capacity available. The Incremental Cost method is a calculation of the incremental costs of additional system capacity needed to add to serve new development. Combining these two approaches is most often used when the system has some capacity left to take on new customers, but additional capacity is also needed to serve projected growth in the planning horizon. RDN maintained the current methodology, the combined approach, as it is most appropriate for the VVWRA’s fee calculation. In this section each method is described in detail and the rationale is provided for selecting the combined approach.

Buy-in Method

Under the Buy-in method, new development purchases a share of capacity proportionate to the development’s estimated demand. This method is typically used when the existing system has the capacity to accommodate increased demand without large investment in capital projects. There are four generally accepted methods used to determine the existing system value:

- Original Cost – asset cost in the year of construction
- Original Cost less Depreciation – original cost subtracting the accumulated depreciation of system assets
- Replacement Cost New (RCN) – original cost escalated to current dollars using a construction cost index. This method reflects the cost of replicating the existing system.
- Replacement Cost New less Depreciation (RCLD) – replacement cost new of existing system subtracted by the accumulated depreciation. This method reflects the current costs of replacing system assets while adjusting the valuation to reflect the remaining life of current assets.

Incremental Cost Method

While the Buy-in method is used when the system has sufficient capacity for additional development, the Incremental Cost method is most appropriate when current system capacity is not capable of serving new development without significant investment in new facilities. Under this

methodology all of the costs of future system expansion are allocated to new customers. This method requires a detailed long-term capital improvement plan (CIP) that clearly identifies the proportion of project cost contributing to expansion of the system

Combined Approach

For systems that have the capacity to serve new development in the short-run but require investment in capacity-expanding facilities in the long-run, a combination of Buy-in and Incremental Cost methods is most often used. Fees developed under the combined method reflect the value of the existing system and expansion related CIPs. **Figure 5** displays the summarized formula used to calculate the Authority’s proposed fees.

Figure 5. Combined Approach, Development Impact Fee Calculation Methodology for VVWRA



To determine available and needed capacity expansion, RDN worked extensively with VVWRA staff. Current design capacity was updated based on staff input and each capital project was reviewed as to the amount of increased capacity it would provide. Authority staff also provided a detailed list of all current assets, their purchase price, the year of service, and current level of depreciation. **Table 22** shows the current connection fee which is charged to new customers per EDU.

Table 22. Current Connection Fee per EDU

	Current
Connection Fee	\$ 4,679

Table 23 shows the total system asset valuation which was used to calculate the buy-in portion of the fee. The original costs of assets and functional categories were provided by VVWRA auditors. Replacement cost was estimated by escalating the purchase price to reflect the cost of each asset in today’s dollars based on the Engineering News Record’s Building Cost Index for California which is an index based on the increasing building costs across California. Each individual asset is assigned an inflation value based on the index value in the year of construction versus November 2023.

Table 23. System Asset Valuation

Functional Category	Original Cost	Replacement Cost
Land	\$ 617,484	\$ 992,224
Interceptor Lines	\$ 69,170,246	\$ 135,030,292
Plant and Buildings	\$ 202,851,322	\$ 395,995,027
Plant Equipment	\$ 23,068,110	\$ 45,032,276
Office Equipment	\$ 420,619	\$ 821,108
Trucks and Autos	\$ 1,537,149	\$ 3,000,737
Land Improvements	\$ 9,711,869	\$ 18,958,968
Computer Software	\$ 661,321	\$ 1,290,995
Total	\$ 308,038,120	\$ 601,121,627

The total system value used to calculate the buy-in portion is reduced by approximately \$2.2 million dollars to remove assets which are not backbone assets, such as a subset of vehicles or furniture, which do not provide service to all existing customers. The total asset value used for the buy-in portion is calculated to be \$598.9 million. Two adjustments used to further calculate system value are Repair and Replacement reserves, which are added to the asset value to account for contributions made by current customers and outstanding rate funded debt principal, which is removed from the total valuation to avoid double charging new customers for debt after they join the system. **Table 24** shows the total system value, \$532.6 million, used to calculate the buy-in portion of fees.

Table 24. Total System Value Used for Buy-In Component

Fee Component	Value
Backbone System Value	\$ 598,889,796
R&R Reserves	\$ 2,976,961
Outstanding Debt Principal	\$ (69,220,472)
Total System Value	\$ 532,646,284

VVWRA provided a current system capacity value of 16.0 MGD. The total system value is divided by the system capacity to determine the unit value for the buy-in component of the connection fee. The cost per unit of capacity needed for a new customer to join the system is shown in **Table 25**, \$33.29 per gallon of daily sewer flow.

Table 25. Buy-In Unit Calculation (per Gallon)

Fee Calculation	Buy-In
Total System Value	\$ 532,646,284
Total System Capacity (gpd)	16,000,000
Buy-in per gallon	\$ 33.29

The incremental component of the connection fee is calculated by summing the total capacity expanding capital projects and the outstanding debt service which is funded by connection fee revenues and dividing that total by the amount of new capacity which VVWRA will receive from these projects. The Authority's long-term capital improvement plan includes \$79.5 million worth of capacity expanding projects. Additionally, VVWRA has \$27.8 million in debt that was used to finance capacity expanding projects and needs to be repaid by connection fee revenues. **Table 26** shows the total costs which will fund, or have funded, future capacity expansion.

Table 26. Total Costs for Additional Capacity

Fee Component	Value
Growth Related Capital	\$ 79,473,470
Growth Related Debt	\$ 27,778,468
Cost of Capacity Expansion	\$ 107,251,939

VVWRA estimated an additional system capacity value of 10.0 MGD would be provided by the growth-related capital. The cost of capacity expansion is divided by the incremental system capacity to determine the unit value for the incremental component of the connection fee. The cost per unit of capacity needed for a new customer to join the system is shown in **Table 27**, \$10.73 per gallon of daily sewer flow.

Table 27. Incremental Unit Calculation (per Gallon)

Fee Calculation	Buy-In
Cost of Capacity Expansion	\$ 107,251,939
Incremental System Capacity	10,000,000
Incremental per gallon	\$ 10.73

The total connection fee per EDU is determined by multiplying the unit cost for each component by the total units of capacity needed for a new equivalent customer. For new customers, one EDU is equal to 180 gallons per day of sewer flow, or 20 fixture units, as indicated by VVWRA staff. The calculation used to determine the total connection fee per EDU is shown in **Table 28**.

Table 28. Connection Fee Calculation

Fee Component	Value	EDU	Total
Buy-in per gallon	\$ 33.29	x 180 gpd	= \$ 5,992
Incremental per gallon	\$ 10.73	x 180 gpd	= \$ 1,931
Total Capacity Fee			\$ 7,923

The proposed connection fees also include an estimate of future inflationary adjustments. To maintain a connection fee which continues to reflect the replacement cost of asset values and capital costs, the Authority should inflate the connection fee each year to match inflation in the building cost index. RDN's fee proposal includes estimated inflation of 4.0 percent per year based on a conservative estimate of future increases in the building cost index, but authority staff should review the annual index and apply the actual percentage of inflation each year. Under the estimated increase of 4.0 per year, the annual connection fees used to project revenues are shown in **Table 29**.

Table 29. Proposed Connection Fees

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Connection Fee	\$ 7,923	\$ 8,240	\$ 8,569	\$ 8,912	\$ 9,269

The updated connection fees will generate an additional \$10.7 million in revenue to fund capital projects between FY 2025 and FY 2029. **Table 30** shows revenues under the proposed financial plan with both connection fee and user charge adjustments. The line titled “Additional User Charge” tracks the additional revenue which is generated each year with the proposed compounding adjustments from **Table 29**.

Table 30. Projected Revenues with User Charge and Fee Adjustments, FY 2025 – FY 2029

Category	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Current User Charge	\$ 23,161,941	\$ 23,740,989	\$ 24,334,514	\$ 24,942,877	\$ 25,566,449
Additional User Charge	\$ 3,474,291	\$ 6,291,362	\$ 9,526,962	\$ 13,235,938	\$ 17,480,165
Connection Fee Revenue	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450
Additional Connection Fee	\$ 1,784,093	\$ 1,958,395	\$ 2,139,669	\$ 2,328,193	\$ 2,524,259
Other Operating Revenue	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323
Non Operating Revenue	\$ 182,610	\$ 185,334	\$ 188,176	\$ 191,141	\$ 194,236
Total Revenue	\$ 32,891,708	\$ 36,464,853	\$ 40,478,094	\$ 44,986,922	\$ 50,053,882

7. Updated Financial Plan

A summary of the financial inputs and results under the proposed rate and fee adjustments is shown in **Table 31**. The proposed changes to the rates and fees will allow VVWRA to maintain debt service coverage ratios well above the requirements of the debt covenants. The increase in revenues from user charges and fees will also slow the overall decline in cash position, though in order to fully fund capital expenditures, a series of debt issuances is needed in addition to the proposed changes. According to updated financial projections, the Authority will drop below total reserve levels in FY 2026 and will have a negative balance by FY 2027.

Table 31. Rate and Fee Adjusted Financial Plan Pro Forma

User Charge Input	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
User Charge Revenue	\$ 22,597,016	\$ 23,161,941	\$ 23,740,989	\$ 24,334,514	\$ 24,942,877	\$ 25,566,449
Additional User Charge Revenue	\$ -	\$ 3,474,291	\$ 6,291,362	\$ 9,526,962	\$ 13,235,938	\$ 17,480,165
Other Operating Revenue	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323
Non-Operating Revenue	\$ 180,000	\$ 182,610	\$ 185,334	\$ 188,176	\$ 191,141	\$ 194,236
Total Revenues	\$ 24,492,339	\$ 28,534,165	\$ 31,933,008	\$ 35,764,975	\$ 40,085,279	\$ 44,956,173
Operating Expenses	\$ 21,991,911	\$ 24,137,705	\$ 25,442,604	\$ 26,751,467	\$ 28,117,694	\$ 29,530,221
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Revenue	\$ 2,500,427	\$ 4,396,460	\$ 6,490,404	\$ 9,013,508	\$ 11,967,585	\$ 15,425,951
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
User Charge Debt Service	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499
Paygo	\$ 1,212,510	\$ 2,702,252	\$ 9,286,507	\$ 12,681,457	\$ 14,934,482	\$ 39,249,132
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Rate Revenue	\$ (1,462,582)	\$ (1,056,291)	\$ (5,546,601)	\$ (6,418,447)	\$ (5,717,395)	\$ (26,573,679)
Connection Fee Input	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Connection Fee Revenue	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450
Additional Connection Fee Revenue	\$ -	\$ 1,784,093	\$ 1,958,395	\$ 2,139,669	\$ 2,328,193	\$ 2,524,259
Connection Fee Debt Service	\$ 1,556,771	\$ 1,294,750	\$ 1,294,750	\$ 1,294,750	\$ 1,294,750	\$ 1,294,750
Connection Fee CIP	\$ 3,542,299	\$ 2,919,916	\$ 7,126,168	\$ 6,421,301	\$ 8,448,277	\$ 13,916,377
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Connection Fee Revenue	\$ (2,525,620)	\$ 142,878	\$ (3,889,073)	\$ (3,002,932)	\$ (4,841,383)	\$ (10,113,418)
Cash Balances	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Beginning User Charge Balance	\$ 14,535,495	\$ 13,072,913	\$ 12,016,622	\$ 6,470,021	\$ 51,574	\$ (5,665,822)
Ending User Charge Balance	\$ 13,072,913	\$ 12,016,622	\$ 6,470,021	\$ 51,574	\$ (5,665,822)	\$ (32,239,501)
Beginning Connection Fee Balance	\$ 5,576,170	\$ 3,050,550	\$ 3,193,428	\$ (695,645)	\$ (3,698,577)	\$ (8,539,960)
Ending Connection Fee Balance	\$ 3,050,550	\$ 3,193,428	\$ (695,645)	\$ (3,698,577)	\$ (8,539,960)	\$ (18,653,378)
DSCR	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Debt Service Coverage Ratio	1.18	2.16	2.72	3.39	4.17	5.07
Reserve Levels	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Reserve Target	\$ 7,221,081	\$ 7,244,440	\$ 7,459,019	\$ 7,589,509	\$ 7,720,395	\$ 7,857,018
Total Cash Balance	\$ 16,123,464	\$ 15,210,050	\$ 5,774,376	\$ (3,647,003)	\$ (14,205,782)	\$ (50,892,879)

8. Proposed Debt Issuances

In order to mitigate the impacts of capital expenditures and spread the costs between current and future customers, this report also recommends that VVWRA issue debt to fund both user charge and capacity expanding capital projects. **Table 32** and **Table 33** display the timing and amount of debt issuances that are needed to accomplish capital funding goals. Rate funded debt issuances are used to complete R&R projects and will be repaid using user charges. Connection Fee funded debt will be repaid by new customers who connect to the system in the form of connection fee revenue.

Table 32. Proposed Rate Funded Debt Issuances

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Rate Funded Debt Issuance	\$ -	\$ -	\$ 65,000,000	\$ -	\$ -

Table 33. Proposed Connection Fee Funded Debt Issuances

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Con Fee Funded Debt	\$ -	\$ 21,000,000	\$ -	\$ -	\$ 35,000,000

9. Rate and Fee Study Recommended Financial Plan

A summary of the financial inputs and results under the proposed rate and fee adjustments and proposed debt issuances is shown in **Table 34**. The proposed changes to the rates and fees will allow VVWRA to maintain debt service coverage ratios well above the requirements of the debt covenants which allows the issuance of additional debt to maintain reserves. Through the mindful issuance of debt, VVWRA will maintain Debt Service Coverage Ratios and have cash balances which are above reserve targets in each year of the study. It is important to note that both annual debt service costs and reserve targets increase based on the issuance of new debt as reserves must cover a year of debt payments.

Table 34. Rate, Fee, and Debt Issuance Adjusted Financial Plan Pro Forma

User Charge Input	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
User Charge Revenue	\$ 22,597,016	\$ 26,636,232	\$ 30,032,352	\$ 33,861,476	\$ 38,178,815	\$ 43,046,614
Other Operating Revenue	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323
Non-Operating Revenue	\$ 180,000	\$ 182,610	\$ 185,334	\$ 188,176	\$ 191,141	\$ 194,236
Total Revenues	\$ 24,492,339	\$ 28,534,165	\$ 31,933,008	\$ 35,764,975	\$ 40,085,279	\$ 44,956,173
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses	\$ 21,991,911	\$ 24,137,705	\$ 25,442,604	\$ 26,751,467	\$ 28,117,694	\$ 29,530,221
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Revenue	\$ 2,500,427	\$ 4,396,460	\$ 6,490,404	\$ 9,013,508	\$ 11,967,585	\$ 15,425,951
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
User Charge Debt Service	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499	\$ 6,978,842	\$ 6,978,842
Paygo	\$ 1,212,510	\$ 2,702,252	\$ 9,286,507	\$ -	\$ -	\$ 1,865,070
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Rate Revenue	\$ (1,462,582)	\$ (1,056,291)	\$ (5,546,601)	\$ 6,263,009	\$ 4,988,743	\$ 6,582,039
Connection Fee Input	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Connection Fee Revenue	\$ 2,573,450	\$ 4,357,543	\$ 4,531,845	\$ 4,713,119	\$ 4,901,643	\$ 5,097,709
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Connection Fee Debt Service	\$ 1,556,771	\$ 1,294,750	\$ 1,294,750	\$ 2,660,830	\$ 2,660,830	\$ 2,660,830
Connection Fee CIP	\$ 3,542,299	\$ 2,919,916	\$ -	\$ -	\$ 995,747	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Connection Fee Revenue	\$ (2,525,620)	\$ 142,878	\$ 3,237,095	\$ 2,052,289	\$ 1,245,067	\$ 2,436,879
Cash Balances	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Beginning User Charge Balance	\$ 14,535,495	\$ 13,072,913	\$ 12,016,622	\$ 6,470,021	\$ 12,733,030	\$ 17,721,773
Ending User Charge Balance	\$ 13,072,913	\$ 12,016,622	\$ 6,470,021	\$ 12,733,030	\$ 17,721,773	\$ 24,303,813
Beginning Connection Fee Balance	\$ 5,576,170	\$ 3,050,550	\$ 3,193,428	\$ 6,430,523	\$ 8,482,812	\$ 9,727,879
Ending Connection Fee Balance	\$ 3,050,550	\$ 3,193,428	\$ 6,430,523	\$ 8,482,812	\$ 9,727,879	\$ 12,164,759
DSCR	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Debt Service Coverage Ratio	1.18	2.16	2.72	2.54	1.75	2.13
Reserve Levels	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Reserve Target	\$ 7,221,081	\$ 7,244,440	\$ 7,459,019	\$ 8,955,589	\$ 13,314,819	\$ 13,451,441
Total Cash Balance	\$ 16,123,464	\$ 15,210,050	\$ 12,900,544	\$ 21,215,842	\$ 27,449,653	\$ 36,468,571

10. Summary of Results and Recommendations

RDN proposes the following revenue, rate, and fee adjustments to accomplish the Authority's goals of capital and reserve funding as well as maintaining debt service coverage ratios. **Table 35** shows the proposed wastewater rate adjustments for the five-year rate study period. To maintain the proposed financial plan, the Authority should raise wastewater rate revenues by 15 percent in FY 2025, followed by 10 percent per year through FY 2029.

Table 35. Proposed Wastewater Revenue Adjustments

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenue Adjustment	15.0%	10.0%	10.0%	10.0%	10.0%

In addition to adjusting revenues from user rates, the Authority must also time debt issuances in order to fund capital expenditures for R&R projects and growth-related projects. **Table 36** and **Table 37** display the timing and amount of debt issuances that are needed to accomplish capital funding goals. Rate funded debt issuances are used to complete R&R projects and will be repaid using user charges. Connection Fee funded debt will be repaid by new customers who connect to the system in the form of connection fee revenue.

Table 36. Proposed Rate Funded Debt Issuances

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Rate Funded Debt Issuance	\$ -	\$ -	\$ 65,000,000	\$ -	\$ -

Table 37. Proposed Connection Fee Funded Debt Issuances

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Con Fee Funded Debt	\$ -	\$ 21,000,000	\$ -	\$ -	\$ 35,000,000

The proposed rates and fees shown in **Table 38** and **Table 39** are based on the results of the financial planning analysis. No change was made to the methodology used to calculate user charges per million gallons of sewer flows, which are escalated based on the proposed revenue adjustments; however, the proposed connection fee methodology includes a recalculation of the available system capacity as well as individual customer capacity for EDU determination compared to the previous study. It is the recommendation of this Study that the Authority assess the increase in construction costs each year based on the Engineering News Record Construction Cost Index or some similar index to escalate the proposed connection fee to reflect the increasing cost of construction.

Table 38. Proposed User charges

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
User Charge (per MG)	\$ 5,923	\$ 6,515	\$ 7,166	\$ 7,883	\$ 8,671

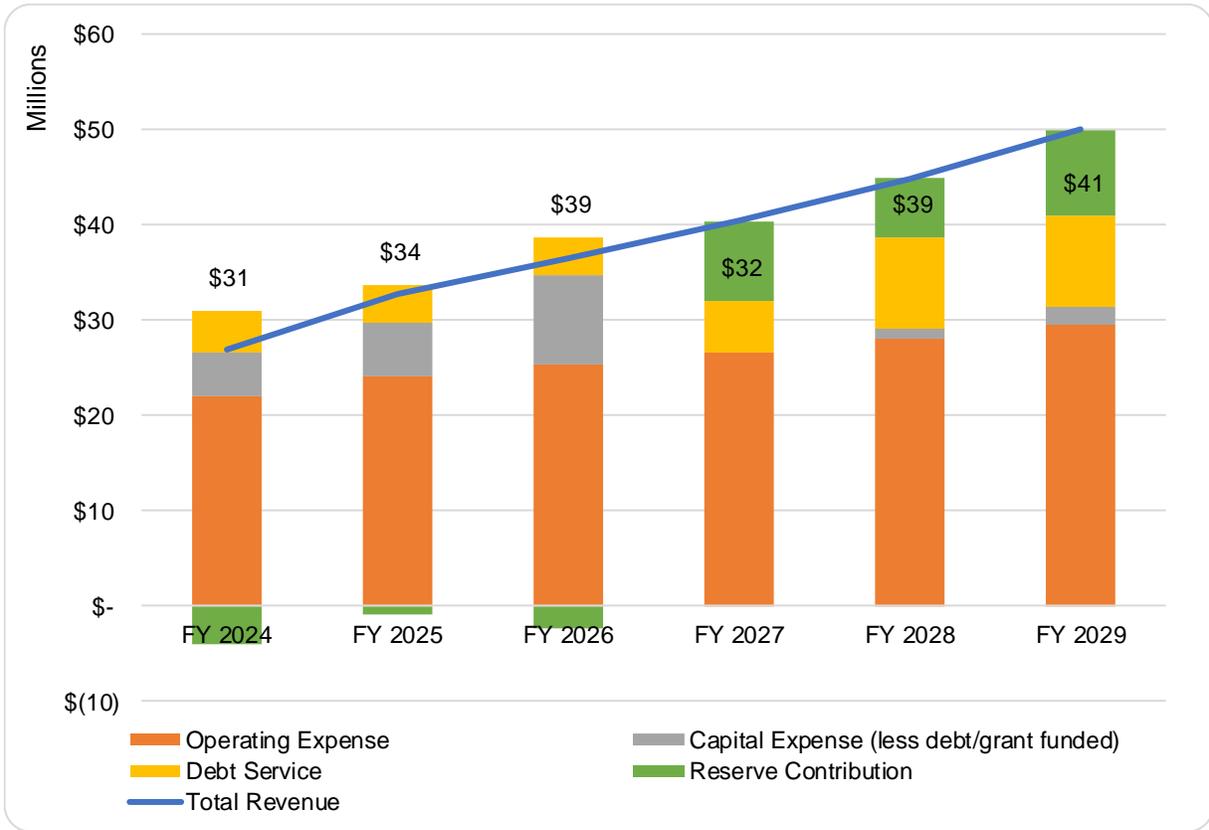
Table 39. Proposed Connection Fees

	FY 2025
Connection Fee	\$ 7,923

Figure 6 through **Figure 8** show the financial plan results under the proposed debt issuances, rates, fees, and adjustments. The line in **Figure 6** shows the combined revenue under the proposed rate

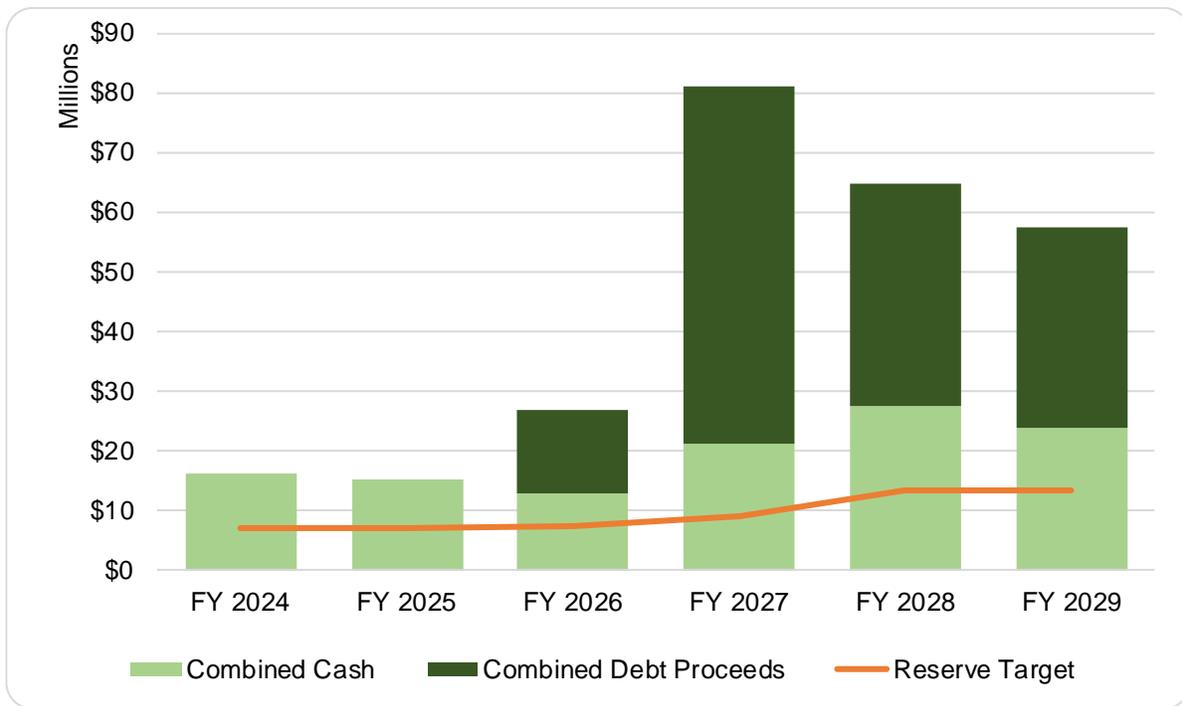
and fee adjustments. Reserve contributions are shown in green, negative reserve contributions mean that the Authority is drawing cash from the reserves, positive means that cash is being contributed.

Figure 6. Proposed Total Cash Flow



The combined cash balance is shown in **Figure 7**. Cash balances include unspent debt proceeds, though it was assumed that all debt proceeds must be spent within three years of the debt issuance.

Figure 7. Proposed Combined Cash Balances



Finally, the Authority’s debt covenants have a requirement of maintaining a DSCR of 120 percent of net revenues. **Figure 8** shows the annual DSCR for each year of the study under the proposed plan.

Figure 8. Proposed Combined Debt Service Coverage Ratio

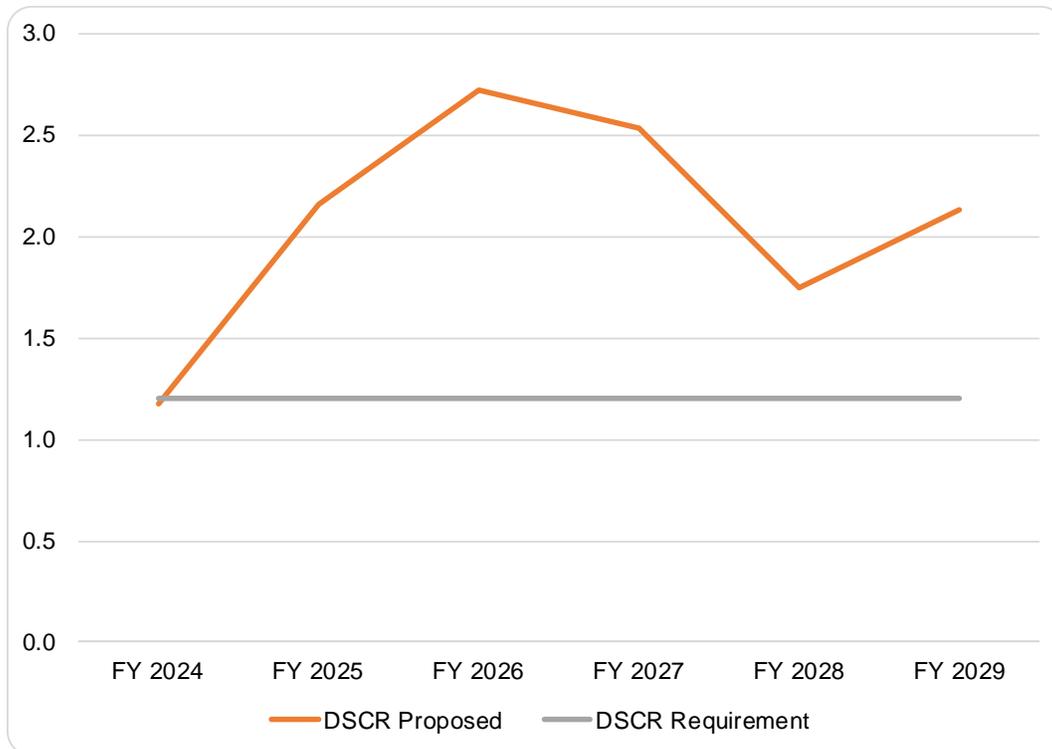


EXHIBIT D: RESOLUTION 2024-05

RESOLUTION NO. 2024-05

**A RESOLUTION OF THE VICTOR VALLEY WASTEWATER
RECLAMATION AUTHORITY TO APPROVE AND ADOPT A
FINANCIAL PLAN PREPARED BY RDN**

WHEREAS, the Victor Valley Wastewater Reclamation Authority (“Authority”) is a Joint Powers Authority and Public Agency of the State of California established in 1978 that provides Regional wastewater treatment to a designated Service Area; and

WHEREAS, an amendment to the Victor Valley Regional Wastewater Service Agreement was made and entered into as of August 1, 2005, by and between the Authority and the City of Victorville, the City of Hesperia, the Town of Apple Valley, and the County of San Bernardino Service Areas No. 42 (Oro Grande) and No. 64 (Spring Valley Lake), collectively referred to as “Member Entities”; and

WHEREAS, the Authority provides wastewater treatment service to the Member Entities and issues monthly flow billings to the Member Entities based upon the number of gallons of flow received from each Entity; and

WHEREAS, a Financial Plan was prepared by prepared by Black & Veatch at the request of the Member Entities in 2014 in order to provide accurate and reliable financial planning information to the Authority for Capital Improvement projects; and

WHEREAS, an updated Financial Plan was prepared by Raftelis at the request of the Member Entities in 2017 in order to provide accurate and reliable financial planning information to the Authority for its current Capital Improvement projects; and

WHEREAS, an updated Financial Plan was prepared by RDN at the request of the Member Entities in 2024 in order to provide accurate and reliable financial planning information to the Authority for its current Capital Improvement projects; and

WHEREAS, the updated Financial Plan by RDN also suggested different options for VVWRA to modify its rates to meet its operations and maintenance expenses and the Board of Commissioners was presented with those options,

NOW, THEREFORE, BE IT RESOLVED that the Commission of the Victor Valley Wastewater Reclamation Authority does hereby receive, approve and adopt the 2024 Financial Plan, attached hereto as “Exhibit A”, as prepared by RDN is hereby.

RECEIVED, APPROVED AND ADOPTED on this 25th day of April, 2024

Scott Nassif, Chair
VWRA Board of Commissioners

APPROVED AS TO FORM:

Piero C. Dallarda of
Best Best & Krieger LLP
CERTIFICATION

Larry Bird, Secretary
VWRA Board of Commissioners

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the Board of Commissioners held on April 25, 2024.

Kristi Casteel
Secretary to the Board of Commissioners

EXHIBIT A

Resolution 2024-05



VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY

**2024 Wastewater Rate Study and
Connection Fee Update**

Final Report

April 5th, 2024



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April 5, 2024
Xiwei Wang
Accounting Supervisor
Victor Valley Wastewater Reclamation Authority
20111 Shay Road
Victorville, CA 92394

SUBJECT: Wastewater Rate Study and Connection Fee Update

Dear Mr. Wang,

Robert D. Niehaus, Inc. (RDN) is pleased to provide this 2024 Wastewater Rate Study and Development Impact Fee Update Report (Report) for the Victor Valley Wastewater Reclamation Authority (VWVRA or Authority). This study accompanies an extensive review of the Authority's financial position, user charges, fee calculation methodology, and derivation of an updated fee for the Authority's consideration.

All of the data used in the report was provided by Authority staff and documents published by the Authority. The key variables used in this Report are budgeted revenues and expenses, system asset value, capital expenses for replacement and future growth, outstanding debt principal, current reserves, future system capacity and current system-wide Equivalent Dwelling Units and sewer flow.

It has been an absolute pleasure to work with you and your staff. We thank you and other VWVRA Staff for the support provided during this study.

Respectfully submitted,

Robert D. Niehaus, Ph.D.
Managing Director/Principal Economist - RDN

Sanjay Gaur M.S., M.P.A.
Project Manager - Water Resource
Economics

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1. Introduction

The Victor Valley Wastewater Reclamation 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 as well as the Mojave Narrows Park:

- 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 (MGPD) 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 MGPD 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 RDN in 2023 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 a manner that is equitable across member agencies.

The Authority last conducted a Financial Plan Update Study and Connection Fee Study in 2019. The prior study established proposed user charges and connection fees through fiscal year (FY) 2024. Since the 2019 study, the Authority has developed a significant capital improvement schedule update. Major capital improvements are needed to continue to serve current customers as well as allow for additional capacity to serve new customers. This Study was conducted in order to develop an updated financial plan that accounts for financial challenges which have emerged since the prior study was conducted in 2019, 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.

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

1. Develop an updated five-year financial plan through FY 2029 to ensure financial sufficiency, meet operating costs, ensure sufficient funding to meet debt obligations, and fund necessary capital expenditures;
2. Develop proposed user charges and rates for FY 2025 to FY 2029; 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.

2. Results and Recommendations

RDN proposes the following revenue, rate, and fee adjustments to accomplish the Authority's goals of capital and reserve funding as well as maintaining debt service coverage ratios. **Table 1** shows the proposed wastewater rate adjustments for the five-year rate study period. To maintain the proposed financial plan, the Authority should raise wastewater rate revenues by 15 percent in FY 2025, followed by 10 percent per year through FY 2029.

Table 1. Proposed Wastewater Revenue Adjustments

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenue Adjustment	15.0%	10.0%	10.0%	10.0%	10.0%

In addition to adjusting revenues from user rates, the Authority must also time debt issuances in order to fund capital expenditures for Repair and Replacement (R&R) projects and growth-related projects. **Table 2** and **Table 3** display the timing and amount of debt issuances that are needed to accomplish capital funding goals. Rate funded debt issuances are used to complete R&R projects and will be repaid using user charges. Connection Fee (Con Fee) funded debt will be repaid by new customers who connect to the system in the form of connection fee revenue.

Table 2. Proposed Rate Funded Debt Issuances

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Rate Funded Debt Issuance	\$ -	\$ -	\$ 65,000,000	\$ -	\$ -

Table 3. Proposed Connection Fee Funded Debt Issuances

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Con Fee Funded Debt	\$ -	\$ 21,000,000	\$ -	\$ -	\$ 35,000,000

The proposed rates and fees shown in **Table 4** and **Table 5** are based on the results of the financial planning analysis. No change was made to the methodology used to calculate user charges per million gallons of sewer flows, which are escalated based on the proposed revenue adjustments; however, the proposed connection fee methodology includes a recalculation of the available system capacity as well as individual customer capacity for EDU determination compared to the previous study. It is the recommendation of this Study that the Authority assess the increase in construction costs each year based on the Engineering News Record Construction Cost Index (ENR CCI) or some similar index to escalate the proposed connection fee to reflect the increasing cost of construction.

Table 4. Proposed User charges

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
User Charge (per MG)	\$ 5,923	\$ 6,515	\$ 7,166	\$ 7,883	\$ 8,671

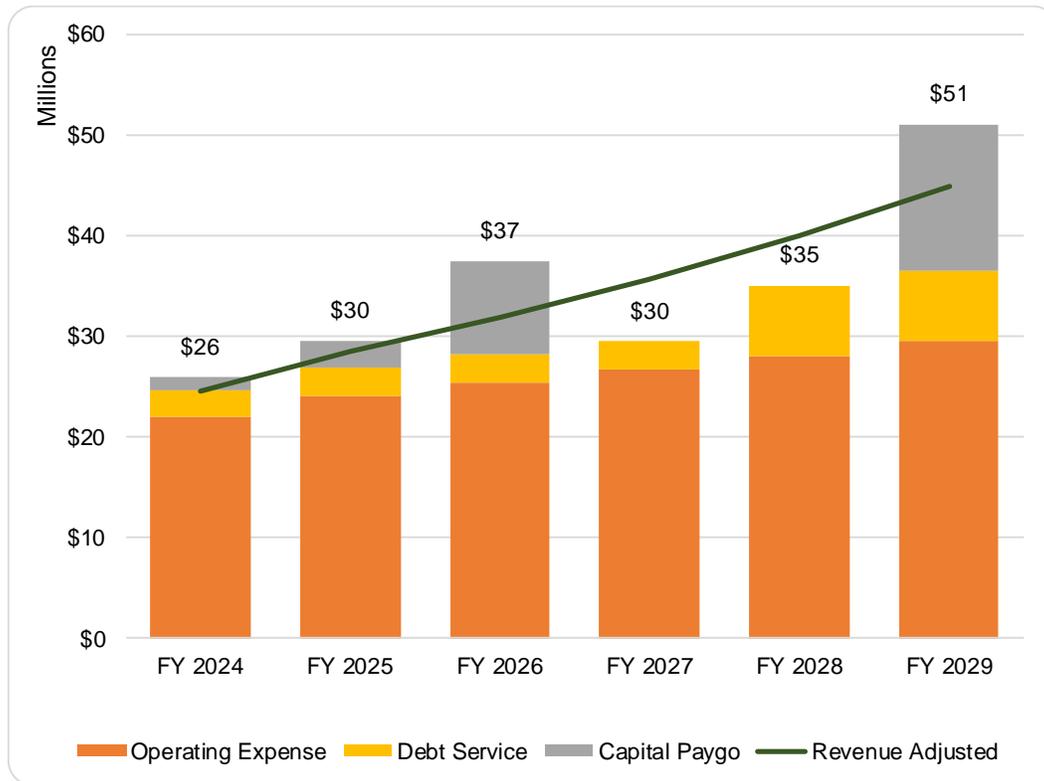
Table 5. Proposed Connection Fees

	FY 2025
Connection Fee	\$ 7,923

Figure 1 through **Figure 4** show the financial plan results under the proposed debt issuances, rates, fees, and adjustments. The line in **Figure 1** shows the revenue under the proposed adjustments.

Where the line is above the bars, the Authority is contributing to reserves, where it falls below, the reserves are being drawn down.

Figure 1. Proposed Rate Cash Flow



Because rate and fee revenues must be tracked separately under California Law¹, **Figure 2** and **Figure 3** show the ending cash balances for rate and fee funds, respectively. The Authority’s rate reserve must maintain a target level determined by the policy set in place by the Board of Directors. The target balance for each year is represented by the orange line in **Figure 2**. The reserve policy will be discussed later in the Report.

¹ Government Code 60013

Figure 2. Proposed Rate Cash Balances

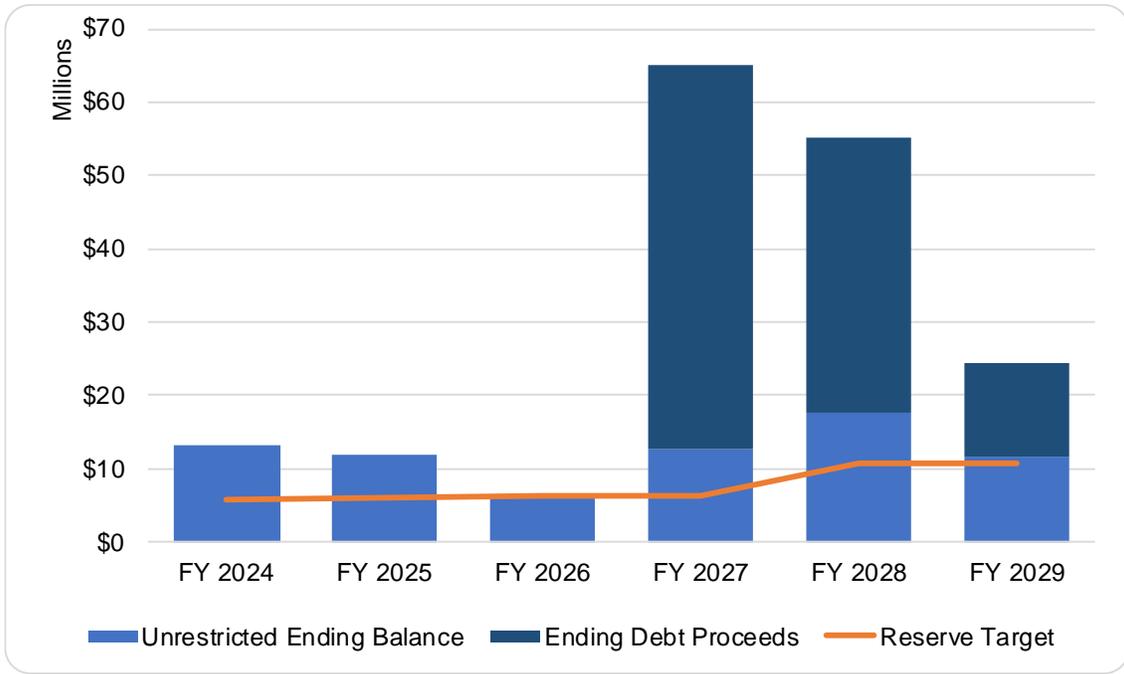
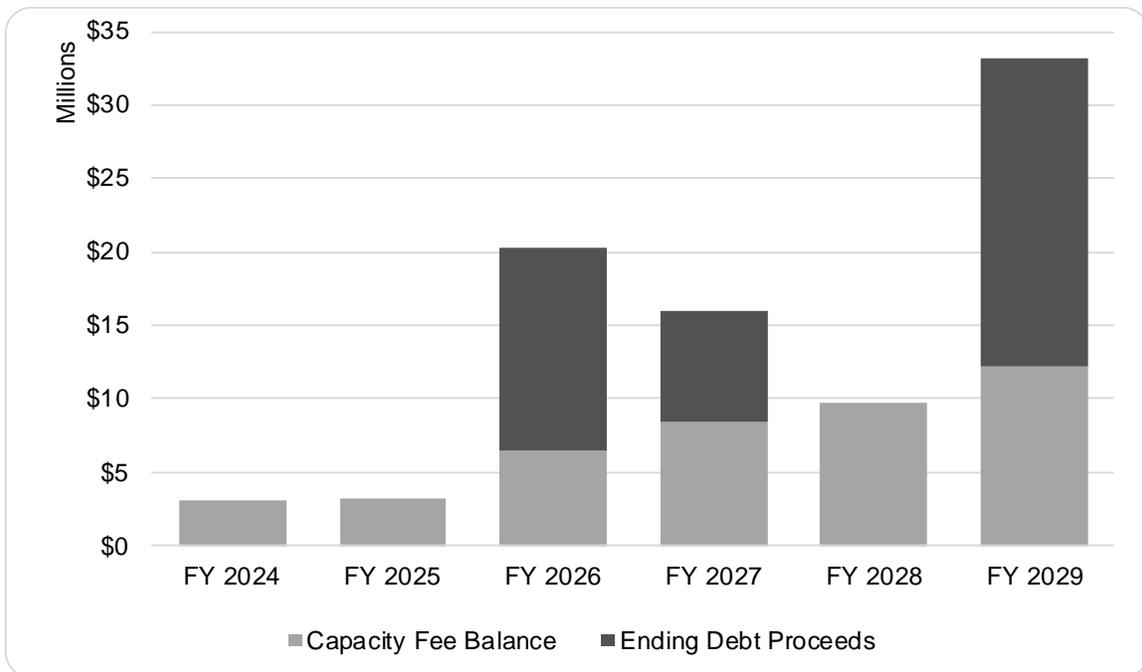
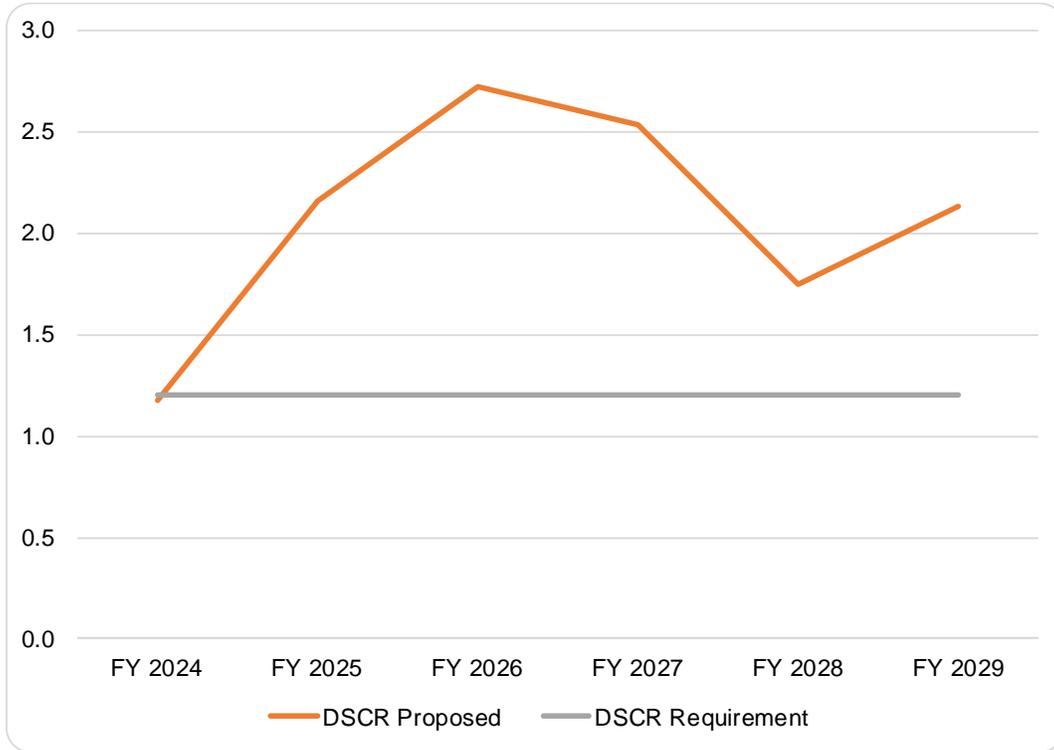


Figure 3. Proposed Connection Fee Cash Balances



Finally, the Authority’s debt covenants have a requirement of maintaining a debt service coverage ratio (DSCR) of 120 percent of net revenues. **Figure 4** shows the annual DSCR for each year of the study under the proposed plan.

