



Water and Wastewater Rate Workshop

January 2024

Infrastructure

WATER

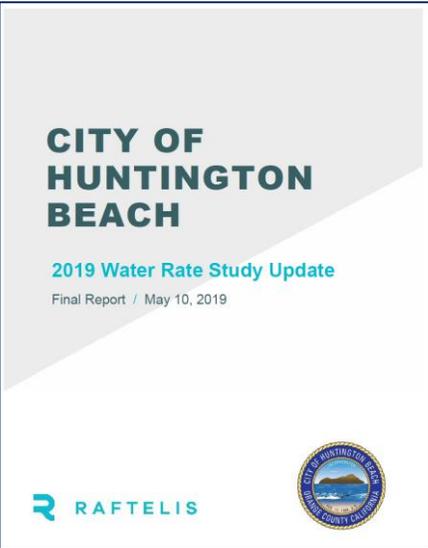
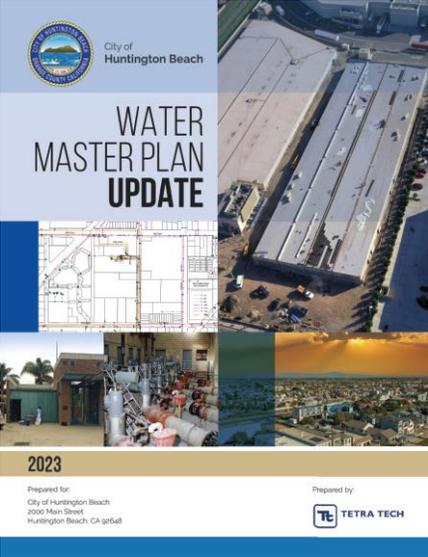
- 53,000 metered connections
- 630 miles of water pipe
- 9 active wells (13,000 gpm)
- 4 reservoirs (55 MG storage)
- 5,800 fire hydrants
- 26,000 acre-feet of water served per year (23 mgd)

SEWER

- 52,000 service laterals
- 360 miles of sewer pipe
- 27 lift stations
- 31 siphons
- 7,678 manholes



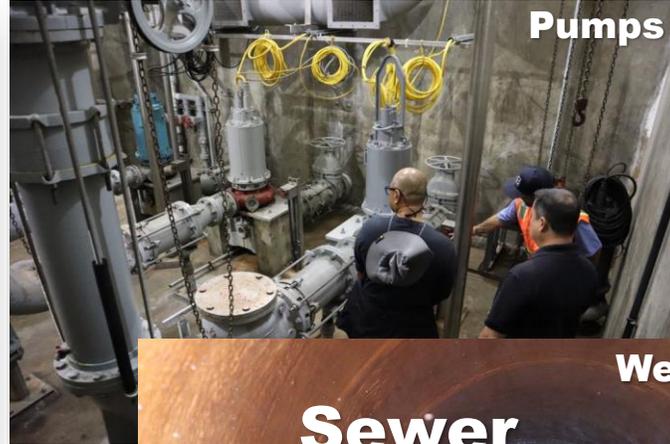
Master Plan and Rate Studies



Key WATER Infrastructure Projects



Key SEWER Infrastructure Project



How are these projects/services paid?

- Water and wastewater fees are not a tax but a fee for service deposited into “enterprise funds”.
 - Fees are used to pay for “specific benefits”.
 - To increase fees, we need approval from the elected body
 - Taxes are used to pay for “general benefits”.
 - To increase taxes, we need approval from the public by a vote
- For water and sewer fees, customers only pay for what they use.



Water & Sewer Rate Study

CITY OF HUNTINGTON BEACH

2019 Water Rate Study Update

Final Report / May 10, 2019



- Good news
 - High resident satisfaction
 - Reliable system
- Challenges
 - 50-60 year old infrastructure needs to be replaced
- Rate Study
 - Cost of Service
 - Balance revenue vs. expenses
 - Affordability

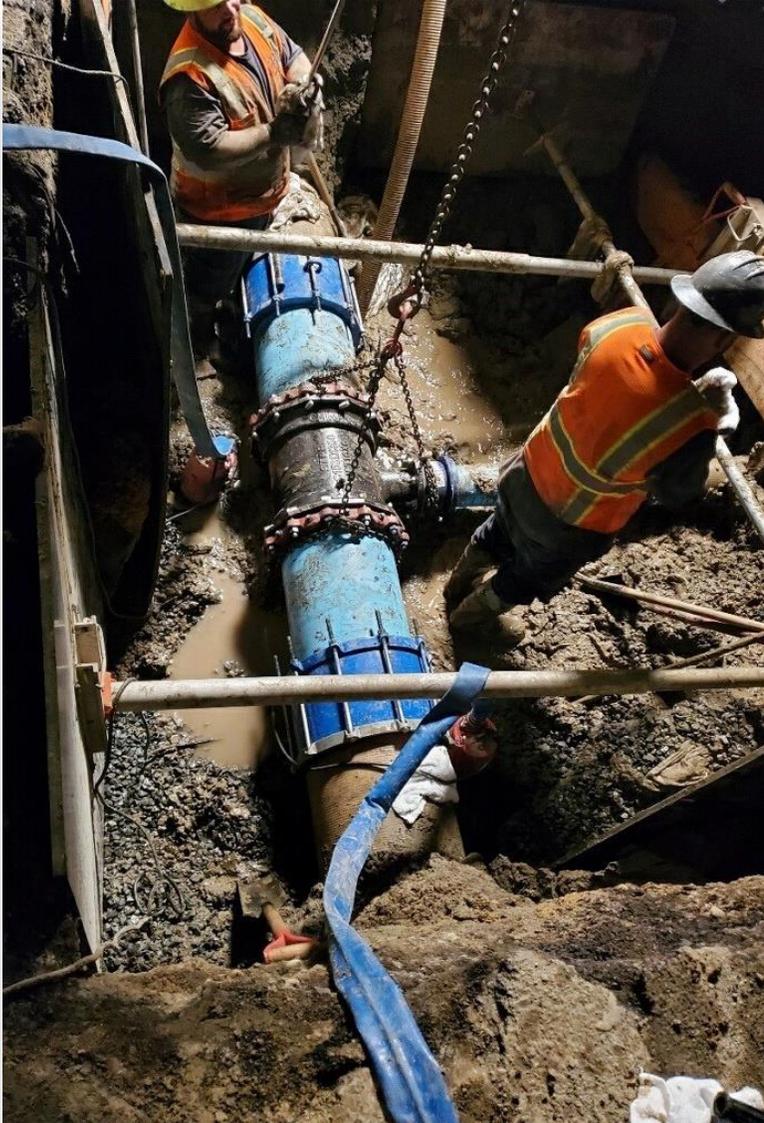


Major drivers in our analysis

- Last rate adjustments adopted in 2019
- Rising construction costs
- Inflation
 - Electricity
 - Maintenance
 - Supplies
 - Labor
- Additional revenue needed to balance operating budget and fund CIP projects



