



NOTICE OF PUBLIC HEARING REGARDING PROPOSED CHANGES TO WATER AND SEWER RATES

Hearing Date & Time: May 13, 2025, 6:00 PM
Hearing Location: Vacaville City Council Chambers
650 Merchant Street, Vacaville, California 95688

Why are you receiving this notice?

The City of Vacaville (City) is mailing this notice to you because you are a water and/or sewer (wastewater) customer, or record owner of property that receives one or both services. This notice is being provided pursuant to California Constitution Article XIII D (also known as "Proposition 218"), which requires the City to notify property owners and system users (customers) of proposed changes to property-related fees such as those for water or sewer service. This notice describes proposed changes to the rates for these services and provides information about a public hearing to be held on May 13, 2025, at the City Council Chambers, 650 Merchant Street, Vacaville, California 95688. **If adopted, the proposed rates for water and sewer service will be in effect for the first full billing cycle following July 1, 2025.**

What do water and sewer rates fund?

The City's Utilities Department (Department) provides reliable water and wastewater services to the Vacaville community that meet or exceed state and federal testing standards and maintains the critical infrastructure that ensures the health and safety of the community. The City provides a stable and well-functioning water system that delivers clean potable water to Vacaville customers from water treatment plants, groundwater wells, booster pump stations and reservoirs, via a network of water transmission and distribution mains. Water supply comes from surface water and groundwater, and is drawn from a variety of sources, including the Solano Project, State Water Project and Municipal Groundwater Wells.

The City also owns and operates the wastewater system in Vacaville, consisting of gravity and pressure sewer collection systems, lift stations, and the Easterly Wastewater Treatment Plant (EWWTP), which are utilized to safely collect, treat, and discharge Vacaville's wastewater and properly dispose of biosolids. The City performs routine wastewater collection system flow monitoring at various permanent metering locations throughout the city and at the EWWTP.

The purpose of a Water and Sewer Rate Study is to evaluate the costs incurred to provide utility service to customers and determine the level of funding required over the next five years. The result is a recommended plan that ensures each fund meets projected financial obligations for operations and maintenance, debt service and capital infrastructure improvements to ensure continued safe and efficient operations, while maintaining sufficient reserves for cash flow management and emergencies, and satisfying debt service coverage requirements for existing debt. The financial plan is also focused on enhancing the overall financial condition of the utilities, to support favorable credit ratings that would lower the cost of future borrowings the City may decide to undertake. Updating rates to keep up with the costs of providing reliable, safe, and high-quality drinking water and wastewater services is a key component of maintaining financial viability of the utilities. Rate structures for each utility were designed so that revenues from proposed rates do not exceed the amount of revenue required to provide the services, nor will revenue from rates be used for any purposes other than those for which they are imposed.

Over the last two fiscal years the water and sewer funds have operated at a deficit. Even with considerable efforts taken by staff to reduce expenditures, including reducing capital project funding, the trend is projected to continue this fiscal year. The water fund is projected to have a negative fund balance beginning in fiscal year 2026 if rates remain unchanged.

In the past five years the Consumer Price Index has increased 16.1%, yet the City has not increased water or sewer rates. Water rates were last increased over five years ago, in January 2020; and sewer rates were last increased 11 years ago, in March 2014. As a result, the City currently has some of the lowest rates compared to neighboring communities. Department staff have carefully managed revenues and expenses to mitigate the impacts of inflation. However, several major budget impacts make it necessary to seek increases in water and sewer rates. Due to operational costs driven by inflation, higher prices for chemicals, electricity, supplies, and construction materials, along with new regulatory compliance mandates, the Department is facing significant financial challenges.

The proposed rates are based on a comprehensive utility rate study and financial plan completed by an independent consultant. This report is available for review at <https://cityofvacaville.gov/UtilitiesRateStudy>. The amount of the proposed rates imposed on any parcel or person as an incidence of their property ownership will not exceed the proportional cost of the service(s) attributable to such parcel, and no rate will be imposed for service unless that service is actually used by, or immediately available to, the property owner or customer in question.

Why are water and sewer rate changes needed?