Figure 4. Proposed Debt Service Coverage Ratio



3. Financial Assumptions

The purpose of the current study is to project the revenue needs for the next five years and provide solutions to accomplish the Authority's financial goals. The main inputs to the financial plan include operating expenses and inflation, capital spending and funding sources, reserve targets, and debt service coverage requirements.

The Authority's reserve policy includes an operating reserve which is designed to maintain 10 percent of the previous year's operating and maintenance (O&M) expense, a repair & replacement reserve which totals the value of 1 percent of all land improvements, plants, and interceptors (currently \$1 million as per Authority staff direction), and reserves which maintain an amount equal to annual debt service payments. **Table 6** displays the VVWRA's current reserve policies as described and **Table 7** shows the balances required for each year of the study period under the proposed financial plan (which includes the proposed debt issuances described in Section 6).

Table 6. Authority Reserve Policies

Reserve	Policy
Operating Reserve	10% of Prior Year O&M
R&R Reserve	1% of land improvements, plants, and interceptors
Debt Reserve	Sum of Annual Debt Payments

Table 7. Target Reserves, FY 2024 - FY 2029

Reserve	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Operating Reserve	\$ 1,913,812	\$ 2,199,191	\$ 2,413,771	\$ 2,544,260	\$ 2,675,147	\$ 2,811,769
R&R Reserve	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Debt Reserve	\$ 4,307,270	\$ 4,045,249	\$ 4,045,249	\$ 5,411,329	\$ 9,639,672	\$ 9,639,672
Total Reserve Target	\$ 7,221,081	\$ 7,244,440	\$ 7,459,019	\$ 8,955,589	\$ 13,314,819	\$ 13,451,441

To project long-term changes to operating and maintenance expenses, RDN used 10 independent inflationary measures. The Authority's budgets for FY 2024 were used as a starting point for future inflationary measures. FY 2023 data was included to provide a background on past expenditures. **Table 8** shows each inflation factor used for this study. Because of recent record inflation, some of the factors are expected to reduce over time. The "Overall" inflation metric is a category given in Bureau of Labor Statistics data made up of prices paid by urban consumers for a market basket of consumer goods and services and was used to inflate costs which could not be directly attributed to other inflationary measures. The average projected annual inflation for operating expenses for the next ten years is 5.6 percent. Inflation factors were developed using the best available data². The 80 percent inflation in chemicals in FY 2025 was used at the direction of VVWRA staff because of a known increase in chemical costs for that fiscal year.

² Sources include: the US Bureau of Labor Statistics Consumer Prices Index, Quarterly Census of Employment and Wages; Federal Reserve Bank of St. Louis Producer Price Index; Engineering News Record Building Cost Index; and National Association of Insurance Commissioners Annual Inflation Report, as well as input from Authority staff.

Table 8. Inflationary Adjustments, FY 2025 – FY 2029

Category	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Payroll	6.5%	6.5%	6.5%	6.5%	6.5%
Other Employee	8.0%	8.0%	8.0%	8.0%	8.0%
Utilities	7.7%	5.0%	5.0%	5.0%	5.0%
Chemicals	80.0%	5.3%	5.3%	5.3%	5.3%
Water Treatment	5.0%	5.0%	5.0%	5.0%	5.0%
Fuel/Automobile	5.9%	5.9%	3.6%	3.6%	3.6%
Construction	5.6%	5.6%	5.6%	4.1%	3.9%
Insurance	4.0%	4.0%	4.0%	4.0%	4.0%
Overall	3.8%	3.8%	3.1%	3.1%	2.7%
Property Tax	4.4%	4.4%	4.4%	4.4%	4.4%

RDN additionally projected future customer flows, the primary billing unit used by the Authority, based on historical increases as well as input from VVWRA staff. The average projected increase in flows used in this study is **2.5 percent** per year for each of the Authority's customers. While increases have fluctuated in recent years, ranging between -1.4 percent and 7.2 percent between FY 2019 and FY 2023, 2.5 percent reflects a conservative estimate of flow increases for projecting revenues, which was agreed upon by Authority staff.

Table 9. Projected Sewer Flows FY 2024 – FY 2029

Agency	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Victorville	2,575	2,639	2,705	2,773	2,842	2,913
Apple Valley	682	699	716	734	753	771
Hesperia	902	925	948	971	996	1,021
CSA 64 Spring Valley Lake	197	201	206	212	217	222
Mojave Narrows Park	1	1	1	1	1	1
CSA 42 Oro Grande	31	32	33	34	35	36

To project revenues from connection fees, RDN also reviewed EDU growth projections. Based on actual connection fee revenues collected between FY 2019 and FY 2023, the average number of new EDUs per year ranges between 492 and 660. This study uses an increase of **550 EDUs** per year for calculating connection fee revenues.

Debt projections for new debt issuances assume a 30 year term at 5.0 percent interest with a 1 percent issuance fee. For rate funded and connection fee funded debt issuances, repayment is assumed to begin the year after issuance and that all debt proceeds must be spent within 3 years of the initial issuance. Debt coverage ratios are based on the total debt service, which includes principal and interest.

To determine the asset replacement values used for connection fee calculations, RDN used the Engineering News Record's Building Cost Index (ENR BCI) for the State of California. Purchase price and date acquired were provided by Authority staff. The indexed value between the date of purchase and November 2023 was used to determine the point-in-time value which was used to determine the total system replacement cost of \$601 million. Backbone assets constitute approximately 99.6 percent of the total asset value.

4. Financial Projections

VVWRA collects revenue based on annual wastewater flows (User Charges); the amount (approximately 550 per year) of new customers who join the system (Connection Fees); other various operating fees such as reclaimed water sales, fats oils and grease (FOG) fees, renewable natural gas (RNG) revenue, sludge flow and other septage receiving charges, and non-operating revenues such as land lease and interest revenue. **Table 10** shows the current rates and fees which are charged by the VVWRA for service. At the direction of Authority staff, only user charges and connection fees are being evaluated in the current study. All other rates and fees as well as the revenue generated by them are assumed to remain at the current level.

Table 10. VVWRA Current Rates and Fees

Fee	Current
User Charge (per MG)	\$ 5,150.00
Connection Fee (per EDU)	\$ 4,679.00
Septage Receiving Facility Charges	\$ 0.12
FOG	\$ 0.12
Sludge Flow - Victorville (Monthly)	\$ 12,000.00
High Strength Waste Surcharges (Monthly)	\$ 1,000.00
Potable Well Water Sales (Monthly)	\$ 135.00
Apple Valley Reclaimed Water Sales (Monthly)	\$ 617.93
Hesperia Reclaimed Water Sales (Monthly)	\$ 352.60
Victorville Reclaimed Water Sales (Monthly)	\$ 1,356.12
America Organics (Monthly)	\$ 1,356.12
AV Reclaimed Water Sales (per MG)	\$ 160.00
Hes Reclaimed Water Sales (per MG)	\$ 237.00
VV Reclaimed Water Sales (per MG)	\$ 418.00
America Organics (per MG)	\$ 418.00

Table 11 shows the projected revenue for the study period with no revenue adjustments.

Table 11. Projected Revenues, FY 2024 – FY 2029

Category	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
User Charge Revenue	\$ 22,597,016	\$ 23,161,941	\$ 23,740,989	\$ 24,334,514	\$ 24,942,877	\$ 25,566,449
Connection Fee Revenue	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450
Other Operating Revenue	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323
Non Operating Revenue	\$ 180,000	\$ 182,610	\$ 185,334	\$ 188,176	\$ 191,141	\$ 194,236
Total Revenue	\$ 27,065,789	\$ 27,633,324	\$ 28,215,096	\$ 28,811,463	\$ 29,422,791	\$ 30,049,458

Operating expenses contained in the FY 2024 budget are individually escalated based on the inflationary categories shown in **Table 8**. **Table 12** shows VVWRA's expenses broken down by category. FY 2024 expenses are based on budgeted expenses provided by Authority staff. Note that the categories contained in **Table 12** were developed for this report. The payroll and employee expense category is the

sum of salaries, overtime, and insurance benefits; the equipment and tools expense category includes field equipment, tools, and office supplies; the maintenance category is the sum of system and building maintenance; chemicals include treatment and testing chemicals; utility costs include electricity, natural gas, potable water and waste disposal; and general administrative costs are made up of professional services and other expenses which are not directly contained within any other category.

Table 12. Projected O&M Expenses, FY 2024 - FY 2029

Category	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Payroll and Employee	\$ 9,347,256	\$ 9,965,911	\$ 10,626,826	\$ 11,325,067	\$ 12,071,146	\$ 12,864,469
Equipment and Tools	\$ 3,574,524	\$ 3,718,109	\$ 3,863,986	\$ 3,986,168	\$ 4,112,267	\$ 4,229,576
Maintenance	\$ 2,158,658	\$ 2,262,163	\$ 2,370,816	\$ 2,471,779	\$ 2,560,047	\$ 2,645,795
Chemicals	\$ 1,161,000	\$ 2,089,800	\$ 2,200,559	\$ 2,317,189	\$ 2,440,000	\$ 2,569,320
Utilities	\$ 3,491,552	\$ 3,755,128	\$ 3,942,668	\$ 4,135,482	\$ 4,337,795	\$ 4,549,649
General Administrative	\$ 2,258,921	\$ 2,346,594	\$ 2,437,749	\$ 2,515,782	\$ 2,596,438	\$ 2,671,413
Total Operating	\$ 21,991,911	\$ 24,137,705	\$ 25,442,604	\$ 26,751,467	\$ 28,117,694	\$ 29,530,221

The Authority's capital expenditures include both R&R projects and capacity expansion related projects. Additionally, VVWRA funds capital expenditures through a variety of sources, including user charge revenue, connection fee revenue, grants, and loans. The capital improvement plan provided by staff includes approximately \$336.3 million in capital expenditure needs over the next 10 years. **Table 13** and **Table 14** show the planned capital expenditures used in this study by type and funding source, respectively. Where capital expenditures are funded by customer rates in a pay-as-you-go (Paygo) basis, those are tied to user charge revenues, either directly through rates, or by debt issuances which are refunded by rates. Optimally, connection fee funded improvements should be paid for by growth as they are related to expanding system capacity; however, where connection fee revenues are not available, these projects may be funded by user charges.

Table 13. Projected Capital Expenditures by Type, FY 2024 – FY 2029

Category	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Collection System	\$ 514,385	\$ 3,143,667	\$ 4,078,667	\$ 452,000	\$ 452,000	\$ -
Facilities	\$ 898,758	\$ 3,118,984	\$ 16,441,385	\$ 12,136,885	\$ 11,616,886	\$ 60,831,886
Recycled Water	\$ 83,000	\$ -	\$ 300,000	\$ -	\$ -	\$ -
Technology	\$ 1,209,797	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
Treatment and Laboratory	\$ 5,948,869	\$ 1,900,000	\$ 1,076,000	\$ 8,137,250	\$ 12,937,250	\$ 4,000,000
Total	\$ 8,654,809	\$ 8,662,651	\$ 22,396,052	\$ 21,226,135	\$ 25,506,136	\$ 65,331,886

Table 14. Projected Capital Expenditures by Funding Source, FY 2024 – FY 2029

Category	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Paygo	\$ 1,212,510	\$ 2,702,252	\$ 9,286,507	\$ 12,681,457	\$ 14,934,482	\$ 39,249,132
Connection Fee	\$ 3,542,299	\$ 2,919,916	\$ 7,126,168	\$ 6,421,301	\$ 8,448,277	\$ 13,916,377
Grant	\$ 3,900,000	\$ 3,040,483	\$ 5,983,377	\$ 2,123,377	\$ 2,123,377	\$ 12,166,377
Total	\$ 8,654,809	\$ 8,662,651	\$ 22,396,052	\$ 21,226,135	\$ 25,506,136	\$ 65,331,886

The Authority's current debt service includes six issuances which are variously being repaid with either user charge revenues or connection fee revenues. **Table 15** shows the current outstanding debt

which has been issued by the Authority, the year it was issued, and the percent of the debt issuance which is to be repaid using either connection fee revenues or user charge revenues.

Table 15. VVWRA Current Debt Outstanding Debt

Debt Issuance	Year Issued	Total Issuance	Capacity Percent	Rate Percent
North Apple Valley Interceptor	2005	\$ 4,084,688	100%	0%
Phase IIIA Regulatory Upgrades	2013	\$ 15,717,668	25%	75%
Upper Narrows Replacement	2016	\$ 4,286,380	0%	100%
Nanticoke Bypass	2018	\$ 4,459,190	25%	75%
Apple Valley Sub-Regional	2019	\$ 26,455,229	39%	61%
Hesperia Sub-Regional	2019	\$ 37,758,385	39%	61%

The total debt service payments for the study period under the status quo financial plan are shown in **Table 16**. The total debt service is used to calculate debt service coverage ratios and reserve targets.

Table 16. Debt Service by Funding Category, FY 2024 – FY 2029

Category	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Total User Charge Principal	\$ 2,152,549	\$ 2,187,646	\$ 2,223,435	\$ 2,259,930	\$ 2,297,148	\$ 2,335,105
Total User Charge Interest	\$ 597,950	\$ 562,853	\$ 527,064	\$ 490,569	\$ 453,351	\$ 415,394
Total Capacity Principal	\$ 1,266,271	\$ 1,024,650	\$ 1,038,900	\$ 1,053,398	\$ 1,068,147	\$ 1,083,154
Total Capacity Interest	\$ 290,499	\$ 270,100	\$ 255,849	\$ 241,352	\$ 226,602	\$ 211,596
Total Debt Service	\$ 4,307,270	\$ 4,045,249	\$ 4,045,249	\$ 4,045,249	\$ 4,045,249	\$ 4,045,249

A summary of the financial inputs and results under the status quo financial plan is shown in **Table 17**. Because of the ratio of expenses to revenues, cash balances and debt service coverage levels are projected to decrease significantly through the five years outlined in this report, with even steeper decreases in future years as the Authority's capital plan is fully implemented. According to the projections, the DSCR will fall under required levels in FY 2025; additionally, with no revenue increases or changes to the financial plan (debt issuance), cash balances will be negative by FY 2026. To counteract the rapid decline in financial position, RDN recommends a series of revenue adjustments to increase revenues from user charges, an update to the connection fee methodology to include all proposed expansion related capital projects, and a series of debt issuances to increase equity between current and future customers.

Table 17. Status Quo Financial Plan Pro Forma

User Charge Input	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
User Charge Revenue	\$ 22,597,016	\$ 23,161,941	\$ 23,740,989	\$ 24,334,514	\$ 24,942,877	\$ 25,566,449
Other Operating Revenue	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323
Non-Operating Revenue	\$ 180,000	\$ 182,610	\$ 185,334	\$ 188,176	\$ 191,141	\$ 194,236
Total Revenues	\$ 24,492,339	\$ 25,059,874	\$ 25,641,646	\$ 26,238,013	\$ 26,849,341	\$ 27,476,008
Operating Expenses	\$ 21,991,911	\$ 24,137,705	\$ 25,442,604	\$ 26,751,467	\$ 28,117,694	\$ 29,530,221
Net Revenue	\$ 2,500,427	\$ 922,169	\$ 199,042	\$ (513,454)	\$ (1,268,352)	\$ (2,054,213)
User Charge Debt Service	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499
Paygo	\$ 1,212,510	\$ 2,702,252	\$ 9,286,507	\$ 12,681,457	\$ 14,934,482	\$ 39,249,132
Net Rate Revenue	\$ (1,462,582)	\$ (4,530,582)	\$ (11,837,964)	\$ (15,945,409)	\$ (18,953,333)	\$ (44,053,844)
Connection Fee Input	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Connection Fee Revenue	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450
Connection Fee Debt Service	\$ 1,556,771	\$ 1,294,750	\$ 1,294,750	\$ 1,294,750	\$ 1,294,750	\$ 1,294,750
Connection Fee CIP	\$ 3,542,299	\$ 2,919,916	\$ 7,126,168	\$ 6,421,301	\$ 8,448,277	\$ 13,916,377
Net Connection Fee Revenue	\$ (2,525,620)	\$ (1,641,216)	\$ (5,847,468)	\$ (5,142,601)	\$ (7,169,577)	\$ (12,637,677)
Cash Balances	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Beginning User Charge Balance	\$ 14,535,495	\$ 13,072,913	\$ 8,542,331	\$ (3,295,633)	\$ (19,241,042)	\$ (38,194,375)
Ending User Charge Balance	\$ 13,072,913	\$ 8,542,331	\$ (3,295,633)	\$ (19,241,042)	\$ (38,194,375)	\$ (82,248,219)
Beginning Connection Fee Balance	\$ 5,576,170	\$ 3,050,550	\$ 1,409,335	\$ (4,438,133)	\$ (9,580,733)	\$ (16,750,310)
Ending Connection Fee Balance	\$ 3,050,550	\$ 1,409,335	\$ (4,438,133)	\$ (9,580,733)	\$ (16,750,310)	\$ (29,387,987)
DSCR	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Debt Service Coverage Ratio	1.18	0.86	0.69	0.51	0.32	0.13
Reserve Levels	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Reserve Target	\$ 7,221,081	\$ 7,244,440	\$ 7,459,019	\$ 7,589,509	\$ 7,720,395	\$ 7,857,018
Total Cash Balance	\$ 16,123,464	\$ 9,951,666	\$ (7,733,765)	\$ (28,821,776)	\$ (54,944,685)	\$ (111,636,206)

5. Proposed User Charge Adjustments

The proposed revenue adjustments are to occur at the level shown in **Table 18** at the beginning of each fiscal year (July 1).

Table 18. Proposed Wastewater Revenue Adjustments

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenue Adjustment	15.0%	10.0%	10.0%	10.0%	10.0%

Under California law, property based utility rates must adhere to Proposition 218. Specifically, that revenues derived from a fee or charge shall not exceed the funds required to provide the service. The current user charges are shown in **Table 19**. User charges are paid per million gallons of sewer flow. After reviewing the Authority's current rate structure, RDN determined that it adheres to Proposition 218 requirements, thus no changes to the overall structure are being proposed. The amount of the fee or charge imposed upon any customer does not exceed the proportional cost of service attributable to the customer, since rates are wholly based on levels of sewer flow. Because no changes are being recommended to the rate structure, these percentages are applied directly to the user charge per million gallons. The resulting user charge rates are shown in **Table 20**.

Table 19. Current User charges

	Current
User Charge (per MG)	\$ 5,150

Table 20. Proposed User charges

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
User Charge (per MG)	\$ 5,923	\$ 6,515	\$ 7,166	\$ 7,883	\$ 8,671

Under the proposed plan, an additional \$50.0 million will be generated by user charges between FY 2025 and FY 2029. **Table 21** shows revenues under the proposed financial plan. The line titled "Additional User Charge" tracks the additional revenue which is generated each year with the proposed compounding adjustments from **Table 18**.

Table 21. Projected Revenues with User Charge Adjustments, FY 2025 – FY 2029

Category	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Current User Charge	\$ 23,161,941	\$ 23,740,989	\$ 24,334,514	\$ 24,942,877	\$ 25,566,449
Additional User Charge	\$ 3,474,291	\$ 6,291,362	\$ 9,526,962	\$ 13,235,938	\$ 17,480,165
Connection Fee Revenue	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450
Other Operating Revenue	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323
Non Operating Revenue	\$ 182,610	\$ 185,334	\$ 188,176	\$ 191,141	\$ 194,236
Total Revenue	\$ 31,107,615	\$ 34,506,458	\$ 38,338,425	\$ 42,658,729	\$ 47,529,623

6. Connection Fee Update

Connection Fees are a one-time charge paid by a new customer for system capacity. The simplest and most succinct economic justification for connection fees is the idea that “growth-pays-for growth,” Essentially, stating that customers who benefit from a service should be the ones who pay for that service. The American Waterworks Association (AWWA) Manual M26 states: “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 rates that are needed to pay for added plant costs for new customers.” To effect fair distribution of the value of the system, Connection Fees should reflect a reasonable estimate of the cost of providing capacity to new users and not disproportionately burden existing users through a rate increase.

Connection Fees should also meet rational nexus criteria to assure maximum reasonable acceptance by the development community, local government elected and administrative officials, and courts. At the heart of the rational nexus test is the concept of "proportionate share," which can be defined as that component of the cost of existing and future system improvements that is reasonably related to the demands of new development.

The two primary methods used to calculate Connection Fees are the Buy-in and the Incremental Cost methods. The Buy-in method recovers the cost of capacity in those portions of the existing system in which there is still capacity available. The Incremental Cost method is a calculation of the incremental costs of additional system capacity needed to add to serve new development. Combining these two approaches is most often used when the system has some capacity left to take on new customers, but additional capacity is also needed to serve projected growth in the planning horizon. RDN maintained the current methodology, the combined approach, as it is most appropriate for the VVWRA’s fee calculation. In this section each method is described in detail and the rationale is provided for selecting the combined approach.

Buy-in Method

Under the Buy-in method, new development purchases a share of capacity proportionate to the development’s estimated demand. This method is typically used when the existing system has the capacity to accommodate increased demand without large investment in capital projects. There are four generally accepted methods used to determine the existing system value:

- Original Cost – asset cost in the year of construction
- Original Cost less Depreciation – original cost subtracting the accumulated depreciation of system assets
- Replacement Cost New (RCN) – original cost escalated to current dollars using a construction cost index. This method reflects the cost of replicating the existing system.
- Replacement Cost New less Depreciation (RCLD) – replacement cost new of existing system subtracted by the accumulated depreciation. This method reflects the current costs of replacing system assets while adjusting the valuation to reflect the remaining life of current assets.

Incremental Cost Method

While the Buy-in method is used when the system has sufficient capacity for additional development, the Incremental Cost method is most appropriate when current system capacity is not capable of serving new development without significant investment in new facilities. Under this

methodology all of the costs of future system expansion are allocated to new customers. This method requires a detailed long-term capital improvement plan (CIP) that clearly identifies the proportion of project cost contributing to expansion of the system

Combined Approach

For systems that have the capacity to serve new development in the short-run but require investment in capacity-expanding facilities in the long-run, a combination of Buy-in and Incremental Cost methods is most often used. Fees developed under the combined method reflect the value of the existing system and expansion related CIPs. **Figure 5** displays the summarized formula used to calculate the Authority’s proposed fees.

Figure 5. Combined Approach, Development Impact Fee Calculation Methodology for VVWRA



To determine available and needed capacity expansion, RDN worked extensively with VVWRA staff. Current design capacity was updated based on staff input and each capital project was reviewed as to the amount of increased capacity it would provide. Authority staff also provided a detailed list of all current assets, their purchase price, the year of service, and current level of depreciation. **Table 22** shows the current connection fee which is charged to new customers per EDU.

Table 22. Current Connection Fee per EDU

	Current
Connection Fee	\$ 4,679

Table 23 shows the total system asset valuation which was used to calculate the buy-in portion of the fee. The original costs of assets and functional categories were provided by VVWRA auditors. Replacement cost was estimated by escalating the purchase price to reflect the cost of each asset in today’s dollars based on the Engineering News Record’s Building Cost Index for California which is an index based on the increasing building costs across California. Each individual asset is assigned an inflation value based on the index value in the year of construction versus November 2023.

Table 23. System Asset Valuation

Functional Category	Original Cost	Replacement Cost
Land	\$ 617,484	\$ 992,224
Interceptor Lines	\$ 69,170,246	\$ 135,030,292
Plant and Buildings	\$ 202,851,322	\$ 395,995,027
Plant Equipment	\$ 23,068,110	\$ 45,032,276
Office Equipment	\$ 420,619	\$ 821,108
Trucks and Autos	\$ 1,537,149	\$ 3,000,737
Land Improvements	\$ 9,711,869	\$ 18,958,968
Computer Software	\$ 661,321	\$ 1,290,995
Total	\$ 308,038,120	\$ 601,121,627

The total system value used to calculate the buy-in portion is reduced by approximately \$2.2 million dollars to remove assets which are not backbone assets, such as a subset of vehicles or furniture, which do not provide service to all existing customers. The total asset value used for the buy-in portion is calculated to be \$598.9 million. Two adjustments used to further calculate system value are Repair and Replacement reserves, which are added to the asset value to account for contributions made by current customers and outstanding rate funded debt principal, which is removed from the total valuation to avoid double charging new customers for debt after they join the system. **Table 24** shows the total system value, \$532.6 million, used to calculate the buy-in portion of fees.

Table 24. Total System Value Used for Buy-In Component

Fee Component	Value
Backbone System Value	\$ 598,889,796
R&R Reserves	\$ 2,976,961
Outstanding Debt Principal	\$ (69,220,472)
Total System Value	\$ 532,646,284

VVWRA provided a current system capacity value of 16.0 MGD. The total system value is divided by the system capacity to determine the unit value for the buy-in component of the connection fee. The cost per unit of capacity needed for a new customer to join the system is shown in **Table 25**, \$33.29 per gallon of daily sewer flow.

Table 25. Buy-In Unit Calculation (per Gallon)

Fee Calculation	Buy-In
Total System Value	\$ 532,646,284
Total System Capacity (gpd)	16,000,000
Buy-in per gallon	\$ 33.29

The incremental component of the connection fee is calculated by summing the total capacity expanding capital projects and the outstanding debt service which is funded by connection fee revenues and dividing that total by the amount of new capacity which VVWRA will receive from these projects. The Authority's long-term capital improvement plan includes \$79.5 million worth of capacity expanding projects. Additionally, VVWRA has \$27.8 million in debt that was used to finance capacity expanding projects and needs to be repaid by connection fee revenues. **Table 26** shows the total costs which will fund, or have funded, future capacity expansion.

Table 26. Total Costs for Additional Capacity

Fee Component	Value
Growth Related Capital	\$ 79,473,470
Growth Related Debt	\$ 27,778,468
Cost of Capacity Expansion	\$ 107,251,939

VVWRA estimated an additional system capacity value of 10.0 MGD would be provided by the growth-related capital. The cost of capacity expansion is divided by the incremental system capacity to determine the unit value for the incremental component of the connection fee. The cost per unit of capacity needed for a new customer to join the system is shown in **Table 27**, \$10.73 per gallon of daily sewer flow.

Table 27. Incremental Unit Calculation (per Gallon)

Fee Calculation	Buy-In
Cost of Capacity Expansion	\$ 107,251,939
Incremental System Capacity	10,000,000
Incremental per gallon	\$ 10.73

The total connection fee per EDU is determined by multiplying the unit cost for each component by the total units of capacity needed for a new equivalent customer. For new customers, one EDU is equal to 180 gallons per day of sewer flow, or 20 fixture units, as indicated by VVWRA staff. The calculation used to determine the total connection fee per EDU is shown in **Table 28**.

Table 28. Connection Fee Calculation

Fee Component	Value	EDU	Total
Buy-in per gallon	\$ 33.29	x 180 gpd	= \$ 5,992
Incremental per gallon	\$ 10.73	x 180 gpd	= \$ 1,931
Total Capacity Fee			\$ 7,923

The proposed connection fees also include an estimate of future inflationary adjustments. To maintain a connection fee which continues to reflect the replacement cost of asset values and capital costs, the Authority should inflate the connection fee each year to match inflation in the building cost index. RDN's fee proposal includes estimated inflation of 4.0 percent per year based on a conservative estimate of future increases in the building cost index, but authority staff should review the annual index and apply the actual percentage of inflation each year. Under the estimated increase of 4.0 per year, the annual connection fees used to project revenues are shown in **Table 29**.

Table 29. Proposed Connection Fees

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Connection Fee	\$ 7,923	\$ 8,240	\$ 8,569	\$ 8,912	\$ 9,269

The updated connection fees will generate an additional \$10.7 million in revenue to fund capital projects between FY 2025 and FY 2029. **Table 30** shows revenues under the proposed financial plan with both connection fee and user charge adjustments. The line titled “Additional User Charge” tracks the additional revenue which is generated each year with the proposed compounding adjustments from **Table 29**.

Table 30. Projected Revenues with User Charge and Fee Adjustments, FY 2025 – FY 2029

Category	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Current User Charge	\$ 23,161,941	\$ 23,740,989	\$ 24,334,514	\$ 24,942,877	\$ 25,566,449
Additional User Charge	\$ 3,474,291	\$ 6,291,362	\$ 9,526,962	\$ 13,235,938	\$ 17,480,165
Connection Fee Revenue	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450
Additional Connection Fee	\$ 1,784,093	\$ 1,958,395	\$ 2,139,669	\$ 2,328,193	\$ 2,524,259
Other Operating Revenue	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323
Non Operating Revenue	\$ 182,610	\$ 185,334	\$ 188,176	\$ 191,141	\$ 194,236
Total Revenue	\$ 32,891,708	\$ 36,464,853	\$ 40,478,094	\$ 44,986,922	\$ 50,053,882

7. Updated Financial Plan

A summary of the financial inputs and results under the proposed rate and fee adjustments is shown in **Table 31**. The proposed changes to the rates and fees will allow VVWRA to maintain debt service coverage ratios well above the requirements of the debt covenants. The increase in revenues from user charges and fees will also slow the overall decline in cash position, though in order to fully fund capital expenditures, a series of debt issuances is needed in addition to the proposed changes. According to updated financial projections, the Authority will drop below total reserve levels in FY 2026 and will have a negative balance by FY 2027.

Table 31. Rate and Fee Adjusted Financial Plan Pro Forma

User Charge Input	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
User Charge Revenue	\$ 22,597,016	\$ 23,161,941	\$ 23,740,989	\$ 24,334,514	\$ 24,942,877	\$ 25,566,449
Additional User Charge Revenue	\$ -	\$ 3,474,291	\$ 6,291,362	\$ 9,526,962	\$ 13,235,938	\$ 17,480,165
Other Operating Revenue	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323
Non-Operating Revenue	\$ 180,000	\$ 182,610	\$ 185,334	\$ 188,176	\$ 191,141	\$ 194,236
Total Revenues	\$ 24,492,339	\$ 28,534,165	\$ 31,933,008	\$ 35,764,975	\$ 40,085,279	\$ 44,956,173
Operating Expenses	\$ 21,991,911	\$ 24,137,705	\$ 25,442,604	\$ 26,751,467	\$ 28,117,694	\$ 29,530,221
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Revenue	\$ 2,500,427	\$ 4,396,460	\$ 6,490,404	\$ 9,013,508	\$ 11,967,585	\$ 15,425,951
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
User Charge Debt Service	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499
Paygo	\$ 1,212,510	\$ 2,702,252	\$ 9,286,507	\$ 12,681,457	\$ 14,934,482	\$ 39,249,132
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Rate Revenue	\$ (1,462,582)	\$ (1,056,291)	\$ (5,546,601)	\$ (6,418,447)	\$ (5,717,395)	\$ (26,573,679)
Connection Fee Input	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Connection Fee Revenue	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450
Additional Connection Fee Revenue	\$ -	\$ 1,784,093	\$ 1,958,395	\$ 2,139,669	\$ 2,328,193	\$ 2,524,259
Connection Fee Debt Service	\$ 1,556,771	\$ 1,294,750	\$ 1,294,750	\$ 1,294,750	\$ 1,294,750	\$ 1,294,750
Connection Fee CIP	\$ 3,542,299	\$ 2,919,916	\$ 7,126,168	\$ 6,421,301	\$ 8,448,277	\$ 13,916,377
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Connection Fee Revenue	\$ (2,525,620)	\$ 142,878	\$ (3,889,073)	\$ (3,002,932)	\$ (4,841,383)	\$ (10,113,418)
Cash Balances	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Beginning User Charge Balance	\$ 14,535,495	\$ 13,072,913	\$ 12,016,622	\$ 6,470,021	\$ 51,574	\$ (5,665,822)
Ending User Charge Balance	\$ 13,072,913	\$ 12,016,622	\$ 6,470,021	\$ 51,574	\$ (5,665,822)	\$ (32,239,501)
Beginning Connection Fee Balance	\$ 5,576,170	\$ 3,050,550	\$ 3,193,428	\$ (695,645)	\$ (3,698,577)	\$ (8,539,960)
Ending Connection Fee Balance	\$ 3,050,550	\$ 3,193,428	\$ (695,645)	\$ (3,698,577)	\$ (8,539,960)	\$ (18,653,378)
DSCR	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Debt Service Coverage Ratio	1.18	2.16	2.72	3.39	4.17	5.07
Reserve Levels	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Reserve Target	\$ 7,221,081	\$ 7,244,440	\$ 7,459,019	\$ 7,589,509	\$ 7,720,395	\$ 7,857,018
Total Cash Balance	\$ 16,123,464	\$ 15,210,050	\$ 5,774,376	\$ (3,647,003)	\$ (14,205,782)	\$ (50,892,879)

8. Proposed Debt Issuances

In order to mitigate the impacts of capital expenditures and spread the costs between current and future customers, this report also recommends that VVWRA issue debt to fund both user charge and capacity expanding capital projects. **Table 32** and **Table 33** display the timing and amount of debt issuances that are needed to accomplish capital funding goals. Rate funded debt issuances are used to complete R&R projects and will be repaid using user charges. Connection Fee funded debt will be repaid by new customers who connect to the system in the form of connection fee revenue.

Table 32. Proposed Rate Funded Debt Issuances

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Rate Funded Debt Issuance	\$ -	\$ -	\$ 65,000,000	\$ -	\$ -

Table 33. Proposed Connection Fee Funded Debt Issuances

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Con Fee Funded Debt	\$ -	\$ 21,000,000	\$ -	\$ -	\$ 35,000,000

9. Rate and Fee Study Recommended Financial Plan

A summary of the financial inputs and results under the proposed rate and fee adjustments and proposed debt issuances is shown in **Table 34**. The proposed changes to the rates and fees will allow VVWRA to maintain debt service coverage ratios well above the requirements of the debt covenants which allows the issuance of additional debt to maintain reserves. Through the mindful issuance of debt, VVWRA will maintain Debt Service Coverage Ratios and have cash balances which are above reserve targets in each year of the study. It is important to note that both annual debt service costs and reserve targets increase based on the issuance of new debt as reserves must cover a year of debt payments.

Table 34. Rate, Fee, and Debt Issuance Adjusted Financial Plan Pro Forma

User Charge Input	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
User Charge Revenue	\$ 22,597,016	\$ 26,636,232	\$ 30,032,352	\$ 33,861,476	\$ 38,178,815	\$ 43,046,614
Other Operating Revenue	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323
Non-Operating Revenue	\$ 180,000	\$ 182,610	\$ 185,334	\$ 188,176	\$ 191,141	\$ 194,236
Total Revenues	\$ 24,492,339	\$ 28,534,165	\$ 31,933,008	\$ 35,764,975	\$ 40,085,279	\$ 44,956,173
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses	\$ 21,991,911	\$ 24,137,705	\$ 25,442,604	\$ 26,751,467	\$ 28,117,694	\$ 29,530,221
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Revenue	\$ 2,500,427	\$ 4,396,460	\$ 6,490,404	\$ 9,013,508	\$ 11,967,585	\$ 15,425,951
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
User Charge Debt Service	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499	\$ 6,978,842	\$ 6,978,842
Paygo	\$ 1,212,510	\$ 2,702,252	\$ 9,286,507	\$ -	\$ -	\$ 1,865,070
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Rate Revenue	\$ (1,462,582)	\$ (1,056,291)	\$ (5,546,601)	\$ 6,263,009	\$ 4,988,743	\$ 6,582,039
Connection Fee Input	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Connection Fee Revenue	\$ 2,573,450	\$ 4,357,543	\$ 4,531,845	\$ 4,713,119	\$ 4,901,643	\$ 5,097,709
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Connection Fee Debt Service	\$ 1,556,771	\$ 1,294,750	\$ 1,294,750	\$ 2,660,830	\$ 2,660,830	\$ 2,660,830
Connection Fee CIP	\$ 3,542,299	\$ 2,919,916	\$ -	\$ -	\$ 995,747	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Connection Fee Revenue	\$ (2,525,620)	\$ 142,878	\$ 3,237,095	\$ 2,052,289	\$ 1,245,067	\$ 2,436,879
Cash Balances	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Beginning User Charge Balance	\$ 14,535,495	\$ 13,072,913	\$ 12,016,622	\$ 6,470,021	\$ 12,733,030	\$ 17,721,773
Ending User Charge Balance	\$ 13,072,913	\$ 12,016,622	\$ 6,470,021	\$ 12,733,030	\$ 17,721,773	\$ 24,303,813
Beginning Connection Fee Balance	\$ 5,576,170	\$ 3,050,550	\$ 3,193,428	\$ 6,430,523	\$ 8,482,812	\$ 9,727,879
Ending Connection Fee Balance	\$ 3,050,550	\$ 3,193,428	\$ 6,430,523	\$ 8,482,812	\$ 9,727,879	\$ 12,164,759
DSCR	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Debt Service Coverage Ratio	1.18	2.16	2.72	2.54	1.75	2.13
Reserve Levels	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Reserve Target	\$ 7,221,081	\$ 7,244,440	\$ 7,459,019	\$ 8,955,589	\$ 13,314,819	\$ 13,451,441
Total Cash Balance	\$ 16,123,464	\$ 15,210,050	\$ 12,900,544	\$ 21,215,842	\$ 27,449,653	\$ 36,468,571

10. Summary of Results and Recommendations

RDN proposes the following revenue, rate, and fee adjustments to accomplish the Authority's goals of capital and reserve funding as well as maintaining debt service coverage ratios. **Table 35** shows the proposed wastewater rate adjustments for the five-year rate study period. To maintain the proposed financial plan, the Authority should raise wastewater rate revenues by 15 percent in FY 2025, followed by 10 percent per year through FY 2029.

Table 35. Proposed Wastewater Revenue Adjustments

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenue Adjustment	15.0%	10.0%	10.0%	10.0%	10.0%

In addition to adjusting revenues from user rates, the Authority must also time debt issuances in order to fund capital expenditures for R&R projects and growth-related projects. **Table 36** and **Table 37** display the timing and amount of debt issuances that are needed to accomplish capital funding goals. Rate funded debt issuances are used to complete R&R projects and will be repaid using user charges. Connection Fee funded debt will be repaid by new customers who connect to the system in the form of connection fee revenue.

Table 36. Proposed Rate Funded Debt Issuances

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Rate Funded Debt Issuance	\$ -	\$ -	\$ 65,000,000	\$ -	\$ -

Table 37. Proposed Connection Fee Funded Debt Issuances

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Con Fee Funded Debt	\$ -	\$ 21,000,000	\$ -	\$ -	\$ 35,000,000

The proposed rates and fees shown in **Table 38** and **Table 39** are based on the results of the financial planning analysis. No change was made to the methodology used to calculate user charges per million gallons of sewer flows, which are escalated based on the proposed revenue adjustments; however, the proposed connection fee methodology includes a recalculation of the available system capacity as well as individual customer capacity for EDU determination compared to the previous study. It is the recommendation of this Study that the Authority assess the increase in construction costs each year based on the Engineering News Record Construction Cost Index or some similar index to escalate the proposed connection fee to reflect the increasing cost of construction.