Potential Consequences



- Leaks or failures
- Costly repairs and community disruptions
- Unsafe conditions
- Sewer spills
- Unreliable service
- Fines for violations

Reserve Targets for FY 2024

Reserve Type	Water	Wastewater
Operating Reserves: Deals with cash flow	3 months of O&M ~\$12.5M	4 months of O&M ~\$3.5M
Capital Reserves: Assists with timing and awarding contracts	150% of Average 5-year CIP ~\$12.2M	Average of 5-year CIP ~\$2.7 Million
Emergency Reserve: Asset Failure	Cost to replace one groundwater well + incremental cost of buying imported water ~\$10.7M	Cost to replace one lift station ~\$4.5 Million



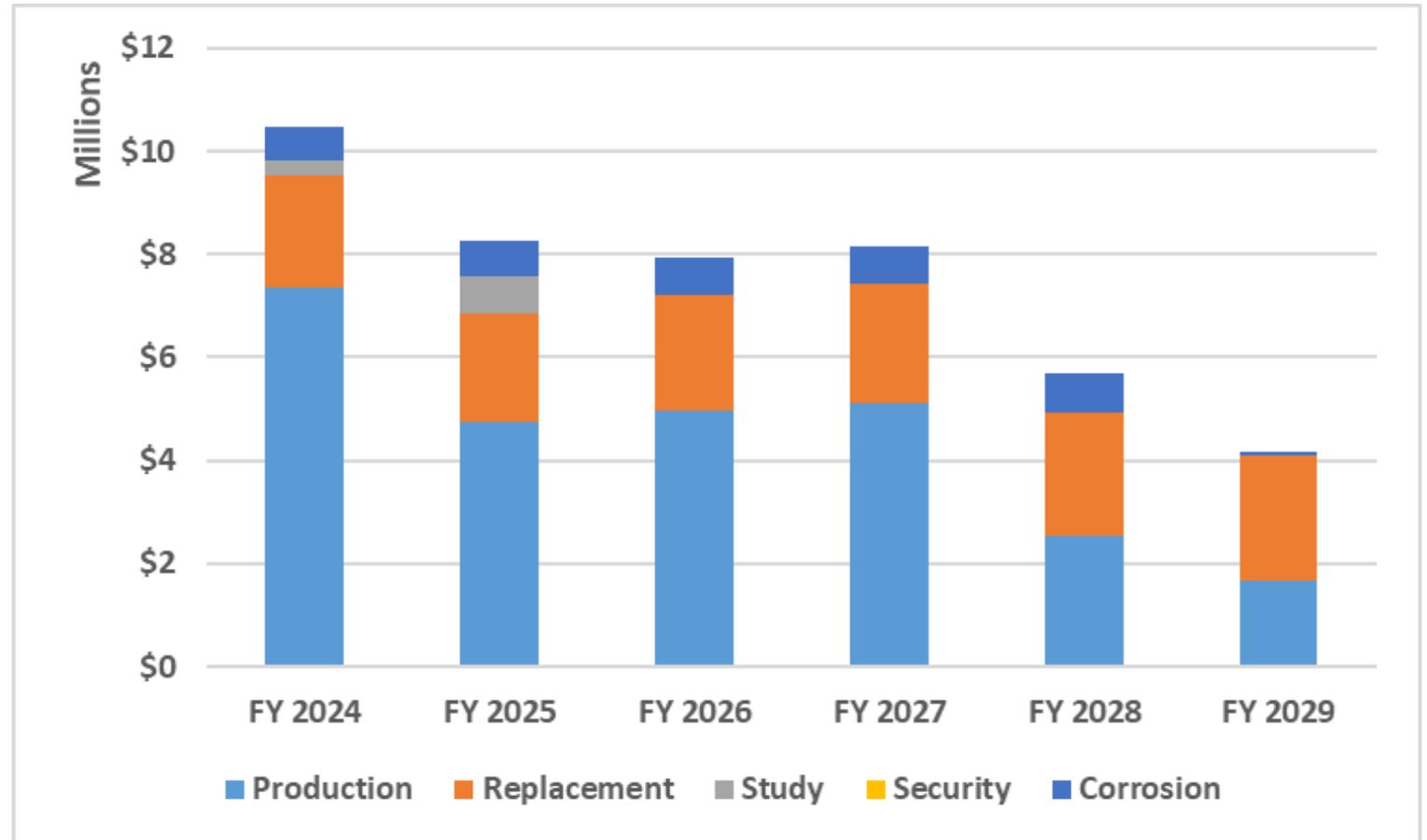
Water Discussion

Current Water Rate Components

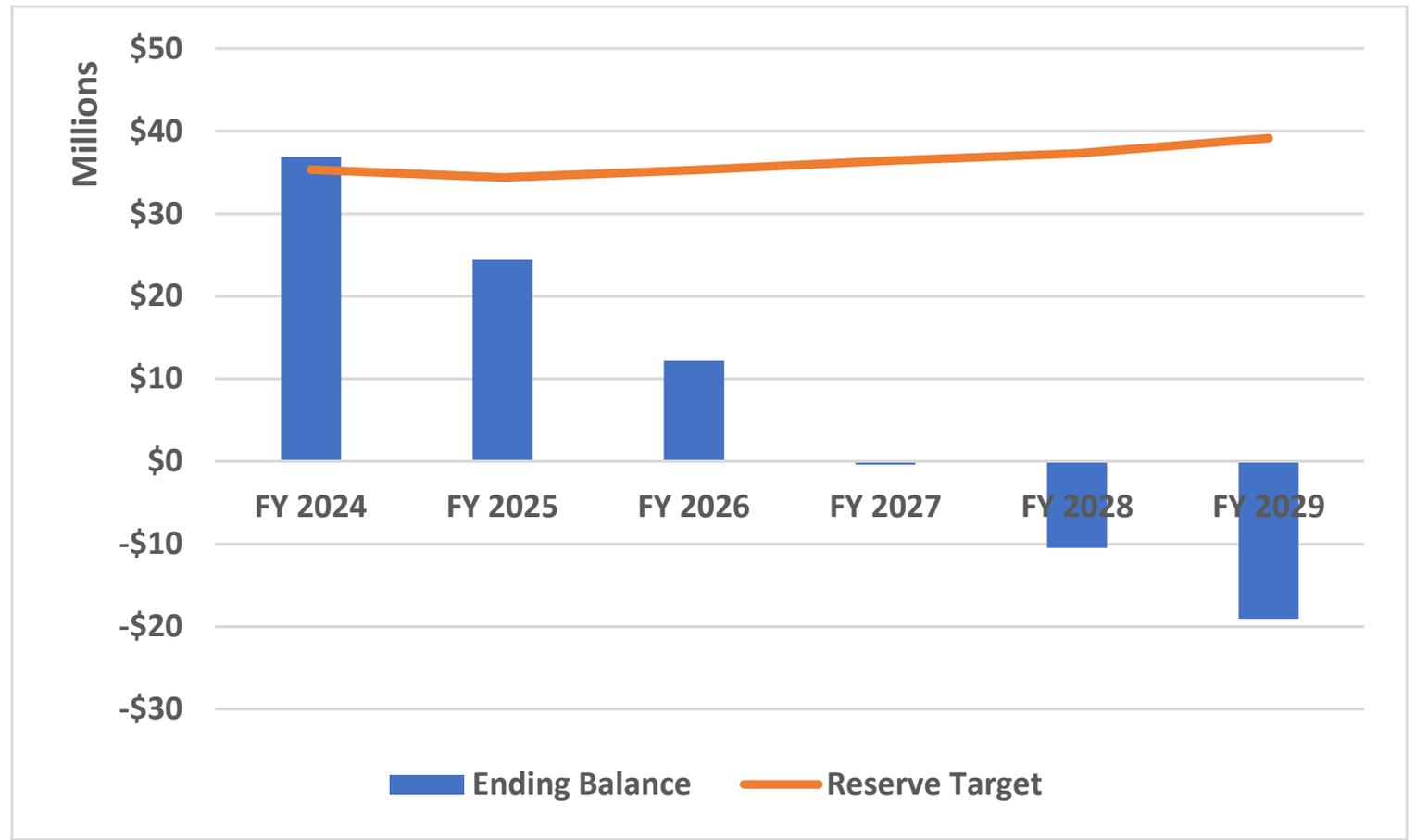
- **Commodity Rate** - pass-through cost of purchasing water from Metropolitan Water District and Orange County Water District
- **Fixed Meter Charge** - funds the operations and maintenance of the water system
- **Capital Charge** - funds the capital improvements needed to the system as defined within the Water Master Plan
- **Private Fire Line Fee** – for costs directly related to fire protection