The utility rate study and financial plan determined that the City's current rates are not sufficient to meet increasing costs associated with system operations, maintenance and capital projects. These costs include administrative support for operations, repair and replacement of aging system components, repayment of debt, maintenance of designated reserves, and capital facilities projects necessary to ensure quality uninterrupted service and meet regulatory mandates.

How the water and sewer rates are determined and how they work

To develop rates that generate sufficient revenue to meet fiscal and policy objectives of the City, a determination of the annual revenue requirements from water and sewer rates was completed. As previously mentioned, revenue requirements include projected expenditures for operations, maintenance, repair and replacement of aging system components, equipment, debt repayment, minimum coverage for scheduled debt payments, and capital projects.

The revenue requirement for each utility also includes maintenance of designated reserves. Maintaining appropriate reserves is critical to the ability of the City to serve its customers and respond to unforeseen and unpredictable costs. The reserves, like all elements of the water and sewer rates, may only be used to fund costs associated with those systems.

The revenue requirements were compared to the total sources of available funds under existing rates during each year of the forecast period to determine the adequacy of projected revenues to meet those requirements. Where a shortage of revenue was found, a series of revenue adjustments were calculated, which if implemented, will provide revenue sufficient to meet those needs. The proposed rates are determined by calculating the costs associated with providing water and sewer service to each customer class. A description of the proposed rates follows.

Proposed Bi-Monthly Water Rates - July 1, 2025 through July 1, 2029

The City is proposing to implement new water rates as a series of annual adjustments starting on July 1, 2025, and then each July 1 thereafter, until July 2029. The following table summarizes the proposed water rates. The Fixed and Volumetric charges will go into effect and remain in effect until superseded by Council action.

Proposed water rates consist of 1) a bi-monthly fixed charge that varies based on meter size, that applies to all customers, which designates the minimum amount each customer will pay, regardless of the amount of water used, and 2) a uniform volumetric rate per 100 cubic feet (100 cubic feet = 1 unit of water = 748 gallons) that applies to all customers, based upon the amount of monthly metered water use. The fixed charge recovers the fixed costs of maintaining and operating utility infrastructure and facilities, while the volumetric rate recovers variable costs of pumping, treating, and distributing water. The rate structure was designed so that each customer will be charged an amount that represents their proportional share of the City's cost of serving them, based on their demand and usage characteristics.

Description	Existing Rates	Projected for Fiscal Year Beginning July 1,				
		2025	2026	2027	2028	2029
Bi-Monthly Fixed Charge by Meter Size:						
5/8 Inch	\$ 34.90	\$ 63.35	\$ 66.52	\$ 69.85	\$ 71.60	\$ 73.03
3/4 Inch	\$ 52.30	\$ 87.79	\$ 92.18	\$ 96.79	\$ 99.22	\$ 101.20
1.0 Inch	\$ 87.14	\$ 136.66	\$ 143.50	\$ 150.68	\$ 154.46	\$ 157.54
1.5 Inch	\$ 174.24	\$ 258.85	\$ 271.80	\$ 285.41	\$ 292.56	\$ 298.40
2.0 Inch	\$ 278.90	\$ 405.47	\$ 425.76	\$ 447.07	\$ 458.28	\$ 467.43
3.0 Inch	\$ 522.92	\$ 747.59	\$ 785.00	\$ 824.29	\$ 844.94	\$ 861.82
4.0 Inch	\$ 871.48	\$ 1,236.34	\$ 1,298.20	\$ 1,363.19	\$ 1,397.34	\$ 1,425.25
6.0 Inch	\$ 1,742.98	\$ 2,458.20	\$ 2,581.20	\$ 2,710.41	\$ 2,778.32	\$ 2,833.80
8.0 Inch	\$ 2,788.62	\$ 3,924.43	\$ 4,120.79	\$ 4,327.08	\$ 4,435.49	\$ 4,524.08
Fire Protection	\$ 82.54	\$ 128.86	\$ 135.31	\$ 142.08	\$ 145.64	\$ 148.55
Volumetric Rate Per 100 Cubic Feet:						
All Flow	\$ 1.75	\$ 2.51	\$ 2.64	\$ 2.77	\$ 2.84	\$ 2.90

Proposed Bi-Monthly Sewer Rates - July 1, 2025 through July 1, 2029

The City is proposing to implement new sewer rates as a series of annual adjustments starting on July 1, 2025, and each July 1 thereafter until July 2029. The following table summarizes the proposed sewer rates. The rates will go into effect and remain in effect until superseded by Council action.