Table 38. Proposed User charges

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
User Charge (per MG)	\$ 5,923	\$ 6,515	\$ 7,166	\$ 7,883	\$ 8,671

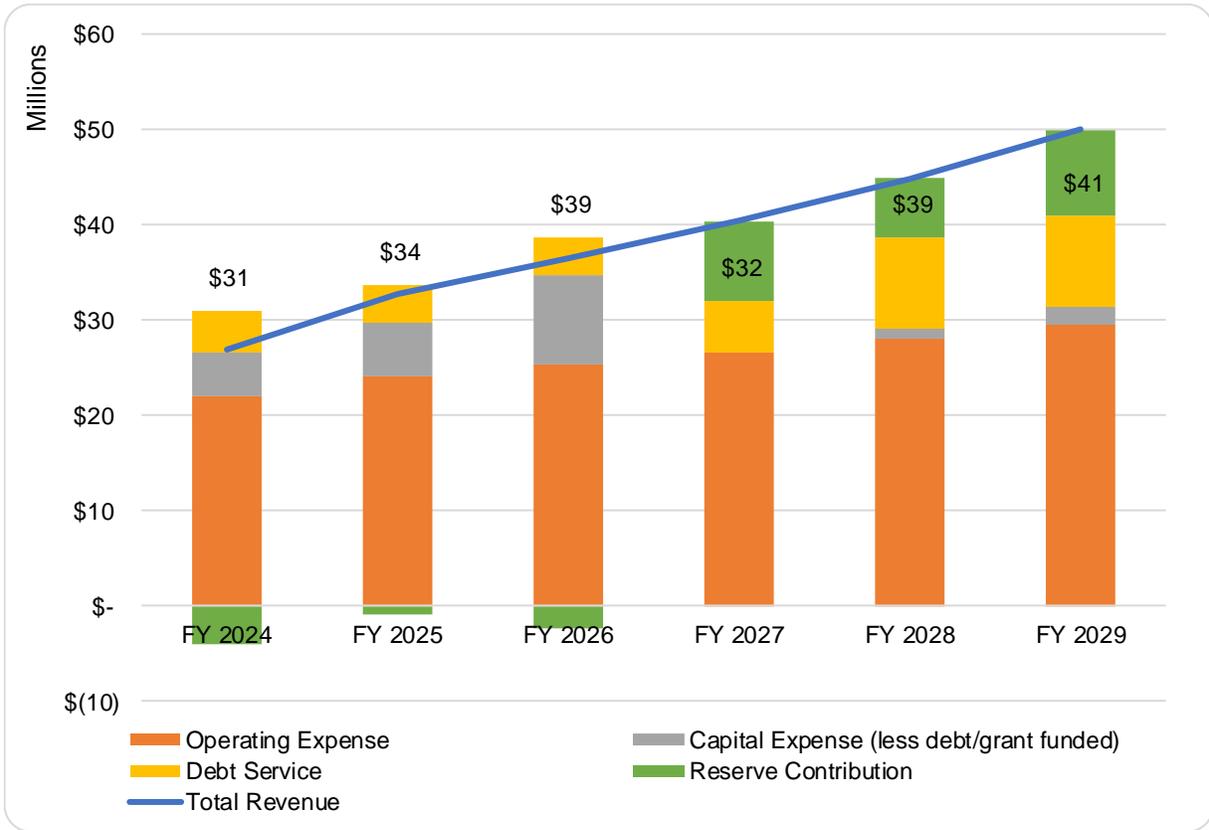
Table 39. Proposed Connection Fees

	FY 2025
Connection Fee	\$ 7,923

Figure 6 through **Figure 8** show the financial plan results under the proposed debt issuances, rates, fees, and adjustments. The line in **Figure 6** shows the combined revenue under the proposed rate

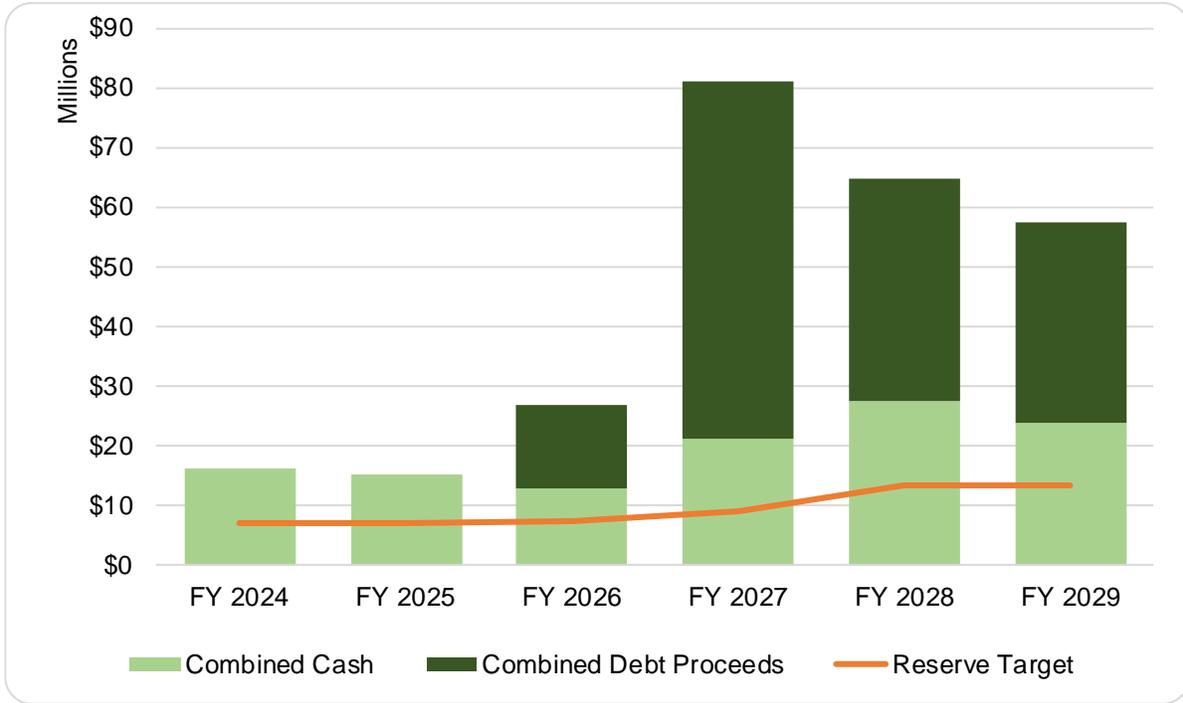
and fee adjustments. Reserve contributions are shown in green, negative reserve contributions mean that the Authority is drawing cash from the reserves, positive means that cash is being contributed.

Figure 6. Proposed Total Cash Flow



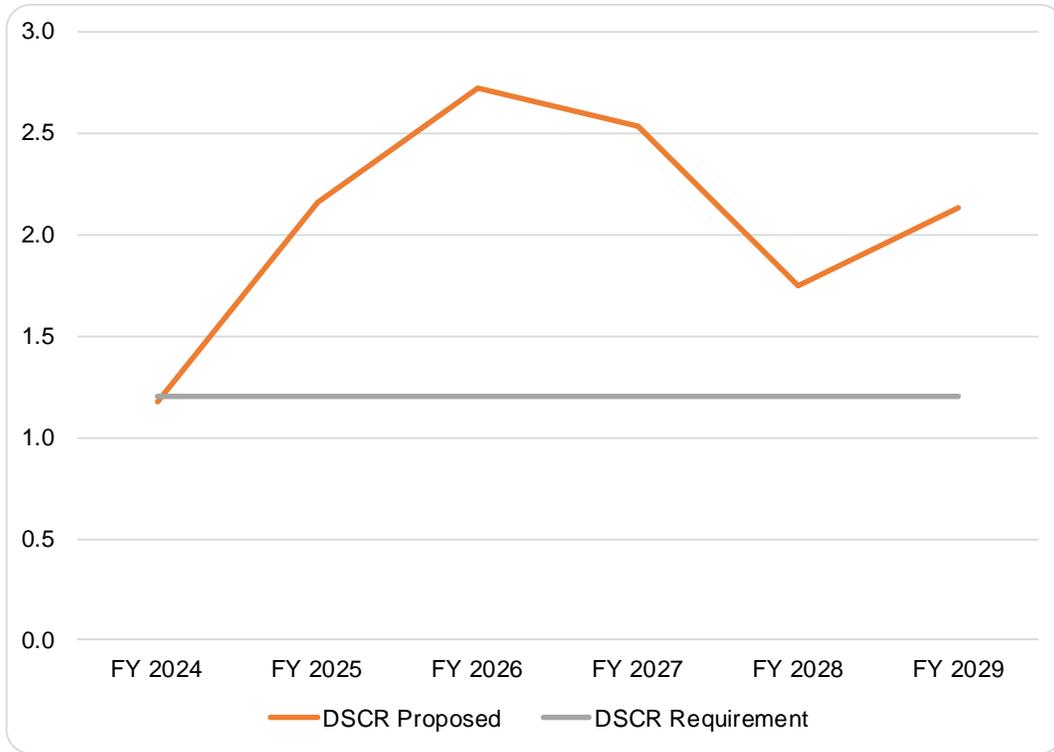
The combined cash balance is shown in **Figure 7**. Cash balances include unspent debt proceeds, though it was assumed that all debt proceeds must be spent within three years of the debt issuance.

Figure 7. Proposed Combined Cash Balances



Finally, the Authority’s debt covenants have a requirement of maintaining a DSCR of 120 percent of net revenues. **Figure 8** shows the annual DSCR for each year of the study under the proposed plan.

Figure 8. Proposed Combined Debt Service Coverage Ratio





**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
Board of Commissioners Staff Report**

TO: VVWRA Board of Commissioners
FROM: Darron Poulsen, General Manager
SUBMITTED BY: Darron Poulsen, General Manager
DATE: April 25, 2024
SUBJECT: **RECOMMENDATION TO SCHEDULE THE SECOND READING OF ORDINANCE 001: ADOPTION OF SEWER USER CHARGE**

<input checked="" type="checkbox"/> For Action	<input type="checkbox"/> Fiscal Impact	\$0
<input type="checkbox"/> Information Only	<input type="checkbox"/> Account Code:	
	<input type="checkbox"/> Funds Budgeted/ Approved:	

STAFF RECOMMENDATION

It is recommended that the Board of Commissioners authorize the General Manager to schedule the second reading of Ordinance 001: Adoption of Sewer User Charge for May 16, 2024 at 8:00 AM.

PREVIOUS ACTION(S)

None

BACKGROUND INFORMATION

On direction from the Board, the first reading of Ordinance 001 was scheduled for April, 25, 2024. Two public hearings are required to revise an ordinance. Because the Board needs to take action and direct staff to do so, staff is requesting such direction.

Attachment(s):

NONE

VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY

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ORDINANCE NO. 002 CONNECTION FEES

May 16, 2024

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.

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 (VWRA), as amended from time to time, establishes and imposes a schedule of fees for the connection of real property to the VWRA 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 VWRA; and

WHEREAS, the funds collected pursuant to the Connection Fee Schedule attached as Table I of Ordinance No. 002 are used to pay for capital improvements to the VWRA sewerage system that are designed and constructed for the purpose of increasing the capacity of the VWRA sewerage system to meet growth, and;

WHEREAS, Ordinance 002, originally adopted in 1983, was amended on July 25, 1985; January 1, 1986; August 21, 1997; March 25, 1999; March 19, 2002; July 23, 2002; March 13, 2006; June 29, 2009; March 20, 2014 and February 27, 2020.

WHEREAS, on March 21, 2024, a study was prepared for VWRA by RDN Inc. and was received, filed and approved by the Commission through Resolution 2024-05 on April 25, 2024 (the "Study");

WHEREAS, a copy of Resolution 2024-05 and the Study are attached hereto as Exhibit "A" and are incorporated herein by this reference;

WHEREAS, the Study has determined that an increase is necessary in the amount of the connection fees collected by VWRA to ensure the ongoing ability of VWRA to increase the capacity of the VWRA sewerage system to meet growth and necessary related capital projects.

WHEREAS, on April 25, 2024, at a regularly scheduled meeting, the Board of Commissioners conducted a duly noticed public hearing and the First Reading of the Ordinance.

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.

LEGISLATIVE HISTORY

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
AMENDED	02/27/20
REPEALED AND RESTATED	05/16/24

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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 City of Hesperia

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: TYPES

NEW UNITS

VVWRA Ordinance No. 002 (May 2024)

(1) RESIDENTIAL

All dwelling units shall be charged on a total fixture unit (F.U.) basis. 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 located in Table I Connection Fee Schedule

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 most the most current 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 the rate stated in Table I Connection Fee Schedule. 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.

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 service bay 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.

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.

SECTION 2.16: 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 2.17: 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 2.18: 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:

$$(Q2) \quad CU = X \frac{(BOD2)}{(Q_i)} + Y \frac{(TSS2)}{(BOD1)} + Z \frac{(NH32)}{(TSS1)} + A \frac{(NH41)}{(NH41)}$$

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 (NH₄),

Average flow of wastewater from a single-family home in gallons per day,

- **BOD₂**: Average loading of biochemical oxygen demand in the wastewater from a single-family home in pounds per day,
- **TSS₂**: Average loading of total suspended solids in the wastewater from a single-family home in pounds per day,
- **NH_{3_2}**: Average loading of ammonia nitrogen in the wastewater from a single-family home in pounds per day,
- **Q₂**: Estimated flow of wastewater which will enter the sewerage system via the connection in gallons per day,
- **BOD₁**: Estimated loading of biochemical oxygen demand which will enter the sewerage system via the connection in pounds per day,
- **TSS₁**: Estimated loading of total suspended solids which will enter the sewerage system via the connection in pounds per day.
- **NH_{4_1}**: Estimated loading of ammonia nitrogen which will enter the sewerage system via the connection in pounds per day.

Q, BOD, TSS, NH₄, 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	1 EDU as calculated by the latest California Plumbing Code, or 20 fixture units
BOD	200 mg/l, or 0.40866 pounds per day
TSS	250 mg/l, or 0.51082 pounds per day
NH₄	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.

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

The 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: 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 a Public Hearing at a regularly scheduled meeting of the Board.

SECTION 3.09: 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

APPROVAL AND ADOPTION

THIS ORDINANCE NO. 002 IS APPROVED AND ADOPTED ON: May 16, 2024

Scott Nassif,
Chair VVWRA Board of Commissioners

APPROVED AS TO FORM:

ATTEST:

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

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 April 25, 2024, and was adopted by the Commission at a regular meeting held on May 16, 2024, by the following vote of the Commissioners:

AYES

NOES

ABSTAINED

ABSENT

IN WITNESS WHEREOF, I have here unto set my hand and affixed the official seal of the Victor Valley Wastewater Reclamation Authority on this May 16, 2024.

Kristi Casteel
Secretary of the Board of Commissioners

TABLE I CONNECTION FEE SCHEDULE

Connection Fee Schedule	
FY 2024-2025	\$7,923 per EDU* or \$396.15 per fixture units
FY 2025-2026	FY 2025 rate plus annual CPI
FY 2026-2027	FY 2026 rate plus annual CPI
FY 2027-2028	FY 2027 rate plus annual CPI
FY 2028-2029	FY 2028 rate plus annual CPI
*EDU: Equivalent Dwelling Unit=180 gallons/day or 20 fixture units	

TABLE II: EQUIVALENT FIXTURE UNITS

Please refer to the most recent version of the California Plumbing Code Table 702.1.

TABLE III: COMMERCIAL FACILITY FEES

Category	Unit	Fee
Prison	Per Bed	\$290.22
Restaurant	Per Seat	\$130.57
Cocktail Bar	Per Seat	\$52.25
Hospital	Per Bed	\$653.17
Laundromat	Per Machine	\$580.44
Day Care Center	Per Child	\$58.06
Convalescent Care Center	Per Bed	\$145.11

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: 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.

EXHIBIT A: RDN INC RATE STUDY



VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY

**2024 Wastewater Rate Study and
Connection Fee Update**

Final Report

April 5th, 2024



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File: K-349

April 5, 2024
 Xiwei Wang
 Accounting Supervisor
 Victor Valley Wastewater Reclamation Authority
 20111 Shay Road
 Victorville, CA 92394

SUBJECT: Wastewater Rate Study and Connection Fee Update

Dear Mr. Wang,

Robert D. Niehaus, Inc. (RDN) is pleased to provide this 2024 Wastewater Rate Study and Development Impact Fee Update Report (Report) for the Victor Valley Wastewater Reclamation Authority (VWVRA or Authority). This study accompanies an extensive review of the Authority's financial position, user charges, fee calculation methodology, and derivation of an updated fee for the Authority's consideration.

All of the data used in the report was provided by Authority staff and documents published by the Authority. The key variables used in this Report are budgeted revenues and expenses, system asset value, capital expenses for replacement and future growth, outstanding debt principal, current reserves, future system capacity and current system-wide Equivalent Dwelling Units and sewer flow.

It has been an absolute pleasure to work with you and your staff. We thank you and other VWVRA Staff for the support provided during this study.

Respectfully submitted,

Robert D. Niehaus, Ph.D.
 Managing Director/Principal Economist - RDN

Sanjay Gaur M.S., M.P.A.
 Project Manager - Water Resource
 Economics

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1. Introduction

The Victor Valley Wastewater Reclamation 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 as well as the Mojave Narrows Park:

- 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 (MGPD) 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 MGPD 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 RDN in 2023 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 a manner that is equitable across member agencies.

The Authority last conducted a Financial Plan Update Study and Connection Fee Study in 2019. The prior study established proposed user charges and connection fees through fiscal year (FY) 2024. Since the 2019 study, the Authority has developed a significant capital improvement schedule update. Major capital improvements are needed to continue to serve current customers as well as allow for additional capacity to serve new customers. This Study was conducted in order to develop an updated financial plan that accounts for financial challenges which have emerged since the prior study was conducted in 2019, 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.

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

1. Develop an updated five-year financial plan through FY 2029 to ensure financial sufficiency, meet operating costs, ensure sufficient funding to meet debt obligations, and fund necessary capital expenditures;
2. Develop proposed user charges and rates for FY 2025 to FY 2029; 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.

2. Results and Recommendations

RDN proposes the following revenue, rate, and fee adjustments to accomplish the Authority's goals of capital and reserve funding as well as maintaining debt service coverage ratios. **Table 1** shows the proposed wastewater rate adjustments for the five-year rate study period. To maintain the proposed financial plan, the Authority should raise wastewater rate revenues by 15 percent in FY 2025, followed by 10 percent per year through FY 2029.

Table 1. Proposed Wastewater Revenue Adjustments

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenue Adjustment	15.0%	10.0%	10.0%	10.0%	10.0%

In addition to adjusting revenues from user rates, the Authority must also time debt issuances in order to fund capital expenditures for Repair and Replacement (R&R) projects and growth-related projects. **Table 2** and **Table 3** display the timing and amount of debt issuances that are needed to accomplish capital funding goals. Rate funded debt issuances are used to complete R&R projects and will be repaid using user charges. Connection Fee (Con Fee) funded debt will be repaid by new customers who connect to the system in the form of connection fee revenue.

Table 2. Proposed Rate Funded Debt Issuances

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Rate Funded Debt Issuance	\$ -	\$ -	\$ 65,000,000	\$ -	\$ -

Table 3. Proposed Connection Fee Funded Debt Issuances

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Con Fee Funded Debt	\$ -	\$ 21,000,000	\$ -	\$ -	\$ 35,000,000

The proposed rates and fees shown in **Table 4** and **Table 5** are based on the results of the financial planning analysis. No change was made to the methodology used to calculate user charges per million gallons of sewer flows, which are escalated based on the proposed revenue adjustments; however, the proposed connection fee methodology includes a recalculation of the available system capacity as well as individual customer capacity for EDU determination compared to the previous study. It is the recommendation of this Study that the Authority assess the increase in construction costs each year based on the Engineering News Record Construction Cost Index (ENR CCI) or some similar index to escalate the proposed connection fee to reflect the increasing cost of construction.

Table 4. Proposed User charges

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
User Charge (per MG)	\$ 5,923	\$ 6,515	\$ 7,166	\$ 7,883	\$ 8,671

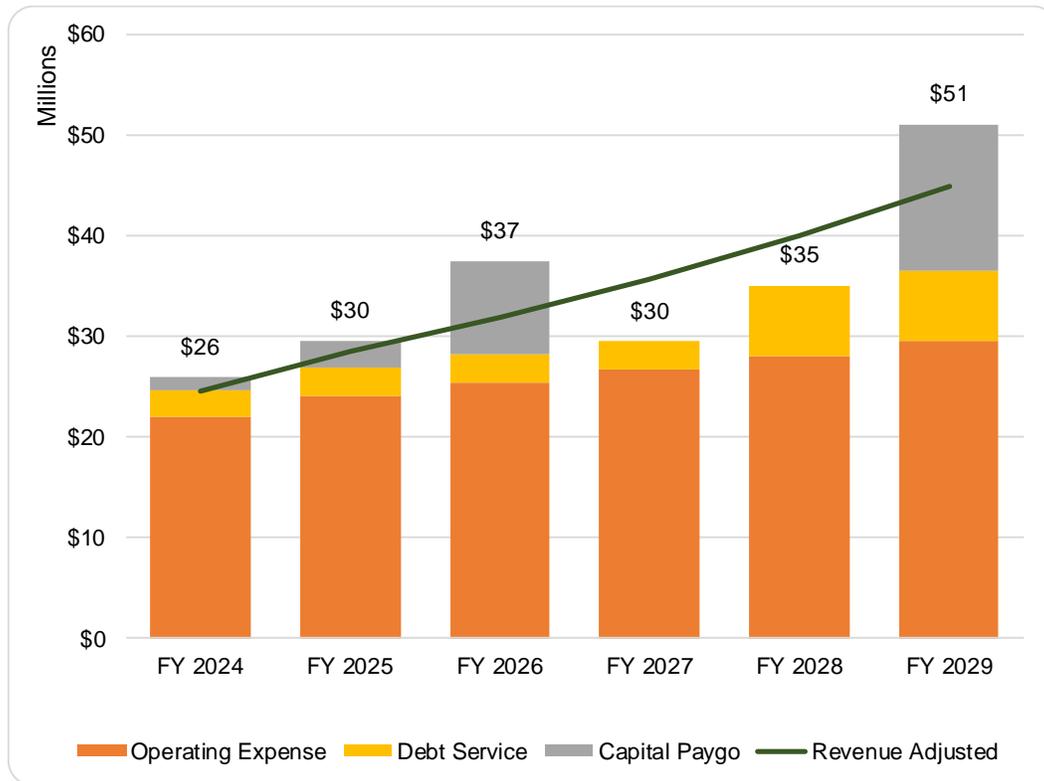
Table 5. Proposed Connection Fees

	FY 2025
Connection Fee	\$ 7,923

Figure 1 through **Figure 4** show the financial plan results under the proposed debt issuances, rates, fees, and adjustments. The line in **Figure 1** shows the revenue under the proposed adjustments.

Where the line is above the bars, the Authority is contributing to reserves, where it falls below, the reserves are being drawn down.

Figure 1. Proposed Rate Cash Flow



Because rate and fee revenues must be tracked separately under California Law¹, **Figure 2** and **Figure 3** show the ending cash balances for rate and fee funds, respectively. The Authority’s rate reserve must maintain a target level determined by the policy set in place by the Board of Directors. The target balance for each year is represented by the orange line in **Figure 2**. The reserve policy will be discussed later in the Report.

¹ Government Code 60013

Figure 2. Proposed Rate Cash Balances

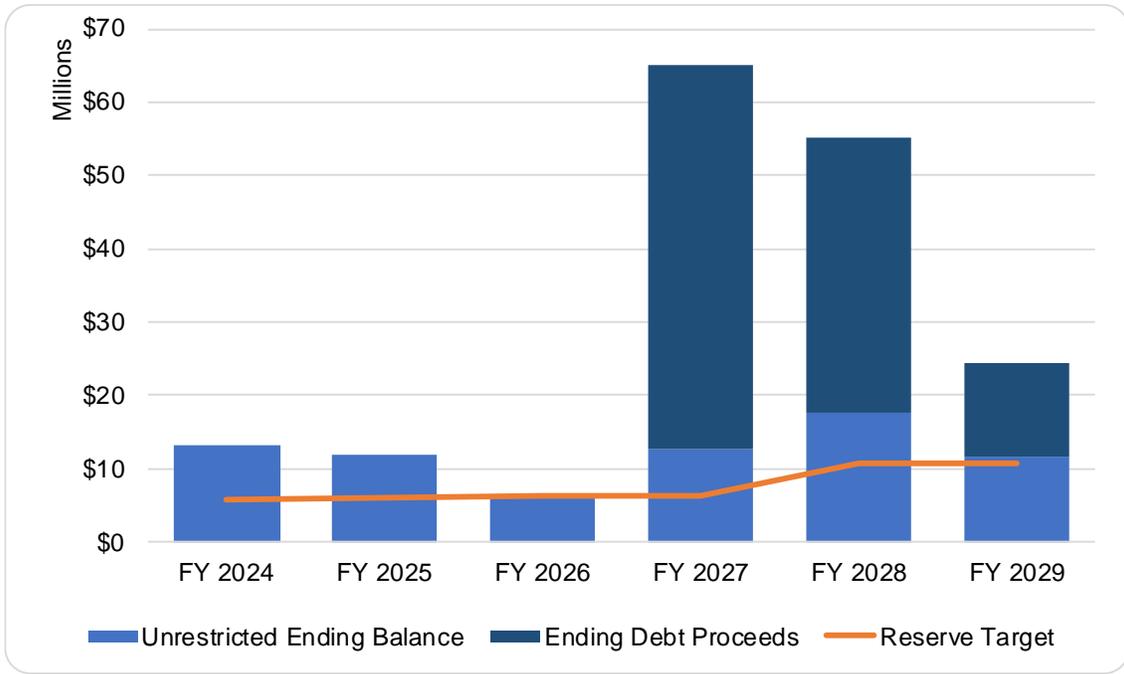
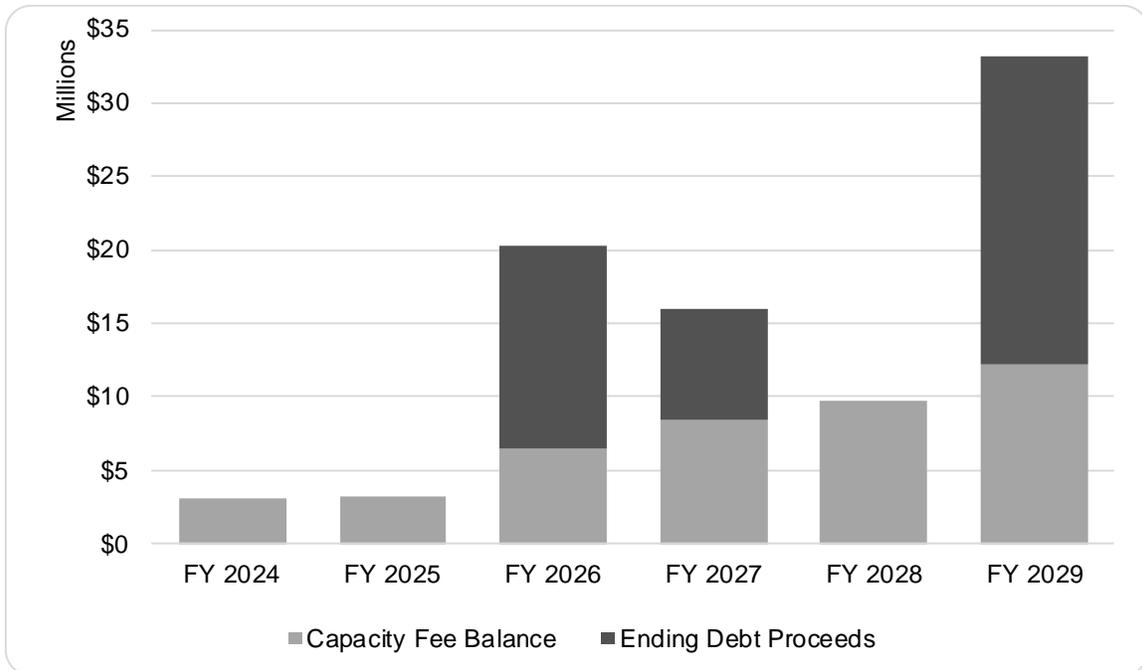
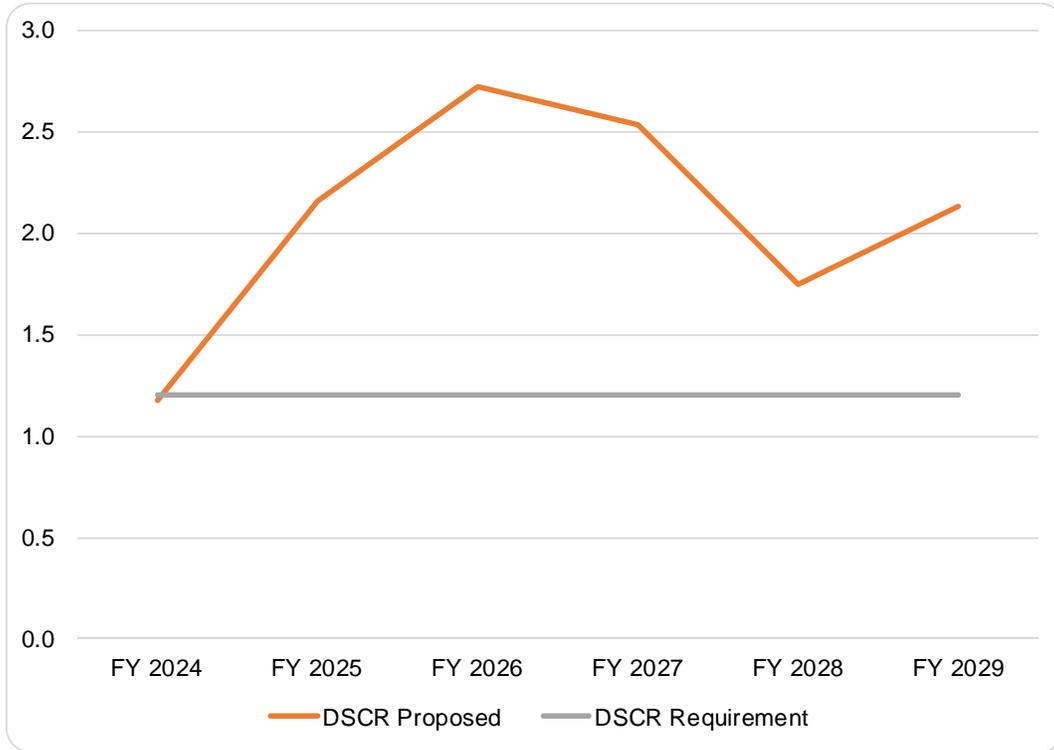


Figure 3. Proposed Connection Fee Cash Balances



Finally, the Authority’s debt covenants have a requirement of maintaining a debt service coverage ratio (DSCR) of 120 percent of net revenues. **Figure 4** shows the annual DSCR for each year of the study under the proposed plan.

Figure 4. Proposed Debt Service Coverage Ratio



3. Financial Assumptions

The purpose of the current study is to project the revenue needs for the next five years and provide solutions to accomplish the Authority's financial goals. The main inputs to the financial plan include operating expenses and inflation, capital spending and funding sources, reserve targets, and debt service coverage requirements.

The Authority's reserve policy includes an operating reserve which is designed to maintain 10 percent of the previous year's operating and maintenance (O&M) expense, a repair & replacement reserve which totals the value of 1 percent of all land improvements, plants, and interceptors (currently \$1 million as per Authority staff direction), and reserves which maintain an amount equal to annual debt service payments. **Table 6** displays the VVWRA's current reserve policies as described and **Table 7** shows the balances required for each year of the study period under the proposed financial plan (which includes the proposed debt issuances described in Section 6).

Table 6. Authority Reserve Policies

Reserve	Policy
Operating Reserve	10% of Prior Year O&M
R&R Reserve	1% of land improvements, plants, and interceptors
Debt Reserve	Sum of Annual Debt Payments

Table 7. Target Reserves, FY 2024 - FY 2029

Reserve	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Operating Reserve	\$ 1,913,812	\$ 2,199,191	\$ 2,413,771	\$ 2,544,260	\$ 2,675,147	\$ 2,811,769
R&R Reserve	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Debt Reserve	\$ 4,307,270	\$ 4,045,249	\$ 4,045,249	\$ 5,411,329	\$ 9,639,672	\$ 9,639,672
Total Reserve Target	\$ 7,221,081	\$ 7,244,440	\$ 7,459,019	\$ 8,955,589	\$ 13,314,819	\$ 13,451,441

To project long-term changes to operating and maintenance expenses, RDN used 10 independent inflationary measures. The Authority's budgets for FY 2024 were used as a starting point for future inflationary measures. FY 2023 data was included to provide a background on past expenditures. **Table 8** shows each inflation factor used for this study. Because of recent record inflation, some of the factors are expected to reduce over time. The "Overall" inflation metric is a category given in Bureau of Labor Statistics data made up of prices paid by urban consumers for a market basket of consumer goods and services and was used to inflate costs which could not be directly attributed to other inflationary measures. The average projected annual inflation for operating expenses for the next ten years is 5.6 percent. Inflation factors were developed using the best available data². The 80 percent inflation in chemicals in FY 2025 was used at the direction of VVWRA staff because of a known increase in chemical costs for that fiscal year.

² Sources include: the US Bureau of Labor Statistics Consumer Prices Index, Quarterly Census of Employment and Wages; Federal Reserve Bank of St. Louis Producer Price Index; Engineering News Record Building Cost Index; and National Association of Insurance Commissioners Annual Inflation Report, as well as input from Authority staff.

Table 8. Inflationary Adjustments, FY 2025 – FY 2029

Category	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Payroll	6.5%	6.5%	6.5%	6.5%	6.5%
Other Employee	8.0%	8.0%	8.0%	8.0%	8.0%
Utilities	7.7%	5.0%	5.0%	5.0%	5.0%
Chemicals	80.0%	5.3%	5.3%	5.3%	5.3%
Water Treatment	5.0%	5.0%	5.0%	5.0%	5.0%
Fuel/Automobile	5.9%	5.9%	3.6%	3.6%	3.6%
Construction	5.6%	5.6%	5.6%	4.1%	3.9%
Insurance	4.0%	4.0%	4.0%	4.0%	4.0%
Overall	3.8%	3.8%	3.1%	3.1%	2.7%
Property Tax	4.4%	4.4%	4.4%	4.4%	4.4%

RDN additionally projected future customer flows, the primary billing unit used by the Authority, based on historical increases as well as input from VVWRA staff. The average projected increase in flows used in this study is **2.5 percent** per year for each of the Authority's customers. While increases have fluctuated in recent years, ranging between -1.4 percent and 7.2 percent between FY 2019 and FY 2023, 2.5 percent reflects a conservative estimate of flow increases for projecting revenues, which was agreed upon by Authority staff.

Table 9. Projected Sewer Flows FY 2024 – FY 2029

Agency	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Victorville	2,575	2,639	2,705	2,773	2,842	2,913
Apple Valley	682	699	716	734	753	771
Hesperia	902	925	948	971	996	1,021
CSA 64 Spring Valley Lake	197	201	206	212	217	222
Mojave Narrows Park	1	1	1	1	1	1
CSA 42 Oro Grande	31	32	33	34	35	36

To project revenues from connection fees, RDN also reviewed EDU growth projections. Based on actual connection fee revenues collected between FY 2019 and FY 2023, the average number of new EDUs per year ranges between 492 and 660. This study uses an increase of **550 EDUs** per year for calculating connection fee revenues.

Debt projections for new debt issuances assume a 30 year term at 5.0 percent interest with a 1 percent issuance fee. For rate funded and connection fee funded debt issuances, repayment is assumed to begin the year after issuance and that all debt proceeds must be spent within 3 years of the initial issuance. Debt coverage ratios are based on the total debt service, which includes principal and interest.

To determine the asset replacement values used for connection fee calculations, RDN used the Engineering News Record's Building Cost Index (ENR BCI) for the State of California. Purchase price and date acquired were provided by Authority staff. The indexed value between the date of purchase and November 2023 was used to determine the point-in-time value which was used to determine the total system replacement cost of \$601 million. Backbone assets constitute approximately 99.6 percent of the total asset value.

4. Financial Projections

VVWRA collects revenue based on annual wastewater flows (User Charges); the amount (approximately 550 per year) of new customers who join the system (Connection Fees); other various operating fees such as reclaimed water sales, fats oils and grease (FOG) fees, renewable natural gas (RNG) revenue, sludge flow and other septage receiving charges, and non-operating revenues such as land lease and interest revenue. **Table 10** shows the current rates and fees which are charged by the VVWRA for service. At the direction of Authority staff, only user charges and connection fees are being evaluated in the current study. All other rates and fees as well as the revenue generated by them are assumed to remain at the current level.

Table 10. VVWRA Current Rates and Fees

Fee	Current
User Charge (per MG)	\$ 5,150.00
Connection Fee (per EDU)	\$ 4,679.00
Septage Receiving Facility Charges	\$ 0.12
FOG	\$ 0.12
Sludge Flow - Victorville (Monthly)	\$ 12,000.00
High Strength Waste Surcharges (Monthly)	\$ 1,000.00
Potable Well Water Sales (Monthly)	\$ 135.00
Apple Valley Reclaimed Water Sales (Monthly)	\$ 617.93
Hesperia Reclaimed Water Sales (Monthly)	\$ 352.60
Victorville Reclaimed Water Sales (Monthly)	\$ 1,356.12
America Organics (Monthly)	\$ 1,356.12
AV Reclaimed Water Sales (per MG)	\$ 160.00
Hes Reclaimed Water Sales (per MG)	\$ 237.00
VV Reclaimed Water Sales (per MG)	\$ 418.00
America Organics (per MG)	\$ 418.00

Table 11 shows the projected revenue for the study period with no revenue adjustments.

Table 11. Projected Revenues, FY 2024 – FY 2029

Category	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
User Charge Revenue	\$ 22,597,016	\$ 23,161,941	\$ 23,740,989	\$ 24,334,514	\$ 24,942,877	\$ 25,566,449
Connection Fee Revenue	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450
Other Operating Revenue	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323
Non Operating Revenue	\$ 180,000	\$ 182,610	\$ 185,334	\$ 188,176	\$ 191,141	\$ 194,236
Total Revenue	\$ 27,065,789	\$ 27,633,324	\$ 28,215,096	\$ 28,811,463	\$ 29,422,791	\$ 30,049,458

Operating expenses contained in the FY 2024 budget are individually escalated based on the inflationary categories shown in **Table 8**. **Table 12** shows VVWRA's expenses broken down by category. FY 2024 expenses are based on budgeted expenses provided by Authority staff. Note that the categories contained in **Table 12** were developed for this report. The payroll and employee expense category is the

sum of salaries, overtime, and insurance benefits; the equipment and tools expense category includes field equipment, tools, and office supplies; the maintenance category is the sum of system and building maintenance; chemicals include treatment and testing chemicals; utility costs include electricity, natural gas, potable water and waste disposal; and general administrative costs are made up of professional services and other expenses which are not directly contained within any other category.

Table 12. Projected O&M Expenses, FY 2024 - FY 2029

Category	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Payroll and Employee	\$ 9,347,256	\$ 9,965,911	\$ 10,626,826	\$ 11,325,067	\$ 12,071,146	\$ 12,864,469
Equipment and Tools	\$ 3,574,524	\$ 3,718,109	\$ 3,863,986	\$ 3,986,168	\$ 4,112,267	\$ 4,229,576
Maintenance	\$ 2,158,658	\$ 2,262,163	\$ 2,370,816	\$ 2,471,779	\$ 2,560,047	\$ 2,645,795
Chemicals	\$ 1,161,000	\$ 2,089,800	\$ 2,200,559	\$ 2,317,189	\$ 2,440,000	\$ 2,569,320
Utilities	\$ 3,491,552	\$ 3,755,128	\$ 3,942,668	\$ 4,135,482	\$ 4,337,795	\$ 4,549,649
General Administrative	\$ 2,258,921	\$ 2,346,594	\$ 2,437,749	\$ 2,515,782	\$ 2,596,438	\$ 2,671,413
Total Operating	\$ 21,991,911	\$ 24,137,705	\$ 25,442,604	\$ 26,751,467	\$ 28,117,694	\$ 29,530,221

The Authority's capital expenditures include both R&R projects and capacity expansion related projects. Additionally, VVWRA funds capital expenditures through a variety of sources, including user charge revenue, connection fee revenue, grants, and loans. The capital improvement plan provided by staff includes approximately \$336.3 million in capital expenditure needs over the next 10 years. **Table 13** and **Table 14** show the planned capital expenditures used in this study by type and funding source, respectively. Where capital expenditures are funded by customer rates in a pay-as-you-go (Paygo) basis, those are tied to user charge revenues, either directly through rates, or by debt issuances which are refunded by rates. Optimally, connection fee funded improvements should be paid for by growth as they are related to expanding system capacity; however, where connection fee revenues are not available, these projects may be funded by user charges.

Table 13. Projected Capital Expenditures by Type, FY 2024 – FY 2029

Category	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Collection System	\$ 514,385	\$ 3,143,667	\$ 4,078,667	\$ 452,000	\$ 452,000	\$ -
Facilities	\$ 898,758	\$ 3,118,984	\$ 16,441,385	\$ 12,136,885	\$ 11,616,886	\$ 60,831,886
Recycled Water	\$ 83,000	\$ -	\$ 300,000	\$ -	\$ -	\$ -
Technology	\$ 1,209,797	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
Treatment and Laboratory	\$ 5,948,869	\$ 1,900,000	\$ 1,076,000	\$ 8,137,250	\$ 12,937,250	\$ 4,000,000
Total	\$ 8,654,809	\$ 8,662,651	\$ 22,396,052	\$ 21,226,135	\$ 25,506,136	\$ 65,331,886

Table 14. Projected Capital Expenditures by Funding Source, FY 2024 – FY 2029

Category	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Paygo	\$ 1,212,510	\$ 2,702,252	\$ 9,286,507	\$ 12,681,457	\$ 14,934,482	\$ 39,249,132
Connection Fee	\$ 3,542,299	\$ 2,919,916	\$ 7,126,168	\$ 6,421,301	\$ 8,448,277	\$ 13,916,377
Grant	\$ 3,900,000	\$ 3,040,483	\$ 5,983,377	\$ 2,123,377	\$ 2,123,377	\$ 12,166,377
Total	\$ 8,654,809	\$ 8,662,651	\$ 22,396,052	\$ 21,226,135	\$ 25,506,136	\$ 65,331,886

The Authority's current debt service includes six issuances which are variously being repaid with either user charge revenues or connection fee revenues. **Table 15** shows the current outstanding debt

which has been issued by the Authority, the year it was issued, and the percent of the debt issuance which is to be repaid using either connection fee revenues or user charge revenues.

Table 15. VVWRA Current Debt Outstanding Debt

Debt Issuance	Year Issued	Total Issuance	Capacity Percent	Rate Percent
North Apple Valley Interceptor	2005	\$ 4,084,688	100%	0%
Phase IIIA Regulatory Upgrades	2013	\$ 15,717,668	25%	75%
Upper Narrows Replacement	2016	\$ 4,286,380	0%	100%
Nanticoke Bypass	2018	\$ 4,459,190	25%	75%
Apple Valley Sub-Regional	2019	\$ 26,455,229	39%	61%
Hesperia Sub-Regional	2019	\$ 37,758,385	39%	61%

The total debt service payments for the study period under the status quo financial plan are shown in **Table 16**. The total debt service is used to calculate debt service coverage ratios and reserve targets.

Table 16. Debt Service by Funding Category, FY 2024 – FY 2029

Category	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Total User Charge Principal	\$ 2,152,549	\$ 2,187,646	\$ 2,223,435	\$ 2,259,930	\$ 2,297,148	\$ 2,335,105
Total User Charge Interest	\$ 597,950	\$ 562,853	\$ 527,064	\$ 490,569	\$ 453,351	\$ 415,394
Total Capacity Principal	\$ 1,266,271	\$ 1,024,650	\$ 1,038,900	\$ 1,053,398	\$ 1,068,147	\$ 1,083,154
Total Capacity Interest	\$ 290,499	\$ 270,100	\$ 255,849	\$ 241,352	\$ 226,602	\$ 211,596
Total Debt Service	\$ 4,307,270	\$ 4,045,249	\$ 4,045,249	\$ 4,045,249	\$ 4,045,249	\$ 4,045,249

A summary of the financial inputs and results under the status quo financial plan is shown in **Table 17**. Because of the ratio of expenses to revenues, cash balances and debt service coverage levels are projected to decrease significantly through the five years outlined in this report, with even steeper decreases in future years as the Authority's capital plan is fully implemented. According to the projections, the DSCR will fall under required levels in FY 2025; additionally, with no revenue increases or changes to the financial plan (debt issuance), cash balances will be negative by FY 2026. To counteract the rapid decline in financial position, RDN recommends a series of revenue adjustments to increase revenues from user charges, an update to the connection fee methodology to include all proposed expansion related capital projects, and a series of debt issuances to increase equity between current and future customers.