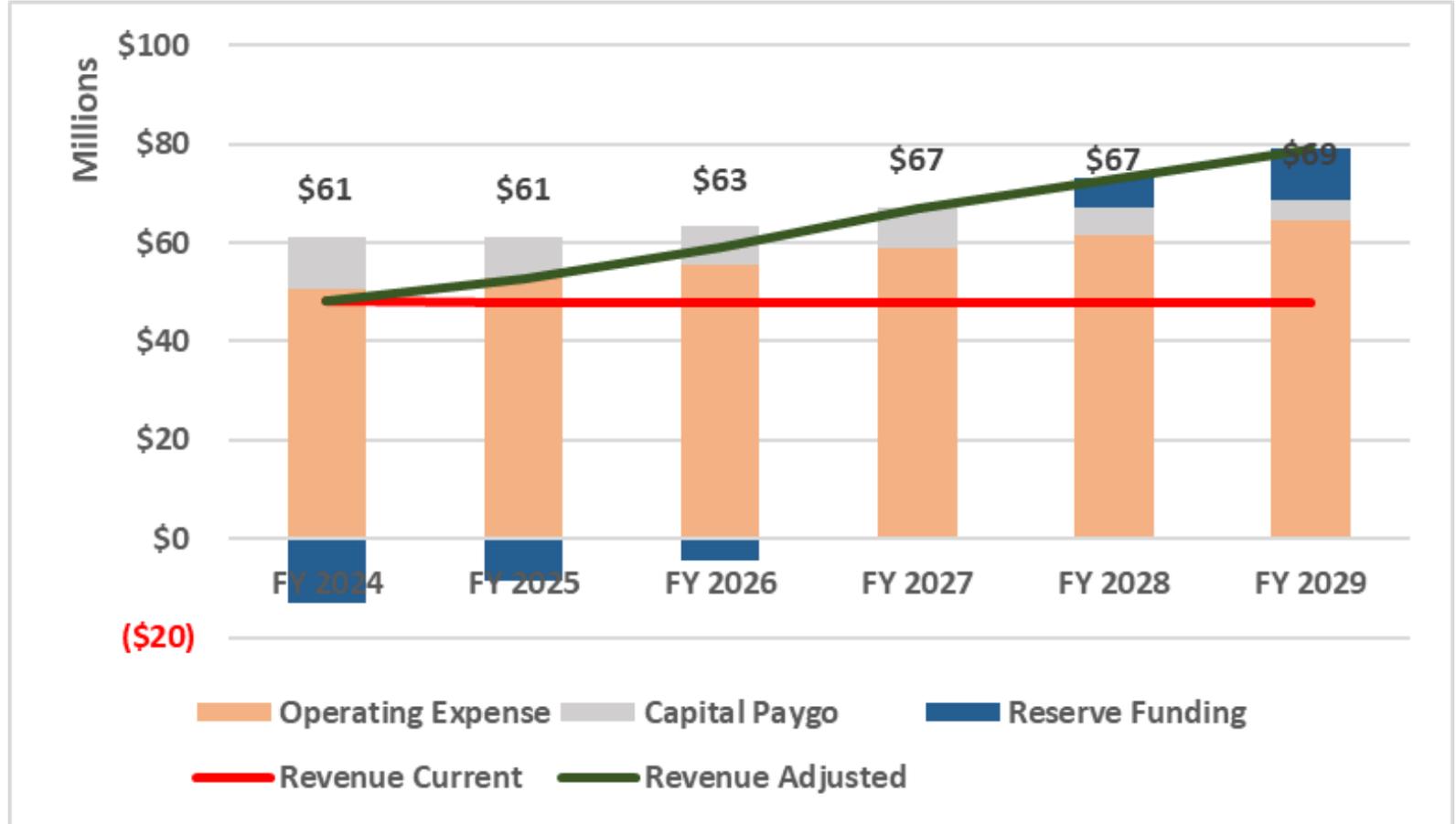
Future Water CIP Expenditure



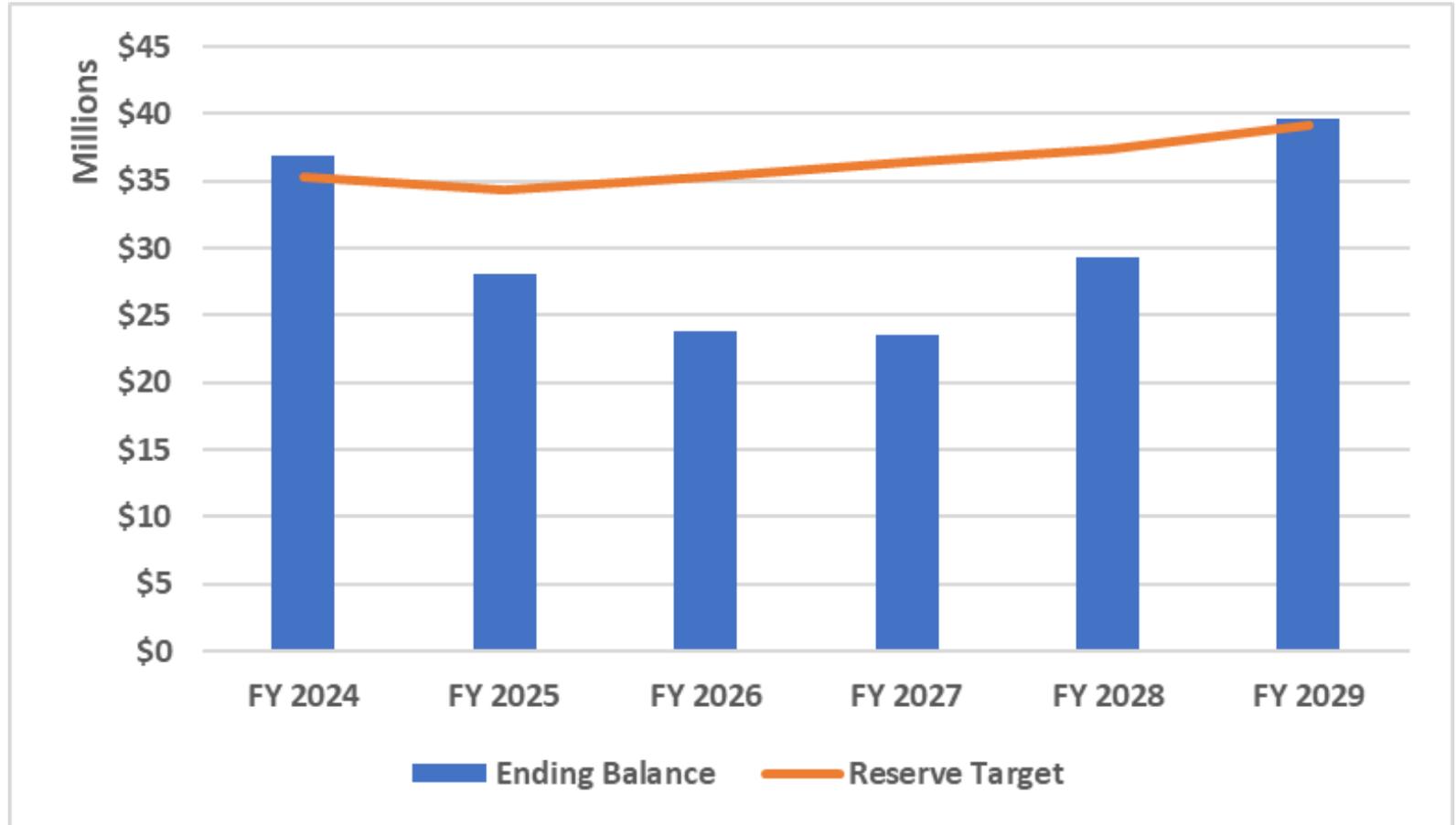
Status Quo: Ending Water Fund Balance



Proposed Water Cash Flow Analysis



Proposed: Water Ending Balance



Water Rate Comparison

Fixed O&M Charge (meter) – Per Month

Meter Size	Current Rates	Proposed Rates	Difference \$
3/4"	\$18.23	\$19.31	\$1.08
1"	\$30.45	\$32.17	\$1.72
1 1/2"	\$60.71	\$64.34	\$3.63
2"	\$97.18	\$102.94	\$5.76
3"	\$212.77	\$225.19	\$12.42
4"	\$303.93	\$321.69	\$17.76
4" Fire Meter	\$425.35	\$450.37	\$25.02
6"	\$607.67	\$643.38	\$35.71
6" Fire Meter	\$972.31	\$1,029.40	\$57.09
8"	NA	\$1,029.40	NA
8" Fire Meter	\$1,701.59	\$1,801.45	\$99.86
10" Fire Meter	\$2,674.09	\$2,830.85	\$156.76



Water Rate Comparison

Fixed Capital Charge – Per Month

