



UNDERSTANDING WATER AND SEWER RATE CHANGES

City of Santa Ana | January 23, 2020

INTRODUCTIONS



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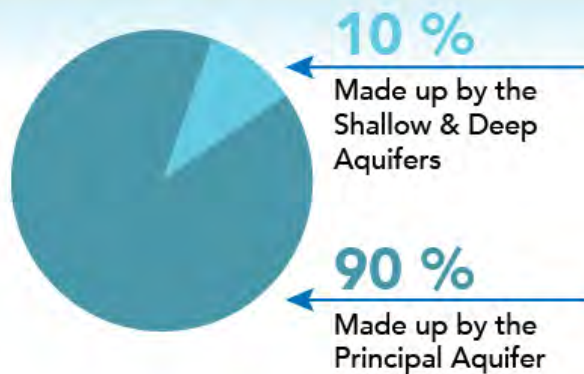
John Kennedy
Orange County Water District



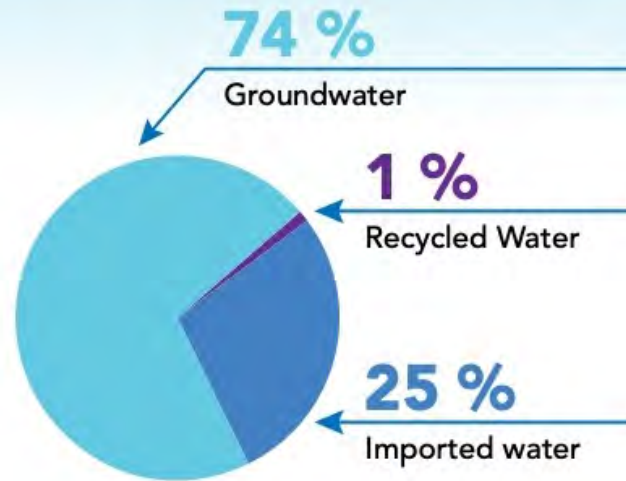
Luis Cetina
Metropolitan Water District of Southern California

ABOUT CITY OF SANTA ANA'S PUBLIC WORKS AGENCY

One major aquifer system



Total Water Supplies



Imported supply sources

- Colorado River
- State Water Project (SWP)
- Via the **California Aqueduct**



City's MAIN source of groundwater supply



Orange County
Groundwater Basin

TIMELINE

- ▼ **SEPTEMBER 2018:** Hired Rate Consultant to Review Rate Structure
- ▼ **SEPTEMBER 2019:** Finalized Rate Study
- ▼ **OCTOBER 2019:** Notice of Public Hearing Mailed
- ▼ **NOVEMBER 2019:** Public Hearing Held
- ▼ **JANUARY 2020:** Rates Effective

WHAT CHARGES ARE ON YOUR WATER BILL?

**WATER UTILITY
CHARGES**



**WATER USAGE
CHARGES**



WATER UTILITY CHARGES

FIXED CHARGES – Doesn't change based on how much water is used

- Charge **based on meter size** – Most single-family homes are 5/8" x 3/4" meters



COVERS:

- ✓ *Capital Projects*
- ✓ *Transmission*
- ✓ *Distribution*
- ✓ *Meters and Service*

WATER USAGE CHARGES

VARIABLE CHARGES - Changes depending on how much water is used in the home

- Charged **based on CCF** or one hundred cubic feet = 748 gallons
- There are two tiers based on the cost of providing that water
 - ✓ **Tier 1** = 0 - 10.5 CCF each month
 - ✓ **Tier 2** = 10.5 + CCF each month



COVERS:

- ✓ *Water*
- ✓ *Electricity*
- ✓ *Treatment Chemicals*

WHERE DOES YOUR MONEY GO?



- Debt Service - **2%**
- System Improvements - **11%**
- Administration - **15%**
- Operations and Maintenance - **31%**
- Purchased Water & Electricity - **41%**

WHY DO RATES NEED TO CHANGE?