Table 17. Status Quo Financial Plan Pro Forma

User Charge Input	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
User Charge Revenue	\$ 22,597,016	\$ 23,161,941	\$ 23,740,989	\$ 24,334,514	\$ 24,942,877	\$ 25,566,449
Other Operating Revenue	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323
Non-Operating Revenue	\$ 180,000	\$ 182,610	\$ 185,334	\$ 188,176	\$ 191,141	\$ 194,236
Total Revenues	\$ 24,492,339	\$ 25,059,874	\$ 25,641,646	\$ 26,238,013	\$ 26,849,341	\$ 27,476,008
Operating Expenses	\$ 21,991,911	\$ 24,137,705	\$ 25,442,604	\$ 26,751,467	\$ 28,117,694	\$ 29,530,221
Net Revenue	\$ 2,500,427	\$ 922,169	\$ 199,042	\$ (513,454)	\$ (1,268,352)	\$ (2,054,213)
User Charge Debt Service	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499
Paygo	\$ 1,212,510	\$ 2,702,252	\$ 9,286,507	\$ 12,681,457	\$ 14,934,482	\$ 39,249,132
Net Rate Revenue	\$ (1,462,582)	\$ (4,530,582)	\$ (11,837,964)	\$ (15,945,409)	\$ (18,953,333)	\$ (44,053,844)
Connection Fee Input	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Connection Fee Revenue	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450
Connection Fee Debt Service	\$ 1,556,771	\$ 1,294,750	\$ 1,294,750	\$ 1,294,750	\$ 1,294,750	\$ 1,294,750
Connection Fee CIP	\$ 3,542,299	\$ 2,919,916	\$ 7,126,168	\$ 6,421,301	\$ 8,448,277	\$ 13,916,377
Net Connection Fee Revenue	\$ (2,525,620)	\$ (1,641,216)	\$ (5,847,468)	\$ (5,142,601)	\$ (7,169,577)	\$ (12,637,677)
Cash Balances	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Beginning User Charge Balance	\$ 14,535,495	\$ 13,072,913	\$ 8,542,331	\$ (3,295,633)	\$ (19,241,042)	\$ (38,194,375)
Ending User Charge Balance	\$ 13,072,913	\$ 8,542,331	\$ (3,295,633)	\$ (19,241,042)	\$ (38,194,375)	\$ (82,248,219)
Beginning Connection Fee Balance	\$ 5,576,170	\$ 3,050,550	\$ 1,409,335	\$ (4,438,133)	\$ (9,580,733)	\$ (16,750,310)
Ending Connection Fee Balance	\$ 3,050,550	\$ 1,409,335	\$ (4,438,133)	\$ (9,580,733)	\$ (16,750,310)	\$ (29,387,987)
DSCR	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Debt Service Coverage Ratio	1.18	0.86	0.69	0.51	0.32	0.13
Reserve Levels	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Reserve Target	\$ 7,221,081	\$ 7,244,440	\$ 7,459,019	\$ 7,589,509	\$ 7,720,395	\$ 7,857,018
Total Cash Balance	\$ 16,123,464	\$ 9,951,666	\$ (7,733,765)	\$ (28,821,776)	\$ (54,944,685)	\$ (111,636,206)

5. Proposed User Charge Adjustments

The proposed revenue adjustments are to occur at the level shown in **Table 18** at the beginning of each fiscal year (July 1).

Table 18. Proposed Wastewater Revenue Adjustments

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenue Adjustment	15.0%	10.0%	10.0%	10.0%	10.0%

Under California law, property based utility rates must adhere to Proposition 218. Specifically, that revenues derived from a fee or charge shall not exceed the funds required to provide the service. The current user charges are shown in **Table 19**. User charges are paid per million gallons of sewer flow. After reviewing the Authority's current rate structure, RDN determined that it adheres to Proposition 218 requirements, thus no changes to the overall structure are being proposed. The amount of the fee or charge imposed upon any customer does not exceed the proportional cost of service attributable to the customer, since rates are wholly based on levels of sewer flow. Because no changes are being recommended to the rate structure, these percentages are applied directly to the user charge per million gallons. The resulting user charge rates are shown in **Table 20**.

Table 19. Current User charges

	Current
User Charge (per MG)	\$ 5,150

Table 20. Proposed User charges

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
User Charge (per MG)	\$ 5,923	\$ 6,515	\$ 7,166	\$ 7,883	\$ 8,671

Under the proposed plan, an additional \$50.0 million will be generated by user charges between FY 2025 and FY 2029. **Table 21** shows revenues under the proposed financial plan. The line titled "Additional User Charge" tracks the additional revenue which is generated each year with the proposed compounding adjustments from **Table 18**.

Table 21. Projected Revenues with User Charge Adjustments, FY 2025 – FY 2029

Category	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Current User Charge	\$ 23,161,941	\$ 23,740,989	\$ 24,334,514	\$ 24,942,877	\$ 25,566,449
Additional User Charge	\$ 3,474,291	\$ 6,291,362	\$ 9,526,962	\$ 13,235,938	\$ 17,480,165
Connection Fee Revenue	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450
Other Operating Revenue	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323
Non Operating Revenue	\$ 182,610	\$ 185,334	\$ 188,176	\$ 191,141	\$ 194,236
Total Revenue	\$ 31,107,615	\$ 34,506,458	\$ 38,338,425	\$ 42,658,729	\$ 47,529,623

6. Connection Fee Update

Connection Fees are a one-time charge paid by a new customer for system capacity. The simplest and most succinct economic justification for connection fees is the idea that “growth-pays-for growth,” Essentially, stating that customers who benefit from a service should be the ones who pay for that service. The American Waterworks Association (AWWA) Manual M26 states: “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 rates that are needed to pay for added plant costs for new customers.” To effect fair distribution of the value of the system, Connection Fees should reflect a reasonable estimate of the cost of providing capacity to new users and not disproportionately burden existing users through a rate increase.

Connection Fees should also meet rational nexus criteria to assure maximum reasonable acceptance by the development community, local government elected and administrative officials, and courts. At the heart of the rational nexus test is the concept of "proportionate share," which can be defined as that component of the cost of existing and future system improvements that is reasonably related to the demands of new development.

The two primary methods used to calculate Connection Fees are the Buy-in and the Incremental Cost methods. The Buy-in method recovers the cost of capacity in those portions of the existing system in which there is still capacity available. The Incremental Cost method is a calculation of the incremental costs of additional system capacity needed to add to serve new development. Combining these two approaches is most often used when the system has some capacity left to take on new customers, but additional capacity is also needed to serve projected growth in the planning horizon. RDN maintained the current methodology, the combined approach, as it is most appropriate for the VVWRA’s fee calculation. In this section each method is described in detail and the rationale is provided for selecting the combined approach.

Buy-in Method

Under the Buy-in method, new development purchases a share of capacity proportionate to the development’s estimated demand. This method is typically used when the existing system has the capacity to accommodate increased demand without large investment in capital projects. There are four generally accepted methods used to determine the existing system value:

- Original Cost – asset cost in the year of construction
- Original Cost less Depreciation – original cost subtracting the accumulated depreciation of system assets
- Replacement Cost New (RCN) – original cost escalated to current dollars using a construction cost index. This method reflects the cost of replicating the existing system.
- Replacement Cost New less Depreciation (RCLD) – replacement cost new of existing system subtracted by the accumulated depreciation. This method reflects the current costs of replacing system assets while adjusting the valuation to reflect the remaining life of current assets.

Incremental Cost Method

While the Buy-in method is used when the system has sufficient capacity for additional development, the Incremental Cost method is most appropriate when current system capacity is not capable of serving new development without significant investment in new facilities. Under this

methodology all of the costs of future system expansion are allocated to new customers. This method requires a detailed long-term capital improvement plan (CIP) that clearly identifies the proportion of project cost contributing to expansion of the system

Combined Approach

For systems that have the capacity to serve new development in the short-run but require investment in capacity-expanding facilities in the long-run, a combination of Buy-in and Incremental Cost methods is most often used. Fees developed under the combined method reflect the value of the existing system and expansion related CIPs. **Figure 5** displays the summarized formula used to calculate the Authority’s proposed fees.

Figure 5. Combined Approach, Development Impact Fee Calculation Methodology for VVWRA



To determine available and needed capacity expansion, RDN worked extensively with VVWRA staff. Current design capacity was updated based on staff input and each capital project was reviewed as to the amount of increased capacity it would provide. Authority staff also provided a detailed list of all current assets, their purchase price, the year of service, and current level of depreciation. **Table 22** shows the current connection fee which is charged to new customers per EDU.

Table 22. Current Connection Fee per EDU

	Current
Connection Fee	\$ 4,679

Table 23 shows the total system asset valuation which was used to calculate the buy-in portion of the fee. The original costs of assets and functional categories were provided by VVWRA auditors. Replacement cost was estimated by escalating the purchase price to reflect the cost of each asset in today’s dollars based on the Engineering News Record’s Building Cost Index for California which is an index based on the increasing building costs across California. Each individual asset is assigned an inflation value based on the index value in the year of construction versus November 2023.

Table 23. System Asset Valuation

Functional Category	Original Cost	Replacement Cost
Land	\$ 617,484	\$ 992,224
Interceptor Lines	\$ 69,170,246	\$ 135,030,292
Plant and Buildings	\$ 202,851,322	\$ 395,995,027
Plant Equipment	\$ 23,068,110	\$ 45,032,276
Office Equipment	\$ 420,619	\$ 821,108
Trucks and Autos	\$ 1,537,149	\$ 3,000,737
Land Improvements	\$ 9,711,869	\$ 18,958,968
Computer Software	\$ 661,321	\$ 1,290,995
Total	\$ 308,038,120	\$ 601,121,627

The total system value used to calculate the buy-in portion is reduced by approximately \$2.2 million dollars to remove assets which are not backbone assets, such as a subset of vehicles or furniture, which do not provide service to all existing customers. The total asset value used for the buy-in portion is calculated to be \$598.9 million. Two adjustments used to further calculate system value are Repair and Replacement reserves, which are added to the asset value to account for contributions made by current customers and outstanding rate funded debt principal, which is removed from the total valuation to avoid double charging new customers for debt after they join the system. **Table 24** shows the total system value, \$532.6 million, used to calculate the buy-in portion of fees.

Table 24. Total System Value Used for Buy-In Component

Fee Component	Value
Backbone System Value	\$ 598,889,796
R&R Reserves	\$ 2,976,961
Outstanding Debt Principal	\$ (69,220,472)
Total System Value	\$ 532,646,284

VVWRA provided a current system capacity value of 16.0 MGD. The total system value is divided by the system capacity to determine the unit value for the buy-in component of the connection fee. The cost per unit of capacity needed for a new customer to join the system is shown in **Table 25**, \$33.29 per gallon of daily sewer flow.

Table 25. Buy-In Unit Calculation (per Gallon)

Fee Calculation	Buy-In
Total System Value	\$ 532,646,284
Total System Capacity (gpd)	16,000,000
Buy-in per gallon	\$ 33.29

The incremental component of the connection fee is calculated by summing the total capacity expanding capital projects and the outstanding debt service which is funded by connection fee revenues and dividing that total by the amount of new capacity which VVWRA will receive from these projects. The Authority's long-term capital improvement plan includes \$79.5 million worth of capacity expanding projects. Additionally, VVWRA has \$27.8 million in debt that was used to finance capacity expanding projects and needs to be repaid by connection fee revenues. **Table 26** shows the total costs which will fund, or have funded, future capacity expansion.

Table 26. Total Costs for Additional Capacity

Fee Component	Value
Growth Related Capital	\$ 79,473,470
Growth Related Debt	\$ 27,778,468
Cost of Capacity Expansion	\$ 107,251,939

VVWRA estimated an additional system capacity value of 10.0 MGD would be provided by the growth-related capital. The cost of capacity expansion is divided by the incremental system capacity to determine the unit value for the incremental component of the connection fee. The cost per unit of capacity needed for a new customer to join the system is shown in **Table 27**, \$10.73 per gallon of daily sewer flow.

Table 27. Incremental Unit Calculation (per Gallon)

Fee Calculation	Buy-In
Cost of Capacity Expansion	\$ 107,251,939
Incremental System Capacity	10,000,000
Incremental per gallon	\$ 10.73

The total connection fee per EDU is determined by multiplying the unit cost for each component by the total units of capacity needed for a new equivalent customer. For new customers, one EDU is equal to 180 gallons per day of sewer flow, or 20 fixture units, as indicated by VVWRA staff. The calculation used to determine the total connection fee per EDU is shown in **Table 28**.

Table 28. Connection Fee Calculation

Fee Component	Value	EDU	Total
Buy-in per gallon	\$ 33.29	x 180 gpd	= \$ 5,992
Incremental per gallon	\$ 10.73	x 180 gpd	= \$ 1,931
Total Capacity Fee			\$ 7,923

The proposed connection fees also include an estimate of future inflationary adjustments. To maintain a connection fee which continues to reflect the replacement cost of asset values and capital costs, the Authority should inflate the connection fee each year to match inflation in the building cost index. RDN's fee proposal includes estimated inflation of 4.0 percent per year based on a conservative estimate of future increases in the building cost index, but authority staff should review the annual index and apply the actual percentage of inflation each year. Under the estimated increase of 4.0 per year, the annual connection fees used to project revenues are shown in **Table 29**.

Table 29. Proposed Connection Fees

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Connection Fee	\$ 7,923	\$ 8,240	\$ 8,569	\$ 8,912	\$ 9,269

The updated connection fees will generate an additional \$10.7 million in revenue to fund capital projects between FY 2025 and FY 2029. **Table 30** shows revenues under the proposed financial plan with both connection fee and user charge adjustments. The line titled “Additional User Charge” tracks the additional revenue which is generated each year with the proposed compounding adjustments from **Table 29**.

Table 30. Projected Revenues with User Charge and Fee Adjustments, FY 2025 – FY 2029

Category	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Current User Charge	\$ 23,161,941	\$ 23,740,989	\$ 24,334,514	\$ 24,942,877	\$ 25,566,449
Additional User Charge	\$ 3,474,291	\$ 6,291,362	\$ 9,526,962	\$ 13,235,938	\$ 17,480,165
Connection Fee Revenue	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450
Additional Connection Fee	\$ 1,784,093	\$ 1,958,395	\$ 2,139,669	\$ 2,328,193	\$ 2,524,259
Other Operating Revenue	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323
Non Operating Revenue	\$ 182,610	\$ 185,334	\$ 188,176	\$ 191,141	\$ 194,236
Total Revenue	\$ 32,891,708	\$ 36,464,853	\$ 40,478,094	\$ 44,986,922	\$ 50,053,882

7. Updated Financial Plan

A summary of the financial inputs and results under the proposed rate and fee adjustments is shown in **Table 31**. The proposed changes to the rates and fees will allow VVWRA to maintain debt service coverage ratios well above the requirements of the debt covenants. The increase in revenues from user charges and fees will also slow the overall decline in cash position, though in order to fully fund capital expenditures, a series of debt issuances is needed in addition to the proposed changes. According to updated financial projections, the Authority will drop below total reserve levels in FY 2026 and will have a negative balance by FY 2027.

Table 31. Rate and Fee Adjusted Financial Plan Pro Forma

User Charge Input	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
User Charge Revenue	\$ 22,597,016	\$ 23,161,941	\$ 23,740,989	\$ 24,334,514	\$ 24,942,877	\$ 25,566,449
Additional User Charge Revenue	\$ -	\$ 3,474,291	\$ 6,291,362	\$ 9,526,962	\$ 13,235,938	\$ 17,480,165
Other Operating Revenue	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323
Non-Operating Revenue	\$ 180,000	\$ 182,610	\$ 185,334	\$ 188,176	\$ 191,141	\$ 194,236
Total Revenues	\$ 24,492,339	\$ 28,534,165	\$ 31,933,008	\$ 35,764,975	\$ 40,085,279	\$ 44,956,173
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses	\$ 21,991,911	\$ 24,137,705	\$ 25,442,604	\$ 26,751,467	\$ 28,117,694	\$ 29,530,221
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Revenue	\$ 2,500,427	\$ 4,396,460	\$ 6,490,404	\$ 9,013,508	\$ 11,967,585	\$ 15,425,951
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
User Charge Debt Service	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499
Paygo	\$ 1,212,510	\$ 2,702,252	\$ 9,286,507	\$ 12,681,457	\$ 14,934,482	\$ 39,249,132
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Rate Revenue	\$ (1,462,582)	\$ (1,056,291)	\$ (5,546,601)	\$ (6,418,447)	\$ (5,717,395)	\$ (26,573,679)
Connection Fee Input	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Connection Fee Revenue	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450	\$ 2,573,450
Additional Connection Fee Revenue	\$ -	\$ 1,784,093	\$ 1,958,395	\$ 2,139,669	\$ 2,328,193	\$ 2,524,259
Connection Fee Debt Service	\$ 1,556,771	\$ 1,294,750	\$ 1,294,750	\$ 1,294,750	\$ 1,294,750	\$ 1,294,750
Connection Fee CIP	\$ 3,542,299	\$ 2,919,916	\$ 7,126,168	\$ 6,421,301	\$ 8,448,277	\$ 13,916,377
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Connection Fee Revenue	\$ (2,525,620)	\$ 142,878	\$ (3,889,073)	\$ (3,002,932)	\$ (4,841,383)	\$ (10,113,418)
Cash Balances	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Beginning User Charge Balance	\$ 14,535,495	\$ 13,072,913	\$ 12,016,622	\$ 6,470,021	\$ 51,574	\$ (5,665,822)
Ending User Charge Balance	\$ 13,072,913	\$ 12,016,622	\$ 6,470,021	\$ 51,574	\$ (5,665,822)	\$ (32,239,501)
Beginning Connection Fee Balance	\$ 5,576,170	\$ 3,050,550	\$ 3,193,428	\$ (695,645)	\$ (3,698,577)	\$ (8,539,960)
Ending Connection Fee Balance	\$ 3,050,550	\$ 3,193,428	\$ (695,645)	\$ (3,698,577)	\$ (8,539,960)	\$ (18,653,378)
DSCR	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Debt Service Coverage Ratio	1.18	2.16	2.72	3.39	4.17	5.07
Reserve Levels	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Reserve Target	\$ 7,221,081	\$ 7,244,440	\$ 7,459,019	\$ 7,589,509	\$ 7,720,395	\$ 7,857,018
Total Cash Balance	\$ 16,123,464	\$ 15,210,050	\$ 5,774,376	\$ (3,647,003)	\$ (14,205,782)	\$ (50,892,879)

8. Proposed Debt Issuances

In order to mitigate the impacts of capital expenditures and spread the costs between current and future customers, this report also recommends that VVWRA issue debt to fund both user charge and capacity expanding capital projects. **Table 32** and **Table 33** display the timing and amount of debt issuances that are needed to accomplish capital funding goals. Rate funded debt issuances are used to complete R&R projects and will be repaid using user charges. Connection Fee funded debt will be repaid by new customers who connect to the system in the form of connection fee revenue.

Table 32. Proposed Rate Funded Debt Issuances

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Rate Funded Debt Issuance	\$ -	\$ -	\$ 65,000,000	\$ -	\$ -

Table 33. Proposed Connection Fee Funded Debt Issuances

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Con Fee Funded Debt	\$ -	\$ 21,000,000	\$ -	\$ -	\$ 35,000,000

9. Rate and Fee Study Recommended Financial Plan

A summary of the financial inputs and results under the proposed rate and fee adjustments and proposed debt issuances is shown in **Table 34**. The proposed changes to the rates and fees will allow VVWRA to maintain debt service coverage ratios well above the requirements of the debt covenants which allows the issuance of additional debt to maintain reserves. Through the mindful issuance of debt, VVWRA will maintain Debt Service Coverage Ratios and have cash balances which are above reserve targets in each year of the study. It is important to note that both annual debt service costs and reserve targets increase based on the issuance of new debt as reserves must cover a year of debt payments.

Table 34. Rate, Fee, and Debt Issuance Adjusted Financial Plan Pro Forma

User Charge Input	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
User Charge Revenue	\$ 22,597,016	\$ 26,636,232	\$ 30,032,352	\$ 33,861,476	\$ 38,178,815	\$ 43,046,614
Other Operating Revenue	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323	\$ 1,715,323
Non-Operating Revenue	\$ 180,000	\$ 182,610	\$ 185,334	\$ 188,176	\$ 191,141	\$ 194,236
Total Revenues	\$ 24,492,339	\$ 28,534,165	\$ 31,933,008	\$ 35,764,975	\$ 40,085,279	\$ 44,956,173
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses	\$ 21,991,911	\$ 24,137,705	\$ 25,442,604	\$ 26,751,467	\$ 28,117,694	\$ 29,530,221
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Revenue	\$ 2,500,427	\$ 4,396,460	\$ 6,490,404	\$ 9,013,508	\$ 11,967,585	\$ 15,425,951
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
User Charge Debt Service	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499	\$ 2,750,499	\$ 6,978,842	\$ 6,978,842
Paygo	\$ 1,212,510	\$ 2,702,252	\$ 9,286,507	\$ -	\$ -	\$ 1,865,070
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Rate Revenue	\$ (1,462,582)	\$ (1,056,291)	\$ (5,546,601)	\$ 6,263,009	\$ 4,988,743	\$ 6,582,039
Connection Fee Input	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Connection Fee Revenue	\$ 2,573,450	\$ 4,357,543	\$ 4,531,845	\$ 4,713,119	\$ 4,901,643	\$ 5,097,709
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Connection Fee Debt Service	\$ 1,556,771	\$ 1,294,750	\$ 1,294,750	\$ 2,660,830	\$ 2,660,830	\$ 2,660,830
Connection Fee CIP	\$ 3,542,299	\$ 2,919,916	\$ -	\$ -	\$ 995,747	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Connection Fee Revenue	\$ (2,525,620)	\$ 142,878	\$ 3,237,095	\$ 2,052,289	\$ 1,245,067	\$ 2,436,879
Cash Balances	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Beginning User Charge Balance	\$ 14,535,495	\$ 13,072,913	\$ 12,016,622	\$ 6,470,021	\$ 12,733,030	\$ 17,721,773
Ending User Charge Balance	\$ 13,072,913	\$ 12,016,622	\$ 6,470,021	\$ 12,733,030	\$ 17,721,773	\$ 24,303,813
Beginning Connection Fee Balance	\$ 5,576,170	\$ 3,050,550	\$ 3,193,428	\$ 6,430,523	\$ 8,482,812	\$ 9,727,879
Ending Connection Fee Balance	\$ 3,050,550	\$ 3,193,428	\$ 6,430,523	\$ 8,482,812	\$ 9,727,879	\$ 12,164,759
DSCR	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Debt Service Coverage Ratio	1.18	2.16	2.72	2.54	1.75	2.13
Reserve Levels	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Reserve Target	\$ 7,221,081	\$ 7,244,440	\$ 7,459,019	\$ 8,955,589	\$ 13,314,819	\$ 13,451,441
Total Cash Balance	\$ 16,123,464	\$ 15,210,050	\$ 12,900,544	\$ 21,215,842	\$ 27,449,653	\$ 36,468,571

10. Summary of Results and Recommendations

RDN proposes the following revenue, rate, and fee adjustments to accomplish the Authority's goals of capital and reserve funding as well as maintaining debt service coverage ratios. **Table 35** shows the proposed wastewater rate adjustments for the five-year rate study period. To maintain the proposed financial plan, the Authority should raise wastewater rate revenues by 15 percent in FY 2025, followed by 10 percent per year through FY 2029.

Table 35. Proposed Wastewater Revenue Adjustments

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenue Adjustment	15.0%	10.0%	10.0%	10.0%	10.0%

In addition to adjusting revenues from user rates, the Authority must also time debt issuances in order to fund capital expenditures for R&R projects and growth-related projects. **Table 36** and **Table 37** display the timing and amount of debt issuances that are needed to accomplish capital funding goals. Rate funded debt issuances are used to complete R&R projects and will be repaid using user charges. Connection Fee funded debt will be repaid by new customers who connect to the system in the form of connection fee revenue.

Table 36. Proposed Rate Funded Debt Issuances

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Rate Funded Debt Issuance	\$ -	\$ -	\$ 65,000,000	\$ -	\$ -

Table 37. Proposed Connection Fee Funded Debt Issuances

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Con Fee Funded Debt	\$ -	\$ 21,000,000	\$ -	\$ -	\$ 35,000,000

The proposed rates and fees shown in **Table 38** and **Table 39** are based on the results of the financial planning analysis. No change was made to the methodology used to calculate user charges per million gallons of sewer flows, which are escalated based on the proposed revenue adjustments; however, the proposed connection fee methodology includes a recalculation of the available system capacity as well as individual customer capacity for EDU determination compared to the previous study. It is the recommendation of this Study that the Authority assess the increase in construction costs each year based on the Engineering News Record Construction Cost Index or some similar index to escalate the proposed connection fee to reflect the increasing cost of construction.

Table 38. Proposed User charges

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
User Charge (per MG)	\$ 5,923	\$ 6,515	\$ 7,166	\$ 7,883	\$ 8,671

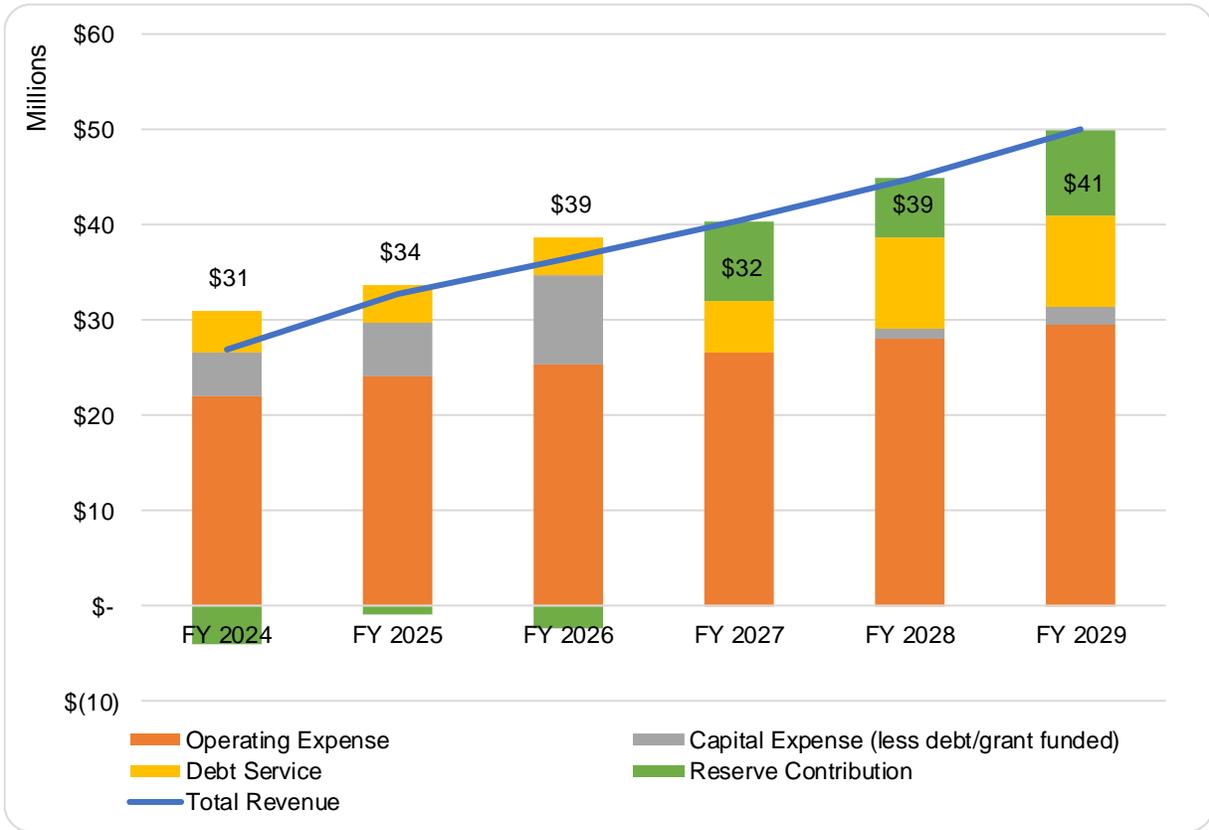
Table 39. Proposed Connection Fees

	FY 2025
Connection Fee	\$ 7,923

Figure 6 through **Figure 8** show the financial plan results under the proposed debt issuances, rates, fees, and adjustments. The line in **Figure 6** shows the combined revenue under the proposed rate

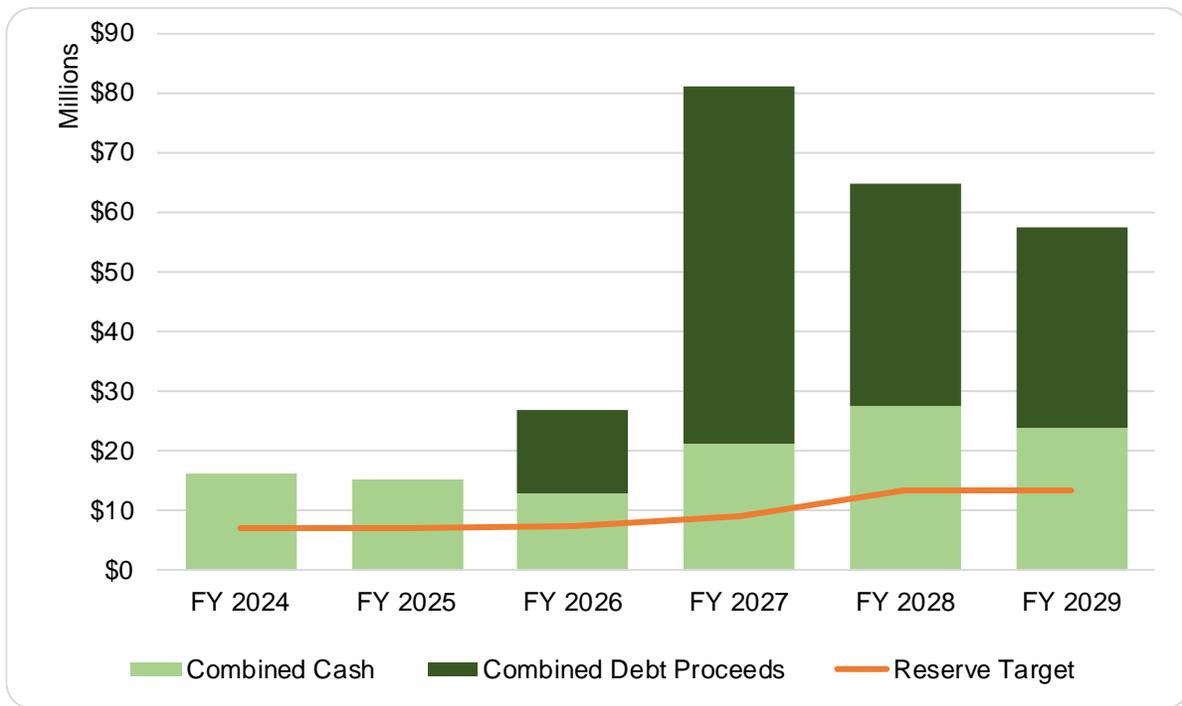
and fee adjustments. Reserve contributions are shown in green, negative reserve contributions mean that the Authority is drawing cash from the reserves, positive means that cash is being contributed.

Figure 6. Proposed Total Cash Flow



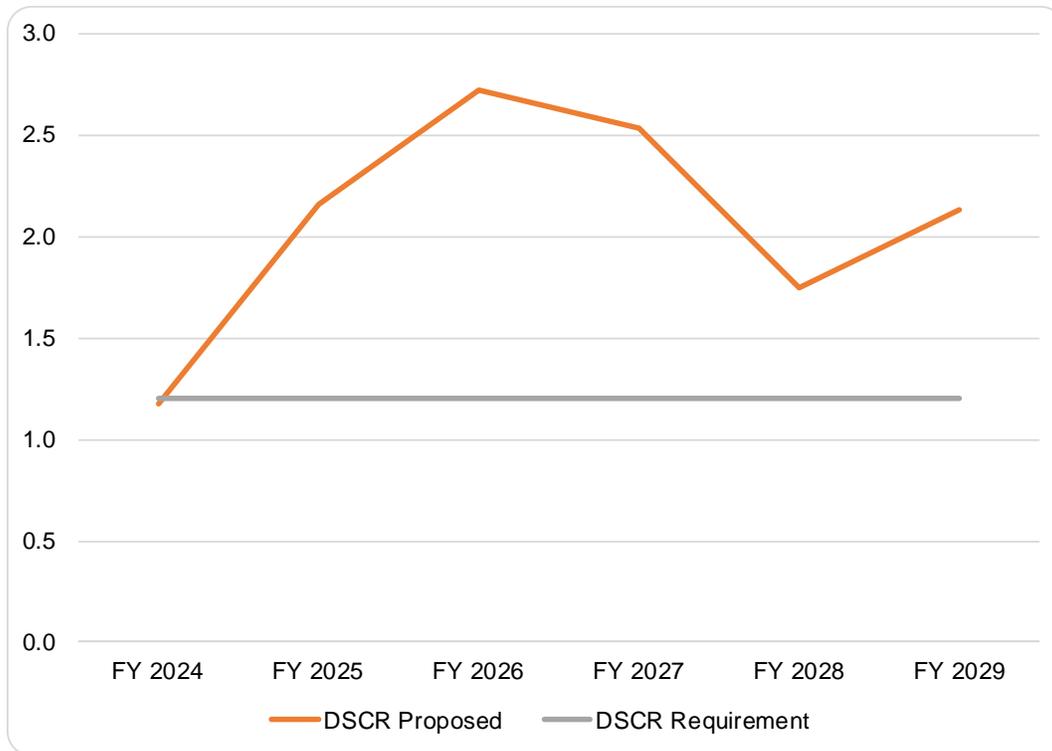
The combined cash balance is shown in **Figure 7**. Cash balances include unspent debt proceeds, though it was assumed that all debt proceeds must be spent within three years of the debt issuance.

Figure 7. Proposed Combined Cash Balances



Finally, the Authority’s debt covenants have a requirement of maintaining a DSCR of 120 percent of net revenues. **Figure 8** shows the annual DSCR for each year of the study under the proposed plan.

Figure 8. Proposed Combined Debt Service Coverage Ratio





**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
Board of Commissioners Staff Report**

TO: VVWRA Board of Commissioners
FROM: Darron Poulsen, General Manager
SUBMITTED BY: Darron Poulsen, General Manager
DATE: April 25, 2024
SUBJECT: **RECOMMENDATION TO SCHEDULE THE SECOND READING OF ORDINANCE 002: CONNECTION FEE ORDINANCE**

<input checked="" type="checkbox"/> For Action	<input type="checkbox"/> Fiscal Impact	\$0
<input type="checkbox"/> Information Only	<input type="checkbox"/> Account Code:	
	<input type="checkbox"/> Funds Budgeted/ Approved:	

STAFF RECOMMENDATION

It is recommended that the Board of Commissioners authorize the General Manager to schedule the second reading of Ordinance 002: Connection Fee Ordinance for May 16, 2024 at 8:00 AM.

PREVIOUS ACTION(S)

None

BACKGROUND INFORMATION

On direction from the Board, the first reading of Ordinance 002 was scheduled for April, 25, 2024. Two public hearings are required to revise an ordinance. Because the Board needs to take action and direct staff to do so, staff is requesting such direction.

Attachment(s):

NONE



**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
Board of Commissioners Staff Report**

TO: VVWRA Board of Commissioners
FROM: Darron Poulsen, General Manager
SUBMITTED BY: Darron Poulsen, General Manager
DATE: April 25, 2024

SUBJECT: **RECOMMENDATION TO APPROVE THE STAFF’S
RECOMMENDATION, WITH THE CITY OF VICTORVILLE’S
CONSENT, TO RESCIND/TERMINATE THE SLUDGE
AGREEMENT AND THE WASTEWATER EXCESS CAPACITY
AGREEMENT**

<input checked="" type="checkbox"/>	For Action	<input type="checkbox"/>	Fiscal Impact	\$0
<input type="checkbox"/>	Information Only	<input type="checkbox"/>	Account Code:	
		<input type="checkbox"/>	Funds Budgeted/ Approved:	

STAFF RECOMMENDATION

It is recommended that the VVWRA Board of Commissioners approve the Staff’s recommendation, with the City of Victorville’s consent, to rescind/terminate the Sludge Agreement and the Wastewater Excess Capacity Agreement.

PREVIOUS ACTION(S)

None

BACKGROUND INFORMATION

On or about September 28, 2011, VVWRA and the City of Victorville (the “City”) entered into an agreement (the “Sludge Agreement”) whereby VVWRAS agreed to treat at VVWRA's Westside Wastewater Treatment Plant ("WWTP") non-hazardous sludge ("Sludge") produced by the City’s industrial wastewater treatment plant ("IWWTP") located at the Southern California Logistics Airport ("SCLA"). A true and accurate copy of the Sludge Agreement is attached hereto as Exhibit “1” and is incorporated herein by this reference. The duration of the agreement was contemplated to be three (3) years, but VVWRA and the City have been operating under the Sludge Agreement since 2011.

The City had also acquired certain rights to VVWRA percolation pond 14 located at the WWTP and the City currently discharges treated wastewater from the IWWTP to Percolation Pond 14. From time to time the City's treated wastewater flows to Percolation Pond 14 exceed the capacity of Percolation Pond 14 and at such times the City sought to discharge such excess flows to

Percolation Pond 13, which is being operated by VVWRA ("Overflow Pond"). VVWRA was agreeable to accept such excess flows from time to time provided however that VVWRA had excess capacity in its other percolation ponds. To memorialize this arrangement, VVWRA and the City entered into a Wastewater Excess Capacity Agreement on or about August 19, 2021. A true and accurate copy of the Wastewater Excess Capacity Agreement (also known as the Excess Capacity Agreement) is attached hereto as Exhibit "2" and is incorporated herein by this reference.

The activities contemplated in the Sludge Agreement and the Wastewater Excess Capacity Agreement have now been incorporated into Revision #1 of the Class II Nondomestic Wastewater Discharge Permit #2023-6120-12 (Permit) issued to the City of Victorville's Industrial Wastewater Treatment Plant (IWWTP). A copy of the permit is hereto attached as Exhibit "3" and is incorporated herein by this reference. The permit contemplated overriding the terms of both agreements. Furthermore, the services outlined in the Wastewater Excess Capacity Agreement are not currently approved as part of the waste discharge permits issued by the State Water Resources Control Board (SWRCB) to the City and VVWRA. As a result, staff from the City and VVWRA have agreed that the Sludge Agreement and the Wastewater Excess Capacity Agreement should be rescinded or terminated. Attached hereto as Exhibit "4" and incorporated herein by this reference is a true and accurate copy of correspondence from the City confirming the City's concurrence that the agreements should be rescinded/terminated.

Accordingly, Staff is requesting that the Board of Commissioners adopt Staff recommendation, with the City's stated consent, to rescind/terminate the Sludge Agreement and the Wastewater Excess Capacity Agreement.

Attachment(s):

- Exhibit 1:** Sludge Agreement
- Exhibit 2:** Excess Capacity Agreement
- Exhibit 3:** City of Victorville IWWTP Industrial Wastewater Permit
- Exhibit 4:** City of Victorville Consent Letter to Rescind the Agreements

EXHIBIT 1

TEMPORARY SLUDGE TREATMENT AGREEMENT

This Temporary Sludge Treatment Agreement ("Agreement") is made and entered into as of September 28, 2011 ("Effective Date"), by and between VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY, a joint powers authority organized and existing under the laws of the State of California, ("VVWRA"), and the CITY OF VICTORVILLE, a Municipal Corporation, organized and existing under the laws of the State of California ("City"). VVWRA and City are sometimes individually referred to as a "party" and collectively as the "parties".

RECITALS

(A) VVWRA is a joint powers authority which is engaged in the business of managing, treating and disposing of domestic strength municipal wastewater (including the sludge generated as a byproduct of the treatment process) which is generated by its member agencies at facilities owned and operated by VVWRA. The City is a member of VVWRA; and

(B) City intends to produce non-hazardous sludge ("Sludge") at an industrial wastewater treatment plant owned and operated by the City ("City Plant") to be located at the Southern California Logistics Airport ("SCLA"); and

(C) VVWRA and City are currently in discussions regarding various issues in connection with the City Plant at SCLA, including agreement on a revised Joint Powers Agreement and Service Agreement, the nature of the financial impact, if any, of operations of City Plant on VVWRA, and the execution of a long term sludge treatment arrangement pursuant to which an underground pipeline and interconnection would be constructed to deliver sludge for treatment between SCLA and VVWRA's Westside Wastewater Treatment Plant ("WWTP"); and

(D) VVWRA and City are also involved in negotiations regarding a potential purchase of City Plant by VVWRA in order to avoid potential legal disputes between City and VVWRA regarding City Plant;

(E) While the issues cited above in recitals (C) and (D) are discussed, City and VVWRA desire to enter into an interim solution with VVWRA for the temporary treatment and disposal of Sludge generated by the City Plant; and

(F) VVWRA is willing to accept the delivery of Sludge and to provide its services for the treatment and disposal of the Sludge at the WWTP on a temporary basis subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual agreements hereinafter set forth, and for other good and sufficient consideration given, the receipt of all of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I - TERM OF AGREEMENT

The term of this Agreement shall be for a period of three (3) years from the Effective Date of this Agreement. This Agreement shall automatically terminate upon (i) the closing of an acquisition of the City Plant by VVWRA; or (ii) upon the execution of a long term agreement regarding the delivery and treatment of Sludge from the City Plant by VVWRA.

ARTICLE II – SLUDGE DELIVERY AND TREATMENT

2.1 Delivery of Sludge

Subject to the quality and quantity limitation set forth herein, any Sludge that is delivered by the City to VVWRA under this Agreement shall be transported from the City Plant to the WWTP through the Adelanto interceptor ("Interceptor") by pumping the Sludge into one of the manholes for the Interceptor which is located on property owned by the City and is described on the map which is attached hereto as Appendix 1 ("Delivery Point"). The City shall be solely responsible for delivering Sludge from the City Plant to the Delivery Point and into the Interceptor in a safe and effective manner. In no event shall the City establish a dedicated attachment or connection from the City Plant to the Interceptor.

2.2 Quality of Sludge and Permit Requirement

City shall obtain a permit as an industrial discharger pursuant to Ordinance 001 of VVWRA as the same may be amended from time to time. The Sludge to be delivered pursuant to this Agreement shall strictly comply with the quality requirements applicable to said permit, as well as the quality standards which are attached hereto as Appendix 2 ("Quality Standards"). VVWRA shall not be obligated to accept any Sludge which is not in compliance with such Quality Standards as provided in Article IV.

2.3 Quantity of Sludge

The quantity of Sludge to be delivered by the City from the City Plant shall not exceed a weight of 3.5 tons of dry solids per day. The City shall be responsible for installing a flow meter at the point where Sludge is discharged into the Delivery Point for the purpose of measuring the volume of Sludge prior to commingling with other effluent in the Interceptor. The City shall provide flow data to VVWRA on a monthly basis in arrears no later than the tenth day of each month and shall provide a quarterly meter verification report to VVWRA that is prepared by an independent third party. VVWRA shall further have the right to observe and audit the accuracy of such measurements on a random periodic basis. Subject to the capacity of its treatment system and the regulatory requirements which are applicable to the treatment of Sludge by VVWRA, VVWRA may agree to accept higher volumes of Sludge for treatment at the WWTP during peak flow periods on a limited basis.