Meter Size	Current Rates	Proposed Rates	Difference \$
3/4"	\$4.00	\$4.26	\$0.26
1"	\$6.67	\$7.94	\$1.27
1 1/2"	\$13.33	\$15.88	\$2.55
2"	\$21.33	\$25.40	\$4.07
3"	\$46.67	\$55.57	\$8.90
4"	\$66.67	\$79.38	\$12.71
4" Fire Meter	\$93.33	\$111.13	\$17.80
6"	\$133.33	\$158.76	\$25.43
6" Fire Meter	\$213.33	\$254.01	\$40.68
8"	NA	\$254.01	NA
8" Fire Meter	\$373.33	\$444.52	\$71.19
10" Fire Meter	\$586.67	\$698.54	\$111.87



Water Rate Comparison Fire Service - Per Month

Meter Size	Current	Proposed	Difference \$
3/4"	\$3.65	\$0.29	-\$3.36
1"	--	\$0.29	--
1 1/2"	--	\$0.82	--
2"	\$10.04	\$1.74	-\$8.30
3"	\$14.90	\$5.05	-\$9.85
4"	\$20.08	\$10.75	-\$9.33
6"	\$30.11	\$31.21	\$1.10
8"	\$40.15	\$66.51	\$26.36
10"	\$49.88	\$119.60	\$69.72
12"	\$59.92	\$193.19	\$133.27