EXPIRING RATE SCHEDULE

- Current rate schedule established in 2014



FINANCIAL REQUIREMENTS

- Bond repayments
- Reserves



AGING SYSTEM

- **20%** of the water distribution infrastructure is past its useful life
- **70%** of the existing infrastructure will reach its useful life by 2040
- A **Water Master Plan** was developed to identify system deficiencies and develop a capital program

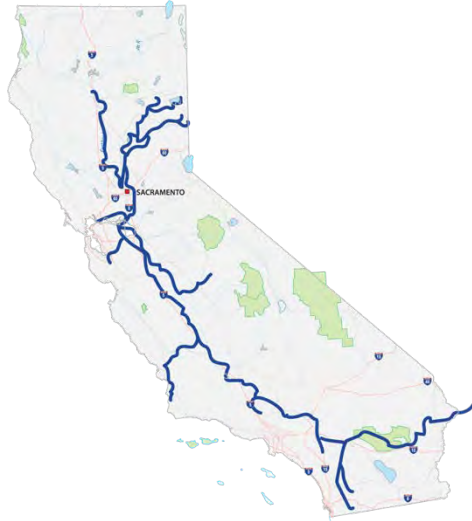


SYSTEM MAINTENANCE REQUIREMENTS AND UPGRADES

- Drilling New Wells
- Rehabilitating Existing Wells
- Rehabilitating Water Pump Stations
- Rehabilitating Water Storage Tanks
- Replace Water Mains
- Advanced Meter Infrastructure Project
- Staff Augmentation



IMPORTED WATER COSTS



WHAT IS IMPORTED WATER?

- Water supplies brought from Northern California and the Colorado River

WHY DO WE NEED IMPORTED WATER?

- The City is only allowed to draw 75% of its water supply from local groundwater to ensure water reliability and quality of its source

WHO SUPPLIES OUR WATER?

- Orange County Water District manages the local groundwater aquifer
- Imported water is supplied by Metropolitan Water District of Southern California



WHAT IS A PASS-THROUGH?

- A charge applied to your bill that covers payments to OCWD and MWD for access to water

HOW DO WE DETERMINE WHAT TO CHARGE?

REVENUE
REQUIREMENTS

Develop a Financial Plan to compare the revenues of the utility to its expenses to determine the overall level of rate adjustment

COST-OF-
SERVICE

Equitably allocates the revenue requirements between the various customer classes of service

RATE
DESIGN

Design rates for each class of service to meet the revenue needs of the utility, along with any other rate design goals and objectives

WHAT IS CHANGING?

RATE STRUCTURE

Monthly Tier Allocations

- **Tier 1 (From 0-22 to 0-10.5 CCF):**
Recovers the cost of groundwater extraction, the electricity for producing and distributing that water
- **Tier 2 (From 22+ to 10.5+ CCF):**
Recovers the costs of purchasing imported water for distributing that volume of water

Four Customer Classes

- Single Family, Multi-Family, Non-Residential and Recycled Water Users

RATES & CHARGES

Does not include a pass-through





SINGLE FAMILY RESIDENTIAL CHANGES TO WATER RATES & CHARGES

Monthly Water Utility Charge (Fixed)

Meter Size	MONTHLY RATE	
	Previous	Adopted
5/8" x 3/4"	\$6.95	↑ \$20.51

Water Usage Charges (per CCF)

	Previous	Adopted
Tier 1	\$3.02	↓ \$2.03
Tier 2	\$3.59	↑ \$4.79

SINGLE FAMILY RESIDENTIAL NEW WATER RATES & CHARGES

MONTHLY WATER UTILITY CHARGES

Meter Size	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"	\$20.51	\$21.94	\$23.37	\$23.84	\$24.31

MONTHLY WATER USAGE CHARGES (\$/CCF)