2.4 Responsibility for Treatment and Disposal of Sludge.

Following delivery of Sludge to the Interceptor at the Delivery Point, VVWRA shall be responsible, at its sole cost and expense, for the processing, treatment and disposal of Sludge which meets the quality and quantity limitations set forth herein. VVWRA shall acquire, maintain and repair, at its sole costs and expense, the Interceptor and all equipment and facilities at the WWTP which are necessary for VVWRA to perform its obligations under this Agreement. VVWRA shall be the sole owner of all liquid effluent and solid treatment byproducts which are produced as a result of Sludge processing.

ARTICLE III - COST OF TREATMENT

3.1 Fees for Sludge Treatment.

(a) Base User Fee. The City shall pay to VVWRA a base user fee for the services provided by VVWRA under this Agreement ("Base User Fee"). The Base User Fee shall be payable

per dry ton of Sludge delivered and shall be calculated by taking the treatment and disposal cost per dry ton of Sludge ("Cost Per Ton") and multiplying such Cost Per Ton by an overhead ratio to take into account the administrative and overhead costs of VVWRA in providing the services under this Agreement ("Overhead Ratio"). The Base User Fee per ton shall then be multiplied by the number of dry tons of liquid Sludge which were accepted by VVWRA in accordance with this Agreement to arrive at the total Base User Fee for any given billing period. The initial Cost Per Ton and Overhead Ratio are set forth on Appendix 3. An example of the calculation of the Base User Fee for a sample billing period is included on Appendix 3.

(b) Surcharge for Thin Sludge. In addition to the Base User Fee, the City shall pay to VVWRA a surcharge per 1,000 gallons of Sludge delivered on all Sludge which contains less than two and three fourths percent (2.75%) dry solids ("Thin Sludge Surcharge"), in accordance with the table which is set forth on the attached Appendix 3.

(c) Increase in Fees and Surcharge. In the event that there is a federal, state or local regulatory action or change in the requirements for treatment and/or discharge of Sludge which increases the cost to VVWRA to treat and/or dispose of the Sludge, then VVWRA shall have the right to increase the Cost Per Ton and the Thin Sludge Surcharge concurrent with such change going into effect. VVWRA shall give the City no fewer than ninety (90) days written notice of any such increase and shall provide supporting documentation for the increase in cost, to allow the City to properly comply with any and all noticing and hearing requirements as may be required by law.

(d) No Capital Fees. As this Agreement is temporary in nature, there shall not be any connection or capital fees assessed in connection with the services to be provided by VVWRA hereunder.

3.2 Billing and Payment.

(a) Monthly Billing. VVWRA shall invoice the City for the Base User Fee and any Thin Sludge Surcharge each month in arrears and such invoice shall set forth the calculation of the amounts due under Section 3.1 in reasonable detail.

(b) Payment Terms. City shall pay to VVWRA the full amount due under each invoice within thirty (30) days of the date of said invoice. Any invoice amount not paid in full within said period shall bear interest at the rate of one and one-half percent (1.5%) per month on the unpaid balance thereof computed from the date of the invoice.

(c) Books and Records. VVWRA shall keep and maintain proper records and books of account showing all data necessary for the computation of the amounts set forth in Section 3.2 during the term of this Agreement and for eighteen (18) months after the termination of the Agreement for any reason. City shall also keep and maintain records of all of its data in connection with the amount and quality of Sludge placed into the Interceptor during the term of this Agreement and for eighteen (18) months after the termination of the Agreement for any reason. Each party shall have the right to audit the books and records of the other party once a year upon five (5) business days written notice during normal business hours.

ARTICLE IV – TESTING AND SUSPENSION OF SLUDGE DELIVERY

4.1 Testing of Sludge.

City will periodically test the Sludge as required by Appendix 2 to determine whether the

Sludge which is delivered to VVWRA is in compliance with the terms of this Agreement and to determine whether the Thin Sludge Surcharge is applicable. Said testing shall take place in accordance with the methods and intervals for testing as are set forth on Appendix 2, provided, however, that such testing shall occur at or prior to the Delivery Point before Sludge is commingled with the sludge, effluent or waste from any other source. VVWRA retains the right to conduct its own random testing of the Sludge and City shall provide VVWRA with access to the Sludge on request prior to delivery to the Interceptor.

4.2 Non-Conforming Sludge.

(a) Delivery of Non-Conforming Sludge. City shall not deliver any Sludge to VVWRA that does not meet the Quality Standards (which Sludge shall be referred to herein as "Non-Conforming Sludge"). If the City becomes aware at any time that Non-Conforming Sludge has been placed into the Interceptor and/or delivered to VVWRA, then City shall immediately notify VVWRA of the presence of such Non-Conforming Sludge and any testing data in the possession of City and City shall immediately suspend any further delivery of Non-Conforming Sludge to the Interceptor.

(b) Suspension of Delivery. VVWRA will further have the right to suspend delivery of Non-Conforming Sludge at any time, provided, however, that VVWRA shall immediately notify the manager of the City Plant of its intent to suspend delivery and shall reasonably cooperate with the City Plant to perform an orderly shutdown of delivery of the Non-Conforming Sludge into the Interceptor. VVWRA shall immediately provide the City Plant with its testing data with respect to such Non-Conforming Sludge and the City shall have the right to retest the alleged Non-Conforming Sludge. VVWRA shall resume delivery of Sludge upon confirmation and testing by the City Plant that the Sludge being placed in the Interceptor is in compliance with the Quality Standards.

(c) Responsibility for Non-Conforming Sludge. City shall be solely responsible for any additional cost or expense incurred by VVWRA in connection with Non-Conforming Sludge that is delivered to VVWRA prior to suspension of delivery by City and/or VVWRA, including without limitation, the cost to remove such Non-Conforming Sludge as specified in Section 4.2(b), and for any costs, expenses, fines or penalties (including legal fees and expenses) which are incurred by VVWRA as a result of any violation of its regulatory obligations or permits which results from the delivery of Non-Conforming Sludge by City. City acknowledges that VVWRA shall not have the ability to segregate Non-Conforming Sludge from other sludge and effluent in the Interceptor and that City shall be responsible for the cost of additional processing and disposal of all sludge and effluent which includes Non-Conforming Sludge.

(d) Ownership of Non-Conforming Sludge. In no event shall VVWRA be deemed to have taken ownership of any Non-Conforming Sludge or of any hazardous materials or hazardous wastes, as defined by federal, state or local law, which are contained in any Non-Conforming Sludge.

(e) Disputes Regarding Non-Conforming Sludge. In the event that City disputes any determination by VVWRA that Sludge delivered by City is Non-Conforming Sludge or that the Thin Sludge Surcharge is applicable to Sludge that was delivered by the City to VVWRA, then City and VVWRA shall each provide the other with all relevant test results and data with respect to the alleged Non-Conforming Sludge and/or thin Sludge and the parties shall meet to attempt to resolve such dispute. In the event that the parties cannot resolve the dispute within thirty (30) days of the first meeting for such purpose, then either party shall have the right to submit the determination to arbitration in accordance with Article VIII.

ARTICLE V - INTERRUPTION OF SERVICE

5.1 Scheduled Interruption of Service.

The City and VVWRA shall reasonably cooperate to schedule interruptions of service for routine maintenance or facility improvements at the City Plant and/or the WWTP so as to minimize the disruption of delivery of Sludge to the WWTP for treatment and disposal.

5.2 Unscheduled Interruption of Service.

In the event that there is an unscheduled interruption in service due to an equipment failure or other breakdown at the WWTP which temporarily interrupts the ability of VVWRA to accept delivery of Sludge in accordance with this Agreement, such interruption shall be deemed to be an event of force majeure which shall temporarily relieve VVWRA of its obligations under this Agreement, provided, however, that VVWRA shall use its reasonable best efforts to: (a) accept limited or reduced deliveries of Sludge from the City Plant to the extent that VVWRA can handle such deliveries; (b) restore the ability to accept delivery of Sludge as promptly as feasible by utilizing the contractors and suppliers with whom existing agreements are in effect for the maintenance of the WWTP; (c) promptly notify the City Plant of such breakdown so as to permit the City to implement temporary storage and reduction in generation of Sludge; (d) arrange for alternative treatment or storage of the Sludge at VVWRA or at alternative permitted disposal facilities; or (e) take such other action as is reasonably acceptable to the City and VVWRA. The City will cooperate with VVWRA in all such efforts and VVWRA and City shall work in good faith to allocate the additional cost (above and beyond the normal charges set forth in Article III) for any alternative treatment or storage of the Sludge during the unscheduled interruption in service, provided, however, that in no event shall VVWRA be responsible for any contractual penalty or damages asserted against the City with respect to any customer of the City Plant. In the event VVWRA cannot make alternative arrangements for disposal of Sludge or if such arrangements are not reasonably acceptable to the City and the interruption in service is detrimental to the operation of the City Plant, then the City reserves the right, in its sole discretion, to either (i) suspend delivery of Sludge during the period of interruption and arrange for alternative treatment and disposal or (ii) to terminate this Agreement on ten (10) days written notice to VVWRA.

5.3 Force Majeure.

Excluding any unscheduled interruption of service which is governed by Section 5.2, neither party shall be liable to the other party for breach or delay in the performance of its obligations hereunder caused by any act or occurrence beyond its reasonable control, including, but not limited to, fires, strikes, except any strikes involving a party's personnel (if such party attempts to claim force majeure protection), orders or judgments of any Federal, State or local court, administrative agency or governmental body, accidents and acts of god; provided, however, that whenever the provisions of this Section 5.3 are believed to apply, the party relying thereon shall give prompt written notice to the other party of the circumstances, the basis for applicability of this Section and the time required to cure such occurrence and VVWRA and City shall use reasonable best efforts to agree on appropriate mitigating actions under the circumstances. This Section may not be used to avoid or delay any payments due to either party.

ARTICLE VI – TERMINATION AND REMEDIES

6.1 Termination without Cause.

This Agreement may be terminated by either party without cause, subject to giving proper notice as provided in Article I hereof.

6.2 Termination for Cause.

In the event a party has failed to perform any of its material obligations under this Agreement (subject to Article V), the non-defaulting party may terminate this Agreement upon thirty (30) days written notice to the other party of its intention to terminate stating the reasons therefore. If the defaulting party fails to cure the nonperformance with such thirty (30) days after the receipt of such notice, this Agreement may be terminated.

6.3 Termination by VVWRA.

In addition to its rights of termination under Section 6.1 and 6.2, VVWRA may terminate this Agreement upon written notice to City in the event that there is a change in applicable federal, state or local laws, regulations, ordinances, rules or orders which materially affects or prohibits VVWRA from performing its obligations under this Agreement to treat and dispose of the Sludge.

6.4 Limitation on Damages.

Neither party shall be liable to the other for any special or consequential damages of any kind resulting from a breach of this Agreement, whether or not such damages were reasonably foreseeable by the other party. For the purposes of this Agreement, any fees or penalties which are related to regulatory action which are the responsibility of the City under this Agreement shall be deemed to be direct damages and shall not be treated as consequential or incidental damages.

6.5 Remedies.

In addition to any right of termination granted herein, each of the parties hereto shall be entitled to prove any and all remedies at law and in equity which may be available to such party in connection with a violation or breach of the obligations of a party under this Agreement.

ARTICLE VII – NO WAIVER OF CLAIMS

7.1 Potential Claims.

The covenants set forth in this Article VII constitute material consideration for the obligations of the parties set forth herein. City and VVWRA hereby acknowledge and agree that the parties have taken different interpretations of the obligations of City as a member of the joint powers authority, including without limitation, the City's obligations pursuant to the existing Service Agreement entered into between VVWRA and the members of VVWRA with respect to (i) the right of City to build and operate the City Plant; (ii) which parties should bear any financial impact arising from a diversion of effluent by City from the WWTP; and (iii) the effect of such diversion on the existing permits obligations, reclaimed water production and capacity rights of the members in VVWRA ("Potential Claims"). City and VVWRA further acknowledge that this Agreement is being entered into by the parties in good faith to provide a practical solution for the treatment of Sludge generated by the City Plant while City and VVWRA attempt to resolve the Potential Claims.

7.2 Covenants.

City and VVWRA covenant and agree that (A) the existence and performance of this Agreement by the parties in no way constitutes a waiver or admission by either party with respect to the Potential Claims and each party reserves all of its rights and remedies with respect to the Potential Claims; and (B) neither party shall use this Agreement, or introduce it as evidence, to

support their respective positions with respect to the Potential Claims in any mediation, arbitration or court proceeding, it being understood that this Agreement is an interim arrangement to facilitate additional negotiation and the settlement of the Potential Claims.

ARTICLE VIII – ARBITRATION

Any dispute arising under Section 4.2 of this Agreement shall be resolved by binding arbitration in the County of San Bernardino, California, pursuant to the rules of Judicial Arbitration and Mediation Services (“JAMS”), as amended or as augmented in this Agreement (the “Rules”). Any other dispute arising under the terms of this Agreement may be referred to Arbitration under this Article VII with the mutual agreement of the Parties. Arbitration shall be initiated as provided by the Rules, although the written notice to the other party initiating arbitration shall also include a description of the claim(s) asserted and the facts upon which the claim(s) are based. Arbitration shall be final and binding upon the parties and shall be the exclusive remedy for all claims subject hereto, including any award of attorney’s fees and costs. Either party may bring an action in court to compel arbitration under this Agreement and to enforce an arbitration award. All disputes shall be decided by a single arbitrator. The arbitrator shall be selected by mutual agreement of the parties within thirty (30) days of the effective date of the notice initiating the arbitration. If the parties cannot agree on an arbitrator, then the complaining party shall notify JAMS and request selection of an arbitrator in accordance with the Rules. The arbitrator shall have only such authority to award equitable relief, damages, costs, and fees as a court would have for the particular claim(s) asserted. In no event shall the arbitrator award punitive damages of any kind. The parties acknowledge that one of the purposes of utilizing arbitration is to avoid lengthy and expensive discovery and allow for prompt resolution of the dispute. The arbitrator shall have the power to limit or deny a request for documents or a deposition if the arbitrator determines that the request exceeds those matters which are directly relevant to the claims in controversy. The document demand and response shall conform to Code of Civil Procedure section 1282.6. The deposition notice shall conform to Code of Civil Procedure section 1283. The parties may make a motion for protective order or motion to compel before the arbitrator with regard to the discovery, as provided in Code of Civil Procedure. Notwithstanding the election by the parties to arbitrate their disputes, nothing contained herein shall prevent a party from filing an action in a court of competent jurisdiction to seek any form of equitable remedy or relief.

ARTICLE IX - MISCELLANEOUS

9.1 Survival.

Notwithstanding the expiration or sooner termination of this Agreement, any duty or obligation which has been incurred and which has not been fully observed, performed and/or discharged, and any right, conditional or unconditional, which has been created and has not been fully enjoyed, enforced and/or satisfied, shall survive such expiration or termination until such duty or obligation has been fully observed, performed and/or discharged and such right has been fully enjoyed, enforced and/or satisfied.

9.2 Entire Agreement.

This Agreement constitutes the entire agreement and understanding of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, both written and verbal, between the parties with respect to the subject matter hereof.

9.3 Successors and Assigns.

This Agreement shall be binding upon and inure to the benefit of the parties thereto and their successors and assigns. The Agreement may not be assigned by either party without the prior written

consent of the other party.

9.4 Amendments.

This Agreement may not be amended, altered or modified except in writing signed by the parties hereto. No waiver by either party of any breach by the other party of any provisions of this Agreement shall be construed as a waiver of any subsequent breach, whether of the same or of any different provision of this Agreement. No course of conduct or series of dealings shall constitute a waiver hereunder.

9.5 Notice.

In the event that written notice must or may be given hereunder, such notice shall be sent via a commercial overnight courier such as Federal Express or UPS to the other party at the following address or such other address as a party may notify the other in writing:

If to VVWRA: Logan Olds, General Manager
15776 Main St.
Hesperia, CA 92345

With a copy to: Best Best & Krieger LLP
Attn: Piero Dallarda
3750 University Avenue
Riverside, CA 92501

If to City: City Manager
P.O. Box 5001
Victorville, CA 92392

With a copy to: Green, de Bortnowsky and Quintanilla, LLP
Attn: Andre de Bortnowsky
23801 Calabasas Rd., Suite 1015,
Calabasas, CA 91302

Notice shall be sent to the above referenced persons unless the parties are otherwise notified in writing of a change in the name or address of the person to be notified.

9.6 Governing Law.

This Agreement shall be governed by and construed under the laws of the State of California and venue for any action arising out of this Agreement, including any action to enforce arbitration under Article VII, shall be in the County of San Bernardino.

9.7 Attorney's Fees and Costs.

The prevailing party in any action brought to enforce the terms of this Agreement in court or arbitration shall be entitled to an award of its reasonable attorney's fees and costs, including without limitation, the costs of discovery and expert witnesses in connection with any such action.

9.8 Severability.

Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity and the parties shall meet and confer in good faith to determine whether such prohibition or invalidity has materially impaired the purpose of the Agreement or whether the Agreement can be amended to preserve the benefits and obligations of the parties hereunder.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have by their duly authorized officers or representatives executed this Agreement all on the day and year first above written.

CITY OF VICTORVILLE

By: [Signature]
Name: Douglas B. Robertson
Title: City Manager

VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY

By: [Signature]
Name: LOGAN OLDS
Title: General Manager

ATTEST:

By: [Signature]
Name: Marcie Wolters
Title: Deputy City Clerk

RISK MANAGEMENT:

By: [Signature]
Name: CHUCK BUQUEST
Title: RISK MANAGER

APPROVED AS TO FORM:

By: [Signature]
Name: AMANDA DE ROBERTO
Title: CITY ATTORNEY

APPENDIX NO. 1
DELIVERY POINT

See attached map.

APPENDIX 2
 SLUDGE QUALITY REQUIREMENTS
 AND
 VOLUME AND QUALITY MEASUREMENT PROTOCOLS

This Schedule contains information concerning the characteristics of CITY Sludge, testing procedures, method of delivery and method of measurement.

A - The CITY shall provide City Plant Sludge with the following characteristics:

- i. Waste activated sludge from combined industrial and sanitary wastewater treatment plant.
- ii. Dry solids content range of 2.75% to 3.75% with a monthly average of at least 3.0%.
- iii. Must be non-hazardous per EPA Regulations (40 CFR Part 261.24 or successor provisions).
- iv. A volatile content greater than 60%.
- v. Untreated raw septage: None.

Testing for the above parameters shall be by VVWRA and CITY on a split sample.

B - Method of Quality Testing:

- 1) The testing to be performed by City is TCLP on dry weight basis on effluent from the City Plant. Testing should be done at least once just after start-up and quarterly at the CITY's expense.
- 2) Additional testing will be at the discretion of VVWRA and appropriate regulatory agencies.
- 3) All testing shall be performed and analyzed by an accredited independent testing laboratory. Results shall be sent directly to VVWRA, with a copy to CITY.

C - Method of Measurement:

Measurement of gallons and dry solids percentage for each batch at the Delivery Point to calculate tons of dry solids Processed and Disposed.

APPENDIX NO. 3
FEES AND CHARGES

1. Base User Fee (pursuant to Section 3.2(a))
 - A. Cost Per Dry Ton - \$164.29
 - B. Overhead Ratio - 1.25

Base User Fee Example;

64.7 dry tons for a month (say July), measured.
(2.09 dry tons per day, monthly average)

Base User Fee: \$164.29 per dry ton x 1.25 overhead ratio = \$205.36. per dry ton

64.7 dry tons x \$205.36 = \$13,286.87

2. Thin Sludge Surcharge (pursuant to Section 3.2(b))

Thin Sludge Surcharge Rate Table

Surcharge Rate - \$ per 1,000 gallon	% dry solids range, based on monthly average
\$0.00	>2.75%
\$10.00	<2.75% but >2.0%
\$11.00	<2.0% but >1.0%
\$12.00	<1.0%

EXHIBIT 2

WASTEWATER EXCESS CAPACITY AGREEMENT
BETWEEN THE CITY OF VICTORVILLE AND THE VICTOR VALLEY WASTEWATER
RECLAMATION AUTHORITY

This Wastewater Excess Capacity Agreement ("Agreement") is made and entered into as of August 19, 2021 ("Effective Date") by and between the City of Victorville ("CITY"), a Municipal Corporation, organized and existing under the laws of the State of California and Victor Valley Wastewater Reclamation Authority ("VVWRA"), a joint powers authority organized and existing under the laws of the State of California, and CITY and VVWRA are sometimes individually referred to as a "party" and collectively as the "parties".

RECITALS

(A) VVWRA is a joint powers authority which is engaged in the business of managing, treating and disposing of domestic strength municipal wastewater which is generated by its member agencies at facilities owned and operated by VVWRA.

(B) The CITY is a current member of VVWRA.

(C) The City has previously acquired certain rights to Percolation Pond 14 located at VVWRA's facility and currently discharges treated wastewater from the City's Industrial Wastewater Treatment Plant ("IWWTP") to Percolation Pond 14.

(D) From time to time the City's treated wastewater flows to Percolation Pond 14 exceed the capacity of Percolation Pond 14 and at such times the City seeks to discharge such excess flows to Percolation Pond 13, which is being operated by VVWRA ("Overflow Pond").

(E) The VVWRA is agreeable to accept such excess flows from time to time provided however that VVWRA has excess capacity in its other percolation ponds. Any and all such flows shall hereinafter be collectively referred to as "Effluent".

NOW, THEREFORE, in consideration of the mutual agreements hereinafter set forth, and for other good and sufficient consideration given, the receipt of all of which is hereby acknowledged, the parties hereto agree as follows:

1. Term of Agreement. The term of this Agreement shall commence on the Effective Date, and continue for a period of five years from the Effective Date unless renewed by the Parties hereto pursuant to a written instrument executed by both the CITY and VVWRA or terminated in accordance with the terms of Section 5.

2. Delivery of Effluent. Subject to the capacity constraints of the VVWRA percolation ponds and the conditions and requirements of Section 2 and 3 of this Agreement, VVWRA agrees to receive Effluent which is delivered from the CITY to the VVWRA, and

which is in excess of the current capacity of the City's Percolation Pond 14. The procedure for delivery of Effluent shall be as follows:

- (A) CITY shall provide notice pursuant to Section 10(a) to VVWRA of the proposed delivery of Effluent, including the anticipated volume of Effluent, any unique quality characteristics and the schedule for the delivery of projected excess Effluent flows. Notice will be given no less than twenty-four (24) hours prior to the proposed delivery of Effluent and when possible, CITY will provide as much prior notice of proposed delivery of Effluent as is reasonably possible to facilitate the availability of capacity in the Additional Ponds. VVWRA will promptly notify the CITY if there is a constraint on the availability of the Overflow Pond to accept the Effluent and will work with the CITY to address the scheduling of excess Effluent flows when capacity in the Overflow Ponds is not available. In no event will VVWRA be responsible for any cost or expense to the CITY in the event that VVWRA does not have spare capacity to accept Effluent.
- (B) CITY shall promptly notify VVWRA of any change in the volume or schedule for the delivery of Effluent pursuant to clause (a) above, including without limitation, any change in the cessation of such deliveries.
- (C) VVWRA shall have the right to request the suspension of Effluent due to emergency operational or capacity concerns with a minimum of eight (8) hour notice given in accordance with Section 10(a).
- (D) At the start of every Effluent diversion event and weekly as long as the diversion continues, VVWRA requires that the following water quality samples be taken pursuant to the existing WDR requirements.
 - a. BOD
 - b. TSS
 - c. Total Nitrogen
 - d. TDS
- (E) City shall be responsible for proper operations of the diversion of Effluent from Percolation Pond 14 to the Overflow Pond by performing regular inspections to assure the inlet structures do not clog with debris which could pose a threat to breaching the banks of Percolation Pond 14.
- (F) VVWRA shall own all reclaimed water which is generated as a result of the receipt of the Effluent and shall have the right to count that water in their percolation pond report to the Regional Water Quality Control Board..

3. Quality of Effluent. The Effluent to be delivered pursuant to this Agreement shall comply with any and all State and Regulatory Agency permits applicable to (i) the discharge of Effluent from the IWWTP and (ii) the percolation of such Effluent in the Overflow Pond. VVWRA shall not be obligated to accept any Effluent which is not in compliance with such standards.

4. Indemnity and Liability Provisions.

(a) Indemnity by CITY. CITY hereby agrees, at its sole cost and expense, to indemnify, protect, hold harmless and defend VVWRA, its commissioners, officers, employees, agents, successors and assigns from and against any and all claims, demands, damages, losses, liabilities, obligations, penalties, fines, actions, causes of action, judgments, suits, proceedings, costs, disbursements and expenses (including, without limitation, fees, disbursements and cost of attorneys, consultants and experts) (collectively "Losses") which may at any time be imposed upon, incurred, or suffered by, or asserted or awarded against, any Indemnified Party directly or indirectly relating to or arising from the acceptance of the Effluent by VVWRA, including without limitation, the violation of any federal, state or local laws, regulatory or permit conditions applicable to the treatment and discharge of wastewater by VVWRA. This indemnity shall not apply to any Losses or Third Party Claims which result from a claim for which VVWRA is responsible pursuant to Section 4(b).

(b) VVWRA shall indemnify, protect, hold harmless and defend the CITY, its officers, employees, and agents from and against any and all Losses resulting from any third party claim resulting from the sole negligence or willful misconduct of VVWRA.

5. Termination.

(a) This Agreement shall terminate automatically at the end of the term set forth in Section 1 unless extended in writing by both parties.

(b) VVWRA shall have the right to terminate this Agreement on ten (10) days written notice in the event that the CITY is in material violation of its obligations under this Agreement or VVWRA determines, in its sole discretion, that the further acceptance of Effluent would be a violation of any environmental laws, permit requirements, court or administrative orders or other legal obligations applicable to VVWRA.

(c) The CITY shall further have the right to terminate this Agreement on ten (10) days written notice to VVWRA in the event that VVWRA is in material violation of its obligations under this Agreement.

(d) Following termination of this Agreement for any reason, all obligations of VVWRA to accept delivery of excess Effluent shall terminate and be of no further force and effect.

6. Limitation on Damages. Neither party shall be liable to the other party for any special, indirect or consequential damages of any kind resulting from a breach of this Agreement, whether or not such damages were reasonably foreseeable by the other party.

7. Entire Agreement. This Agreement constitutes the entire agreement and understanding of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, both written and verbal, between the parties with respect to the subject matter hereof.

8. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties thereto and their successors and assigns. The Agreement may not be assigned by either party without the prior written consent of the other party.

9. Amendments. This Agreement may not be amended, altered or modified except in writing signed by the parties hereto. No waiver by either party of any breach by the other party of any provisions of this Agreement shall be construed as a waiver of any subsequent breach, whether of the same or of any different provision of this Agreement.

10. Notice.

(a) Notice of excess flow events will be given by the CITY via email and telephonically to the individuals designated on Exhibit 1 and VVWRA’s response to any such notice will be returned to the CITY via email and telephonically to the individuals designated on Exhibit 1.

(b) In the event that written notice must or may be given hereunder, such notice shall be sent via a commercial overnight courier such as Federal Express or UPS to the other party at the following address or such other address as a party may notify the other in writing:

If to VVWRA: VVWRA
Darron Poulsen, General Manager
20111 Shay Road
Victorville, CA 92394

With a copy to: Best Best & Krieger LLP
Attn: Piero Dallarda
3750 University Avenue
Riverside, CA 92501

If to CITY: City of Victorville
Brian Gengler, City Engineer
14343 Civic Drive
Victorville, CA 92392

With a copy to: Green, de Bortnowsky and Quintanilla LLP
 Att: Andre de Bortnowsky
 30077 Agoura Court, Suite 210
 Agoura Hills, CA 91301

Notice shall be sent to the above referenced persons unless the parties are otherwise notified in writing of a change in the name or address of the person to be notified.

11. Governing Law. This Agreement shall be governed by and construed under the laws of the State of California and venue for any action arising out of this Agreement shall be in the County of San Bernardino.

12. Attorney's Fees and Costs. The prevailing party in any action brought to enforce the terms of this Agreement in court or arbitration shall be entitled to an award of its reasonable attorney's fees and costs, including without limitation, the costs of discovery and expert witnesses in connection with any such action.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have by their duly authorized officers or representatives executed this Agreement all on the day and year first above written.

VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY

By: Darwin Paulsen
Name: DARWIN PAULSEN
Title: GENERAL MANAGER

APPROVED AS TO FORM:

[Signature]
Piero Dallarda, Best Best & Kreiger LLP

CITY OF VICTORVILLE

By: [Signature]
Name: Debra Jones
Title: Mayor

ATTEST:

[Signature]
Charlene Robinson, City Clerk
Jennifer Thompson,

APPROVED AS TO FORM:

Signed in Counterpart

[Signature]
Andre de Bortnowsky, City Attorney

RISK MANAGER:

[Signature]
John Preston LEB BROWN

IN WITNESS WHEREOF, the parties hereto have by their duly authorized officers or representatives executed this Agreement all on the day and year first above written.

VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY

By: Darrou Paulsen
Name: DARROU PAULSEN
Title: GENERAL MANAGER

APPROVED AS TO FORM:

[Signature]
Piero Dallarda, Best Best & Kreiger LLP

CITY OF VICTORVILLE
Signed in Counterpart

By: _____
Name: Debra Jones
Title: Mayor

ATTEST:
Signed in Counterpart

Charlene Robinson, City Clerk
Jennifer Thompson,

APPROVED AS TO FORM:

[Signature]
Andre de Bortnowsky, City Attorney
Kevin Spaulding, Deputy City Attorney

RISK MANAGER:
Signed in Counterpart

~~John Preston~~ Lee Brown

EXHIBIT "A"

Notice of Effluent Events

Notice to VVWRA:

Contact No. 1

Name: Andrew Henriquez
Email: Ahenriquez@vvwra.com
Phone: 790-954-5006

Contact No. 2

Shift Operators
Operations@vvwra.com
760-246-8638

Notice to City:

Contact No. 1

Name: Arnold Villarreal
Email: avillarreal@nctomileca.gov
Phone: 760-508-9001

Contact No. 2

Remberto Gonzales
rgonzales@nctomileca.gov
760-792-1684

EXHIBIT 3



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) 246-5194

www.vvwra.com

Nondomestic Wastewater Discharge Permit

Table 1: Discharger Information

Discharger/Permittee	City of Victorville IWWTP-SCLA
Facility Address	20080 Helendale Road, Victorville, CA 92394
Mailing Address	14343 Civic Drive., P.O. Box 5001, Victorville, CA 92393
Permit Class	II Non-Categorical Significant Industrial User (NCSIU)
Permit No	2023-6121-12 Revision #1

Table 2: Discharge Locations (see maps in attachment #1)

Discharge #	Waste stream Description	Discharge Point	Discharge Point Location
1	Disinfected Tertiary Effluent	Outfall 001	Sewer Connection at VWVRA's Adelanto Interceptor Manhole #15
2	Raw Bypass	Outfall 001	Sewer Connection at VWVRA's Adelanto Interceptor Manhole #15
3	Treated Wet Sludge	Outfall 002	Sewer Connection at VWVRA's Adelanto Interceptor Manhole #14
4	Disinfected Tertiary Effluent	Outfall 003	Sewer Connection at VWVRA's SCLA2 Interceptor

In accordance with the provisions of the Victor Valley Wastewater Reclamation Authority (VWVRA) Ordinance No. 001 - Rules and Regulations for Sewerage Service (the current and any amended version of which is referred to herein as Ordinance No. 001), City of Victorville IWWTP-SCLA is hereby authorized to discharge industrial wastewater from the above-identified Facility ("Facility") and through the outfall(s) identified herein into VWVRA sewer system in accordance with the conditions set forth in this permit. Compliance with this permit does not relieve the permittee of its obligation to comply with any or all applicable pretreatment regulations, standards, or requirements under local, state, and federal laws, including any such regulations, standards, requirements, or laws that might become effective during the term of this permit. NONCOMPLIANCE WITH ANY TERM OR CONDITION OF THIS PERMIT WILL CONSTITUTE A VIOLATION OF ORDINANCE NO. 001.

Table 3: Administrative Information

This permit was issued on:	2/5/2024
This permit shall become effective on:	2/5/2024
This permit expires on:	Midnight 2/28/2026
If the permittee wishes to continue to discharge after the expiration date of this permit, an application must be filed for a renewal permit in accordance with the requirements of Ordinance No. 001 Section 08-07.8, a minimum of ninety (90) days before the expiration date.	Submit renewal application before 11/30/2025

Signature of VWVRA Representative:	<i>Latif Laari</i>
VWVRA Representative Name & Title:	Latif Laari, Environmental Compliance Manager

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Part 1-Discharge Limitations:

a) Discharge Descriptions:

The permittee is authorized to discharge IWWTP-SCLA wastestreams to VVWRA sewer system as listed below.

Discharge #	Waste stream Description	Discharge Point	Discharge Point Location (See Map in Attachment 1)
1	Disinfected Tertiary Effluent	Outfall 001	Sewer Connection at VVWRA's Adelanto Interceptor Manhole #15
2	Raw Bypass	Outfall 001	Sewer Connection at VVWRA's Adelanto Interceptor Manhole #15
3	Treated Wet Sludge	Outfall 002	Sewer Connection at VVWRA's Adelanto Interceptor Manhole #14
4	Disinfected Tertiary Effluent	Outfall 003	Sewer Connection at VVWRA's SCLA2 Interceptor

At a future date, upon successfully meeting conditions outlined in Part 1 e) and obtaining a will serve letter from VVWRA, the permittee may connect and discharge Disinfected Tertiary Effluent and/or Raw Bypass to SCLA 1 Interceptor.

b) Delivery of Discharges

Discharge #1 & #4– Disinfected Tertiary Effluent at Outfalls 001 and 003

Subject to the quality and quantity limitation set forth herein, Disinfected Tertiary Effluent shall be transported from the IWWTP SCLA Plant to the VVWRA WWTP through Adelanto Interceptor manhole #15 (Outfall 001) or a city owned sewer manhole downstream of the elevated recycled water tower leading to VVWRA SCLA2 interceptor (Outfall 003) See Attachment 1 (COVV IWWTP Outfalls and Sampling Points Maps)

The City shall be solely responsible for delivering the Tertiary Effluent from the IWWTP SCLA Plant to the Delivery Point and into the Interceptors safely and effectively.

Discharge #2– Raw Bypass at Outfall 001

Subject to the quality and quantity limitation set forth herein, Raw Bypass shall be transported from the IWWTP SCLA Plant to the VVWRA WWTP through the Adelanto Interceptor by pumping into Outfall 001. . The City shall be solely responsible for delivering the Raw Bypass from the IWWTP SCLA Plant to the Delivery Point and into the Interceptor safely and effectively.

Discharge #3 – Treated Wet Sludge at Outfall 002

Subject to the quality and quantity limitation set forth herein, Treated Wet Sludge shall be transported from the IWWTP SCLA Plant to VVWRA WWTP through the Adelanto Interceptor by pumping the Sludge into manhole #14 shown on the map which is attached hereto as Attachment 1 (“Outfall 002”). The City shall be solely responsible for delivering Treated Wet Sludge from the IWWTP SCLA Plant to the Delivery Point and into the interceptor safely and effectively.

c) Water Quality Discharge Limitations

Discharge #1 ,#2 and #3

Disinfected Tertiary Effluent and Raw Bypass discharged at Outfalls 001 and 003 shall meet the following water quality limitations:

Instantaneous Limit

pH (Standard Units)	6 to 9
<u>Daily Maximum Concentration</u>	
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

Discharge #3

Treated Wet Sludge discharged at Outfall 002 shall meet the following effluent limitations.

Daily Maximum Concentration

Pollutant	Concentration Limit
Total Solids (TS)	Less than or equal to 20000 mg/L
Volatile solids	Must be greater than 60%

d) Volumetric Discharge Limitations

The combined quantity of Disinfected Tertiary Effluent, Raw Bypass, and Treated Wet Sludge discharged at Outfalls 001,002 and 003 shall be moderated and the flow rate does not exceed 1.68 million gallons per day. To the extent practicable, these wastestreams shall be delivered at

the lowest possible flow rate. The flow rate should be consistent for the duration of the discharge with no significant flow fluctuations. The City shall be responsible for installing flow meters at the points where the Disinfected Tertiary Effluent, Raw Bypass, and Treated Wet Sludge are discharged into the respective outfalls that are described on Attachment 1 for the purpose of measuring the volume of the Disinfected Tertiary Effluent, Raw Bypass, and Treated Wet Sludge wastestreams prior to commingling with other streams in the Interceptor.

Subject to the capacity of its treatment system and the regulatory requirements which are applicable to the treatment of Disinfected Tertiary Effluent, Raw Bypass, and Treated Wet Sludge by VVWRA, VVWRA may agree to accept higher volumes of City-generated wastestreams for treatment at the WWTP during peak flow periods on very limited basis.

e) Specific Conditions to be met before future discharges to SCLA 1 interceptor is authorized:

The following conditions must be met prior to the Permittee connecting and discharging at SCLA 1 interceptor:

- The permittee shall notify VVWRA in writing of the intent to discharge 60 days prior to commencing discharge.
- The permittee shall install flow meters.
- The permittee shall install continuous pH meters if required.

Once VVWRA is satisfied that the permittee meets these conditions, the VVWRA General Manager will provide a will serve letter in writing.

f) General and Specific Discharge Prohibitions:

The permittee must not discharge wastewater or treated wet sludge containing any of the substances found under Part 6-Section A #13 titled *General and Specific Discharge Prohibitions* from any of the outfall(s). 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.

g) Other Requirements:

All discharges must comply with all other applicable laws, regulations, standards, and requirements contained in Ordinance No. 001 and any applicable state and federal pretreatment laws, regulations, standards, and requirements, including any such laws, regulations, standards, or requirements that might become effective during the term of this permit.

h) Cost of treatment

Cost of treatment for all discharges is per the following table:

Type of waste	Estimated VVWRA treatment cost	High Strength Surcharge
Raw Wastewater	Effective User charge per Ordinance 001	Yes, per high strength surcharges in ordinance 001

Recycled Water	Effective User charge per Ordinance 001	No high strength discharge
Waste Activated Sludge	Effective User charge per Ordinance 001	<ul style="list-style-type: none"> TSS 5000 mg/L to 10000 mg/L qualifies for a 25% surcharge=\$8437.00/Month TSS 10000 mg/L to 15000 mg/L qualifies for a 50% surcharge=\$10,125.00/Month

Part 2-Monitoring Requirements:

a) Sampling and Analyses

- 1) All samples must be collected, preserved, and analyzed in accordance with the procedures established in Section 08-09.2 of Ordinance No. 001, 40 CFR Part 136, 40 CFR Part 403.12(b)(5) and amendments.
- 2) All analyses shall be conducted at an independent state and/or federal certified laboratory.
- 3) Sampling points shall be:

Discharge #	Waste stream Description	Discharge Point	Sampling Point#	Sampling Point Location (See Map in Attachment 1)
1	Disinfected Tertiary	Outfall 001	001	Before Discharge Point of Disinfected Tertiary Recycled Water at COVV IWWTP
2	Raw Bypass	Outfall 001	001	Sewer Connection at VVWRA’s Adelanto Interceptor Manhole #15
3	Treated Wet Sludge	Outfall 002	002	Sewer Connection at VVWRA’s Adelanto Interceptor Manhole #14
4	Disinfected Tertiary	Outfall 003	001	Before Discharge Point of Disinfected Tertiary Recycled Water at COVV IWWTP

- 4) Samples and measurements taken as required herein must be representative of the volume and nature of the monitored discharges.
- 5) Quarterly and Semi-Annual samples shall be collected on a working day per the following schedule:

Sample #	Sample shall be collected between
Quarter#1 & Semi-Annual#1	January 1 st -March 31 st
Quarter#2	April 1 st -June 30 th
Quarter#3 & Semi-Annual#2	July 1 st -September 30 th
Quarter#4	October 1 st -December 31 st

- 6) VVWRA reserves the right to split any wastewater or treated wet sludge sample(s).
- 7) Permittee shall notify VVWRA Environmental Compliance Department by email at EC@VVWRA.COM or by telephone at (760) 246-8638 prior to each sample collection.
- 8) Additional samples shall also be collected during any accidental discharge, bypass, slug load discharge, or during any upset in operations in accordance with Reporting Requirements, Part 3-c)
- 9) Definitions of sample types can be found in Part 6 #12 Definitions.

b) Sampling and Analyses for Discharges #1, #2 and #4

If Disinfected Tertiary Effluent or Raw Bypass are to be discharged at Outfall 001 and 003, the permittee shall immediately notify VVWRA and sample the first flush for all parameters in **Table 001** below. If discharges continue for an extended period of time, the permittee shall monitor the discharges at the indicated frequency in Table 001 below:

Table 1

Sample Parameter (Units)	Sampling Point	Frequency	Sample Type
Flow (gpd)	(all discharges shall have a flowmeter)	Continuous	Meter
pH (s.u.)	001	Continuous	Meter
BOD (mg/L)	001	1 time/Month	24-hr composite
COD (mg/L)	001	1 time/Month	24-hr composite
Nitrogen, Ammonia (mg/L)	001	1 time/Month	24-hr composite
Total Dissolved Solids (mg/L)	001	1 time/Month	24-hr composite
Total Suspended Solids (mg/L)	001	1 time/Month	24-hr composite
Electrical Conductivity (umhos/cm)	001	1 time/Month	24-hr composite
Arsenic (mg/L)	001	1 time/3 Months	24-hr composite
Barium (mg/L)	001	1 time/3 Months	24-hr composite
Boron (mg/L)	001	1 time/3 Months	24-hr composite
Cadmium (mg/L)	001	1 time/3 Months	24-hr composite
Chromium Total (mg/L)	001	1 time/3 Months	24-hr composite
Copper (mg/L)	001	1 time/3 Months	24-hr composite
Iron (mg/L)	001	1 time/3 Months	24-hr composite
Lead (mg/L)	001	1 time/3 Months	24-hr composite
Mercury (mg/L)	001	1 time/3 Months	24-hr composite
Molybdenum (mg/L)	001	1 time/3 Months	24-hr composite
Nickel (mg/L)	001	1 time/3 Months	24-hr composite
Selenium (mg/L)	001	1 time/3 Months	24-hr composite
Silica (mg/L)	001	1 time/3 Months	24-hr composite
Silver (mg/L)	001	1 time/3 Months	24-hr composite
Zinc (mg/L)	001	1 time/3 Months	24-hr composite
Cyanide, Total (mg/L)	001	1 time/3 Months	Grab
Fluoride (mg/L)	001	1 time/3 Months	24-hr composite
MBAS (Surfactants) (mg/L)	001	1 time/3 Months	Grab
Total Petroleum Hydrocarbons (mg/L)	001	1 time/3 Months	Grab
Oil & Grease, Total (mg/L)	001	1 time/3 Months	Grab
TOC (mg/L)	001	1 time/6 Months	24-hr composite

Semi & Non-Volatile Organic Compounds ($\mu\text{g/L}$) ¹	001	1 time/6 Months	Grab
Volatile Organic Compounds ($\mu\text{g/L}$) ²	001	1 time/6 Months	Grab

c) **Sampling and Analyses for Discharge #3**

If Treated Wet Sludge is to be discharged at Outfall 002, the permittee shall immediately notify VVWRA. The permittee shall monitor the discharge for the parameters in **Table 002**:

Table 002

Sample Parameters (Units)	Sampling Point	Frequency	Sample Type
Flow (gpd)	002	Continuous	Meter
BOD (mg/L)	002	1 time/Month	Grab
Ammonia, as N (mg/L)	002	1 time/Month	Grab
Total Solids (TS)	002	1 time/Month	Grab
Volatile Solids	002	1 time/Month	Grab
Toxicity Characteristic, TCLP Reported on a dry weight basis	002	1 time/Month	Grab

d) **Automatic Resampling with Violations:**

- 1) If sampling by VVWRA or permittee indicates that the permittee is discharging constituents in violation of the mass emission or concentration limits established by VVWRA or contained in permittee's Nondomestic Wastewater Discharge Permit, then the permittee must notify VVWRA within twenty-four (24) hours of becoming aware of the violation. The permittee shall collect a follow-up sample. The permittee shall submit the completed sample analysis to VVWRA within thirty (30) days of notification.
- 2) The follow-up sample shall be described as a "Repeat Sample."
- 3) If the follow-up sample indicates noncompliance with permit requirements, the permittee may be required by VVWRA to immediately initiate a noncompliance monitoring program requiring additional sampling and reporting by the permittee in accordance with a schedule issued by VVWRA. During the program, the permittee may be subject to noncompliance fees established by VVWRA resolution. Fees may be required for each sample analysis indicating violation or violations of limits specified in permittee's permit or established by VVWRA resolution. permittee may also be subject to a fee for each sample analysis not submitted by the permittee to VVWRA in accordance with the schedule specified in the program.