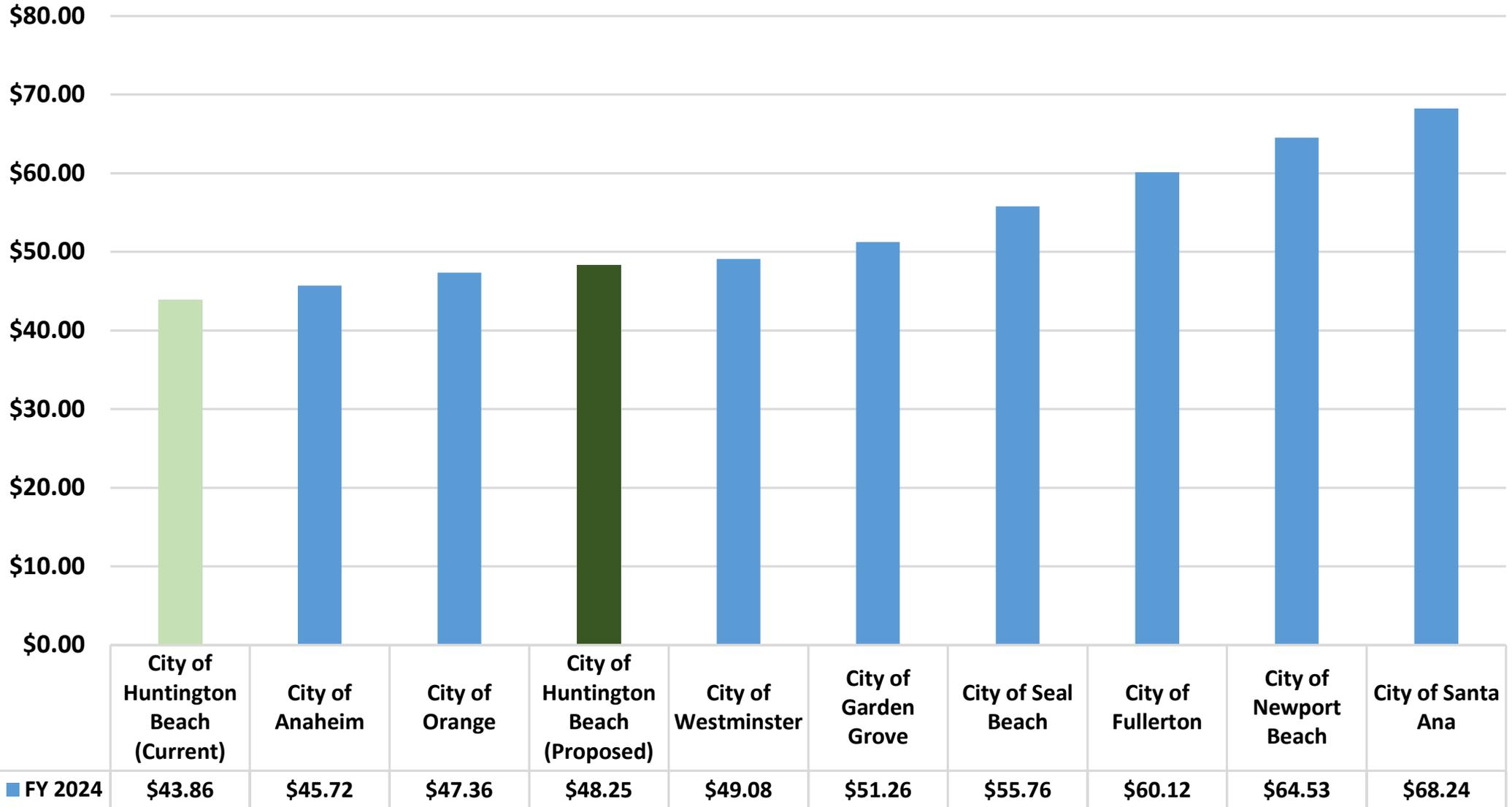


Water Rate Comparison Commodity per \$/ccf

	Current	Proposed	Difference \$
Commodity	\$2.4034	\$2.6870	\$0.2836



Water Rate Survey for Single Family (¾ in meter at 9 ccf)