	Effective January 1, 2020	Effective July 1, 2020	Effective July 1, 2021	Effective July 1, 2022	Effective July 1, 2023
TIER 1 (0-10.5 CCF)	\$2.03	\$2.17	\$2.31	\$2.36	\$2.41
TIER 2 (10.5+ CCF)	\$4.79	\$5.13	\$5.46	\$5.57	\$5.68



OTHER CUSTOMER CLASSES

WATER RATES & CHARGES

MONTHLY TIER 1 ALLOCATIONS



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

OTHER CUSTOMER CLASSES

WATER RATES & CHARGES

MONTHLY WATER UTILITY CHARGES

Meter Size	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"	\$20.51	\$21.94	\$23.37	\$23.84	\$24.31
3/4"	\$30.76	\$32.91	\$35.05	\$35.75	\$36.47
1"	\$51.27	\$54.85	\$58.42	\$59.59	\$60.78
1 1/2"	\$102.53	\$109.70	\$116.83	\$119.17	\$121.55
2"	\$164.04	\$175.52	\$186.93	\$190.67	\$194.48
3"	\$358.84	\$383.96	\$408.92	\$417.10	\$425.44
4"	\$645.91	\$691.12	\$736.04	\$750.76	\$765.78
6"	\$1,332.83	\$1,426.12	\$1,518.82	\$1,549.20	\$1,580.18
8"	\$2,460.60	\$2,632.84	\$2,803.97	\$2,860.05	\$2,917.25

MONTHLY WATER USAGE CHARGES (\$/CCF)

	Effective January 1, 2020	Effective July 1, 2020	Effective July 1, 2021	Effective July 1, 2022	Effective July 1, 2023
TIER 1	\$2.03	\$2.17	\$2.31	\$2.36	\$2.41
TIER 2	\$4.79	\$5.13	\$5.46	\$5.57	\$5.68
RECYCLED WATER	\$2.15	\$2.30	\$2.45	\$2.50	\$2.55

HOW WILL THE NEW RATES IMPACT MY WATER BILL?

Single Family Homes with 5/8" X 3/4" meter

Low Water User
(5 CCF)

Previous	Adopted
\$22.05	\$30.66

↑ Increase of \$8.61
per month

Typical Water User
(10.5 CCF)

