



NOTICE OF PUBLIC HEARING:

Concerning proposed changes to the City of Santa Ana water and sewer rate structure and adjustments to water service, sewer service and consumption charges.



Date: November 19, 2019

Time: 5:45 p.m.

Location: City Council Chambers at 20 Civic Center Plaza
Santa Ana, CA 92701

IMPORTANT INFORMATION ABOUT YOUR WATER RATES

The Santa Ana City Council will hold a public hearing at the time, date, and location specified above to consider a proposed five-year schedule of increases to the City's water rates and sewer charges.

If adopted, proposed rate increases and charges will become effective on January 1, 2020; July 1, 2020; July 1, 2021; July 1, 2022; July 1, 2023, respectively.

The public hearing will be conducted per California Constitution Article XIII D, Section 6 (also known as "Proposition 218"). This notice is being sent to all property owners and customers whose parcels receive water and/or sewer service from the City of Santa Ana, who would be impacted by imposed rates and charges.

All members of the public are invited to attend the public hearing. Additionally, under California State Law, all of the City's property owners and customers of record may submit a written protest to the proposed rate changes. Only one protest per parcel is permitted.

Please refer to the "**How Can I Participate?**" section of this document for instructions on submitting a formal written protest against the proposed action. You may also appear at the public hearing at the date and time specified above.

More information, including a *rate estimator*, is available online at: www.santaanautilityrates.com.

WHY HAVE I RECEIVED THIS NOTICE?

The City of Santa Ana is dedicated to providing reliable and cost-effective water and sewer service to its customers at rates that do not exceed the cost of service, while maintaining essential water and sewer infrastructure. The City hired an independent, third-party consultant to determine that cost of service. The City of Santa Ana is proposing changes to its water and sewer rate structures and charges. Customers who may be impacted by these changes are receiving this notice. We are seeking feedback to help the City Council make the right choice for the City of Santa Ana and its ratepayers.

WHY ARE RATE INCREASES NEEDED?



EXPIRING RATE SCHEDULE

The City's existing 5-year rate schedule was established in 2014. A new schedule of rates is needed to ensure the City is fairly and equitably recovering the costs of providing service, using industry best practices and meeting legal requirements.



AGING SYSTEM

The City of Santa Ana maintains a complex system of pipelines and facilities to provide safe, reliable water and sewer service to customers. As the system ages, resources are needed to keep these assets in good working condition and benefit rate payers by making timely re-investments in critical infrastructure.



FINANCIAL HEALTH

The City of Santa Ana's Public Works Agency must ensure adequate revenue to meet its financial requirements, including bond repayments and maintaining cash reserves for a strong credit rating.

DID YOU KNOW?

As a public agency, the City cannot earn a profit from the services it provides and must charge no more than the actual costs associated with providing services to its customers.

HOW CAN I PARTICIPATE?

The City of Santa Ana welcomes your participation and input throughout the process as the City Council considers the changes explained in this Notice. If you have questions or comments about the proposed rates, you can:



CALL OR VISIT. The cost-of-service study and other information on the proposed adjustments and increases are available for review at the City's Public Works Department and on our website: www.Santa-Ana.org/pw/Water-and-Sewer.



WRITE. Written protests may be mailed to The City of Santa Ana, Attention: City Clerk, P.O. Box 1988, M31, Santa Ana, CA 92701, or delivered in-person to City Hall, 20 Civic Center Plaza, Santa Ana.



ATTEND THE PUBLIC HEARING: Written protests may also be submitted at the Public Hearing on **November 19, 2019 at 5:45 p.m.** in the City Council Chambers at 20 Civic Center Plaza, Santa Ana, CA 92701. All members of the public will have an opportunity to speak and give testimony regarding the proposed water, recycled water and sewer rate adjustments at the Public Hearing; however, only written protests will count toward a majority protest. Written protests must be received before the conclusion of the Public Hearing.

PUBLIC HEARING PROCESS: At the time of the Public Hearing, the City Council will hear and consider all protests and objections to the proposed increases. Protests submitted by email or other electronic means do not count as formal written protests; oral comments **DO NOT** qualify as a formal protest unless accompanied by a written protest. Upon conclusion of the hearing, the City Council will evaluate the protests and consider the adoption of the proposed rates and charges. The City Council is authorized to adopt proposed rates and charges if written protests against the proposed rates and charges, as outlined above, do not represent at least a majority of owners or customers of identified parcels impacted by proposed rates and charges. If adopted as proposed, the increased rates and charges become effective on January 1, 2020, July 1, 2020, July 1, 2021, July 1, 2022, and July 1, 2023.



DESCRIPTION OF PROPOS

The proposed rate structure for water service has four customer classes: single-family residential, multi-family residential, non-residential, and recycled water users. The proposed sewer rate structure also has four customer classes: single-family residential, multi-family residential, non-residential, and FOG customers.

WHAT WOULD CHANGE?