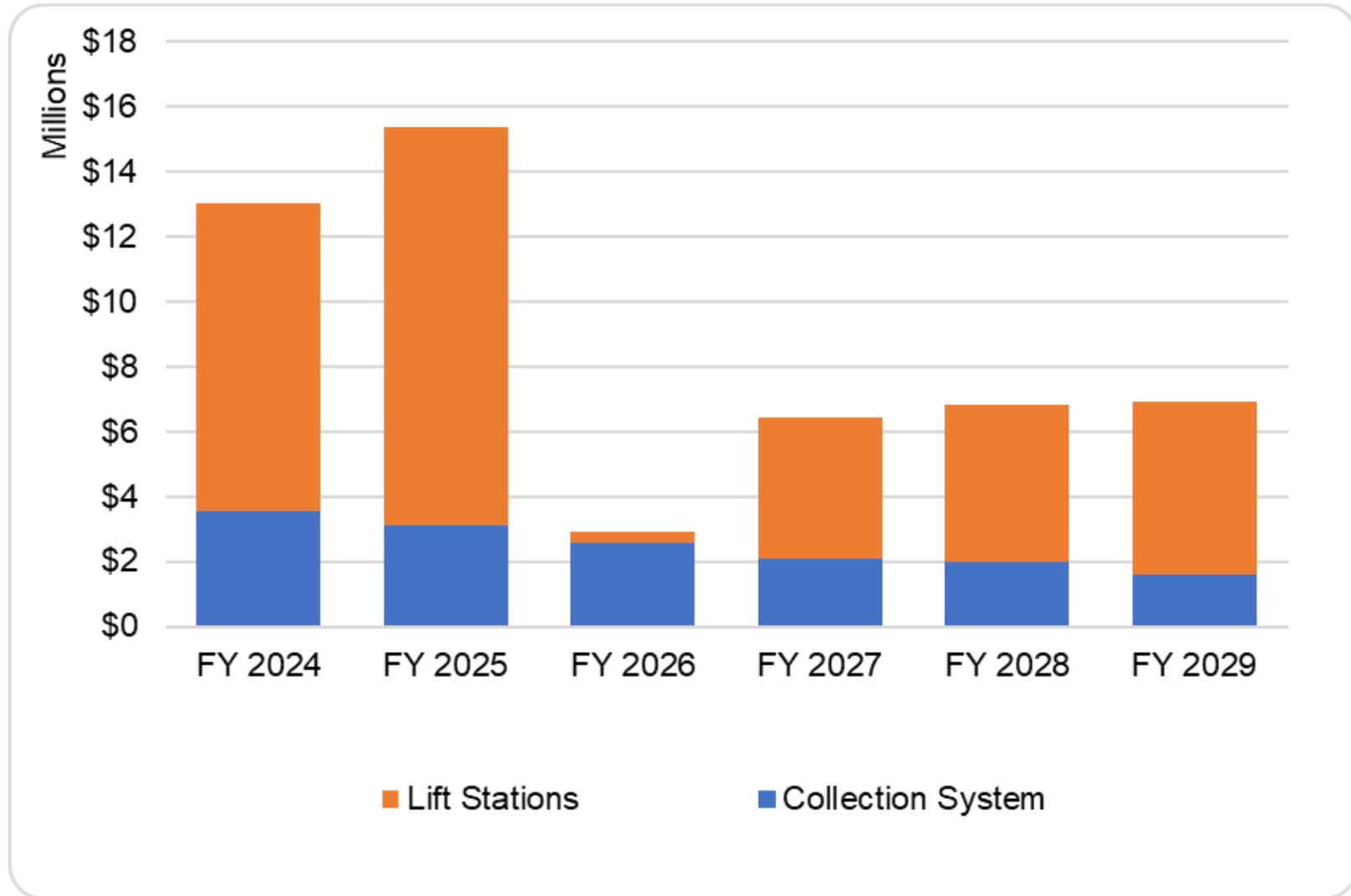


Wastewater Discussion

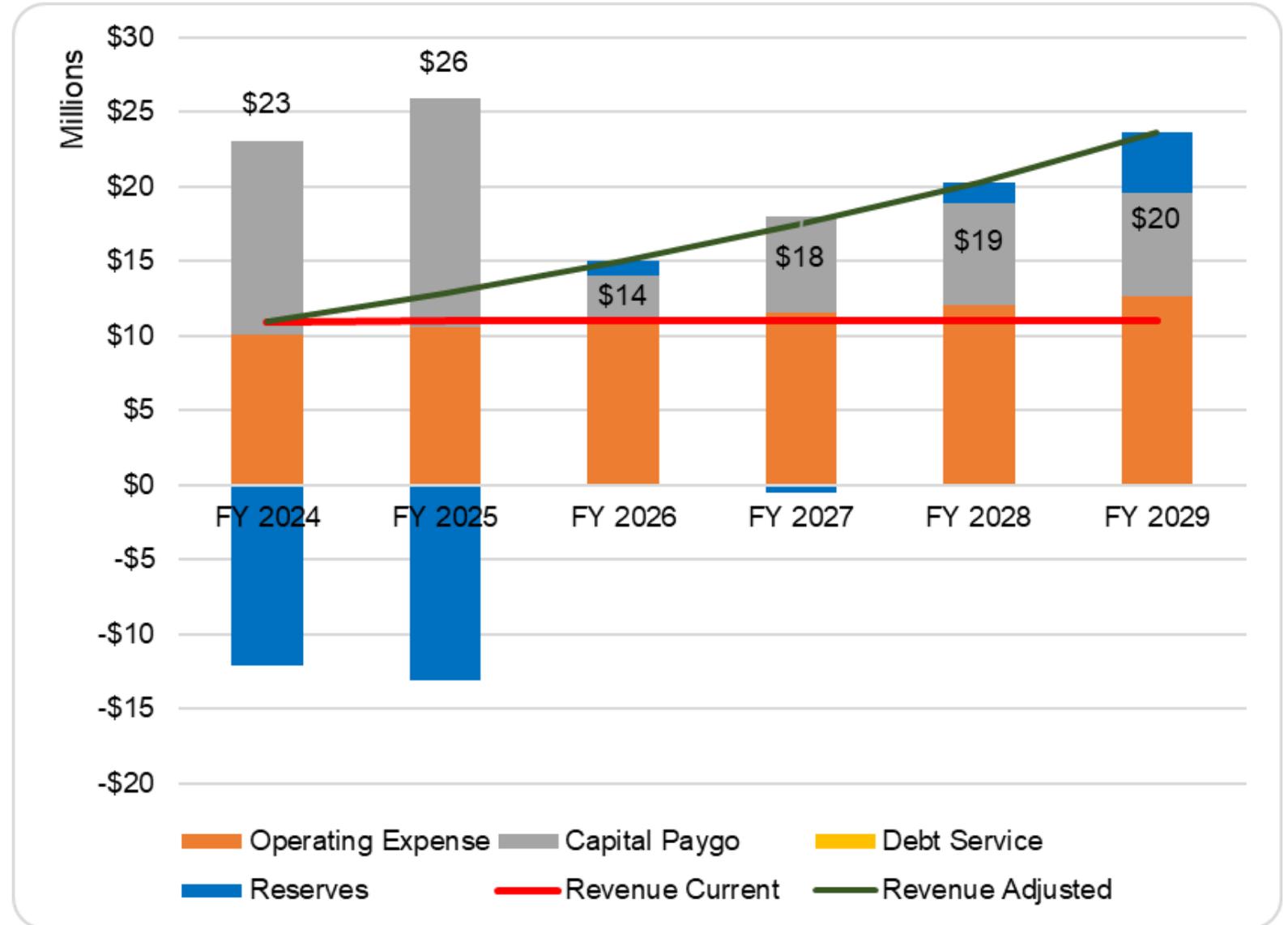
Current Sewer Rates

Fixed Charges		
Customer Class	Monthly per BU	Monthly per ADA
SFR	\$10.98	\$0.00
MFR	\$9.10	\$0.00
CII	\$12.74	\$0.00
K-8	\$0.00	\$2.26
High School	\$0.00	\$3.51