Previous	Adopted
\$38.66	\$41.82

↑ Increase of \$3.16
per month

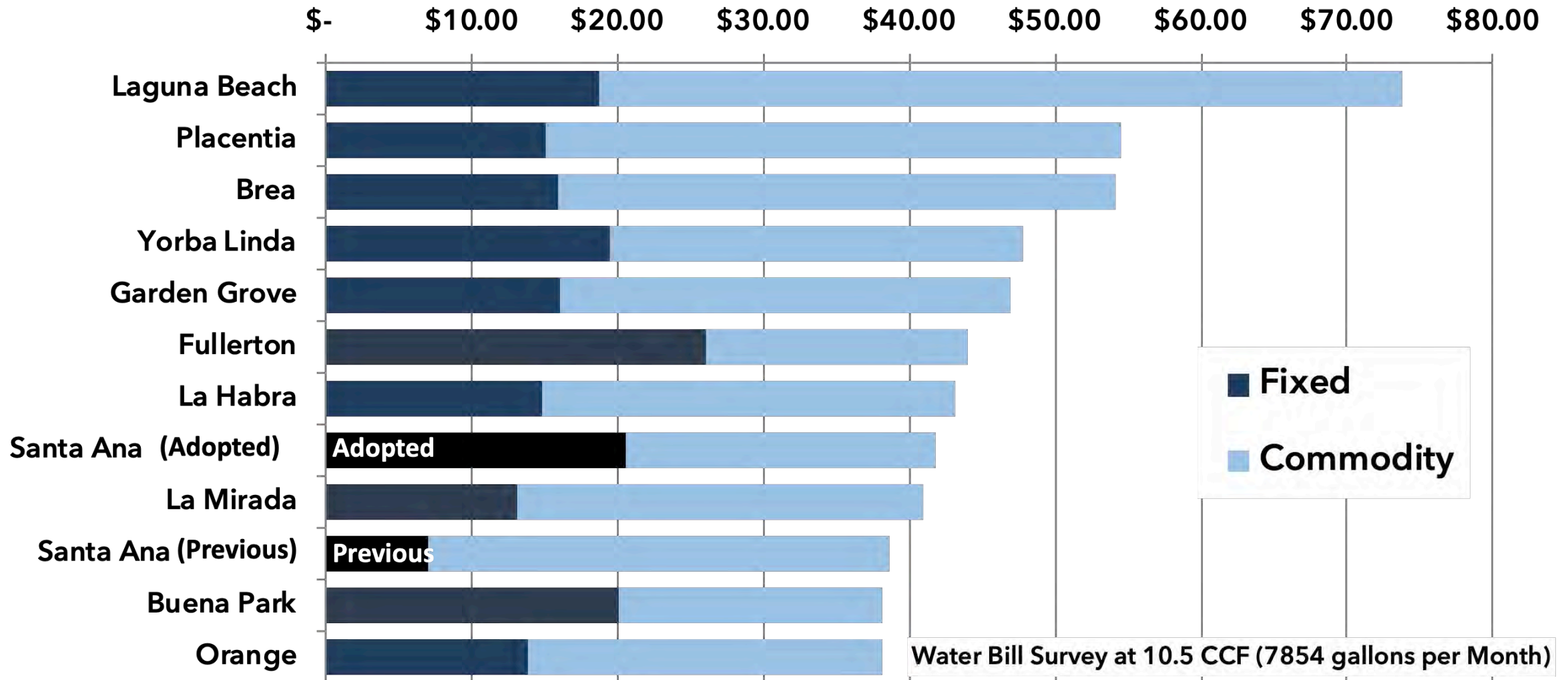
High Water User
(25 CCF)

Previous	Adopted
\$84.16	\$111.28

↑ Increase of \$27.12
per month

RATE COMPARISON - RESIDENTIAL WATER USERS

(typical monthly water use with 5/8" x 3/4" meter)





SINGLE FAMILY RESIDENTIAL CHANGES TO SEWER CHARGES

Sewer Charges (Fixed)

Meter Size	MONTHLY RATE	
	Previous	Adopted
5/8" x 3/4"	\$1.68 + (Number of CCF x \$0.426)	\$5.60

SINGLE FAMILY RESIDENTIAL SEWER CHARGES

MONTHLY SEWER UTILITY CHARGES

Meter Size	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"	\$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

CUSTOMER OUTREACH

- Public Hearing Notice
- Dedicated Website
- Bill Estimator
- Frequently Asked Questions

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.

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 July 1, 2019; 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 against 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.Santa-Ana.org/pw/Water-and-Sewer.

Este documento contiene información importante sobre sus tarifas de agua. Para más información o traducción, visite www.santa-ana.org/pw/water-and-sewer o llame al (714) 847-5400.

MONTHLY UTILITY CHARGES

Effective January 1, 2020	Effective July 1, 2020	Effective July 1, 2021	Effective July 1, 2022	Effective July 1, 2023
\$20.31	\$21.94	\$23.37	\$23.84	\$24.31
\$30.76	\$32.91	\$35.05	\$35.75	\$36.47
\$51.27	\$54.85	\$58.42	\$59.59	\$60.78
\$102.53	\$109.70	\$116.83	\$119.17	\$121.55
\$164.04	\$175.52	\$186.93	\$190.67	\$194.48
\$358.84	\$383.96	\$408.92	\$417.00	\$425.44
\$645.91	\$691.12	\$736.04	\$750.76	\$765.78
\$1,332.83	\$1,426.12	\$1,518.82	\$1,549.20	\$1,580.18
\$2,460.60	\$2,612.84	\$2,803.97	\$2,860.05	\$2,917.25