WATER RATE STRUCTURE

The proposed water rate structure is comprised of two components: a fixed monthly service charge (the "Water Utility Charge"), and the variable water consumption charge (the "Water Usage Charge"). Four customer classes would be established – Single Family, Multi-Family, Non-Residential and Recycled Water users. Commodity costs would be distributed among them based on each customer classes' total water use. Commodity costs for recycled water would be allocated 100 percent to those customers. Utility costs would be allocated to each respective customer class based on meter size.

Water usage charges would have two tiers based on the source of the water and its availability. The Tier 1 rate would recover the cost of groundwater extraction, the electricity for producing and distributing that water, and some other costs. Tier 2 would recover the costs of purchasing imported water and the electrical costs for distributing that volume of water. The allocation of water in each tier would be based on the amount of water supply that is available from each respective source.

SEWER RATE STRUCTURE

The variable Sewer Commodity Charge and fixed Service Charge would be replaced by a single fixed Sewer Utility Charge, based on the size of the water meter and customer class.

FIXED VS. VARIABLE CHARGES

FIXED CHARGES are independent of the amount of water used. They cover non-fluctuating costs such as capital projects, transmission, distribution, meters and service.

VARIABLE CHARGES are calculated based on the amount of water moving through a customer's meter. These charges cover expenses such as purchased water, electricity and treatment chemicals.

FOR MORE INFORMATION

To view the rate study online, estimate your bill and learn more about the potential rate changes, please visit us at www.santaanautilityrates.com!

ED RATE STRUCTURES

If the proposed rate changes are approved by the City Council, all water and sewer services will be billed at the rates set forth in the tables on the following pages:



PROPOSED WATER USAGE CHARGES (\$/CCF*)

	Current Rate (Per CCF*)	Effective January 1, 2020	Effective July 1, 2020	Effective July 1, 2021	Effective July 1, 2022	Effective July 1, 2023
TIER 1**	\$3.02	\$2.03	\$2.17	\$2.31	\$2.36	\$2.41
TIER 2***	\$3.59	\$4.79	\$5.13	\$5.46	\$5.57	\$5.68
RECYCLED WATER	\$2.42	\$2.15	\$2.30	\$2.45	\$2.50	\$2.55

*1 CCF=748 Gallons **See tier allocation table.
*** Tier 2 is any amount of water used over the amount allocated in Tier 1



PROPOSED MONTHLY TIER 1 ALLOCATIONS (1 CCF=748 GALLONS)

Meter Size	Current Allocation	Proposed Single Family Residential Allocation	Proposed Non-Residential Customer Allocation	Proposed Multi-Family Customer Allocation
5/8" x 3/4"	0 - 22 CCF	0 - 10.50 CCF	0 - 31 CCF	0 - 8.5 CCF per Dwelling Unit
3/4"	0 - 22 CCF	0 - 16 CCF	0 - 46.5 CCF	
1"	0 - 22 CCF	0 - 26 CCF	0 - 77.5 CCF	
1 1/2"	0 - 22 CCF	0 - 52.5 CCF	0 - 155 CCF	
2"	0 - 22 CCF	0 - 84 CCF	0 - 248 CCF	
3"	0 - 22 CCF	0 - 184 CCF	0 - 542.5 CCF	
4"	0 - 22 CCF	0 - 331 CCF	0 - 976.5 CCF	
6"	0 - 22 CCF	0 - 682.5 CCF	0 - 2,015 CCF	
8"	0 - 22 CCF	0 - 1,260 CCF	0 - 3,720 CCF	

PROPOSED MONTHLY WATER UTILITY CHARGES

Meter Size	Current Charges	Effective January 1, 2020	Effective July 1, 2020	Effective July 1, 2021	Effective July 1, 2022	Effective July 1, 2023
5/8" x 3/4"	\$6.95	\$20.51	\$21.94	\$23.37	\$23.84	\$24.31
3/4"	\$15.10	\$30.76	\$32.91	\$35.05	\$35.75	\$36.47
1"	\$28.65	\$51.27	\$54.85	\$58.42	\$59.59	\$60.78
1 1/2"	\$44.93	\$102.53	\$109.70	\$116.83	\$119.17	\$121.55
2"	\$82.90	\$164.04	\$175.52	\$186.93	\$190.67	\$194.48
3"	\$137.15	\$358.84	\$383.96	\$408.92	\$417.10	\$425.44
4"	\$272.78	\$645.91	\$691.12	\$736.04	\$750.76	\$765.78
6"	\$435.53	\$1,332.83	\$1,426.12	\$1,518.82	\$1,549.20	\$1,580.18
8"	\$435.53	\$2,460.60	\$2,632.84	\$2,803.97	\$2,860.05	\$2,917.25
Current Multi-Family Residential Charge Per Unit: \$4.75						