¹ Semi-and Non-Volatile Organic Compounds Analysis to include Bis(2-ethylhexyl)phthalate and Dibenzo(a,h)anthracene

² Volatile Organic Compounds to include Methyl Tert Butyl Ethylene (MTBE), Tetrachloroethene, Toluene, TCE or PCE, Bromoform, Chloroform, Dibromochloromethane, and Dichlorobromomethane.

- 4) The noncompliance monitoring program may be terminated by VVWRA upon the permittee's demonstration of a return to compliance. To demonstrate a return to compliance, the permittee 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.

e) **Flow Monitoring:**

Flow monitoring devices shall be installed and maintained by the Facility at all outfalls. The devices must be capable of +/- 5% accuracy throughout the flow range and shall be calibrated by a certified technician on at least a quarterly basis. Permittee shall provide a quarterly meter verification report to VVWRA that is prepared by an independent third party. Records of daily totalized flows (in gallons) shall be provided to VVWRA on or before the 15th day of each month (for billing purposes) and at the same time as weekly and monthly sample laboratory analyses are reported as well.

f) **pH Monitoring**

A continuous pH meter must be installed and maintained at Outfall 001; copies of this continuous monitoring data must be provided to VVWRA each month. Continuous monitoring data reports shall be annotated with explanations for each time period in which the pH meter is offline.

Part 3-Reporting/Auditing Requirements:

a) **Self-Monitoring Reports:**

- a. A copy of all wastewater samples analyses shall be sent directly from the certified analytical laboratory to VVWRA at EC@VVWRACA.GOV , along with a copy of the chain of custody forms, as soon as they are completed.
- b. Final self-monitoring reports shall be submitted to VVWRA by the 15th day of each month and must contain the following:
 - i. Records of sampling and analyses must include the following:
 - 1) The date, exact place, time, and methods of sampling or measurements, and sample preservation techniques or procedures.
 - 2) Who performed the sampling or measurement.
 - 3) The date(s) analyses were performed.
 - 4) Who performed the analyses.
 - 5) The analytical techniques or methods used; and
 - 6) The results of such analyses.
 - 7) The chain of custody of all samples

- ii. The following signed certification statement on the cover page:

"I certify under penalty of law that this document and all attachments were prepared under my direction of 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."

- c. All reports required by this permit shall be submitted to VVWRA at the following address:
Victor Valley Wastewater Reclamation Authority
Environmental Compliance Department
20111 Shay Rd, Victorville CA 92394
- d. The permittee shall comply with "Additional Reporting Requirements" in Part 6 – Standard Conditions, Section D.

b) **Annual Hauled Waste Reports:**

Permittee shall submit an annual hauled waste report to VVWRA by the 15th day of February of each year. Annual hauled waste reports shall include copies of receipts showing the volume and point of disposal for all hazardous and saline wastes hauled from permittee's Facility. If no hazardous or saline wastes are hauled, the report shall so specify. Reports shall be signed and certified in accordance with Signatory Requirements contained in Section D.5 of Part 6- Standard Conditions.

c) **Accidental Discharge, Bypass, Slug Load Discharge, and Upset Reports:**

The permittee must notify VVWRA immediately upon the occurrence of spills, including accidental discharges, discharges of a nonroutine, episodic nature, a non-customary batch discharge, slug loads or slug discharges that might cause potential problems for the POTW or spills that might enter the public sewer. During normal business hours, VVWRA should be notified by telephone at (760)246-8638 At all other times. The notification must include location of discharge; date and time of discharge; type of waste, including concentration and volume; and corrective actions taken. The permittee's notification of accidental releases in accordance with this section does not relieve it of other reporting requirements that arise under local, state, or federal laws.

Within 5 days following an accidental discharge, the permittee shall submit to VVWRA a detailed written report. The report must specify the following:

- a. Description and cause of the upset, slug load, or accidental discharge; the cause thereof; and the impact on the permittee's compliance status. The description should also include location of discharge and type, concentration, and volume of waste.
- b. Duration of noncompliance, including exact dates and times of noncompliance and, if the noncompliance is continuing, the time by which compliance is reasonably expected to occur.
- c. All steps taken or to be taken to reduce, eliminate, and/or prevent recurrence.

d) **Monitoring pollutants more frequently than required by this permit:**

- d. If the permittee monitors any pollutant more frequently than required by this permit, using test procedures prescribed in Section (a)(1) of Part 2 (Monitoring Requirements – Sampling and Analysis), or otherwise approved by the U.S. Environmental Protection Agency (EPA) or VVWRA, the results of such monitoring must be included in any calculations of actual daily maximum or monthly average pollutant discharge, and

results must be reported in the monthly report submitted to VVWRA. Such an increased monitoring frequency must also be indicated in the monthly report.

Part 4-Special Requirements:

a) Equipment Maintenance

Equipment shall be maintained on a regular basis to prevent pollutant discharge in excess of permit limits to the public sewer. Based on past monitoring records, VVWRA anticipates billing the permittee for high strength wastewater and/or sludge using the prevailing surcharge rates, which are approved and adopted by the Board of Commissioners on an annual basis.

Part 5- Industrial permittee Compliance Plans:

The permittee is not required, at this time, to prepare or submit a Slug Discharge Control Plan and/or a Solvent Management Plan.

A Slug Discharge Control Plan and/or a Solvent Management Plan shall be prepared by the Industrial permittee in accordance with VVWRA guidelines and submitted to VVWRA for approval if and when the Industrial permittee is notified by VVWRA to do so. Guidance material on preparing Slug Discharge Control Plans and Solvent Management Plans is available from VVWRA Environmental Compliance Department.

Part 6-Standard Conditions

Section A. General Conditions and Definitions

1. Severability

The provisions of this permit are severable, and if any provision of this permit, or the application of any provision of this permit to any circumstance, is held invalid, the application of such provision to other circumstances, and the remainder of this permit, will not be affected thereby and will continue in full force and effect.

2. Duty to Comply

The permittee must comply with all conditions of this permit. Failure to comply with the requirements of this permit may be grounds for administrative action, or enforcement proceedings including civil or criminal penalties, injunctive relief, and summary abatements.

3. Duty to Mitigate

The permittee must take all reasonable steps to maintain or correct any adverse impact to the public treatment plant or the environment resulting from noncompliance with this permit, including such accelerated or additional monitoring as necessary to determine the nature and impact of the noncomplying discharge.

4. Permit Modification

The POTW Manager may modify the permit for good cause, including but not limited to, the following reasons:

- a. To incorporate any new or revised federal, state, or local pretreatment standards or requirements;

- b. To address significant alterations or additions to the permittee's operation, processes, or wastewater volume or character since the time of the individual wastewater discharge permit issuance;
- c. A change in any process or discharge condition in either the Industrial User (permittee) or 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 Control Authority's collection and treatment systems, POTW personnel or the receiving waters;
- e. Violation of any terms or conditions of the permit;
- f. Misrepresentation or failure to disclose fully all relevant facts in the permit application or in any required reporting;
- g. Revision of or a grant of variance from such categorical standards pursuant to 40 CFR 403.13;
- h. To correct typographical or other errors in the permit;
- i. To reflect transfer of the Facility ownership and/or operation to a new owner or operator; or
- j. Upon request of the permittee, provided such request does not create a violation of any applicable requirements, standards, laws, or rules and regulations.

The filing of a request by the permittee for a permit modification, revocation and reissuance, or termination, or a notification of planned changes or anticipated noncompliance, does not stay any permit condition.

5. Permit Termination

This permit may be terminated for the following reasons:

- a. Failure to notify the POTW Manager of significant changes to the wastewater before the changed discharge;
- b. Failure to provide prior notification to the POTW Manager of changed conditions;
- c. Misrepresentation or failure to fully disclose all relevant facts in the wastewater discharge permit application;
- d. Falsifying self-monitoring reports or certification statements;
- e. Tampering with monitoring equipment;
- f. Refusing to allow timely access to the Facility premises and records;
- g. Failure to meet effluent limitations;
- h. Failure to pay fines;
- i. Failure to pay sewer charges;
- j. Failure to meet compliance schedules;
- k. Failure to complete a wastewater survey or the wastewater discharge permit application;
- l. Failure to provide advance notice of the transfer of business ownership of a permitted Facility; or
- m. Violation of any Pretreatment Standard or Requirement including required best management practices, or any terms of the wastewater discharge permit or Ordinance No. 001
- n. Failure to cooperate and submit information pursuant to an audit request by VVWRA

- o. Failure to comply with any material provision of this Permit

6. Permit Appeals

The permittee may petition to appeal the terms of this permit within 30 days of the notice.

This petition must be in writing; failure to submit a timely petition for review will be deemed to be a waiver of the administrative appeal. In its petition, the permittee must indicate the permit provisions objected to, the reasons for this objection, and the alternative condition, if any, it seeks to be placed in the permit.

The effectiveness of this permit will not be stayed pending the appeal. If the POTW Manager fails to act within 30 days, a request for reconsideration will be deemed to be denied. Decisions not to reconsider a permit, not to issue a permit, or not to modify a permit will be considered final administrative actions for purposes of judicial review.

The permittee seeking judicial review of the final administrative permit decision must do so by filing a complaint with the Municipal or Superior Court for San Bernardino County

7. Property Rights

The issuance of this permit does not convey any property rights of any sort, or any exclusive privileges, nor does it authorize any injury to private property or any invasion of personal rights, nor any violation of federal, state, or local laws or regulations.

8. Permit Transfer

Nondomestic Wastewater Discharge Permits are issued to specific Industrial Users for specific operations. A Nondomestic Wastewater Discharge Permit is not 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 VVWRA.

9. Duty to Reapply

The permittee must apply for permit reissuance by submitting a complete permit application, in accordance with 08-07.8 section of Ordinance No 001, a minimum of 90 days before the expiration of the existing permit.

10. Continuation of Expired Permits

An expired permit will continue to be effective and enforceable until the permit is reissued if:

- a) The permittee has submitted a complete permit application at least 90 days prior to the expiration date of the user's existing permit.
- b) The failure to reissue the permit, prior to expiration of the previous permit, is not due to any act or failure to act on the part of the permittee.

11. Dilution

A permittee must not ever increase the use of potable or process water or, in any way, attempt to dilute a discharge as a partial or complete substitute for adequate treatment to achieve compliance with a discharge limitation unless expressly authorized by an applicable Pretreatment Standard or Requirement. The POTW Manager may impose mass limitations on

permittees who are using dilution to meet applicable Pretreatment Standards or Requirements, or in other cases when the imposition of mass limitations is appropriate.

12. Definitions

All definitions not defined in this permit shall have the meaning set forth in Ordinance No. 001.

- a) **Composite Sample**—A sample that is collected over time, formed either by continuous sampling or by mixing discrete samples. The sample may be composited either as a time composite sample composed of discrete sample aliquots collected in one container at constant time intervals providing representative samples irrespective of stream flow; or as a flow proportional composite sample collected either as a constant sample volume at time intervals proportional to stream flow, or collected by increasing the volume of each aliquot as the flow increases while maintaining a constant time interval between the aliquots.
- b) **Daily Maximum**—The arithmetic average of all effluent samples for a pollutant collected during a calendar day.
- c) **Daily Maximum Limit**—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 a concentration, the daily discharge is the arithmetic average measurement of the pollutant concentration derived from all measurements taken that day.
- d) **Grab Sample**—An individual sample collected in less than 15 minutes, without regard for flow or time.
- e) **Instantaneous Maximum Concentration**— The maximum limit allowable concentration of a pollutant determined from the analysis of any discrete or composited sample collected independent of the industrial flow rate and the duration of the sampling event.
- f) **Cooling Water**
 - i. **Uncontaminated**—Water used for cooling purposes only that has no direct contact with any raw material, intermediate, or final product and that does not contain a level of contaminants detectably higher than that of the intake water.
 - ii. **Contaminated**—Water used for cooling purposes only that might become contaminated either through the use of water treatment chemicals used for corrosion inhibitors or biocides, or by direct contact with process materials or wastewater.
- g) **Monthly Average**: The arithmetic mean of the values for effluent samples collected during a calendar month or specified 30-day period (as opposed to a rolling 30-day window).
- h) **Weekly Average**: The arithmetic mean of the values for effluent samples collected over a period of 7 consecutive days.
- i) **Bi-Weekly**: Once every other week.
- j) **Bi-Monthly**: Once every other month.
- k) **Upset**: An exceptional incident in which there is unintentional and temporary noncompliance with technology-based permit effluent limitations because of factors

beyond the reasonable control of the permittee, excluding such factors as operational error, improperly designed or inadequate treatment facilities, or improper operation and maintenance or lack thereof.

- l) **Bypass**: The intentional diversion of wastes from any portion of a treatment Facility.
- m) **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 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 VVWRA'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.
 - f) Treated Wet Sludge: Treated Waste Activated sludge from Membrane Bio-Reactor (MBR)

13. General and specific discharge prohibitions

Permittee shall not introduce or cause to be introduced into the POTW any pollutant or wastewater which causes pass through or interference.

The permittee must also comply with all the specific discharge prohibitions standards in section 08-04.3 of Ordinance No.001. Namely, the industrial user must not discharge:

a) 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.

b) 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.

c) 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. VVWRA 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 charges and fees by permittee. 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 VVWRA.

d) 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, waste-streams 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.

e) Corrosive Materials

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.

f) 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.

g) 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.

h) 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.

i) 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

j) 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.

k) 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.

l) 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 VVWRA, including restrictions on time and place of discharge.

m) Trucked/Hauled Wastes

Any trucked or hauled pollutants or wastewater, except at such place and in such manner as prescribed by VVWRA.

n) 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.

o) 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.

p) Soluble Oils

Any non-biodegradable cuttings oils, commonly called soluble oils, which form persistent water emulsions.

q) 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.

r) 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).

s) 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.

t) 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.

u) Water Softener Brines

Discharges from the regenerative process of onsite water softening units is not permitted to be discharged into the sanitary sewer system.

v) Dissolved Organic Halides (DOX)

Any quantity of Dissolved Organic Halides (Purgeable Halocarbons).

w) 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.

x) Ethoxylated Alkyl Phenol Surfactants

Any quantity of surfactants or detergents based on Ethoxylated Alkyl Phenols (Alkyl Phenol Ethoxylates, APE, EAP).

y) 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.

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.

14. Dischargers Compliance:

All discharges must comply with all other applicable laws, regulations, standards, and requirements contained in Ordinance No.001 and any applicable state and federal pretreatment laws, regulations, standards, and requirements, including any such laws, regulations, standards, or requirements that might become effective during the term of this permit.

Section B. Operation and Maintenance of Pollution Controls

1. Proper Operation and Maintenance

The permittee must at all times properly operate and maintain all facilities and systems of treatment and control (and related appurtenances) which are installed or used by the permittee to achieve compliance with the conditions of this permit. Proper operation and maintenance includes the following: effective performance, adequate funding, adequate operator staffing and training, and adequate laboratory and process controls, including appropriate quality assurance procedures. This provision requires the operation of back-up or auxiliary facilities or similar systems only when necessary to achieve compliance with the conditions of the permit.

2. Duty to Halt or Reduce Activity

Upon reduction of efficiency of operation, or loss or failure of all or part of the treatment Facility, the permittee must, to the extent necessary to maintain compliance with its permit, control its production or discharges (or both) until operation of the treatment Facility is restored or an alternative method of treatment is provided. Such a requirement applies, for example, when the primary source of power of the treatment Facility fails or is reduced. It will not be a defense for a permittee in an enforcement action that it would have been necessary to halt or reduce the permitted activity to maintain compliance with this permit.

3. Bypass of Treatment Facilities

Bypass is prohibited and VVWRA may take enforcement action against the permittee for bypass.

- a) Unless the bypass is unavoidable to prevent loss of life, personal injury, or severe property damage.
- b) Unless there were no feasible alternatives, 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 that occurred during normal periods of equipment downtime or preventive maintenance.
- c) VVWRA may approve an anticipated bypass, after considering its adverse effects, if VVWRA determines that it will meet the conditions listed in the paragraph above.

d) Bypass Notifications

- a. If permittee knows in advance of the need for a bypass, it shall submit prior notice to VVWRA, at least ten (10) days before the date of the bypass, if possible.
- b. Permittee shall submit oral notice to VVWRA 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 permittee 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. VVWRA may waive the written report on a case-by-case basis if the oral report has been received within twenty-four (24) hours.

4. Disposal of Pretreatment Wastes

Solids, sludges, filter backwash, or other pollutants removed in the course of treatment or control of wastewaters must be disposed of in accordance with section 405 of the Clean Water Act and Subtitles C and D of the Resource Conservation and Recovery Act.

Section C. Monitoring and Records

1. Representative Sampling

Samples and measurements taken as required herein must be representative of the volume and nature of the monitored discharge. All samples must be taken at the monitoring points specified in this permit and, unless otherwise specified, before the effluent joins or is diluted by any other wastestream, body of water or substance. All equipment used for sampling and analysis must be routinely calibrated, inspected and maintained to ensure their accuracy. Monitoring points must not be changed without notification to and the approval of VVWRA.

2. Flow Measurements

If flow measurement is required by this permit, the appropriate flow measurement devices and methods consistent with approved scientific practices must be selected and used to ensure the accuracy and reliability of measurement of the volume of monitored discharges. The devices must be installed, calibrated, and maintained to ensure that the accuracy of the measurements are consistent with the accepted capability of that type of device. The devices selected must be capable of measuring flows with +/- 5% accuracy throughout the flow range.

3. Analytical Methods to Demonstrate Continued Compliance

All sampling and analysis required by this permit must be performed in accordance with the techniques prescribed in 40 CFR Part 136 and amendments thereto, otherwise approved by EPA, or as specified in this permit.

4. Additional Monitoring by the Permittee

If the permittee monitors any pollutant more frequently than required by this permit, using test procedures approved under 40 CFR Part 136 and amendments thereto, the results of this monitoring must be included in the permittee's self-monitoring reports.

5. Inspection and Entry

The permittee must allow VVWRA, or an authorized representative or federal and state personnel, upon the presentation of proper identification, to do the following:

- a) Enter the permittee's premises where a regulated Facility or activity is located or conducted or where records must be kept under the conditions of this permit;
- b) Have access to and copy, at reasonable times, any records that must be kept under the conditions of this permit;
- c) Inspect at reasonable times any facilities, equipment (including monitoring and control equipment), practices, or operations regulated or required under this permit;
- d) Sample or monitor, for the purposes of assuring permit compliance, any substances or parameters at any location; and
- e) Inspect any production, manufacturing, fabricating, or storage area where pollutants, regulated under the permit, could originate, be stored, or be discharged to the sewer system.

6. Retention of records

- a. The permittee must retain records of all monitoring information including all calibration and maintenance records and all original strip chart recordings for continuous monitoring instrumentation, copies of all reports required by this permit, and records of all data used to complete the application for this permit, for a period of at least 3 years from the date of the sample, measurement, report, or application. This period may be extended by request of VVWRA at any time.
- b. The permittee must retain and preserve all records that pertain to matters that are the subject of special orders or any other enforcement or litigation activities brought by VVWRA until all enforcement activities have concluded and all periods of limitation with respect to any and all appeals have expired.

7. Records contents

Records of sampling and analyses must include the following:

- a) The date, exact place, time, and methods of sampling or measurements, and sample preservation techniques or procedures.
 - b) Who performed the sampling or measurement.
 - c) The date(s) analyses were performed.
 - d) Who performed the analyses.
 - e) The analytical techniques or methods used; and
 - f) The results of such analyses.
- a. The chain of custody of all samples

8. Auditing

In addition to the record inspection and record keeping requirements set forth above, Permittee agrees that VVWRA, or its designated representative shall have the right to review and to copy any records and supporting documentation pertaining to this Permit. Permittee agrees to maintain such records for possible audit for a minimum of five (5) years, unless a longer period of records retention is stipulated. Permittee agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might

reasonably have information related to such records. Further, Permittee agrees to include a similar right of VVWRA to audit records and interview staff in any subcontract related to operations and maintenance of the Industrial Wastewater Treatment Plant or any other facility related to this Permit.

Section D. Additional Reporting Requirements

1. Changes in Operation

The permittee must obtain written approval from VVWRA prior to initiating any changes in the permittee'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.

2. Anticipated Noncompliance

The permittee shall give advance notice to VVWRA of any activity which may result in noncompliance with permit requirements. Within 24 hours, the permittee shall submit to VVWRA a written report (using the attached form) giving the reasons for the noncompliance and actions taken to prevent recurrence.

3. Automatic Resampling

- a. If sampling by VVWRA or permittee indicates that the permittee is discharging constituents in violation of the mass emission or concentration limits established by VVWRA resolution or contained in permittee's Nondomestic Wastewater Discharge Permit, then the permittee must notify VVWRA within twenty-four (24) hours of becoming aware of the violation. The permittee shall collect a follow-up sample. The permittee shall submit the completed sample analysis to VVWRA within thirty (30) days of notification.
- b. If the follow-up sample indicates noncompliance with permit requirements, the permittee may be required by VVWRA to immediately initiate a noncompliance monitoring program requiring additional sampling and reporting by the permittee in accordance with a schedule issued by VVWRA. During the program, the permittee may be subject to noncompliance fees established by VVWRA resolution. Fees may be required for each sample analysis indicating violation or violations of limits specified in permittee's permit or established by VVWRA resolution. permittee may also be subject to a fee for each sample analysis not submitted by the permittee to VVWRA in accordance with the schedule specified in the program.
- c. The noncompliance monitoring program may be terminated by VVWRA upon the permittee's demonstration of a return to compliance. To demonstrate a return to compliance, the permittee 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.

4. Duty to Provide Information

The permittee shall furnish to VVWRA, within a reasonable time, any information which VVWRA may request to determine whether cause exists for modifying, revoking and reissuing, or terminating this permit, or to determine compliance with this permit. The permittee shall also furnish VVWRA, upon request, copies of records required to be kept by this permit.

5. Signatory Requirements

All applications, reports, or information submitted to VVWRA must contain the following certification statement and be signed as required in Sections 1), 2), 3), or 4) below.

"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."

1. If the permittee is a corporation:

- i. 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
- ii. 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 permittee is a partnership or sole proprietorship: a general partner or proprietor, respectively;

3. If the permittee 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.

5. 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 VVWRA prior to or together with any reports to be signed by an authorized representative.

6. Other types of reports

The permittee is 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 Ordinance No 001, or a hazard to VVWRA and/or Member Entity personnel and/or the Public, the permittee shall verbally notify VVWRA 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 permittee. The verbal notification shall be followed by a written report submitted to VVWRA within five days. The permittee shall also repeat the sampling and analysis and submit the results of the repeat analysis to VVWRA within 30 days after becoming aware of the violation.
- b) **Notification of Changed Discharge:** All permittees shall promptly notify the POTW in advance of any substantial change in the volume or character of pollutants in their discharge. VVWRA may require the permittee 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 Ordinance No 001 Section 08-04. However, should any discharge of hazardous waste occur, the permittee shall observe the following notification procedures:
 - i. Permittee shall notify VVWRA, 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.
 - ii. 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).
 - iii. 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, permittee shall certify that it has a program in place to eliminate all hazardous waste discharges. A NOTICE SHALL BE PERMANENTLY POSTED ON THE PERMITTEE'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.

Section E. Enforcement Proceedings

1. Compensation for Damages

Permittee shall be liable to VVWRA for all damages and additional costs, including the imposition of fines or penalties on VVWRA by Federal, State or local regulatory agencies, resulting from any discharge of

wastewaters or by any other means by permittee which damage monitoring equipment, detrimentally affect 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. An administrative fee of twenty-five (25) percent of VVWRA's costs may be added to these charges and shall be payable within thirty (30) days of invoicing by VVWRA.

2. Revocation of Permit

Permittee is subject to having this Permit revoked if it violates the following conditions of this permit, or applicable State and Federal regulations:

- a) Failure of the permittee to factually report the wastewater constituents and characteristics of his discharge;
- b) Failure of the permittee to report significant changes in operations or wastewater constituents and characteristics;
- c) Failure of the permittee to provide reasonable access to the permittee'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 permittee 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.

3. Notification of Violation

Whenever the Manager finds that permittee has violated or is violating any applicable Pretreatment Standard or requirement contained in this 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, permittee shall submit to the Manager, within a prescribed period specified in the notice, a Specific Compliance Plan. Submission of such a plan in no way relieves permittee 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.

4. Compliance Time Schedule

The Manager may adopt a proposed Compliance Time Schedule submitted by permittee, 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 permittee 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

5. Administrative Orders

The Manager may require compliance with any prohibition, limitation, or requirement or the provisions of this Nondomestic Wastewater 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) **Compliance Orders:** When the Manager finds a discharge of wastewater has violated or threatens to violate any prohibition or limitation of the provisions of this 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.

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

- c) **Cease Discharge Orders:** When the Manager finds that permittee has violated or threatens to violate any provision of this Nondomestic Wastewater Discharge Permit, the Manager may revoke or suspend this Permit and terminate the discharge rights of permittee granted pursuant to this Permit upon issuance of a Cease Discharge Order. The permittee shall be liable for all costs for termination of sewer service incurred by the permittee and VVWRA.

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 reinstated by the Manager after the permittee has complied with all provisions in the Administrative Order. The permittee shall be liable for all costs for reinstating sewer service.

- a) **Immediate Termination of Service:** The Manager may immediately suspend wastewater treatment service or discharge by permittee in connection with this 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 permittee 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 permittee's premises for the purpose of inspection, monitoring, or sampling

If permittee is notified that wastewater treatment service or any right to discharge pursuant to this Nondomestic Wastewater Discharge Permit has been suspended, permittee 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 permittee to cease all discharge to the Outfalls described herein. The permittee shall be liable for all costs incurred by VVWRA in terminating sewer service and its right of discharge.

Sewer service and the right of discharge shall be reinstated by the Manager after the actual or threatened discharge has been eliminated. A detailed written statement, submitted by the permittee, 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 or discharge termination.

- b) **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.

6. Noncompliance Monitoring Program

- a) If sampling by VVWRA or permittee indicates that the permittee is discharging constituents in violation of the mass emission or concentration limits established by VVWRA resolution or contained in permittee's Nondomestic Wastewater Discharge Permit, then the permittee must notify the Manager within twenty-four (24) hours of becoming aware of the violation. The permittee shall collect a follow-up sample (as directed by Manager). The permittee shall submit the completed sample analysis to VVWRA within thirty (30) days of notification by VVWRA.
- b) If the follow-up sample indicates noncompliance with permit requirements, the permittee may be required by VVWRA to immediately initiate a noncompliance monitoring program requiring additional sampling and reporting by the permittee in accordance with a schedule issued by the Manager. During the program, the permittee may be subject to noncompliance fees established by VVWRA resolution. Fees may be required for each sample analysis indicating violation or violations of limits specified in permittee's permit or established by VVWRA resolution. permittee may also be subject to a fee for each sample analysis not submitted by the permittee to VVWRA in accordance with the schedule specified in the program.
- c) The noncompliance monitoring program may be terminated by VVWRA upon the permittee's demonstration of a return to compliance. To demonstrate a return to compliance, the permittee 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 permittee shall not bar VVWRA from undertaking any other enforcement procedures specified herein.

7. Administrative Hearing

In the event of an unauthorized discharge to the POTW that results in proposed enforcement action, permittee may request, or the Manager may order, an Administrative Hearing, at which permittee shall show cause why the proposed enforcement action should not be taken. An Administrative Hearing Officer who is a VVWRA Officer not directly involved in the enforcement of this permit, shall preside over the Administrative Hearing, at which each party, including the permittee and the Manager, shall have the right to present evidence. A notice shall be served on the permittee 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 permittee 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 permittee.

8. Annual Public Notice of Significant Noncompliance

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

9 - Legal Action

If permittee violates the provisions of this Permit, Federal or State Pretreatment requirements, or any order of VVWRA, VVWRA's legal counsel 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 permittee if permittee is found to have violated any of the provisions of Ordinance No. 001 or the orders, rules, regulations, and permits issued thereunder.

10 – Injunctive Relief

When the Manager finds that permittee has violated, or continues to violate, any provision of this 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 VVWRA's legal counsel for the issuance of a temporary or permanent injunction, as appropriate, which restrains or compels the specific performance of this Nondomestic Wastewater Discharge Permit or other requirements imposed by Ordinance No 001 on activities of permittee. The Manager may also seek such other action as is appropriate for legal and/or equitable relief, including a requirement for permittee to conduct environmental remediation. A petition for injunctive relief shall not be a bar against, or a prerequisite for, taking any other action against permittee.

11 - Civil Penalties

If permittee is found to have violated any prohibition, limitation or requirement of this 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, VVWRA 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 permit 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.

12. Criminal Penalties

Any person who willfully violates any provision of this permit ; 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 Nondomestic Wastewater Discharge Permit; or who falsifies, tampers with, or knowingly causes inaccuracy in any monitoring device or method required or authorized under this permit, 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 permit is committed, continued, or permitted by such person, and shall be punishable for that violation as provided by this Section.

13 – Remedies Nonexclusive

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

14 - Payment of Penalties

Except as otherwise provided, all penalties made pursuant to the provisions of this permit 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 permittee 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.

15 - Collection

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

Attachment 1: COVV IWWTP Outfalls and Sampling Points Maps



Pretreatment Program Fees

Permit Type	Wastewater Discharge Annual Permit Fee
Class I, II and IV	\$3,000

Program Item	Fee
Wastewater Discharge Permit Application Fee (Class I, II, IV):	\$200.00
Plan Check Fee	\$300.00
Follow-up Compliance Sampling Fee	\$200.00 plus analytical costs
Permit review requiring an outside consultant	Consultant fee



Victor Valley Wastewater Reclamation Authority

Treatment Plant
 20111 Shay Road
 Victorville CA 92394
 (760) 246-8638

Report of Slug Discharge or Other Problem

Date:	
Business Name:	
Address:	
Contact Name:	
Phone:	

Is this report?	<input type="checkbox"/> Before the discharge <input type="checkbox"/> After the discharge
Date and Time of Discharge:	
Type of Discharge:	<input type="checkbox"/> Spill or Slug Discharge <input type="checkbox"/> Upset <input type="checkbox"/> Bypass <input type="checkbox"/> Hazardous <input type="checkbox"/> Non Hazardous <input type="checkbox"/> Other (please explain):
Description of the problem (Please include location of discharge, type, concentration and Volume of waste)	
Cause(s) of the problem	
Impact on compliance	

Estimated date and time of return to compliance	
Corrective actions taken to reduce, eliminate and prevent similar occurrences in the future	

Who did you notify?

Date	Time	Name of Agency	Name of individual	How contacted (Phone, letter, in person, etc...)
		VVWRA		
		City or CSA		
		RWQCB		
		S.B County DEHS		
		Fire Department		
		Police Department		

Was the discharge partially or wholly flushed to?

<input type="checkbox"/> Sewer System	<input type="checkbox"/> Wholly	<input type="checkbox"/> Partially
<input type="checkbox"/> Storm Drain	<input type="checkbox"/> Wholly	<input type="checkbox"/> Partially
<input type="checkbox"/> Street	<input type="checkbox"/> Wholly	<input type="checkbox"/> Partially
<input type="checkbox"/> Ground	<input type="checkbox"/> Wholly	<input type="checkbox"/> Partially
<input type="checkbox"/> N/A	The waste was removed by: (please include name of the hauling company, address, telephone#) :	
	Date and Time of removal:	

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.

Name (Please print):	
Date:	
Signature:	

Note: The notification is to be made immediately with this report and needs to be delivered or faxed to VVWRA Environmental Compliance at (760) 246-5194 within 24 hours from the time of discharge.

VVW000 Class II Permit 2023-6121-12 Revision 1

Final Audit Report

2024-02-05

Created:	2024-02-05
By:	Latif Laari (llaari@vwwra.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAA4YBSKUTd18QK50Wpi6jZs5ZjpHcQgSNy

"VVW000 Class II Permit 2023-6121-12 Revision 1" History

-  Document created by Latif Laari (llaari@vwwra.com)
2024-02-05 - 9:15:20 PM GMT- IP address: 71.94.147.52
-  Document emailed to Latif Laari (llaari@vwwra.com) for signature
2024-02-05 - 9:15:26 PM GMT
-  Email viewed by Latif Laari (llaari@vwwra.com)
2024-02-05 - 9:16:17 PM GMT- IP address: 13.52.74.25
-  Document e-signed by Latif Laari (llaari@vwwra.com)
Signature Date: 2024-02-05 - 9:17:03 PM GMT - Time Source: server- IP address: 71.94.147.52
-  Agreement completed.
2024-02-05 - 9:17:03 PM GMT



Powered by
Adobe
Acrobat Sign

EXHIBIT 4

CITY OF VICTORVILLE



760.955.5000
FAX 760.269.0013
vville@victorvilleca.gov
http://victorvilleca.gov

14343 Civic Drive
P.O. Box 5001
Victorville, California 92393-5001

April 1, 2024

Victor Valley Wastewater Reclamation Authority
Attn: Darron Poulsen, General Manager
20111 Shay Rd.
Victorville, CA 92394

RE: Industrial Pretreatment Permit Issued to the City of Victorville (City) IWWTP

Dear Mr. Poulsen,

We are in receipt of your letter dated March 8, 2024, regarding the subject matter. Thank you for the opportunity to review the agreements you are proposing to rescind as a result of the provisions incorporated into Revision #1 of the Class II Nondomestic Wastewater Discharge Permit #2023-6120-12 (Permit) issued to the City of Victorville's Industrial Wastewater Treatment Plant (IWWTP).

The City has no objection to the rescindment of the two expired agreements (Standby Wastewater Treatment Agreement and Temporary Sludge Treatment Agreement) as the services included in these agreements have been incorporated into the latest Permit revision. Similarly, we have no objection to the rescindment of the Wastewater Excess Capacity Agreement (still in effect) as the services outlined in this agreement are not currently approved as part of the waste discharge permits issued by the State Water Resources Control Board (SWRCB) to the City and the Victor Valley Wastewater Reclamation Authority (VWWRA).

The City would also like to take this opportunity to ask that you initiate a study to consider including a separate rate in your ordinance for processing tertiary recycled wastewater already treated to Title 22 Code of Regulations specifications. Understanding that there are certain high strength surcharges provided for in your Fee Schedule, we believe a reduced rate for low strength influent (recycled water) should also be established. While some costs for treating recycled wastewater at your plant are inherent, it would seem logical that others could be reduced as treated wastewater and raw domestic wastewater characteristics are significantly different.

We look forward to working with you and your staff in exploring this possibility, as well as other future opportunities to share thoughts and collaborate.

Respectfully,

Keith C. Metzler
City Manager



**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
BOARD OF COMMISSIONERS STAFF REPORT**

TO: VVWRA Board of Commissioners
FROM: Darron Poulsen, General Manager
SUBMITTED BY: Latif Laari, Environmental Compliance Manager
DATE: April 25, 2024
SUBJECT: RECOMMENDATION TO AUTHORIZE THE GENERAL MANAGER TO APPROVE THE PURCHASE OF AERATION BASINS AIR FLOWMETERS FOR AN AMOUNT NOT TO EXCEED \$85,692.00.

<input checked="" type="checkbox"/> For Action	<input type="checkbox"/> Fiscal Impact: \$85,692.00
<input type="checkbox"/> Information Only	<input type="checkbox"/> Account Codes: 01-02-545-6015-9999
	<input checked="" type="checkbox"/> Funds Budgeted/Approved

STAFF RECOMMENDATION

Recommendation to authorize the General Manager to approve the purchase of Aeration Basins Air Flowmeters, for an amount not to exceed \$85,692.00.

PREVIOUS ACTION(S)

N/A

BACKGROUND INFORMATION

The regional plant wastewater reclamation facility relies on activated sludge treatment, a biological process used to remove contaminants from wastewater. This process works by introducing air containing dissolved oxygen produced by large blowers into a mixture of wastewater and a biological floc, which is a mass of microorganisms that grow in the aeration basins. Air flowmeters are used to measure air in these aeration basins to ensure proper nitrate removal takes place to meet our necessary treatment standards. Accurate and reliable flowmeters are an important part of this process. It is often necessary to replace these meters as part of our regular maintenance plans. The staff has decided that it is now time to replace twelve (12) flowmeters and twelve (12) isolation valves that are obsolete and have reached the end of their useful life in aeration basins 5-12.

The staff has standardized the use of Fluid Components International (FCI) flowmeters and supporting equipment due to operational reliability and efficiency. By standardizing this type of equipment staff can have one operating procedure for these critical flowmeters and have only one material type in the warehouse for regular maintenance and repairs. The VVWRA purchasing policy does allow for sole-source purchases for this type of critical and standard equipment. Ponton Industries Inc., the sole-source provider of FCI flowmeters and equipment in Southern

California has provided a sole source letter (Exhibit 1) to this effect. The vendor quote from Ponton Inc. is attached (Exhibit 2). This equipment was budgeted to be purchased this fiscal year.

It is recommended that the Board of Commissioners authorize the General Manager to purchase twelve FCI flowmeters and supporting equipment from Ponton Industries Inc. for an amount not to exceed \$85,692.00.

Attachment(s):

Exhibit 1: Vendor Quote

Exhibit 2: Sole Source Letter

EXHIBIT 1



Derek Evans
Electrical & Instrumentation
Victor Valley Wastewater Reclamation Authority
07-11-2019

Subject: FCI Exclusive Representative, PONTON INDUSTRIES INC

This letter is to confirm that PONTON INDUSTRIES INC is the exclusive representative for Fluid Components International, LLC (FCI) in Southern California.

Should you have any questions, please do not hesitate to contact us at FCI for further information.

Thank you!

Regards,

Lynor Stead

Lynor Stead
FCI Inside Sales
North America & Europe
Direct 760-736-6119

This document may contain confidential technical data, including trade secrets and propriety information which is the property of Fluid Components International LLC. Any other use is strictly prohibited without prior written consent of FCI.

1755 La Costa Meadows Dr. San Marcos CA 92078 USA ☎ Phone: 760-744-6950 ☎ Toll free: 800.854.1993 ☎ Fax: 760.736.6250
European Office: Persephonestraat 3-01, 5047 TT Tulburg, The Netherlands ☎ Phone: 31.13.5159989 ☎ Fax: 31-13-5799036
Web: www.fluidcomponents.com ☎ Email: info@fluidcomponents.com
FCI is ISO 9001 certified/conformance to AS9000

EXHIBIT 2



03/18/2024

Ref: Quotation# SQBQ003685-3

Bill To:
 VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
 20111 SHAY ROAD
 VICTORVILLE, CA 92394 USA

Please address order to:
Fluid Components International LLC
 c/o

1755 La Costa Meadows Drive
 San Marcos, CA 92078 USA

Ship To:
 VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
 20111 SHAY ROAD
 VICTORVILLE, CA 92394 USA

Shipment Terms: Prepaid & Add
 Ship Via: Federal Express
 Payment Terms: NET 30 O.A.C.
 Lead Time: 10 weeks to 12 weeks (Upon Acceptance of Order)
 Valid For: 30 Days

We appreciate the opportunity to work with you on your current project. Based on the information provided in your request, we are pleased to offer you the following proposal:

Line Item	Qty	Description	Unit Price (US\$)	Extended Price (US\$)																																																																
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14	F	Calibration, Set-Up and Conditions	Extended Temp Comp and Vortab (VEL, VFK, VIS, VMR or VSR)																																																																	
15	0	Second Calibration Application	Not Required																																																																	
16	0	Second Calibration, Set-Up and Conditions	Not Required																																																																	
17	0	Agency Approval	Not Required, CE Mark Included																																																																	
3	4	18in Remote ST80-40H0210J20HABF000 AVAL: SQBQ003685_3_3_1-4 <table border="1"> <thead> <tr> <th>Block</th> <th>Code</th> <th>Name</th> <th>Option</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>4</td> <td>Flow Element</td> <td>350°F [177°C] -FP Style; 316L Stainless Steel</td> </tr> <tr> <td>2</td> <td>0</td> <td>Pressure Measurement</td> <td>Always '0' for this Configuration</td> </tr> <tr> <td>3</td> <td>H</td> <td>Process Connection</td> <td>Retractable Packing Gland, Low Pressure; 50 psig [3,5 bar(g)] : 1-1/4 Inch, Teflon Packing</td> </tr> <tr> <td>4</td> <td>0</td> <td>Flange Required</td> <td>Male NPT</td> </tr> <tr> <td>567</td> <td>210</td> <td>Insertion U-Length</td> <td>1-21 Inches [533,4 mm]</td> </tr> <tr> <td>8</td> <td>J</td> <td>Pipe Mounting and Flow Direction</td> <td>Horizontal Pipe; Side Mount (Reference Diagram for Flow and Integral Display/Blind Direction)</td> </tr> <tr> <td>9</td> <td>2</td> <td>Transmitter Enclosure</td> <td>Remote Mount, Aluminum; with NPT Cable Entries</td> </tr> <tr> <td>10</td> <td>0</td> <td>Interconnecting Cable Length</td> <td>Not Required (Specify with Integral Configuration, if Supplying Own Cable, or if Cable Ordered as Separate Line Item)</td> </tr> <tr> <td>11</td> <td>H</td> <td>Transmitter Power Supply and Display</td> <td>85 Vac to 265 Vac Power; with Digital Display; 4-Button Keypad</td> </tr> <tr> <td>12</td> <td>A</td> <td>Transmitter Outputs and Communications</td> <td>(2) 4-20 mA Analog; HART, Modbus</td> </tr> <tr> <td>13</td> <td>B</td> <td>Calibration Application</td> <td>Custom Calibration: Air</td> </tr> <tr> <td>14</td> <td>F</td> <td>Calibration, Set-Up and Conditions</td> <td>Extended Temp Comp and Vortab (VEL, VFK, VIS, VMR or VSR)</td> </tr> </tbody> </table>	Block	Code	Name	Option	1	4	Flow Element	350°F [177°C] -FP Style; 316L Stainless Steel	2	0	Pressure Measurement	Always '0' for this Configuration	3	H	Process Connection	Retractable Packing Gland, Low Pressure; 50 psig [3,5 bar(g)] : 1-1/4 Inch, Teflon Packing	4	0	Flange Required	Male NPT	567	210	Insertion U-Length	1-21 Inches [533,4 mm]	8	J	Pipe Mounting and Flow Direction	Horizontal Pipe; Side Mount (Reference Diagram for Flow and Integral Display/Blind Direction)	9	2	Transmitter Enclosure	Remote Mount, Aluminum; with NPT Cable Entries	10	0	Interconnecting Cable Length	Not Required (Specify with Integral Configuration, if Supplying Own Cable, or if Cable Ordered as Separate Line Item)	11	H	Transmitter Power Supply and Display	85 Vac to 265 Vac Power; with Digital Display; 4-Button Keypad	12	A	Transmitter Outputs and Communications	(2) 4-20 mA Analog; HART, Modbus	13	B	Calibration Application	Custom Calibration: Air	14	F	Calibration, Set-Up and Conditions	Extended Temp Comp and Vortab (VEL, VFK, VIS, VMR or VSR)														
Block	Code	Name	Option																																																																	
1	4	Flow Element	350°F [177°C] -FP Style; 316L Stainless Steel																																																																	
2	0	Pressure Measurement	Always '0' for this Configuration																																																																	
3	H	Process Connection	Retractable Packing Gland, Low Pressure; 50 psig [3,5 bar(g)] : 1-1/4 Inch, Teflon Packing																																																																	
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Line Item	Qty	Description	Unit Price (US\$)	Extended Price (US\$)
		15 0 Second Calibration Application Not Required		
		16 0 Second Calibration, Set-Up and Conditions Not Required		
		17 0 Agency Approval Not Required, CE Mark Included		
			\$5,936.00	\$23,744.00
4	12	FCI Accessories 023237-01: Sun Shield, ST80 or ST100A Series, with Remote Transmitter	\$687.00	\$8,244.00
5	12	FCI Accessories Ball Valve: 1 1/4 inch FNPT Approx. Length 4.19 inches *Length is nominal and subject to change without notice. Lengths may vary from manufacturer to manufacturer and FCI may use multiple manufacturers. FCI recommends adding a minimum of 2 in to length shown and add to "U" length	\$375.00	\$4,500.00

Total Quotation Price: \$85,692.00

If you have any questions or comments regarding the proposal, please do not hesitate to contact me. Please advise if there are any corrections or additions required and we will submit a revision. Changes in specifications, application parameters or quantities may require a revision to this proposal that could affect the model numbers or pricing. Prices shown are good through the validity period and subject to change after expiration. Unless previously agreed to in writing, this quotation is subject to the manufacturer's standard terms and conditions.