Multi-Family Residential Charge Per Unit: \$4.75

MONTHLY UTILITY CHARGES - SINGLE-FAMILY RESIDENTIAL

Effective January 1, 2020	Effective July 1, 2020	Effective July 1, 2021	Effective July 1, 2022	Effective July 1, 2023
\$5.60	\$5.88	\$6.41	\$6.99	\$7.62
\$7.91	\$8.31	\$9.08	\$9.90	\$10.79
\$10.59	\$11.22	\$14.41	\$15.71	\$17.12
\$24.25	\$25.44	\$27.73	\$30.23	\$32.95
\$38.20	\$40.11	\$43.72	\$47.65	\$51.94
\$82.43	\$86.55	\$94.34	\$102.63	\$112.08
\$147.62	\$155.00	\$168.95	\$184.16	\$200.73
\$303.41	\$318.79	\$347.48	\$378.75	\$412.84
\$559.77	\$597.70	\$640.59	\$698.24	\$761.09
\$985.68	\$1,039.84	\$1,093.63	\$1,104.86	\$1,204.30

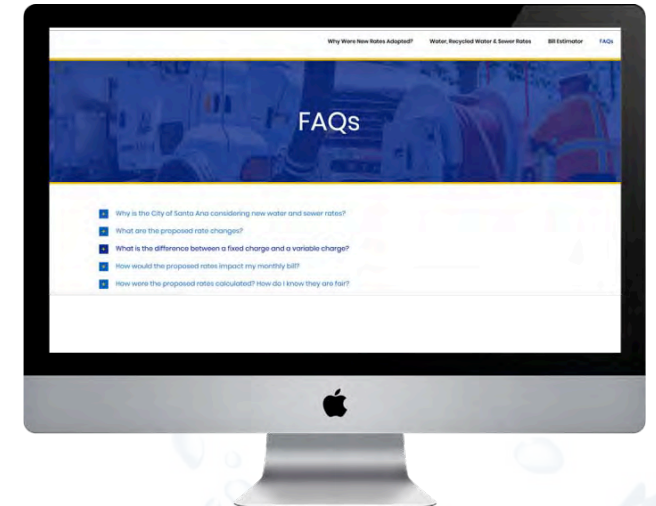
ADJUSTMENT POLICY

July 1, 2020 update to the Pass-Through Adjustment Policy to offset any rate increases through changes to the Water Charge Charges beginning in 2020 and would be notified at least 30 days prior to an adjustment.

The 2020 rates would be based on the change in the unit cost of groundwater and would be based on the total cost of groundwater purchased from Orange and divided by the volume of groundwater purchased.