Future Sewer CIP Expenditures

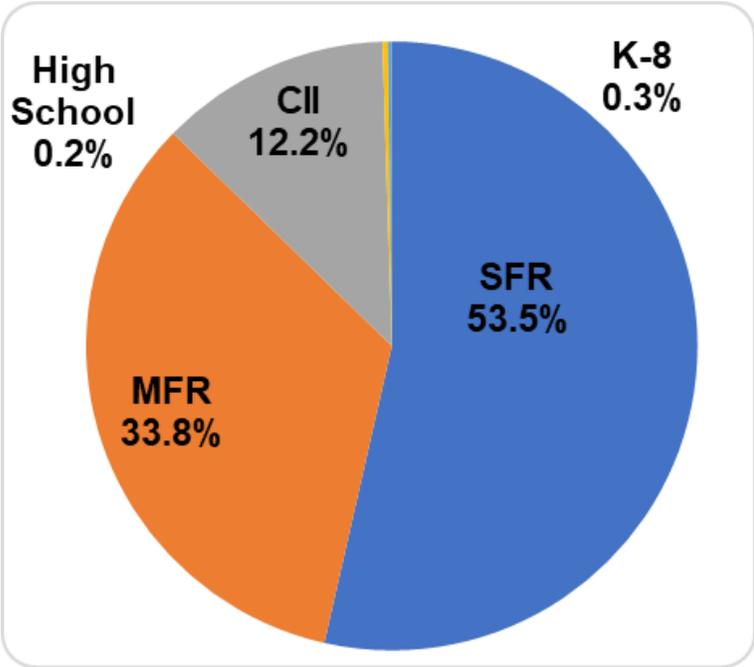


Proposed Sewer Cash Flow Analysis

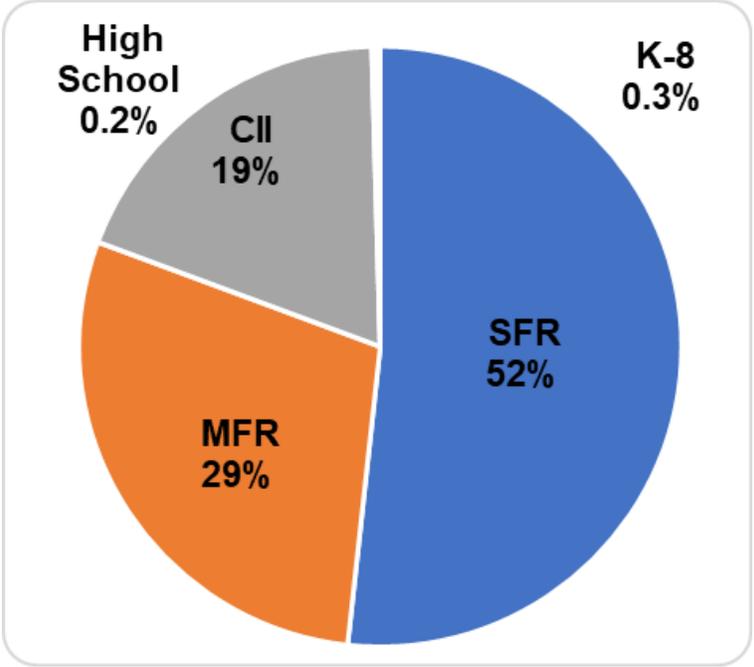


Sewer Cost of Service Analysis

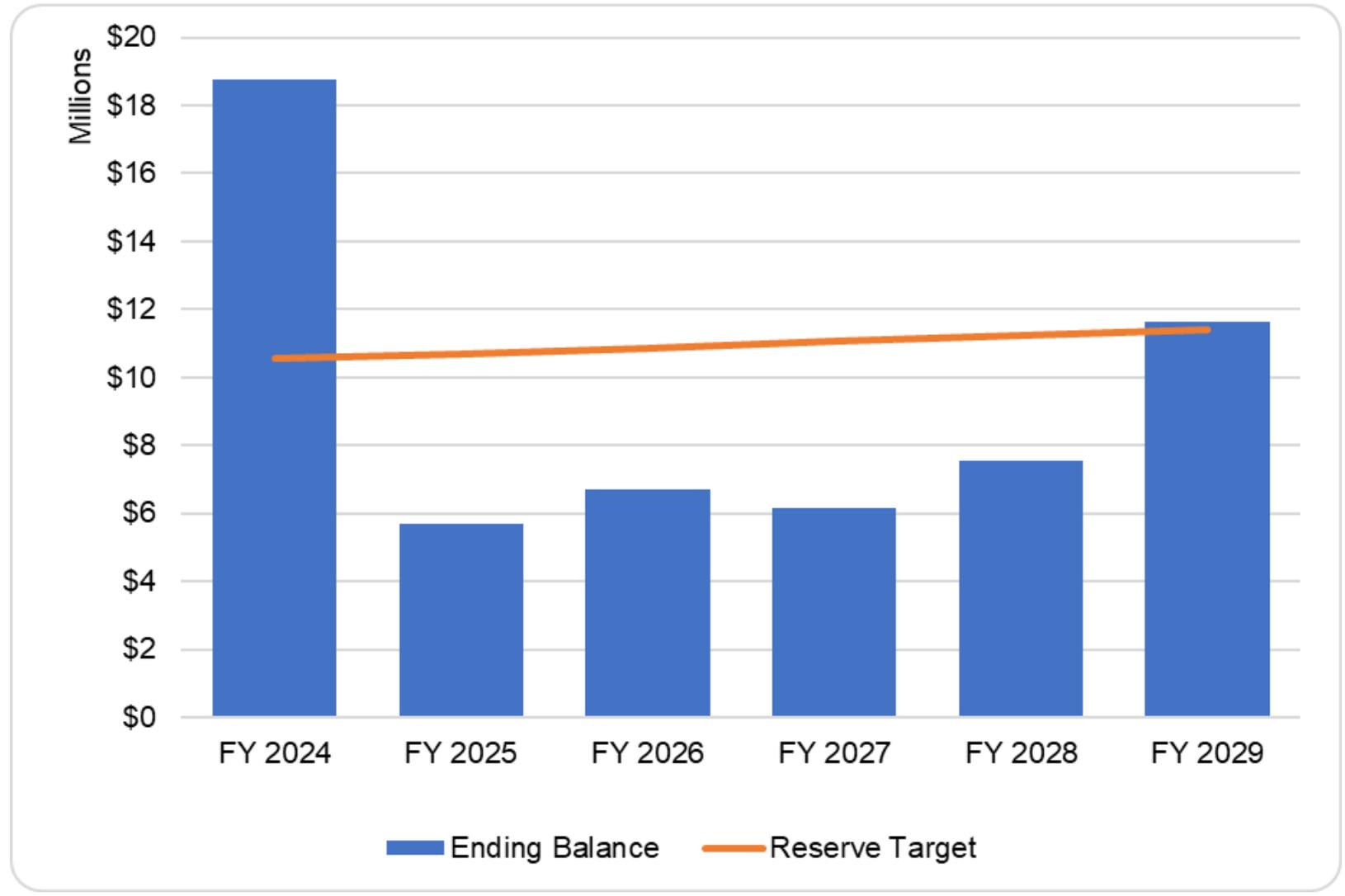
Current Revenues



Estimated Sewer Flow



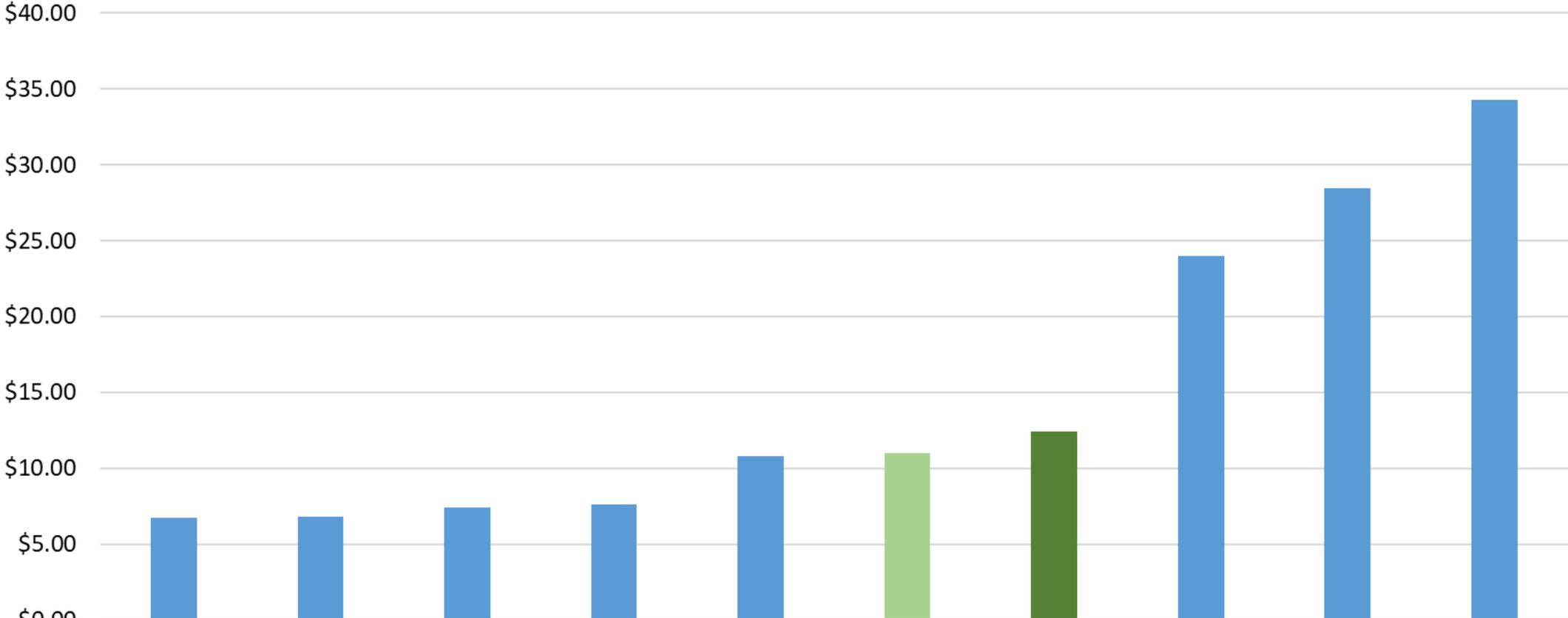
Proposed Sewer Ending Balance



Wastewater Rate Comparison

	Current	Proposed	Difference \$
Single Family	\$10.98	\$12.43	\$1.45
Multi-family	\$9.10	\$9.15	\$0.04
Commercial	\$12.74	\$23.05	\$10.31
K-8	\$2.26	\$2.48	\$0.22
High School	\$3.51	\$3.72	\$0.21

Sewer Rate Survey for Single Family



	City of Anaheim	City of Fullerton	City of Long Beach	City of Newport Beach	City of Santa Ana	City of Huntington Beach (Current)	City of Huntington Beach (Proposed)	City of Seal Beach	City of Orange	City of Westminster
FY 2024	\$6.73	\$6.84	\$7.44	\$7.65	\$10.79	\$10.98	\$12.43	\$24.02	\$28.49	\$34.30

Sample Residential Bill Impact

Residential Monthly Water Bill (3/4" meter) (12 CCF = 6,552 gallons)

	Current	Proposed	Change
Consumption	\$ 28.84	\$ 32.24	\$ 3.40
Meter	\$ 18.23	\$ 19.31	\$ 1.08
Capital Charge	\$ 4.00	\$ 4.26	\$ 0.26
Water Subtotal	\$ 51.07	\$ 55.81	\$ 4.74
Sewer Charge	\$ 10.98	\$ 12.43	\$ 1.45
TOTAL	\$ 62.05	\$ 68.24	\$ 6.19



5-Year Rate Schedule: Commodity, \$/ccf

	Current	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Commodity	\$2.4034	\$2.6870	\$3.0551	\$3.5494	\$3.8852	\$4.2024



5-Year Water Rate Schedule: Fixed O&M, \$/mo

	Current	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
3/4"	\$18.23	\$19.31	\$21.14	\$22.94	\$24.43	\$25.53
1"	\$30.45	\$32.17	\$35.23	\$38.22	\$40.70	\$42.53
1 1/2"	\$60.71	\$64.34	\$70.45	\$76.44	\$81.41	\$85.07
2"	\$97.18	\$102.94	\$112.72	\$122.30	\$130.25	\$136.11
3"	\$212.77	\$225.19	\$246.58	\$267.54	\$284.93	\$297.75
4"	\$303.93	\$321.69	\$352.25	\$382.19	\$407.03	\$425.35
4" Fire Meter	\$425.35	\$450.37	\$493.16	\$535.08	\$569.86	\$595.50