Emilia Terry

emilia@pontonind.com
714-998-9073

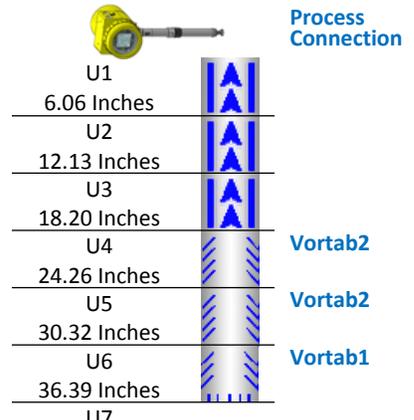
This proposal, including any attachments, may contain confidential data and information that is the property of Fluid Components International LLC (FCI). Disclosure of this data to you is expressly conditional upon your assent that its use is within your company only and does not include manufacture or processing uses. Any other use is strictly prohibited without prior written consent of FCI.

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	Quantity	Unit Price	Extended Price
FCI Spare Parts			
Line 1: ST80-Spare Electronics:			
026234-01C1E1: AC Powered; With Display and With Keypad; 4-20mA Analog/HART/Modbus Outputs	1	\$3,029.00	\$3,029.00
Line 2: ST80-Spare Electronics:			
026234-01C1E1: AC Powered; With Display and With Keypad; 4-20mA Analog/HART/Modbus Outputs	1	\$3,029.00	\$3,029.00
Line 3: ST80-Spare Electronics:			
026234-01C1E1: AC Powered; With Display and With Keypad; 4-20mA Analog/HART/Modbus Outputs	1	\$3,029.00	\$3,029.00
FCI Extended Warranty			
Line 1: ST80	1 Year	\$1,171.00	\$1,171.00
Line 2: ST80	1 Year	\$1,289.20	\$1,289.20
Line 3: ST80	1 Year	\$1,187.20	\$1,187.20
FCI Field Service (New Order)			
2 Days On-site	1	\$4,766.00	\$4,766.00
FCI Field Services Billable Expenses			
	1	\$3,371.00	\$3,371.00

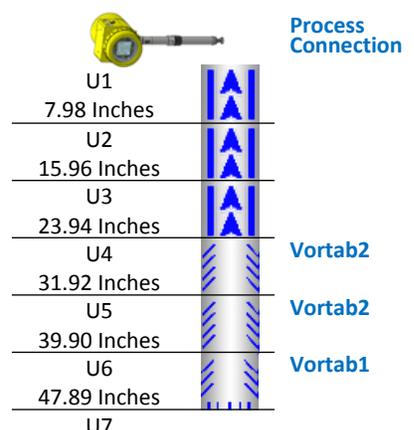
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Ponton Industries, Inc. 714-998-9073					
Quotation# SQBQ003685-3					
Line Number: 1					
AVAL Record Number: SQBQ003685_3_1_1-3					
Line Item: ST80-40H0120J20HABF000					
Prepared by: Emilia Terry emilia@pontonind.com					
Application Parameters:					
Media:	Air				
Line Size(I.D.):	6.065 Inches (6 inch Sch 40 (Std)) Round				
	Minimum	Normal	Maximum	Design Max	Units
Flow Range	12.75	350	750	750	SCFM
Process Temperature	100	150	200	200	deg F
Process Pressure	5	8.67	12	12	psig
Actual Velocity	0.7665 to 45.09 ft/sec @ 8.67 psig and 150 deg F				
Standard Velocity	1.059 to 62.30 SFPS @ 14.7 psia and 70 deg F				
Reynolds Number	2943.4 to 173140				
Standard Conditions	14.7 psia and 70 deg F				
Calibration Options	Vortab				
Selected Instrument:					
Model:	ST80				
Base Accuracy:	1.00% rdg. + 0.50% of full scale.				
Overall Uncertainty Estimate:	Overall uncertainty not evaluated - missing pipe diagram.				
Repeatability:	0.50% rdg.				
Totalizer:	Initialized				
Factory Set-Up Details:					
Output 1 (4-20 mA):	0 to 750 SCFM				
Output 2 (4-20 mA):	0 to 250 deg F				
Output 3:	Not Available on Model ST80				
Pulse/Frequency Output:	Not Available on Model ST80				
Bus Protocol:	HART/Modbus				
Thermo-Physical Properties of the Selected Media:					
Molecular Weight	28.967	Specific Gravity	1.0000		
Compressibility Factor	0.9995	Prandtl Number	0.7065		
	Imperial Measurements		Metric Measurements		
Density	0.10353 Lbm/Ft ³		1.6583 Kg/m ³		
Specific Heat	0.24056 BTU/Lbm-Deg R		1.00718 KJ/Kg-K		
Thermal Conductivity	0.016701 BTU/Hr-Ft-Deg R		0.028906 W/m-K		
Absolute Viscosity	1.3625E-05 Lbm/Ft-Sec		202.8 Micropoise		
Standard Density	0.074915 Lbm/Ft ³		1.2000 Kg/m ³		

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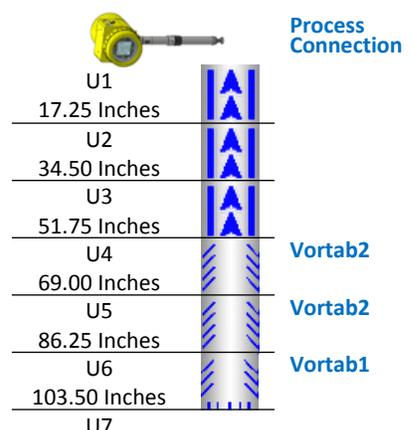
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Ponton Industries, Inc. 714-998-9073					
Quotation# SQBQ003685-3					
Line Number: 2					
AVAL Record Number: SQBQ003685_3_2_1-3					
Line Item: ST80-60P0120J20HABF000					
Prepared by: Emilia Terry emilia@pontonind.com					
Application Parameters:					
Media:	Air				
Line Size(I.D.):	7.981 Inches (8 inch Sch 40 (Std)) Round				
	Minimum	Normal	Maximum	Design Max	Units
Flow Range	200	975	2000	2000	SCFM
Process Temperature	100	150	200	200	deg F
Process Pressure	5	8.67	12	12	psig
Actual Velocity	6.943 to 69.43 ft/sec @ 8.67 psig and 150 deg F				
Standard Velocity	9.595 to 95.95 SFPS @ 14.7 psia and 70 deg F				
Reynolds Number	35087 to 350870				
Standard Conditions	14.7 psia and 70 deg F				
Calibration Options	Vortab				
Selected Instrument:					
Model:	ST80				
Base Accuracy:	1.00% rdg. + 0.50% of full scale.				
Overall Uncertainty Estimate:	1.00% rdg. + 0.50% of full scale.				
Repeatability:	0.50% rdg.				
Totalizer:	Initialized				
Factory Set-Up Details:					
Output 1 (4-20 mA): 0 to 2000 SCFM					
Output 2 (4-20 mA): 0 to 150 deg F					
Output 3: Not Available on Model ST80					
Pulse/Frequency Output: Not Available on Model ST80					
Bus Protocol: HART/Modbus					
Thermo-Physical Properties of the Selected Media:					
Molecular Weight	28.967	Specific Gravity	1.0000		
Compressibility Factor	0.9995	Prandtl Number	0.7065		
	Imperial Measurements		Metric Measurements		
Density	0.10353 Lbm/Ft ³		1.6583 Kg/m ³		
Specific Heat	0.24056 BTU/Lbm-Deg R		1.00718 KJ/Kg-K		
Thermal Conductivity	0.016701 BTU/Hr-Ft-Deg R		0.028906 W/m-K		
Absolute Viscosity	1.3625E-05 Lbm/Ft-Sec		202.8 Micropoise		
Standard Density	0.074915 Lbm/Ft ³		1.2000 Kg/m ³		

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Date: 03/18/2024					
Ponton Industries, Inc. 714-998-9073					
Quotation# SQBQ003685-3					
Line Number: 3					
AVAL Record Number: SQBQ003685_3_3_1-4					
Line Item: ST80-40H0210J20HABF000					
Prepared by: Emilia Terry emilia@pontonind.com					
Application Parameters:					
Media:	Air				
Line Size(I.D.):	17.25 Inches (18 inch Std) Round				
	Minimum	Normal	Maximum	Design Max	Units
Flow Range	700	3375	7000	7000	SCFM
Process Temperature	100	150	200	200	deg F
Process Pressure	5	8.67	12	12	psig
Actual Velocity	5.202 to 52.02 ft/sec @ 8.67 psig and 150 deg F				
Standard Velocity	7.189 to 71.89 SFPS @ 14.7 psia and 70 deg F				
Reynolds Number	56817 to 568170				
Standard Conditions	14.7 psia and 70 deg F				
Calibration Options	Vortab				
Selected Instrument:					
Model:	ST80				
Base Accuracy:	1.00% rdg. + 0.50% of full scale.				
Overall Uncertainty Estimate:	Overall uncertainty not evaluated - missing pipe diagram.				
Repeatability:	0.50% rdg.				
Totalizer:	Initialized				
Factory Set-Up Details:					
Output 1 (4-20 mA): 0 to 7000 SCFM					
Output 2 (4-20 mA): 0 to 250 deg F					
Output 3: Not Available on Model ST80					
Pulse/Frequency Output: Not Available on Model ST80					
Bus Protocol: HART/Modbus					
Thermo-Physical Properties of the Selected Media:					
Molecular Weight	28.967		Specific Gravity	1.0000	
Compressibility Factor	0.9995		Prandtl Number	0.7065	
	Imperial Measurements			Metric Measurements	
Density	0.10353 Lbm/Ft ³			1.6583 Kg/m ³	
Specific Heat	0.24056 BTU/Lbm-Deg R			1.00718 KJ/Kg-K	
Thermal Conductivity	0.016701 BTU/Hr-Ft-Deg R			0.028906 W/m-K	
Absolute Viscosity	1.3625E-05 Lbm/Ft-Sec			202.8 Micropoise	
Standard Density	0.074915 Lbm/Ft ³			1.2000 Kg/m ³	

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- U18
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Date: 03/18/2024

Ponton Industries, Inc. 714-998-9073

Quotation# SQBQ003685-3

Line Number: 1

Line Item: ST80-40H0120J20HABF000

Prepared by: Emilia Terry emilia@pontonind.com



Disclaimer: This drawing is for reference only and subject to change without notification. Actual, project-specific drawings for your application are available by contacting Fluid Components International (FCI).

TABLE 1		4-20mA / HART OUTPUT WIRING CONNECTIONS									
PIN NO.	PIN LABEL	ANALOG OUTPUT 4-20mA				HART OUTPUT					
		CH1		CH2		CH1 (INTERNAL)		CH1 (EXTERNAL)			
1	CH1	4-20mA INT HART (+)		⊕	*	*	*	⊕	*	*	*
2		4-20mA RTN INT HART RTN EXT HART (+)		*	⊖	*	*	*	⊖	⊕	*
3	CH2	4-20mA		*	*	⊕	*	*	*	*	*
4		4-20mA RTN		*	*	*	⊖	*	*	*	*
5	CH1	EXT HART RTN		*	*	*	*	*	*	*	⊖
6		RETURN		*	*	*	*	*	*	*	*

J25 CONNECTOR 16-28 AWG (MAIN BOARD)

TABLE 2		
PIN NO.	MODBUS	FOUNDATION FIELDBUS / PROFIBUS
	PIN LABEL	
1	B (+)	FIELDBUS A
2	RETURN	RETURN
3	A (-)	FIELDBUS B

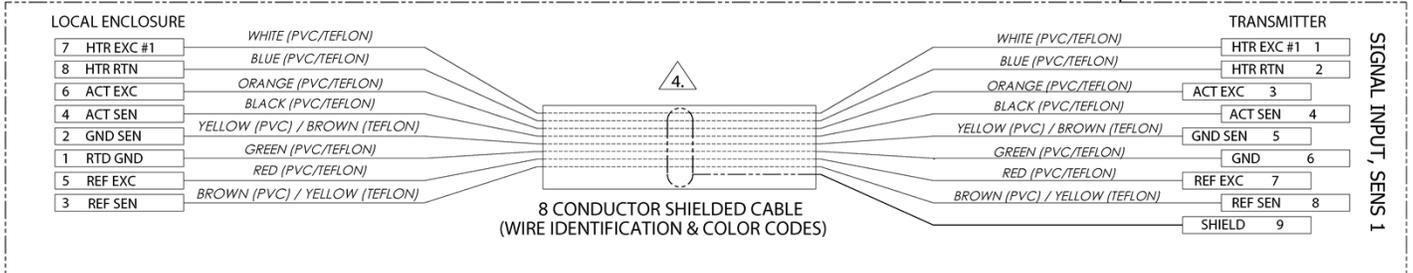
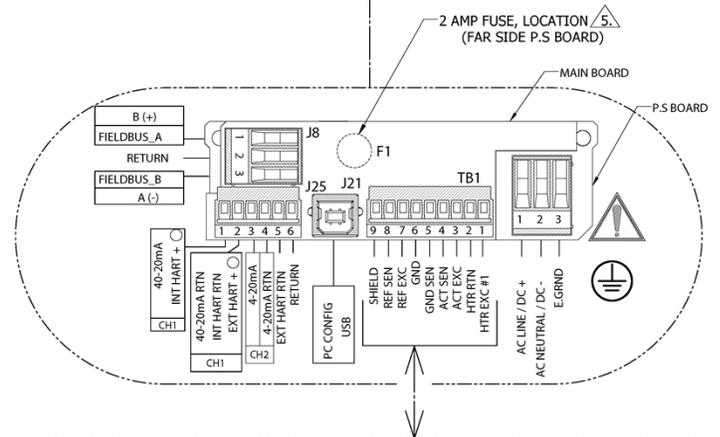
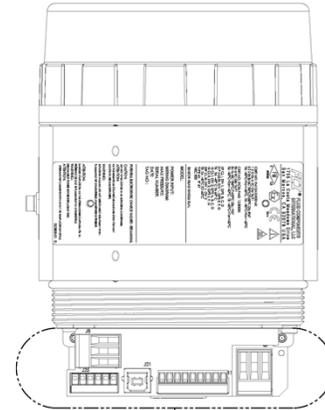
J8 CONNECTOR 12-24 AWG (MAIN BOARD)

TABLE 3		
PIN NO.	(AC POWER 85-265 Vac)	(DC POWER 19.2-28.8 Vdc)
	1	AC LINE
2	AC NEUT	DC -
3	E.GRND	E.GRND

P1 CONNECTOR 12-24 AWG (P.S. BOARD)

TABLE 4						
CONNECTION	10 FT	50 FT	100 FT	250 FT	500 FT	1000 FT
POWER AC OR DC	22	22	22	20	18	16
INTERCONNECTING SHIELDED SIGNAL CABLE	24	24	24	22	22	18
ANALOG OUT (HART)	16-28	16-28	16-28	16-28	16-28	16-28
DIGITAL OUT (FOUNDATION FIELDBUS)	FF-844-H1 (14-24 AWG)					
MODBUS	RS485 (14-24 AWG)					

INSTRUMENT WIRING RECOMMENDED AWG



Disclaimer: This drawing is for reference only and subject to change without notification. Actual, project-specific drawings for your application are available by contacting Fluid Components International (FCI).

Date: 03/18/2024

Ponton Industries, Inc. 714-998-9073

Quotation# SQBQ003685-3

Line Number: 2

Line Item: ST80-60P0120J20HABF000

Prepared by: Emilia Terry emilia@pontonind.com



Disclaimer: This drawing is for reference only and subject to change without notification. Actual, project-specific drawings for your application are available by contacting Fluid Components International (FCI).

TABLE 1		4-20mA / HART OUTPUT WIRING CONNECTIONS									
PIN NO.	PIN LABEL	ANALOG OUTPUT 4-20mA				HART OUTPUT					
		CH1		CH2		CH1 (INTERNAL)		CH1 (EXTERNAL)			
1	CH1	4-20mA INT HART (+)		⊕	*	*	*	⊕	*	*	*
2		4-20mA RTN INT HART RTN EXT HART (+)		*	⊖	*	*	*	⊖	⊕	*
3	CH2	4-20mA		*	*	⊕	*	*	*	*	*
4		4-20mA RTN		*	*	*	⊖	*	*	*	*
5	CH1	EXT HART RTN		*	*	*	*	*	*	*	⊖
6		RETURN		*	*	*	*	*	*	*	*

J25 CONNECTOR 16-28 AWG (MAIN BOARD)

TABLE 2		
PIN NO.	MODBUS	FOUNDATION FIELDBUS / PROFIBUS
	PIN LABEL	
1	B (+)	FIELDBUS A
2	RETURN	RETURN
3	A (-)	FIELDBUS B

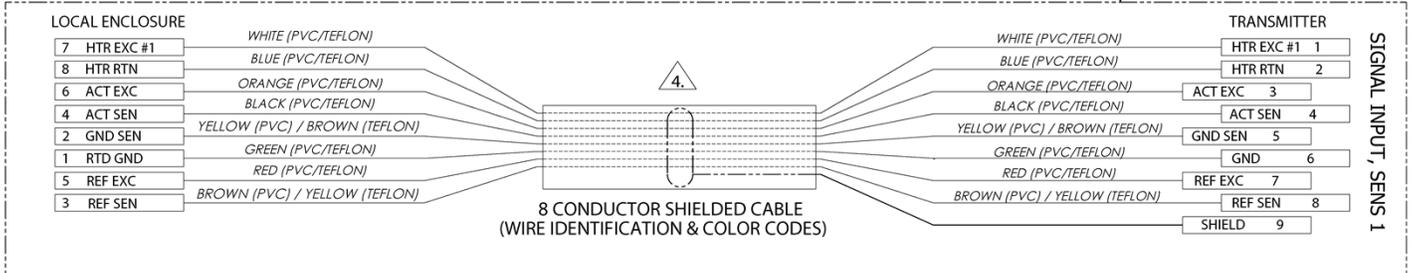
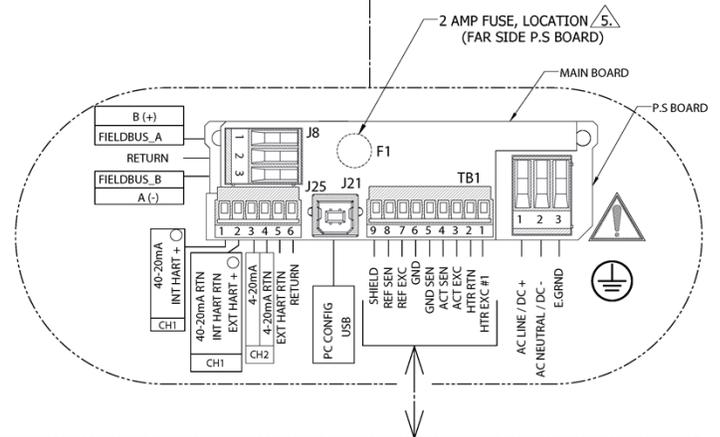
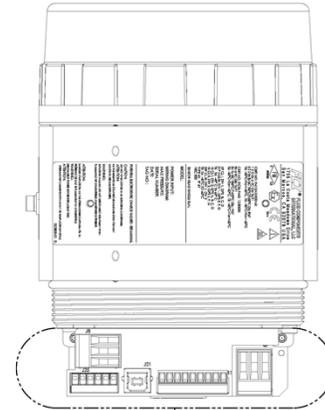
J8 CONNECTOR 12-24 AWG (MAIN BOARD)

TABLE 3		
PIN NO.	(AC POWER 85-265 Vac)	(DC POWER 19.2-28.8 Vdc)
	1	AC LINE
2	AC NEUT	DC -
3	E.GRND	E.GRND

P1 CONNECTOR 12-24 AWG (P.S BOARD)

TABLE 4						
CONNECTION	10 FT	50 FT	100 FT	250 FT	500 FT	1000 FT
POWER AC OR DC	22	22	22	20	18	16
INTERCONNECTING SHIELDED SIGNAL CABLE	24	24	24	22	22	18
ANALOG OUT (HART)	16-28	16-28	16-28	16-28	16-28	16-28
DIGITAL OUT (FOUNDATION FIELDBUS)	FF-844-H1 (14-24 AWG)					
MODBUS	RS485 (14-24 AWG)					

INSTRUMENT WIRING RECOMMENDED AWG



Disclaimer: This drawing is for reference only and subject to change without notification. Actual, project-specific drawings for your application are available by contacting Fluid Components International (FCI).

Date: 03/18/2024

Ponton Industries, Inc. 714-998-9073

Quotation# SQBQ003685-3

Line Number: 3

Line Item: ST80-40H0210J20HABF000

Prepared by: Emilia Terry emilia@pontonind.com



Disclaimer: This drawing is for reference only and subject to change without notification. Actual, project-specific drawings for your application are available by contacting Fluid Components International (FCI).

TABLE 1		4-20mA / HART OUTPUT WIRING CONNECTIONS									
PIN NO.	PIN LABEL	ANALOG OUTPUT 4-20mA				HART OUTPUT					
		CH1		CH2		CH1 (INTERNAL)		CH1 (EXTERNAL)			
1	CH1	4-20mA INT HART (+)		+	*	*	*	+	*	*	*
2		4-20mA RTN INT HART RTN EXT HART (+)		*	-	*	*	*	-	+	*
3	CH2	4-20mA		*	*	+	*	*	*	*	*
4		4-20mA RTN		*	*	*	-	*	*	*	*
5	CH1	EXT HART RTN		*	*	*	*	*	*	*	-
6		RETURN		*	*	*	*	*	*	*	*

J25 CONNECTOR 16-28 AWG (MAIN BOARD)

TABLE 2		
PIN NO.	MODBUS	FOUNDATION FIELDBUS / PROFIBUS
PIN LABEL		
1	B (+)	FIELDBUS A
2	RETURN	RETURN
3	A (-)	FIELDBUS B

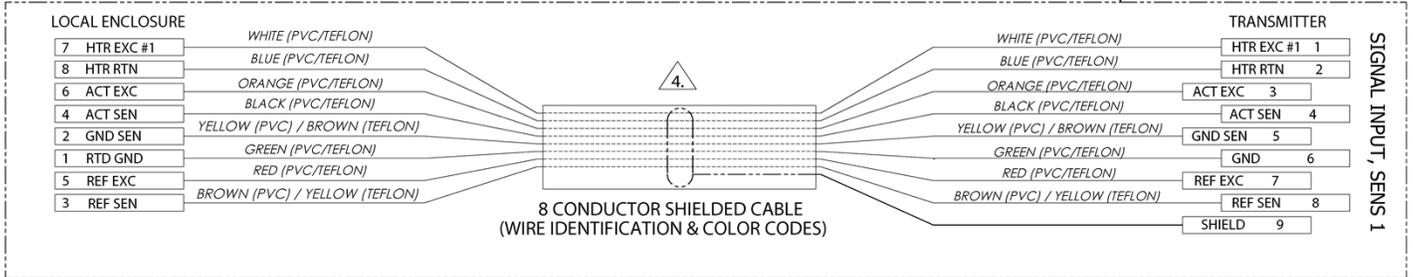
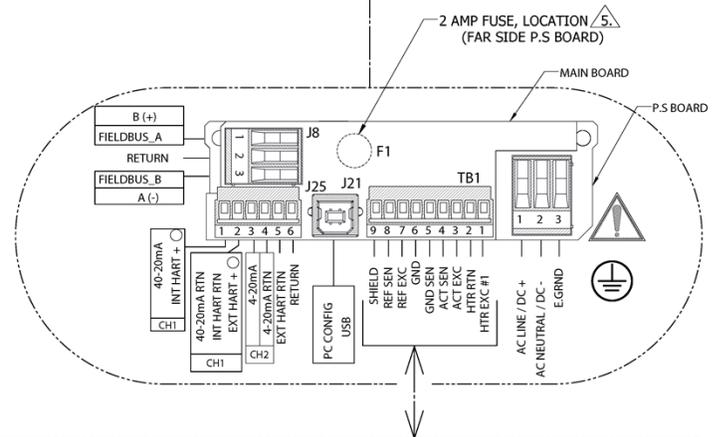
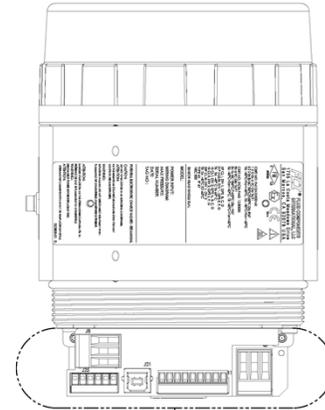
J8 CONNECTOR 12-24 AWG (MAIN BOARD)

TABLE 3		
PIN NO.	(AC POWER 85-265 Vac)	(DC POWER 19.2-28.8 Vdc)
1	AC LINE	DC +
2	AC NEUT	DC -
3	E.GRND	E.GRND

P1 CONNECTOR 12-24 AWG (P.S BOARD)

TABLE 4						
CONNECTION	10 FT	50 FT	100 FT	250 FT	500 FT	1000 FT
POWER AC OR DC	22	22	22	20	18	16
INTERCONNECTING SHIELDED SIGNAL CABLE	24	24	24	22	22	18
ANALOG OUT (HART)	16-28	16-28	16-28	16-28	16-28	16-28
DIGITAL OUT (FOUNDATION FIELDBUS)	FF-844-H1 (14-24 AWG)					
MODBUS	RS485 (14-24 AWG)					

INSTRUMENT WIRING RECOMMENDED AWG



Disclaimer: This drawing is for reference only and subject to change without notification. Actual, project-specific drawings for your application are available by contacting Fluid Components International (FCI).



TERMS AND CONDITIONS

1. HOME OFFICE APPROVAL

Any order issued by Buyer pursuant to this offer by Seller shall not be binding on Seller until received and approved in writing at Seller's home office, including Seller's approval of Buyer's credit.

2. PRICE

The price to be paid by Buyer shall be that contained on the face hereof, providing however, the Seller accepts that orders calling for future delivery shall be subject to the prices in effect at the time of order. Written quotations are valid for the calendar length indicated on the face of the quote from the date issued and are subject to termination by Seller upon notice, with or without cause, during that period. Seller reserves the right to apply a minimum charge per order. Where delivery of goods is extended over a period of time, Seller may request progress payments concurrent with the amount of goods delivered or work performed.

3. EXPEDITING CHARGES

Should expediting charges be included as part of the order's pricing, whether a portion of the per unit cost or separate, the minimum expediting charge shall be determined on a prorata basis providing the order is shipped within the expediting period. The prorata amount of expediting charges shall be the original expediting charge multiplied by the ratio of the regular business days between the actual shipping date and the normal delivery date divided by the amount of regular business days between the expedited delivery date and the normal delivery date. Expediting charges shall be due in accordance with the agreed upon invoice terms.

4. MODIFICATIONS

A writing signed by an officer of Seller can only modify this Agreement.

5. PAYMENT OF PURCHASE PRICE

Except as otherwise provided, the purchase price for the goods must be paid by Buyer to Seller to the account designated on the face of this document, by check within thirty (30) days after the date of the invoice for the goods. If payment is not timely made, a monthly credit charge equal to one and one-half percent (1½%) of the purchase price must be paid to Seller by the Buyer for any month of fraction of a month thereafter. Seller will not be required to accept payment other than as set forth in this order. However, to avoid a late charge assessment in the event of a dispute or claimed defect in the goods (other than freight), the Buyer may withhold up to five percent (5%) of the purchase price until such time that the dispute is settled or the defect repaired, but no longer than sixty (60) days after shipment. If the disputed amount is the freight charge, the Buyer may withhold only the amount of the freight charge until the dispute is settled, but no longer than sixty (60) days after shipment.

6. DELIVERY OF GOODS

The goods will be delivered within reasonable time of the Buyer's acceptance of this offer. The goods are offered F.O.B., Seller's factory. Seller, in its sole discretion, will determine and arrange the means and manner for transportation of the goods. Buyer is to pay all costs of shipping and insurance, and shall assume all risk of loss in accordance with Paragraph 12. Shipping charges for domestic shipments will be prepaid and added to the invoice, unless otherwise indicated. The goods will be shipped under a straight bill of lading naming the Buyer as consignee. All special handling charges shall be borne by Buyer.

7. STORAGE CHARGES

Shipments delayed by Buyer beyond scheduled shipment date shall be assessed a one and one-half percent (1½%) per month storage charge for any month, or portion of a month, beyond the scheduled shipment date.

8. SHIPMENT OF INSTALLMENTS

Seller reserves the right to make delivery in installments. Delay in shipment of any installment shall not relieve Buyer of its obligations to accept remaining shipments or shipments under other orders.

9. DELIVERY NOT IN DISPUTE

Any delivery not in dispute shall be paid regardless of other controversies relating to other delivered or undelivered goods. Buyer shall waive failure in shipment or delivery of shortages unless Buyer files a written claim with Seller within ten (10) days after delivery of the goods hereunder.

10. INCREASED FREIGHT

Any increase in freight rates between the date of quotation, which includes transportation costs, and the shipment date shall be borne by Buyer and shall appear as a separate item on the invoice.

11. PACKAGING OF GOODS

Seller will package and prepare the goods for shipment in accordance with its normal procedures. If Buyer requests or requires any additional packaging or preparation other than in conformity with Seller's normal procedure, Buyer will pay the costs of such additional packaging or preparation, which will be added to and paid in accordance with the purchase price for the goods. Packing for return shipments to Seller must, at a minimum, meet Seller's normal packaging standards. Returned equipment shall remain the property of Buyer and shall be at Buyer's risk until received in Seller's possession.

12. RISK OF LOSS

Risk of loss of the goods will pass to the Buyer upon identification of the goods. Identification of the goods will occur upon receipt of a purchase order by Seller from the Buyer. At its own expense, Buyer will purchase and maintain in full force and effect adequate insurance covering risk of loss of the goods, payable to Seller as its interest may appear, for the period, which ends on the payment in full of the purchase price for the goods. If Buyer fails to obtain and keep such insurance in full force and effect, Seller may take out such insurance and pay any premium due or to become due thereon that may remain unpaid, and such amount so paid shall be repaid to Seller by Buyer, or Seller may, at its option, terminate this order by written notice. It is also agreed that Buyer, at its own expense, will and independently seek, adequate insurance coverage with respect to Buyer's interest in the goods, and Buyer shall not look to Seller for deficiency in insurance

coverage, notwithstanding the fact that Buyer may have the right of rejection, or that Seller may be in such default as to constitute a breach.

13. CONFIDENTIALITY

Drawings, specifications and other information submitted with the Seller's goods or quotation marked as proprietary are confidential to Seller and may not be disclosed to any other party. Such drawings, specifications and other information are for evaluation purposes only and shall not be deemed to form part of the purchase contract or quote.

14. EXCUSED FROM NON-PERFORMANCE

The Seller shall not be liable for any failure to deliver or delay in the performance of orders, contracts, or Agreements, or in the delivery or shipment of goods, or for any loss or damages suffered by the Buyer by reason of such delay, when such delay is, directly or indirectly, caused by, or in any manner arises from fires, floods, accidents, riots, acts of God, war, governmental interference, statutes, ordinances, regulations, embargoes, strikes, labor difficulties, shortage of labor, fuel, power, materials or supplies, delay or default of common carriers, transportation delays, or without limiting the foregoing or any other cause or causes, whether or not similar in nature to any of these herein before specified or within or without the United States which are beyond its control. All orders or contracts are accepted with the understanding that they are subject to the Seller's ability to obtain the necessary raw materials, and all orders or contracts as well as shipments applicable thereto are subject to the Seller's current vendor schedules, failure or curtailment in the Seller's usual sources of supply, governmental priorities, and other government regulations, orders, directions, and restrictions which may be in effect from time to time which the Seller in its judgment and discretion deems advisable to comply as a public or patriotic duty. Buyer further agrees and affirms that this order is subject to the prompt and timely delivery to Seller of all information requested of Buyer by Seller or required of Buyer by contract, and any delay, failure or conflict arising from such delivery or non-delivery of information will be justification for non-performance by Seller under this paragraph. The Seller shall have the additional right, in the event of the occurrence of any of the above contingencies, at its sole option, to cancel this Agreement or any part thereof without any resulting liability or extend the date of delivery for a period equal to the time actually lost by reason of the delay. Seller to the best of its knowledge and belief is complying with all laws, orders and regulations applicable to the manufacturing of the ordered goods. Seller has no duty to insure and has not advised Buyer on compliance with any laws, orders or regulations applicable to the use of the goods.

15. WARRANTIES

Goods furnished by the Seller are to be within the limits and of the sizes published by the Seller and subject to the Seller's standard tolerances for variations. All items made by the Seller are inspected before shipment, and should any of said items prove defective due to faults in manufacture or performance under Seller approved applications, or fail to meet the written specifications accepted by the Seller, they will be replaced or repaired by Seller at no charge to Buyer provided return or notice of rejection of such material is made within a reasonable period but in no event longer than one (1) year from date of shipment to Buyer, and provided further, that an examination by Seller discloses to Seller's reasonable satisfaction that the defect is covered by this warranty and that the Buyer has not returned the equipment in a damaged condition due to Buyer's or Buyer's employees', agents', or representatives', negligence and Buyer has not tampered, modified, redesigned, misapplied, abused, or misused the goods as to cause the goods to fail. In addition, this warranty shall not cover damage caused by Buyer's exposure of the goods to corrosive or abrasive environments. Moreover, Seller shall in no event be responsible for (1) the cost or repair of any work done by Buyer on material furnished hereunder (unless specifically authorized in writing in each instance by Seller), (2) the cost or repair of any modifications added by a Distributor or a third party, (3) any consequential or incidental damages, losses or expenses in connection with or by reason of the use of or inability to use goods purchased for any purpose, and Seller's liability shall be specifically limited to free replacement, or refund of the purchase price, at Seller's option, provided return or rejection of the goods is made consistent with this paragraph, and the Seller shall in no event be liable for transportation, installation, adjustment, loss of good will or profits, or other expenses which may arise in connection with such returned goods, or (4) the design of products or their suitability for the purpose for which they are intended or used. Should the Buyer receive defective goods as defined by this paragraph, the Buyer shall notify the Seller immediately, stating full particulars in support of his claim, and should the Seller agree to a return of the goods, the Buyer shall follow Seller's packaging and transportation directions explicitly. In no case are the goods to be returned without first obtaining a return authorization from the Seller. Any repair or replacement shall be at Seller's factory, and shall be returned to Seller transportation prepaid by Buyer. If the returned goods shall prove defective under this clause, they will be replaced or repaired by Seller at no charge to Buyer provided the return or rejection of such material is made within a reasonable period, but in no event longer than one (1) year from the date of shipment of the returned goods. If the goods prove to be defective under this paragraph, the Buyer shall remove the goods immediately from the process and prepare the goods for shipment to Seller. Continued use or operation of defective goods is not warranted by Seller and damage occurring due to continued use or operation, shall be for Buyer's account. Any description of the goods contained in this offer is for the sole purpose of identifying them, and any such description is not part of the basis of the bargain, and does not constitute a warranty that the goods will conform to that description. No affirmation of that fact or promise made by the Seller, whether or not in this offer, will constitute a warranty that the goods will conform to the affirmation or promise. THIS WARRANTY IS EXPRESSLY IN LIEU OF ANY AND ALL OTHER EXPRESS OR IMPLIED WARRANTIES WITH RESPECT TO THE GOODS OR THEIR INSTALLATION, USE, OPERATION, REPLACEMENT OR REPAIR, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR PURPOSE; AND THE GOODS ARE BEING PURCHASED BY BUYER "AS IS". SELLER WILL NOT BE LIABLE BY VIRTUE OF THIS WARRANTY OR OTHERWISE FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL LOSS OR DAMAGE RESULTING FROM THE USE OR LOSS OF USE OF THE GOODS.

16. TITLE

Title to the goods shall transfer upon shipment from Seller's factory. Seller gives no warranty that it has any title whatever to the goods or that they are not subject to a security interest, lien or other encumbrance prior to receipt.

TERMS AND CONDITIONS (continued)
17. AUTHORITY OF SELLER'S AGENTS

No agent, employee or representative of Seller has any authority to bind Seller or form a part of the basis of this bargain with any affirmation, representation or warranty concerning the goods sold under this Agreement, unless such affirmation, representation, or warranty made by an agent, employee, or representative of Seller is specifically included within this written Agreement and signed by an officer of the Seller.

18. NO RESALE OF GOODS

In the event of rejection, Buyer shall in no event resell the goods, even in the absence of instruction from Seller. It is agreed that said goods are not perishable and Buyer shall hold the goods without charge to Seller, until such time as Seller may give the Buyer transportation instructions. Should Buyer sell the goods, such sale shall be deemed unequivocal acceptance of the goods. Where the Buyer rejects goods, which the Seller had reasonable grounds to believe would be acceptable, the Seller shall be granted a reasonable time to cure the nonconformity or substitute conforming goods.

19. RETURNED MATERIAL

Standard catalog goods accepted for credit and in excellent condition are subject to a minimum service charge of twenty-five percent (25%) of the invoice amount for restocking plus all transportation charges. Goods built to order are not subject to return for credit under any circumstances. Goods must be received in good condition to receive credit.

20. INSPECTION

Buyer will have the right to inspect the goods on tender by Seller. If Buyer receives the goods or takes possession of them without inspecting, this will constitute a waiver of its right to inspect. Further, Buyer will have the opportunity, at the time and place of inspection, and at its sole expense, to run adequate tests to determine whether the goods are defective. If the Buyer is to use a portion of the goods for the purpose of test and evaluation and said testing damages the goods, the Buyer shall compensate Seller, at the contract prices, for all goods so damaged, although the goods are rejected or unacceptable to buyer. Any expenses incurred by Buyer in the inspection and testing of the goods whether at Seller's factory or elsewhere will be paid by Buyer, whether or not the goods are rejected as defective. In the event Buyer rejects any shipment of goods, it may elect to retain a part of the shipment and return the balance.

21. SUB-SUPPLIER TERMS

Seller shall not agree to burden its sub-Suppliers with any of Buyer's Terms and Conditions, unless separately acknowledged in writing by an executive officer of Seller.

22. DEMAND FOR ASSURANCE OF PERFORMANCE

If at any time the financial responsibility of the Buyer becomes impaired or unsatisfactory to the Seller, or in the Seller's opinion, inadequate to meet the obligations hereunder or the Buyer fails to make any payments in accordance with the terms and provisions hereof, the terms of credit may, at Seller's option, be changed or withdrawn, and if withdrawn the Seller at its option may require cash or satisfactory security before making shipments or deliveries under this order or subsequent orders.

If any of the following events occur, but not exclusively, Buyer's financial responsibility shall be deemed as impaired or unsatisfactory and Seller will have the immediate right to demand assurance from Buyer that payment in full for the goods will be made:

- (A) Buyer fails to meet its obligations with its other suppliers as they occur.
- (B) A judgment is entered against Buyer in any court of competent jurisdiction, whether or not such judgment is stayed pending appeal.
- (C) Buyer suffers a business or financial loss due to a labor dispute, fire, flood, riot, war, embargo, act of God, default of a common carrier, or default of a customer.
- (D) Buyer fails to purchase and maintain adequate insurance coverage for the goods as required by this Agreement.
- (E) Buyer appears to breach an Agreement with Seller.
- (F) Any other reasonable grounds for insecurity of Buyer's non-performance.

In the event Buyer becomes insolvent before delivery of the goods, he will notify Seller. A failure to notify Seller shall be construed as reaffirmation of Buyer's solvency at the time of delivery. It is also agreed that upon failure of the Buyer to pay any amount when due or upon any breach of contract by Buyer, or if the Seller is insecure for any reason, the Seller may at its option, without prejudice to any other lawful remedies available to it, suspend further shipments and deliveries under this order and recall goods in transit, retake same, and repossess all goods, which may be stored with Seller for the Buyer's account, without the necessity of taking any other proceedings, and the Buyer consents that all the goods so recalled, retaken or repossessed shall become the absolute property of the Seller, and no forbearance, course of dealings, or prior payment shall affect this right of the Seller. On proper demand for assurance by Seller, Buyer will within five (5) days after receipt thereof furnish, in an amount sufficient to secure the full payment of the balance of any monies due hereunder on account of the purchase price, either a penalty bond issued by a competent surety company, or post securities or other liquid collateral to be held on account by Seller, to secure the payment of the purchase price for the goods. Buyer's failure to do so will terminate Seller's obligations under this Agreement.

If Buyer becomes bankrupt or insolvent during the period covered by this Agreement and Seller terminates this Agreement in accordance with this clause, Seller shall be entitled to such amounts as are then due under this Agreement. The foregoing shall not be construed as limiting, in any manner, any of the rights or remedies available to Seller because of any default of the Buyer under the Uniform Commercial Code as enacted and in force in the State of California on the date of this Agreement.

23. SOLVENCY OF BUYER

By acceptance of this offer, Buyer represents that it is able to pay its debts as they become due, is in fact now paying its debts in the ordinary course of business, is not insolvent within the meaning of the Federal Bankruptcy Act and has not made an assignment for the benefit of creditors. Buyer makes these representations with full knowledge that Seller is relying thereon in extending credit under this offer or subsequent order.