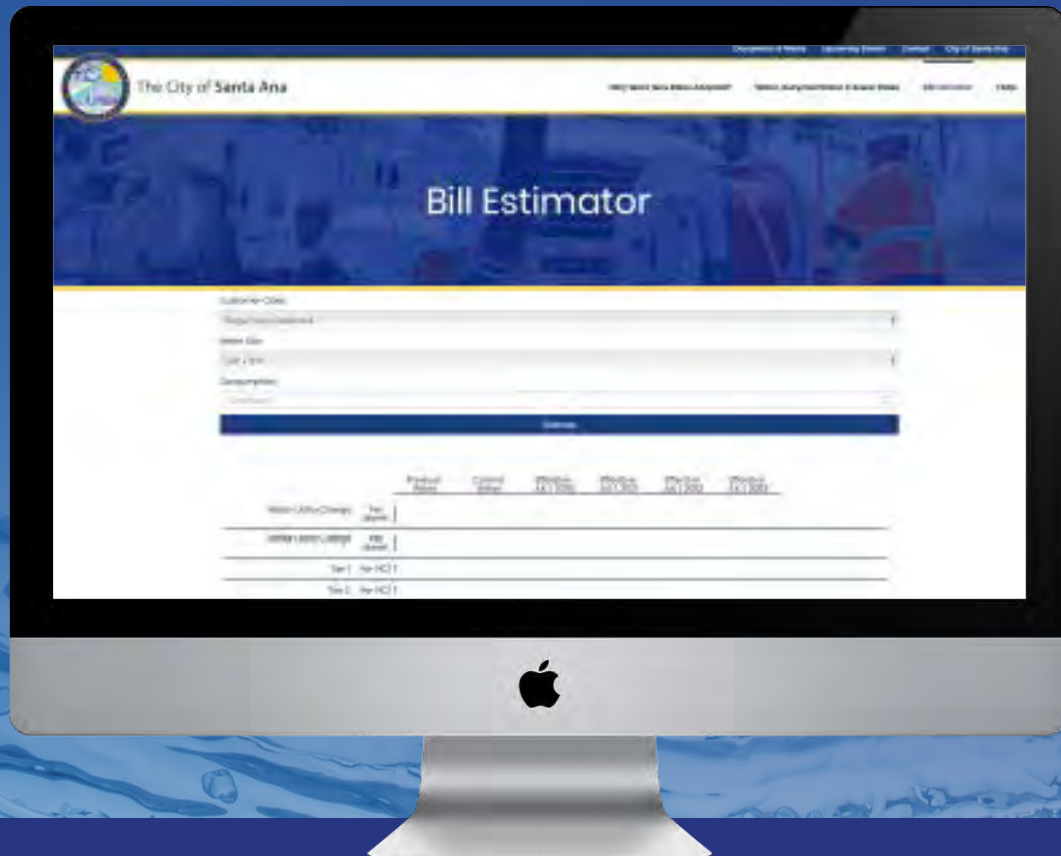
FREQUENTLY ASKED QUESTIONS

- Why is the City of Santa Ana considering new water and sewer rates?
- What are the proposed rate changes?
- What is the difference between a fixed charge and a variable charge?
- How would the proposed rates impact my monthly bill?
- How were the proposed rates calculated? How do I know they are fair?
- Will rates increase every year?
- Would all customers see a change to their rates?
- Why does the City need to spend more money on capital investments?
- Is this a way for the City of Santa Ana to increase its profits?
- What if I disagree with the proposed rates?
- When will the City Council vote on the proposed rates and when would they take effect?
- How can I learn more?



BILL ESTIMATOR

To find out how these changes impact you, please visit santaanautilityrates.com and click on the bill estimator link.



- Select Customer Class
- Select Meter Size
- Under Monthly Consumption: Please refer to your bill and enter in the number of CCF you use each month
- Click Estimate
- Review the table below

RECENT WATER CONSERVATION LEGISLATION

Senate Bill 606 and Assembly Bill 1668

What these Bills do

- Water Suppliers to Calculate Water Efficiency Standards
- Indoor and Outdoor per capita use targets
- Targets are an average across the service area

What these Bills do not do

- Assess fines to individual water users
- Set limits on an individual's water use
- Establish water rationing
- Make you choose between washing clothes and showering