Proposed sewer rates consist of 1) separate bi-monthly fixed charges for Residential and Non-Residential customers, regardless of their usage, and 2) Volumetric rates per 100 cubic feet (100 cubic feet = 1 unit of water = 748 gallons), that vary by sewer discharge strength for various customer categories. Multi-family customers only pay a flat rate per dwelling unit, regardless of their usage. The fixed charges recover the fixed costs associated with the operation and maintenance of sewer collection and treatment facilities, while the volumetric rates recover the variable costs of treatment of wastewater. The rate structure was designed so each customer will be charged an amount that is proportional to the cost of serving them, based upon their demand, discharge strength and usage characteristics.

Description	Existing Rates	Projected for Fiscal Year Beginning July 1,				
		2025	2026	2027	2028	2029
Bi-Monthly Fixed Charge:						
Single-Family (per dwelling unit)	\$ 113.22	\$ 100.04	\$ 106.04	\$ 111.34	\$ 116.91	\$ 122.76
Multi-Family (per dwelling unit)	\$ 90.58	\$ 106.85	\$ 113.26	\$ 118.92	\$ 124.87	\$ 131.12
Non-Residential (per account) ^[1]	\$ -	\$ 61.59	\$ 65.29	\$ 68.55	\$ 71.98	\$ 75.58
Industrial (per EDU) ^[2]	\$ 127.50	\$ 151.62	\$ 160.72	\$ 168.76	\$ 177.20	\$ 186.07
Volumetric Rates Per 100 Cubic Feet:						
Single-Family	\$ 0.84	\$ 2.14	\$ 2.27	\$ 2.38	\$ 2.50	\$ 2.63
Multi-Family ^[3]	\$ 0.84	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Residential - Low Strength	\$ 4.91	\$ 4.40	\$ 4.66	\$ 4.89	\$ 5.13	\$ 5.40
Non-Residential - Medium Strength	\$ 9.82	\$ 9.42	\$ 9.97	\$ 10.46	\$ 10.98	\$ 11.55
Non-Residential - High Strength	\$ 13.26	\$ 12.60	\$ 13.34	\$ 13.99	\$ 14.70	\$ 15.46
Specific Industrial	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Notes:

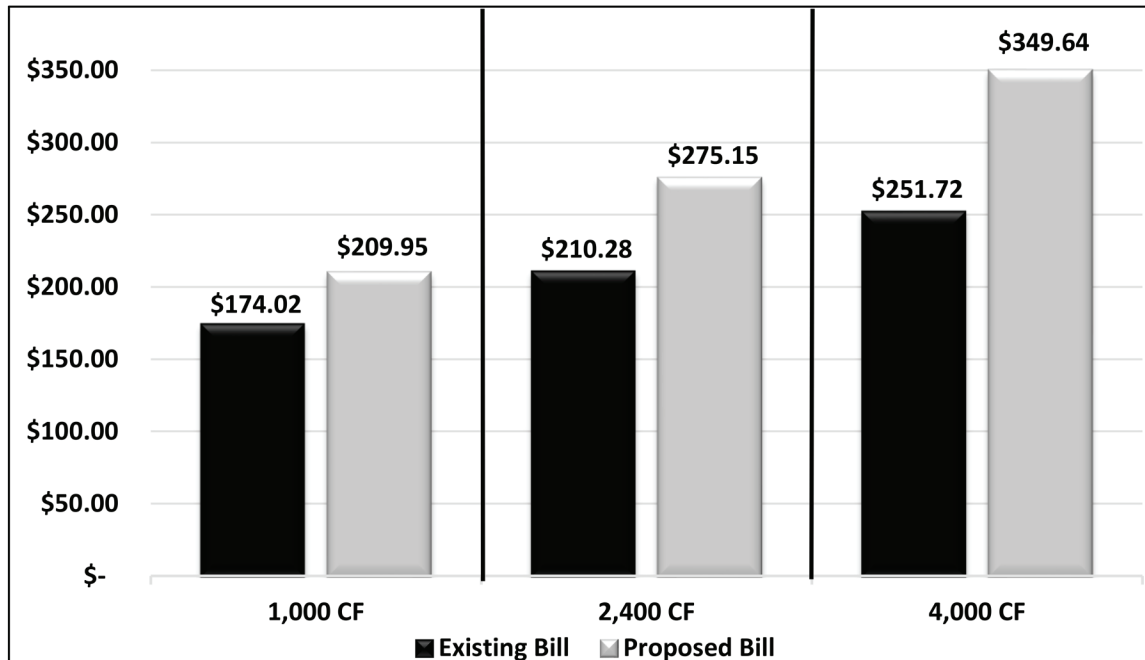
[1] All "Non-Residential" customers will now pay a bi-monthly fixed fee per account under the proposed rate structure. "Non-Residential" customers do not pay a bi-monthly fixed fee under the existing rate structure.