PROPOSED MONTHLY SEWER UTILITY CHARGES

SINGLE FAMILY RESIDENTIAL

Meter Size	Current Charges	Effective January 1, 2020	Effective July 1, 2020	Effective July 1, 2021	Effective July 1, 2022	Effective July 1, 2023
5/8" x 3/4"	\$1.68 + (Number of CCF x 0.426) (1 CCF = 748 gallons)	\$5.60	\$5.88	\$6.41	\$6.99	\$7.62
3/4"		\$7.93	\$8.33	\$9.08	\$9.90	\$10.79
1"		\$12.59	\$13.22	\$14.41	\$15.71	\$17.12
1 1/2"		\$24.23	\$25.44	\$27.73	\$30.23	\$32.95
2"		\$38.20	\$40.11	\$43.72	\$47.65	\$51.94
3"		\$82.43	\$86.55	\$94.34	\$102.83	\$112.08
4"		\$147.62	\$155.00	\$168.95	\$184.16	\$200.73
6"		\$303.61	\$318.79	\$347.48	\$378.75	\$412.84
8"		\$559.71	\$587.70	\$640.59	\$698.24	\$761.08
10"		\$885.66	\$929.94	\$1,013.63	\$1,104.86	\$1,204.30

PASS-THROUGH ADJUSTMENT POLICY

The City is considering an update to the Pass-Through Adjustment Policy to offset any increases in water supply costs through changes to the Water Usage Charges, beginning in 2020-2021. Ratepayers would be notified at least 30 days prior to an adjustment.

The adjustment to Tier 1 rates would be based on the change in the unit cost of groundwater (in \$/CCF), which would be equal to the total cost of groundwater purchased from Orange County Water District divided by the volume of groundwater purchased.

PROPOSED MONTHLY SEWER UTILITY CHARGES

MULTI-FAMILY RESIDENTIAL

Meter Size	Current Charges	Effective January 1, 2020	Effective July 1, 2020	Effective July 1, 2021	Effective July 1, 2022	Effective July 1, 2023
5/8" x 3/4"	$\$1.68 + (\text{Number of CCF} \times 0.426)$ (1 CCF = 748 gallons)	\$8.40	\$8.82	\$9.61	\$10.47	\$11.41
3/4"		\$12.12	\$12.73	\$13.88	\$15.13	\$16.49
1"		\$19.57	\$20.55	\$22.40	\$24.42	\$26.62
1 1/2"		\$38.20	\$40.11	\$43.72	\$47.65	\$51.94
2"		\$60.55	\$63.58	\$69.30	\$75.54	\$82.34
3"		\$131.32	\$137.89	\$150.30	\$163.83	\$178.57
4"		\$235.63	\$247.41	\$269.68	\$293.95	\$320.41
6"		\$485.21	\$509.47	\$555.32	\$605.30	\$659.78
8"		\$894.97	\$939.72	\$1,024.29	\$1,116.48	\$1,216.96
10"		\$1,416.49	\$1,487.31	\$1,621.17	\$1,767.08	\$1,926.12

PROPOSED MONTHLY SEWER UTILITY CHARGES

NON-RESIDENTIAL

Meter Size	Current Charges	Effective January 1, 2020	Effective July 1, 2020	Effective July 1, 2021	Effective July 1, 2022	Effective July 1, 2023
5/8" x 3/4"	$\$1.68 + (\text{Number of CCF} \times 0.426)$ (1 CCF = 748 gallons)	\$9.33	\$9.80	\$10.68	\$11.64	\$12.69
3/4"		\$13.52	\$14.20	\$15.48	\$16.87	\$18.39
1"		\$21.90	\$23.00	\$25.07	\$27.33	\$29.79
1 1/2"		\$42.85	\$44.99	\$49.04	\$53.45	\$58.26
2"		\$68.00	\$71.40	\$77.83	\$84.83	\$92.46
3"		\$147.62	\$155.00	\$168.95	\$184.16	\$200.73
4"		\$264.96	\$278.21	\$303.25	\$330.54	\$360.29
6"		\$545.74	\$573.03	\$624.60	\$680.81	\$742.08
8"		\$1,006.73	\$1,057.07	\$1,152.21	\$1,255.91	\$1,368.94
10"		\$1,593.43	\$1,673.10	\$1,823.68	\$1,987.81	\$2,166.71
FOG Customers	\$26.06 + (Number of CCF x 0.426)	\$40.92	\$42.97	\$46.84	\$51.06	\$55.66

The adjustment to Tier 2 rates would be based on the change in the unit cost of imported water (in \$/CCF), which would be based on the total cost of imported water purchased from Metropolitan Water District divided by the volume of imported water purchased.

The adjustment to recycled water rates would be based on the change in the unit cost of recycled water (in \$/CCF), which would be based on the total cost of recycled water purchased from Orange County Water District divided by the volume of recycled water purchased.





The City of
Santa Ana

**City Council Chambers at 20 Civic Center Plaza
Santa Ana, CA 92701**

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