QUESTIONS

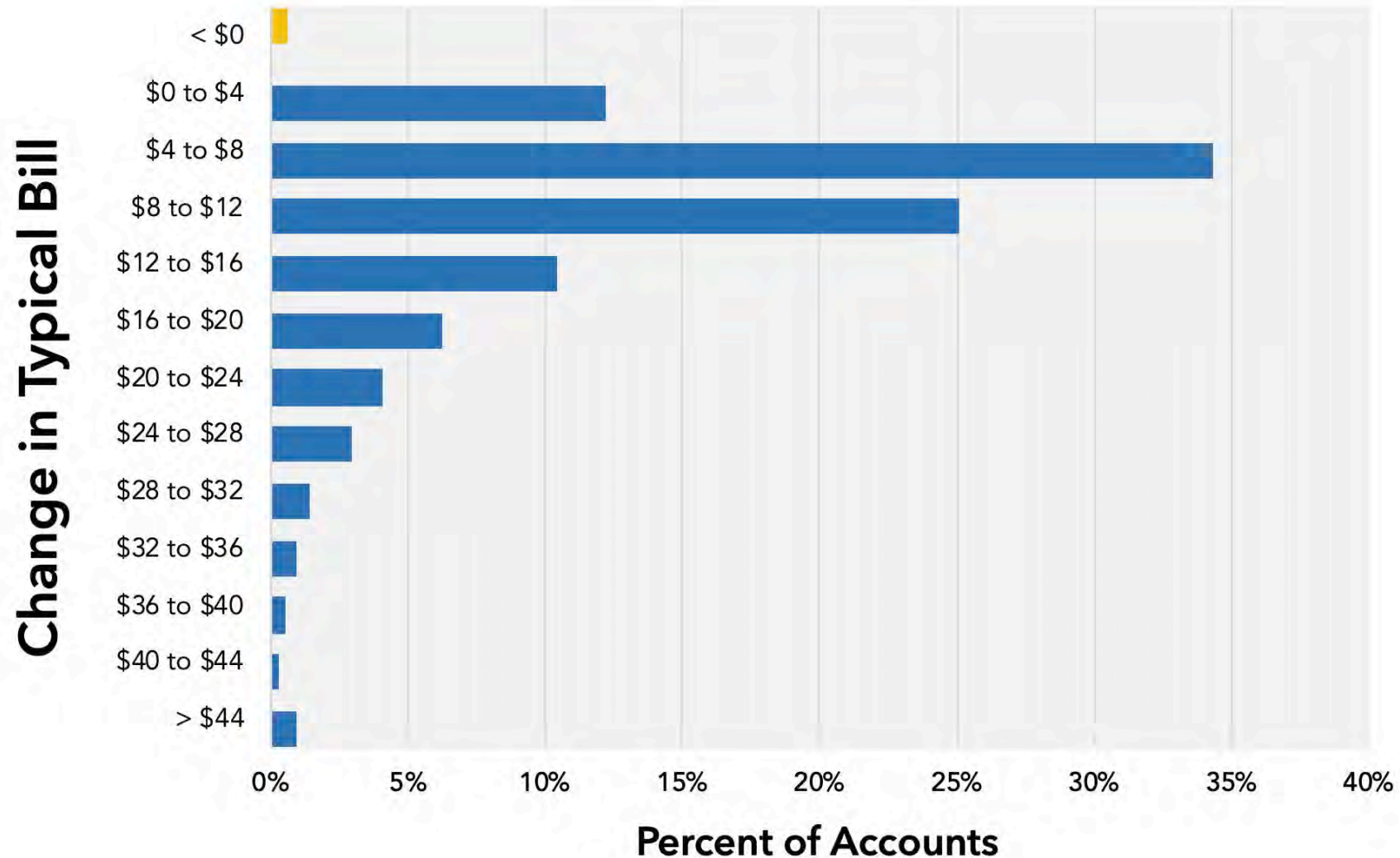


More information, including a bill estimator, is available online at: www.santaanautilityrates.com

The City of Santa Ana
20 Civic Center Plaza, Santa Ana, CA 92701

BIMONTHLY WATER BILL IMPACTS

Single Family Customers (all meter sizes, 35,991 accounts)



OTHER CUSTOMER CLASS BILL IMPACTS?

**Average
Single Family**
(5/8" meter - 10.5 CCF)

Current	Proposed
\$38.66	\$41.82

↑ Increase of \$3.16
per month

**Average Multi-Family
2-unit building**
(5/8" meter - 20.0 CCF)

Current	Proposed
\$69.90	\$61.11

↓ Decrease of \$8.80
per month

**Average
Non-Residential**
(1" meter - 19.0 CCF)

Current	Proposed
\$86.03	\$89.83

↑ Increase of \$3.80
per month