24. TERMINATION

Buyer will strictly observe and comply with all Federal, state, and local laws, ordinances, and regulations, which may govern the manufacture, sale, handling, use and disposal of the goods. If Buyer violates any such laws, ordinances, or regulations or is *officially charged with such violation to the detriment or damage* of Seller, Seller in its sole discretion may immediately terminate this Agreement and any other existing agreements with Buyer and may refuse to deliver the goods, without prejudice to such other remedies as the Seller may be entitled thereto.

25. INDEMNIFICATION

Seller (including its parent, affiliates, or subsidiaries) will not have any liability for liquidated damages, or for collateral, indirect, consequential, or special damages, including loss of profits or loss of use, for breach of this Agreement or otherwise and the aggregate total liability of any damages under this Order shall in no event exceed the contract price of the individual Article giving rise to the claim (or claims) of liability, whether resulting from delays in delivery or performance, breach of warranty, claims of negligent manufacturing, patent or copyright infringement, or otherwise. Buyer agrees to indemnify and hold harmless Seller from all claims by third parties, which extend beyond the foregoing limitations of Seller's liability.

26. DEFECTIVE GOODS

In the event any of the goods sold under this Agreement shall allegedly be defective in any respect whatsoever, Buyer shall indemnify and save harmless Seller from all loss or the payment of all sums of money by reason of accidents, injuries or damages to persons or property that may happen or occur in connection with the use or sale of such goods whether or not such goods are found to be defective or otherwise, and the Buyer's sole remedy shall be as appears herein.

27. REMEDIES OF SELLER

In case of breach by Buyer, Buyer shall be liable for all lost profits of Seller, together with all other rights and remedies of Seller specifically reserved herein or as generally available.

28. EFFECT OF AGREEMENT

This order is intended as a final expression of Seller's and Buyer's Agreement and is intended also as a complete and exclusive statement of the terms of their Agreement. No course of prior dealings between Seller and Buyer and no usage of the trade and no Terms & Conditions on any confirmation order, acceptance or acknowledgment by Buyer will be relevant or admissible to supplement or explain any term used in this Agreement. Acceptance of or acquiescence in, a course of performance rendered under this, or any prior Agreement, will not be relevant or admissible to determine the meaning of this Agreement even though the Buyer has knowledge of the nature of the performance and opportunity for objection. If the Buyer's order form and/or specifications are used for the purpose of accepting an offer tendered by Seller, the terms and conditions set forth in Seller's offer will control and govern insofar as such terms and conditions may in any way conflict with the terms and conditions set forth in such order form or specifications, unless Seller otherwise consents in writing, and the issuance of such order by Buyer will operate as acceptance by Buyer of Seller's terms. No representations, warranties, understandings, or agreements have been made by Buyer or relied upon by Buyer in the making and acceptance of this Agreement other than those specifically set forth in this Agreement.

29. WAIVER

No claim or right of Seller arising out of a breach or default of this Agreement by the Buyer can be discharged in whole or in part by a waiver or renunciation of the claim or right unless Seller's waiver or renunciation is supported by consideration and is in writing signed by an officer of Seller. Any waiver by the Seller will not be deemed a waiver by Seller or any breach of default of this Agreement by the Buyer, which occurs thereafter.

30. ASSIGNMENT AND DELEGATION

No assignment of any right or interest or delegation of any obligation or performance of the Buyer under this order may be made without the prior written consent of Seller. Any attempt assignment or delegation will be wholly void and totally ineffective for all purposes.

31. INSTALLATION CHARGES

The Buyer will pay all costs and expenses incurred, whether by Seller or Buyer, for the installation, and maintenance of the goods, including but not limited to, costs and expenses of the services of Seller's employees or representatives, special tooling, dies and fixtures, and additional engineering.

32. ADVICE OF SELLER

The advice of the technical staff of Seller is available to the trade at a reasonable cost, but the Seller, not controlling or supervising the subsequent manufacture, fabrication, or installation of goods or their use after sale, does not warrant or guarantee such advice.

33. TAXES

The purchase price for the goods is exclusive of any and all federal, state, and local taxes, including but not limited to, sales, use, excise, income, occupation, or other taxes. Whenever applicable or practicable, such taxes will be added to the invoice as a separate charge to be paid by the Buyer, or in lieu thereof the Buyer will provide Seller with a tax exemption certificate acceptable to the relevant taxing authorities.

34. PATENT INFRINGEMENT

In the event Buyer provides material, specifications, drawings, instructions or the like, or Buyer uses the goods with another article or material or in a particular manner not specified by Seller, Buyer agrees to defend, protect and hold harmless Seller from and against any and all suits at law or in equity, and from all damages, claims, and demands for actual or alleged infringement of any United States or foreign patent, and to defend any suit or actions and reimburse all attorney's fees incurred by Seller in defense of such suits or actions which may be brought against Seller for an alleged patent infringement because of the manufacture and/or sale of the goods in accordance with Buyer's instructions, specifications, drawings, or the like, or use of material provided by Buyer.



TERMS AND CONDITIONS *(continued)*

Further, the Buyer will hold Seller free and harmless from, and release and not make claim or suit against Seller because of any suits, claims, losses, or other liability made against, or suffered by, the Buyer arising from any claim or infringement of patent, copyright, trademark, or other proprietary right, at common law, or claim of unfair trade or of unfair competition, resulting from, or occasioned by, the Buyer's use, possession, sale, manufacture, or delivery of goods made by Seller to Buyer's instructions, specifications, drawings or the like. The Buyer will notify Seller in writing of the commencement of any suit against the Buyer covered by this paragraph.

In case the goods, or any part thereof, are held to constitute an infringement and the use of such goods enjoined, the Buyer shall hold the Seller harmless and shall not make claim against Seller for non-infringing goods or procure for Buyer the legal right to continue using said goods. Seller will have the right to participate in any suits or actions described in this paragraph, and no settlement, discontinuance or judgment may be entered without advising and consulting with Seller.

35. CANCELLATION OF ORDER

The Buyer will be obligated to accept any goods shipped or delivered by Seller prior to cancellation, suspension or extension of the order. Any reduction in quantities ordered shall constitute a partial cancellation subject to this paragraph. Any attempt by Buyer to unilaterally revoke acceptance for any reason whatsoever after it has accepted any

shipment, shall constitute a breach of this Agreement. For purposes of this paragraph, acceptance shall be any waiver of inspection, use or possession of goods, payment of the invoice, or any indication of exclusive control exercised by Buyer.

36. GOVERNING LAW

This Agreement will be construed and governed by the Uniform Commercial Code as adopted in the State of California as effective and in force on the date of this Agreement, and by the laws of the State of California. All rights and remedies afforded Seller under this Agreement or the Uniform Commercial Code shall be cumulative.

37. LOCATION OF LEGAL PROCEEDINGS

If legal or arbitration proceedings are necessary to enforce this Agreement, the proceedings shall occur in the county of residence of Fluid Components International LLC, San Diego County, State of California.

38. DRAWINGS AND SPECIFICATIONS

Seller may retain for its records and for its use, a copy of all drawings, specifications, operation manuals, and other documentation produced by it on behalf of the Buyer with respect to the manufacture, installation and use of the goods. All templates, gauges and other equipment used by Seller in the manufacture of the goods will remain the sole and exclusive property of Seller. Furthermore, all drawings, specifications, materials and equipment furnished by the Buyer to Seller for use in the manufacture of the goods will be retained by and become the property of Seller.

39. GENERALLY REFERENCED SPECIFICATIONS

All generally referenced documents, drawings, catchall requirements, specifications, and the like are acceptable only to the extent applicable portions of the generally referenced documents, are specifically cited within the body of the order or cognizant specification.

40. USE OF BUYER'S NAME

If Buyer accepts this offer, Seller will have the right to use and identify the Buyer's name, and Buyer's application of Seller's product, in any of Seller's advertising materials or literature.

41. ARBITRATION

Unless otherwise provided in this Agreement, any controversy or claim arising out of or relating to this Agreement, or breach of this Agreement, will first be submitted to mediation, and if that should fail, to arbitration in accordance with the Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction of the controversy or claim.

42. LITIGATION COSTS

If any litigation or arbitration is commenced between Seller and the Buyer, or their personal representatives, concerning any provision of this Agreement, the party prevailing in the litigation or arbitration is entitled, in addition to such other relief that is granted, to a reasonable sum as and for their costs and attorney's fees incurred in such litigation or arbitration.

43. EXPORTS

Purchaser hereby agrees to comply fully with all applicable U.S. [and non-U.S.] sanctions and export control laws and regulations, including without limitation those regulations maintained by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"), Department of State's International Traffic in Arms Regulations ("ITAR"), and the U.S. Commerce Department's, Bureau of Industry and Security ("BIS"). Specifically, Purchaser covenants that it shall not—directly or indirectly—sell, provide, export, re-export, transfer, divert, loan, lease, consign, or otherwise dispose of any product, services, software, source code, or technology (collectively, "Products") received from Fluid Components International LLC. ("Seller") under this Agreement to any person, entity, or destination, or for any activity or use prohibited by the laws or regulations of the United States [or any other country], without obtaining prior authorization from the competent government authorities as required by those laws and regulations.

To the extent required under U.S. law, Purchaser further covenants to screen all customers and business partners against all relevant U.S. Government lists of persons denied export privileges or otherwise subject to trade, export, or financial sanctions, before providing or agreeing to provide any Products to any person.

Purchaser's breach of this sanction and export compliance provision(s) shall constitute cause for immediate termination of this Agreement. Purchaser agrees to indemnify and hold harmless Seller for Purchaser's non-compliance with these controls in connection with the Products. This provision shall survive termination or cancellation of this Agreement.

44. SEVERABILITY

If any of the provisions, or portions thereof, of this Agreement is held to be unenforceable or invalid by any court of competent jurisdiction, the validity and enforceability of the remaining provisions, or portions thereof, will not be affected, impaired or invalidated.

45. CAPTIONS

The subject headings of the paragraphs of this offer are included for purposes of convenience only, and will not affect the construction or interpretation of any of its provisions.



**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
BOARD OF COMMISSIONERS STAFF REPORT**

TO: VWVRA Board of Commissioners
FROM: Darron Poulsen, General Manager
SUBMITTED BY: Brad Adams, Director of Operations and Maintenance
DATE: April 25, 2024
SUBJECT: **RECOMMENDATION TO AUTHORIZE THE GENERAL MANAGER TO APPROVE THE PURCHASE OF A NEW LOADER, USING COOPERATIVE SOURCEWELL PRICING, FROM QUINN CAT FOR AN AMOUNT NOT TO EXCEED \$408,000.**

<input checked="" type="checkbox"/> For Action	<input type="checkbox"/> Fiscal Impact: \$408,000
<input type="checkbox"/> Information Only	<input type="checkbox"/> Account Codes: 01-02-535-9015-9999
	<input checked="" type="checkbox"/> Funds Budgeted/Approved

STAFF RECOMMENDATION

Recommendation to authorize the General Manager to approve the purchase of a new loader from Quinn Cat, using cooperative Sourcewell pricing, for an amount not to exceed \$408,000.

PREVIOUS ACTION(S)

N/A

BACKGROUND INFORMATION

Our existing loader has been in operation for 20 years and is now showing signs of significant wear and becoming increasingly expensive to maintain. The rising costs associated with repairs, along with upcoming stringent air quality standards make it necessary to replace our loader with a modern replacement.

VWVRA staff compared multiple different brands and models, ultimately deciding on purchasing a Caterpillar 950GC from Quinn Cat that had all the necessary equipment and features needed for operations at our treatment plant. The Quinn Cat dealer provided us with cooperative Sourcewell pricing, which is permitted in our purchasing policy and guarantees the lowest pricing for public agencies, the quote is attached (Exhibit 1). This item was budgeted to be purchased this fiscal year.

This recommendation is to authorize the General Manager to approve the purchase of a new loader from Quinn Cat, using cooperative Sourcewell pricing, for an amount not to exceed \$408,000.

Attachment(s):

Exhibit 1: Vendor Quote

EXHIBIT 1



169163-01

September 21, 2023

VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
Attention Account Payable
20111 SHAY RD
VICTORVILLE, California 92394

Attention: Ray Lopez

Dear Sir,



We would like to thank you for your interest in our company and our products, and are pleased to quote the following for your consideration.

One (1) New Caterpillar Inc. Model: 950GC Wheel Loader including standard and optional equipment as listed below.

STOCK NUMBER: **SERIAL NUMBER:** **YEAR:** **SMU:**

We wish to thank you for the opportunity of quoting on your equipment needs. This quotation is valid for 30 days, after which time we reserve the right to re-quote. If there are any questions, please do not hesitate to contact me.

Sincerely,

Dennis Madden Jr.
Machine Sales Representative

One (1) New Caterpillar Inc. Model: 950GC Wheel Loader including standard and optional equipment as listed below.

Standard Equipment

POWERTRAIN

Engine Cat C7.1 and ATAAC	controlled, hydraulically driven,
Torque converter	temperature sensing, on demand
Transmission, automatic, power shift	Filter, fuel primary-water separator/
(4F/3R), kick-down function, overspeed	secondary
protection	Radiator, unit core (9.5 fpi) with ATAAC
Brakes, full hydraulic enclosed wet-disc	Starting aid, glow plugs
EIMS (Engine Idle Management System)	Switch, transmission neutralizer lockout
Fan, radiator, electronically	

HYDRAULICS

Load sensing implement system pilot operated	Dedicated load sensing steering pump
	Dedicated brake and fan gear pump

ELECTRICAL

Alarm, back-up/main disconnect switch	-Four (4) halogen work lights
Alternator (145-amp, brush type)	-Two (2) halogen road lights
Batteries (2), maintenance free	Starting and charging system (24-volt)
Ignition key; start/stop switch	Starter, electric (heavy duty)
Lighting system, halogen (6 total)	

OPERATOR ENVIRONMENT

Air conditioning (HVAC) with 10 vents and filter unit located outside of cab	-Electrical malfunction
Bucket/work tool function lockout	-Engine inlet manifold temperature
Cab, pressurized and sound suppressed	-Engine oil pressure, fuel level
Hydroformed (ROPS/FOPS) structure	-Fuel pressure high/low
12V power port (10A)	-Hydraulic oil level, parking brake
Coat hook	-Primary steering oil pressure
Pilot hydraulic controls, lift and tilt function	-Service brake oil pressure
Computerized monitoring system	-Action light, engine malfunction
Gauges:	-Transmission filter bypass
-Engine coolant temperatures/fluid level	Heater and defroster
-Hydraulic/transmission oil temperature	Horn
-Tachometer	Cup holders and personal tray on right console
Digital indicators	Storage tray behind seat
-Gear indicator	Mirrors, rearview external
-Speedometer	Seat, Cat Comfort (cloth) suspension
-Service meter units	Seat belt
-Fault codes	Steering column, adjustable angle
Warning indicators:	Wipers/washers (front and rear)
	Window, sliding (left and right side)

-Air inlet heater

TIRES, RIMS, AND WHEELS

A tire must be selected from the mandatory attachments section
Tire availability might vary by region

Base machine price includes an allowance for base radial tires.

FLUIDS

Premixed 50% concentration of extended life coolant with freeze protection

to -34C (-29F)

OTHER STANDARD EQUIPMENT

Lift and bucket return-to-dig kick outs (Electro-Magnetic), mechanical adjustment
Couplings, Caterpillar O-ring face seal
Doors, service access (locking)
Front fender, steel
Grill, airborne debris
Hitch, drawbar with pin
Hood, non-metallic on steel structure, wing doors
Hoses, Caterpillar XT
Counterweight
Linkage, Z-Bar, fabricated crosstube/tilt lever

SOS oil sampling valves
Sight gages :
-Engine coolant, hydraulic oil
-Transmission oil level
Diagnostic pressure taps
-Transmission speed clutches
-Transmission forward and reverse clutches
-Steering pump load and discharge pressure
-Skate system accumulator pressure
-Front and rear brake pressure
Product Link Ready

MACHINE SPECIFICATIONS

950 GC 01B WHEEL LOADER	611-9048
Meets U.S. EPA Tier 4 Final	
INCLUDES:	
- Rear View Camera	
REGIONAL PKG, AM-N	557-3555
LINKAGE, STD LIFT, RICH	613-9528
FRAME, STD OSC	613-3427
COUNTERWEIGHT, 1368KG, STD	469-3139
AXLES, LSD/LSD	623-7105
AXLE OIL COOLER	615-4767
HYDRAULICS, 3V RC ANSI	612-4865
QUICK COUPLER READY	615-1795
WEATHER PACKAGE, STANDARD	615-1790
LIGHTS, ROADING, RH TRAFFIC	616-0006
LIGHTS, WORKING, 8 LED	628-5187
SUSPENSION SEAT, HB, AIR, HE	622-6256
SEAT BELT, 3", AUTO-ANTI-CINCH	603-7575
JOYSTICK W/FNR & ONE SAL, 3V	612-4870
STEERING SYST, STANDARD	390-6000
PREMIUM CORP RADIO (12V)	603-0645
PRODUCT LINK, CELLULAR PL243	602-7398
FAN, REVERSING , ANSI	554-3399
ANTIFREEZE, -34C (-29F)	562-3218
TIRES, 23.5R25 BS VJT * L3	593-2884
AIR INLET PRECLEANER, TURBINE	130-3280
NO TOOLBOX	392-3725
SOUND PACKAGE, STANDARD	628-2333
QUICK COUPLER, FUSION	617-6371
AUTOLUBE	555-4665
SUN VISOR, REAR	391-5330
CB RADIO READY	610-2305
GUARD, POWERTRAIN, AOC	617-5532
LOCK GRP, DISCONNECT	627-1608
FENDER, EXTENSIONS, STEEL	415-7735
BKT GP ST 114" 4.50YD3 FUS	382-9835
CUTTING EDGE, BOLT-ON	139-9229
ITA TINE, PALLET FORK 72"	530-1869: \$6,142.32
ITA PAL FORK CRG 84" FUS	530-1861: \$8,031.14

WARRANTY & COVERAGE

Standard Warranty: 12 MONTHS FULL MACHINE
 Extended Coverage: 36 MO/1500 HR POWERTRAIN + HYDRAULICS (Tier 4)
 CSA 36 MO / 1,500 HOURS PARTS ONLY (INCLUDES SOS)

LIST SELL PRICE \$474,091.51
SOURCEWELL DISCOUNT (CONTRACT #032119-CAT) -\$99,685.79

SELL PRICE	\$374,405.72
EXT WARRANTY	Included
CSA	Included
NET BALANCE DUE	\$374,405.72
TIRE FEE	\$7.00
SALES TAX (8.75%)	\$32,760.50
AFTER TAX BALANCE	\$407,173.22

PAYMENT TERMS**Outright Sale Financing Terms**

The above is subject to quote and approval by Caterpillar Finance

ADDITIONAL CONSIDERATIONS

- Machine must be ordered or dealer trade

Accepted by _____ on _____

 Signature



**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
BOARD OF COMMISSIONERS STAFF REPORT**

TO: VVWRA Board of Commissioners

FROM: Darron Poulsen, General Manager

SUBMITTED BY: Brad Adams, Director of Operations and Maintenance

DATE: April 25, 2024

SUBJECT: **RECOMMENDATION TO AUTHORIZE THE GENERAL MANAGER TO APPROVE THE PURCHASE OF TWO GRIT CLASSIFIERS FROM SADDLEBACK ENVIRONMENTAL, FOR AN AMOUNT NOT TO EXCEED \$176,000.00**

<input checked="" type="checkbox"/> For Action	<input type="checkbox"/> Fiscal Impact:	\$176,000.00
<input type="checkbox"/> Information Only	<input type="checkbox"/> Account Codes:	01-02-535-9015-9999
	<input checked="" type="checkbox"/> Funds Budgeted/Approved	

STAFF RECOMMENDATION

Recommendation to authorize the General Manager to approve the purchase of two grit classifiers from Saddleback Environmental for an amount not to exceed \$176,000.

PREVIOUS ACTION(S)

N/A

BACKGROUND INFORMATION

Our current grit classifiers are reaching the end of their useful life. Spare parts for maintenance and repairs are becoming very hard to find. Failure of these critical pieces of equipment can pose an overflow hazard at the Headworks. To mitigate this risk, we need to invest in modern, more reliable replacements.

Per VVWRA's procurement policy staff reached out to 3 vendors, 2 of which provided quotes, see attached vendor Quote Sheet (Exhibit 1). Saddleback Environmental, the distributor for Kusters Water Products, came back with the best price, see vendor quote (Exhibit 2). Saddleback Environmental will provide modern equivalents of our existing units. Staff feels this is the best option for easy installation and future maintenance. This equipment was budgeted to be purchased this fiscal year.

This recommendation is to authorize the General Manager to approve the purchase of two Kusters Water Products grit classifiers from Saddleback Environmental, for an amount not to exceed \$176,000.00.

Attachment(s):

Exhibit 1 : 3 Quote Sheet

Exhibit 2 : Vendor Quote

EXHIBIT 1



VWVRA Three Quote Sheet

Vendor #1		Contact	Email / Phone	
Tool, Material or Service Description		Quantity	Price	Extended Price
			Subtotal:	
			Total Tax:	
			Shipping:	
			Total:	

Vendor #2		Contact	Email / Phone	
Tool, Material or Service Description		Quantity	Price	Extended Price
			Subtotal:	
			Total Tax:	
			Shipping:	
			Total:	

Vendor #3		Contact	Email / Phone	
Tool, Material or Service Description		Quantity	Price	Extended Price
			Subtotal:	
			Total Tax:	
			Shipping:	
			Total:	

EXHIBIT 2



Manufacture.Quality.Solutions.
Kusters Water Division



Equipment Proposal

Quote Number: KW/113423/GK/rh_Rev. 1

February 9, 2024

To:

Mr. Raymond Lopez

Section(s):

Project:

Victor Valley, CA

Engineer:

Bid Date:

February 9, 2024

Represented by:

Saddleback Environmental Equipment, Inc
Steven Seymour
949-291-0555

Addendums Received:

0

Zima Corporation
physical address
101 Zima Park Drive
Spartanburg • SC 29301 • USA
mailing address
P.O. Box 6128

Spartanburg • SC 29301 • USA
+1 864 576-0660
www.zimacorp.com/water
www.kusterswater.com



Registered to
ISO 9001

dependable, cost-effective solutions for water and wastewater treatment

Headworks | Biological | Clarification | Thickening | Biosolids | Odor Control

11-6

Dear Mr. Lopez:

Kusters Water is pleased to provide a Firm Proposal for equipment based on our interpretation of the referenced bid specifications.

Item A

Grit Classifier

ProTechtor® Model GC 912F Grit Classifier

Quantity: 2



General Design Description

The grit classifier shall be a self-contained, auger driven grit classification system designed to receive pumped flow from a grit settling basin and positively separate free organic material from the deposited grit and transport the retained grit to the discharge point for deposition in a grit conveyor or collection dumpster. The grit classifier shall be designed to be fully automated.

Grit slurry will be pumped to a conical cyclone where the incoming flow will be separated. The cyclone will be designed to separate the flow and deliver the majority of the incoming solids to the classifier.

The underflow from the cyclone will be deposited in the inlet hopper of the grit classifier where the grit then settles to the bottom. Free organics deposited in the inlet hopper flow over the internal weir and into the launder box.

Settled grit is then transported up the inclined grit transportation trough by the grit screw and discharged at the grit discharge chute.

Design Criteria (Each)

Maximum Pumped Flow:	250 GPM
Grit Screw Nominal Diameter:	9 in.
Grit Screw Pitch:	Full
Grit Screw Nominal Length:	12.0 ft.
Grit Screw Capacity:	40 ft ³ /hr
Grit Screw Material:	Abrasion Resistant Steel
Grit Discharge Diameter:	8 in.
Grit Discharge Height:	4.77 ft.

Overflow Outlet:	6 in. Flanged
Overflow Discharge Height:	27 in.
Hopper, Trough and Leg Material:	316L Stainless Steel
Cover Material:	316L Stainless Steel
Cover Type:	Solid
Cyclone Model:	Krebs D10LB
Cyclone Body Material:	Steel & Aluminum
Cyclone Liner Material:	Neoprene
Cyclone Inlet:	4 in. Flanged
Cyclone Outlet:	6 in. Flanged
Motor Horsepower:	1.0 HP
Operational Environment:	Class 1, Div. 1
Operational Voltage:	460V/3ph/60Hz
Fasteners Material:	316 Stainless Steel
Anchor Bolts Material:	316 Stainless Steel

Grit Classifier Controls

Wall Mount Enclosure - NEMA 4X, 316 Stainless Steel

Quantity: 2

Included Components

- Control Transformer
- AB MicroLogix PLC with required I/O
- AB PanelView 7" Touchscreen
- All required operators and indicators mounted to enclosure front
- All required relays and timers
- All other control devices for proper operation

Grit Classifier Local Control Station

Quantity:	2
NEMA Rating:	NEMA 7, Cast Aluminum
Operator 1:	HOA
Operator 2:	ESTOP



Site Service

Total Trips	3
Total Days	3

Total Price for Item A: \$159,500

Items not listed above will be provided by others.

Price is firm for acceptance within 30 days of bid date.

Comments and Clarifications

Kusters Water is furnishing its standard equipment as outlined in this proposal. The equipment proposed meets the full intent of the specifications, drawings and /or addenda.

Exclusions

Taxes	Any piping not proposed above
Offloading	Valves except as noted
Installation	Sandblasting or touch-up painting
Erection or testing	Field / Finish painting
Supervision of erection	Disconnect switches and junction boxes
Engineering re-design	Electrical wiring or conduit
Civil Design	Electrical connections
Buildings	Electrical installation and wiring
Dumpsters	Controls except as noted
Concrete, grout, or sealants	Special shipping procedures
Thru-wall fittings	Storage at our shop or jobsite
Hand railings except as noted	Oil and grease
Stairways and Ladders	Spare parts except as noted
Interconnecting walkways	Tank surveying
Lights or light posts	Field verification of elevations
Field verification of dimensions	

Absence of an exclusion herein will not be construed as meaning that the item is included, and Kusters Water will not issue credits, or accept deducts, for the provision of the items noted above.

Payment Terms, NET 30 days, invoiced as follows:

Submittal approval	20%
Delivery to site	75%
Completion of start-up and training or 120 days from delivery, whichever occurs first	5%
Note: 1-1/2% interest charges per month for late amounts due	

Schedule (Estimated)

Submittals, from acceptance of order	8 - 10 weeks
Delivery, from receipt of signed approvals	14 - 16 weeks

Warranty

36 months from date of shipment, for all *ProTechtor*® products



Purchase Orders

All purchase orders are to be issued, and mailed to:

Zima Corporation,
Kusters Water Division
P.O. 6128
Spartanburg, SC 29304

Please provide a copy of your tax exempt or direct pay certificate, project contact, and a copy of the project payment bond with your purchase order.

Damages

Zima Corporation will not consider the addition of liquidated consequential or incidental damages to our contract unless it has been specifically identified and negotiated prior to the bid. Zima Corporation's equipment supply contract will not be tied to the General Contractor's overall contract, and our delivery commitments shall be as stated in this proposal.

Bonding

Bonding or bonding expenses are not included in this proposal and will not be considered unless specifically identified and authorized by Zima Corporation prior to the bid.

Insurance

Pricing includes general liability policy with 1 million per occurrence, 1 million aggregate, and 4 million umbrella. If higher limit(s) is required, all costs will be paid by the Buyer in addition to the quoted equipment price.

Freight

All prices are quoted F.O.B. shipping point, with freight allowed to the Jobsite. Buyer will be responsible for equipment off-loading. All claims for damage or loss in shipment shall be initiated by the Buyer. Buyer requests for selective shipments, early shipments, or separate shipment may directly affect the freight allowance. Any additional costs incurred due to this request by the Buyer will be an additional cost to the purchase price and invoiced accordingly.

Sincerely,



George Kellum
Sales Manager, Municipal Products
Kusters Water Division
O. 864-594-5595
C. 864-316-3264
george.kellum@kusterswater.com
www.kusterswater.com



**ZIMA CORPORATION (ZC)
CONDITIONS OF SALE**

1. CONTRACT

All terms and conditions of this CONTRACT are fully set forth herein and no agent, employee, representative or other party is authorized to bind the Seller by any agreement or warranty not expressed herein. If any terms and conditions of subsequent orders are in addition to or inconsistent with the terms and conditions herein expressed, such terms will not be binding upon the Seller unless they are expressly accepted in writing by the Seller.

2. QUOTATIONS

- (a) Prices indicated on our quotations are valid 30 days, unless indicated otherwise. All Federal, State and local taxes, including any tariffs, are the responsibility of the Buyer.
- (b) Our quotations are not legally binding until we have received and executed a Purchase Order and issued a written ZC Order Confirmation.
- (c) Surety bonds, or bonding expenses, are not included by ZC and will not be considered unless specifically identified and authorized by KZC. If bonding is required, all costs will be paid by the Buyer in addition to the quoted equipment price.
- (d) Pricing includes general liability policy with \$1 million per occurrence, \$ 2 million aggregate, and \$ 4 million umbrella. If higher limit(s) is required, all costs will be paid by the Buyer in addition to the quoted equipment price.

3. DELIVERY

- (a) Delivery periods and dates quoted are approximate, unless otherwise stated in the Purchase Order and ZC Order Confirmation.
- (b) Shipping Terms: All equipment will be shipped at the risk of the Buyer FOB shipping point or Ex Works, as indicated in the ZC Proposal. Incidental costs for unloading, delivery, and installation of equipment in the Buyer's plant shall be paid by the Buyer. Seller is not responsible for any loss after shipment, including delays of carrier, damage to equipment in transit, or otherwise, regardless of delivery terms, so long as the carrier has received for the goods in good order.
- (c) Storage, delay charges and similar costs incurred because Buyer does not immediately accept delivery are Buyer's responsibility.
- (d) Seller may postpone delivery (1) in case Buyer fails to pay as agreed; (2) if Buyer fails to provide necessary technical information; (3) if Buyer fails to abide by the terms of our Order Confirmation; (4) on account of delay in receipt of necessary materials, parts or equipment; or (5) in case of force majeure, including strikes, lockouts, fire, adverse weather, state of war, etc.

4. SECURITY

- (a) Seller reserves a purchase money security interest and vendor's lien on all goods until the purchase price is paid in full, and Buyer may not sell, pledge or mortgage the goods until payment has been made in full. Buyer authorizes Seller to record a copy or signed original of this Contract as a financing statement pursuant to SC Code 36-9-402, and Buyer agrees to sign any other document reasonably requested by Seller to perfect or to continue perfection of the security interest granted herein.
- (b) Credit approval - shipment, delivery, and performance of work shall always be subject to the approval of the Seller's Credit Department. If the Buyer should fail to pay according to terms; or if in the opinion of the Seller, the financial condition of the Buyer at any time should become impaired, the Seller reserves the right, without prejudice to any claims for damage or otherwise, to withhold shipment or suspend performance of its obligations hereunder, until receipt of payment upon terms and conditions satisfactory with Seller.

5. DAMAGES

Zima Corporation will not consider the addition of incidental, consequential or liquidated damages to our contract unless it has been specifically identified and negotiated prior to the bid.

6. EXTENT OF SELLER'S WARRANTY

- (a) Subject to Subparagraphs (b) and (d), below, all equipment shall be covered by ZC's standard warranty as identified in the ZC proposal and written order confirmation. Our obligation under this warranty is strictly limited to repair or replacement, without charge F.O.B. our works, of any defective parts. WE MAKE NO WARRANTY WHATSOEVER FOR equipment or materials supplied that are not of our manufacture, which shall carry only the supplier's warranty. Replacement parts supplied under this provision will be credited only upon receipt F.O.B. our works of the defective parts.
- (b) Improper use, installation, modification or alteration of the equipment by the Buyer will void the above warranty.
- (c) WE WILL NOT BE RESPONSIBLE FOR INDIRECT OR RESULTING DAMAGES SUCH AS PRODUCTION LOSSES, LOSS OF PROFITS, TRADING LOSSES, LOSS OF GOOD WILL OR REPUTATION SUFFERED BY THE BUYER, THIRD PARTIES, NOR FOR PUNITIVE DAMAGES.
- (d) ALL IMPLIED WARRANTIES, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ARE EXCLUDED.

7. PAYMENT

- (a) Payment terms are set forth in the Quotation/Order Confirmation and are not contingent upon testing or performance of equipment. Each shipment will be invoiced as shipped and each invoice settled per terms specified. All payments shall be made in United States funds, free of expense to the Seller for collection charges. If in the opinion of the Seller, shipments are delayed unreasonably by the Buyer, the Seller shall have the right to render an invoice for equipment ready for shipment.
- (b) All payments not received on the due date shall bear interest at 1.5% per month; in the event of suit for collection against the Buyer, Seller shall be entitled to recover attorney's fees, court costs and other expenses.

8. CANCELLATION

No purchase order may be canceled after acceptance of our Order Confirmation except in the discretion of the Seller, in which case the Buyer shall be required to pay for all costs and expenses incurred by the Seller in the performance of the work through the date of cancellation, plus a fee of no less than fifteen percent (15%).

9. ERECTION

- (a) Unless specifically included in our Order Confirmation charges for erectors and erection supervisors are not part of the equipment price.
- (b) At the Buyer's request, we will assist the Buyer in arranging for an erection supervisor at our normal rates.

10. NO ALTERATION OF SAFETY DEVICES

Buyer understands and agrees that no safety devices or equipment, or safety labels or warnings are to be altered or removed from the equipment without first obtaining our written permission to do so. Should any such devices, equipment, labels or warnings be altered or removed, Buyer shall be solely responsible for any injuries, damage or loss resulting therefrom, and agrees to indemnify and save Seller harmless of and from all claims, demands, suits, and or losses, including attorney's fees, resulting from such removal or alteration.

11. LAW

This contract is governed by the substantive laws of the State of South Carolina, excluding, however, its principles governing the conflicts of laws.

12. DISPUTES

All disputes will be settled exclusively by arbitration at Spartanburg, South Carolina in accordance with the Commercial Arbitration rules of the American Arbitration Association and the Federal Arbitration Act; the parties expressly agree that the South Carolina Arbitration Act and notice provisions thereof shall not apply to this Contract.

13. RESPONSIBILITIES OF THE BUYER

The Buyer is to furnish and install the following in addition to any items previously mentioned herein: (1) Buyer is to provide suitable foundations or building floor strength to maintain machinery in level position (2) all necessary labor for erection of the equipment (erection supervision will be supplied at Customer expense) (3) permits, pollution controls, and other approvals such as may be required by insurance or Governmental Agencies (4) necessary guards for the exposed moving parts of the machine in accordance with the laws of the state in which the machine is to be located (5) the necessary piping, including material



**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY
BOARD OF COMMISSIONERS STAFF REPORT**

TO: VVWRA Board of Commissioners

FROM: Darron Poulsen, General Manager

SUBMITTED BY: Brad Adams, Director of Operations and Maintenance

DATE: April 25, 2024

SUBJECT: RECOMMENDATION TO AUTHORIZE THE GENERAL MANAGER TO APPROVE THE PURCHASE OF TWO GODWIN DRI-PRIME SD150M PUMPS FOR AN AMOUNT NOT TO EXCEED \$132,000.

<input checked="" type="checkbox"/> For Action	<input type="checkbox"/> Fiscal Impact:	\$132,000
<input type="checkbox"/> Information Only	<input type="checkbox"/> Account Codes:	01-02-535-9015-9999
	<input checked="" type="checkbox"/> Funds Budgeted/Approved	

STAFF RECOMMENDATION

Recommendation to authorize the General Manager to approve the purchase of two Godwin Dri-Prime SD150M pumps for an amount not to exceed \$132,000.

PREVIOUS ACTION(S)

N/A

BACKGROUND INFORMATION

VVWRA currently utilizes five trailer-mounted Godwin pumps that are used at the Regional and sub-regional plants to convey sewage and water when needed for emergency and planned shutdowns. Two of the pumps are going to reach their phase-out dates soon and need to be replaced due to air emission standards set by Mojave Desert AQMD. The new Godwin pumps are under the horsepower limit that requires VVWRA to obtain PERP permits and are not limited to low runtime hours because of emissions. This gives us the flexibility to use these pumps without worrying about runtime, hours, and locations.

The staff has standardized the use of Godwin pumps due to operational reliability and efficiency. By standardizing this type of equipment staff can have one operating procedure for these large critical pumps and have only one material type in the warehouse for regular maintenance and repairs. The VVWRA purchasing policy does allow for sole-source purchases for this type of critical and standard equipment. Xylem Inc., the sole-source provider of Godwin pumps in

Southern California has provided a sole source letter (Exhibit 1) to this effect. The vendor quote from Xylem Inc. is attached (Exhibit 2). This equipment was budgeted to be purchased this fiscal year.

This recommendation is to authorize the General Manager to approve the purchase of two Godwin Dri-Prime SD150M pumps for an amount not to exceed \$132,000.

Attachment(s):

Exhibit 1 : Sole Source Letter

Exhibit 2 : Vendor Quote

EXHIBIT 1

Dewatering Solutions

11161 Harrel Street, Mira Loma, CA 91752
Tel +1.951.681.3636 Fax +1.951.681.2623

March 18, 2024,

Raymond Lopez

VVWRA Maintenance Supervisor

To whom it may concern,

This letter is to inform you that Xylem inc. located at 11161 Harrel St. in Mira Loma CA 91752 is the sole source for genuine Godwin and Flygt Pumps, parts, service, rentals and repairs in the southern region of California.

Xylem does not have any agreement or contract with any other resellers or distributors in the southern region of California and is the sole source for Godwin and Flygt Pumps, parts, service, rentals, and repairs.

Please let us know if there is anything we can do to help with your pumping needs. We thank you for your business and look forward to working with the District.

Regards,



Jim Rufing
Western Regional Senior Sales
Xylem Inc.
11161 Harrel Street
Mira Loma, CA 91752, USA
O: 951.681.3636
M: 562.572.4738
James.rufing@xylem.com

EXHIBIT 2

February 21, 2024

Brad Doneoff
Victor Valley Wastewater
20111 SHAY RD
Reclamation Authority
Victorville, CA 92394-8539

Phone: 760-246-2889
Email: bdoneff@vwwra.com

**RE: Budget quote for SD Victor Valley,
Sale Quotation 117026304**

Dear Brad:

Xylem Dewatering Solutions is pleased to offer the attached quotation for the equipment that was requested for your pumping application. Should there be any questions or concerns regarding this quotation, please feel free to contact me at the phone number provided.

Sincerely,

Jenny Amado
Outside Sales Representative

JA / vm

SALE QUOTATION

ITEM	QTY	DESCRIPTION	UNIT PRICE	SALE TOTAL
A	1	Dri-Prime SD150M Critically <ul style="list-style-type: none"> • Silenced Sound Attenuated Enclosure • 6" 150# Flg Suct & Disch 260mm imp • Isuzu 4LE2T FT4 Engine, MPC10 control • Global Series 6 Skid-mounted, • Spill Containment, 110% Fuel Containment 	\$ 51,000.00	\$ 51,000.00
B	1	Global Series 6 Trailer Kit <ul style="list-style-type: none"> • with Bolt on Tongue, Fenders, • Axle with Electric Brakes, • and Wiring Harness • Fits N32-10374 	5,890.00	5,890.00
C	1	6" Female Godwin QD x 6" 150# Flange Adapter	305.00	305.00
D	1	6" Male Godwin QD x 6" 150# Flange Adapter	405.00	405.00
E	1	PrimeGuard Float Set <ul style="list-style-type: none"> • w/ 65' Mechanical Floats 	600.00	600.00
F	1	PrimeGuard Controller	1,790.00	1,790.00

THE PRICE PROVIDED IS BASED UPON XYLEM'S REVIEW OF THE APPLICABLE PLAN DRAWINGS AND RELEVANT TECHNICAL SPECIFICATION SECTIONS BEARING ON THE EQUIPMENT DESCRIBED IN THIS QUOTATION. SUBMISSION OF THIS QUOTATION SHOULD NOT BE MISCONSTRUED AS XYLEM'S ACCEPTANCE OF ANY OTHER PROVISIONS OF THE PRIME CONTRACT BETWEEN CONTRACTOR AND PROJECT OWNER (HOWSOEVER REFERENCED) AND ATTEMPTS IN ANY SUBSEQUENT SUBCONTRACT TO BIND XYLEM TO SUCH OWNER DOCUMENTS ARE HEREBY REJECTED AND SHALL BE OF NO FORCE AND EFFECT, IRRESPECTIVE OF ANYTHING STATED ELSEWHERE TO THE CONTRARY.

Please note all sale pricing is in U.S. Dollars. The price does not include freight, export boxing, duties, taxes, or any other items not specifically mentioned.

This pricing information is for internal use only. We ask that these items and terms be kept confidential. All applicable tax and freight charges will be added to invoices. All quotations are subject to credit approval. All quotations are valid for 30 days. All prices quoted in US dollars.

This order is subject to the Standard Terms and Conditions of Sale - Xylem Americas effective on the date the order is accepted which terms are available at <https://www.xylem.com/en-US/support/xylem-americas-standard-terms-and-conditions/> and incorporated herein by reference and made a part of the agreement between the parties.

SALE QUOTATION

ITEM	QTY	DESCRIPTION	UNIT PRICE	SALE TOTAL
------	-----	-------------	------------	------------

Our current delivery lead-times associated with this Quotation are best estimates at this time. Due to the outbreak of the COVID-19 virus pandemic and its global effects on commerce, supply chain, and logistics, these lead-times are an estimate only and not a commitment. Xylem is and will continue to use all commercially reasonable efforts to minimize any delivery delay impacts.

A signed copy of this Quotation is acceptable as a binding contract.

Signature:	Name:
Company/Utility:	(PLEASE PRINT)
Address:	Reference #:
	Date:
	Phone:
	Email:
	Fax:

NET SALE TOTAL	\$ 59,990.00
DELIVERY CHARGE	\$ 0.00

THE PRICE PROVIDED IS BASED UPON XYLEM'S REVIEW OF THE APPLICABLE PLAN DRAWINGS AND RELEVANT TECHNICAL SPECIFICATION SECTIONS BEARING ON THE EQUIPMENT DESCRIBED IN THIS QUOTATION. SUBMISSION OF THIS QUOTATION SHOULD NOT BE MISCONSTRUED AS XYLEM'S ACCEPTANCE OF ANY OTHER PROVISIONS OF THE PRIME CONTRACT BETWEEN CONTRACTOR AND PROJECT OWNER (HOWSOEVER REFERENCED) AND ATTEMPTS IN ANY SUBSEQUENT SUBCONTRACT TO BIND XYLEM TO SUCH OWNER DOCUMENTS ARE HEREBY REJECTED AND SHALL BE OF NO FORCE AND EFFECT, IRRESPECTIVE OF ANYTHING STATED ELSEWHERE TO THE CONTRARY.

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This pricing information is for internal use only. We ask that these items and terms be kept confidential. All applicable tax and freight charges will be added to invoices. All quotations are subject to credit approval. All quotations are valid for 30 days. All prices quoted in US dollars.

This order is subject to the Standard Terms and Conditions of Sale - Xylem Americas effective on the date the order is accepted which terms are available at <https://www.xylem.com/en-US/support/xylem-americas-standard-terms-and-conditions/> and incorporated herein by reference and made a part of the agreement between the parties.