[2] Specific industrial customers billed monthly vs. bi-monthly, will pay half of the bi-monthly rate per EDU.

[3] Under the proposed rates, "Multi-Family" customers will now pay a flat fee per dwelling unit regardless of

Impact on your water and sewer bill

Per the proposed rates effective July 1, 2025, the combined water and sewer bill for a typical single-family home using 2,400 cubic feet of water per bi-monthly billing period would increase from \$210.28 currently, to \$275.15 per bi-monthly billing period. The accompanying graph provides a summary of existing and proposed rates under various usage scenarios.



How do you file a protest or participate in the public hearing?

The City will consider the new water and sewer rates at a Public Hearing on **Tuesday, May 13, 2025, at 6:00 p.m.** at the City Council Chambers, 650 Merchant Street, Vacaville, California 95688. You are invited to present oral or written testimony at the Public Hearing. **Any owner, or customer of record, of a parcel subject to the proposed rates may submit a written protest against the proposed rate revisions. If written protests are filed for a majority of the affected parcels, the proposed rate revisions will not be adopted. If you do not object to the proposed rate revisions to fund the operation, maintenance, and capital improvements for City water and wastewater services, you do not need to take any action.**

In order for a written protest to be counted, it must include the following: a statement indicating that the identified property owner or customer of record is in opposition to the proposed water or sewer rate changes; the street address or Assessor's Parcel Number (APN) for the parcel(s) with respect to which the protest is made; and the name and signature of the owner or customer. Protests may be mailed, or hand delivered, to the City Clerk at 650 Merchant Street, Vacaville, California 95688, prior to 2:00 p.m. on May 13, 2025, or hand delivered to the City Clerk at the Public Hearing on May 13, 2025. To be counted, a signed written protest must be received by the City Clerk before the conclusion of the Public Hearing. Protests submitted via e-mail or other electronic means will not be accepted. For any written protest, whether mailed or submitted in person to the City Clerk, please identify on the front of the envelope that the enclosed protest is for the Public Hearing on the Proposed Rate Changes – Water and Sewer Rates.

The City Council will consider all written and oral protests related to the proposed rate changes at the Public Hearing. Oral comments at the Public Hearing will not qualify as formal protests unless accompanied by a written protest. Upon the conclusion of the Public Hearing, there will be no more written protests accepted and no more testimony taken, and the City Council will consider adoption of the proposed rates described in this notice. If written protests, as outlined above, are not presented by a majority of property owners or customers of record, the City Council will be authorized to adopt the proposed rates. While both property owners and customers of record may submit written protests, only one protest will be counted for each parcel. If adopted, the rates for water and sewer service will be in effect beginning **July 1, 2025**.

In accordance with Government Code section 53759, there is a 120-day statute of limitations for challenging any new, increased, or extended fee or charge, commencing from the later of the effective date of the new rates or of the date of the final passage, adoption, or approval of the resolution adopting the new rates.