6"	\$607.67	\$643.38	\$704.50	\$764.38	\$814.06	\$850.69
6" Fire Meter	\$972.31	\$1,029.40	\$1,127.19	\$1,223.00	\$1,302.50	\$1,361.11
8"	\$1,604.98	\$1,029.40	\$1,127.19	\$1,223.00	\$1,302.50	\$1,361.11
8" Fire Meter	\$1,701.59	\$1,801.45	\$1,972.59	\$2,140.26	\$2,279.38	\$2,381.95
10" Fire Meter	\$2,674.09	\$2,830.85	\$3,099.78	\$3,363.26	\$3,581.87	\$3,743.05

5-Year Rate Schedule: Fixed Capital, \$/mo

	Current	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
3/4"	\$4.00	\$4.76	\$5.66	\$6.74	\$8.02	\$9.54
1"	\$6.67	\$7.94	\$9.45	\$11.25	\$13.39	\$15.93
1 1/2"	\$13.33	\$15.88	\$18.90	\$22.49	\$26.76	\$31.84
2"	\$21.33	\$25.40	\$30.23	\$35.97	\$42.80	\$50.93
3"	\$46.67	\$55.57	\$66.13	\$78.69	\$93.64	\$111.43
4"	\$66.67	\$79.38	\$94.46	\$112.41	\$133.77	\$159.19
4" Fire Meter	\$93.33	\$111.13	\$132.24	\$157.37	\$187.27	\$222.85
6"	\$133.33	\$158.76	\$188.92	\$224.81	\$267.52	\$318.35
6" Fire Meter	\$213.33	\$254.01	\$302.27	\$359.70	\$428.04	\$509.37
8"	\$373.33	\$254.01	\$302.27	\$359.70	\$428.04	\$509.37
8" Fire Meter	\$373.33	\$444.52	\$528.98	\$629.49	\$749.09	\$891.42
10" Fire Meter	\$586.67	\$698.54	\$831.26	\$989.20	\$1,177.15	\$1,400.81

5-Year Rate Schedule: Fire Service, \$/mo

	Current	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
3/4"	\$3.65	\$0.29	\$0.32	\$0.35	\$0.37	\$0.39
1"	NA	\$0.29	\$0.32	\$0.35	\$0.37	\$0.39
1 1/2"	NA	\$0.82	\$0.90	\$0.98	\$1.04	\$1.09
2"	\$10.04	\$1.74	\$1.91	\$2.07	\$2.20	\$2.30
3"	\$14.90	\$5.05	\$5.53	\$6.00	\$6.39	\$6.68
4"	\$20.08	\$10.75	\$11.77	\$12.77	\$13.60	\$14.21
6"	\$30.11	\$31.21	\$34.17	\$37.07	\$39.48	\$41.26
8"	\$40.15	\$66.51	\$72.83	\$79.02	\$84.16	\$87.95
10"	\$49.88	\$119.60	\$130.96	\$142.09	\$151.33	\$158.14
12"	\$59.92	\$193.19	\$211.54	\$229.52	\$244.44	\$255.44

5-Year Sewer Rate Schedule

Customer Class	Current Rates	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
SFR	\$10.98	\$12.43	\$14.48	\$16.87	\$19.57	\$22.70
MFR	\$9.10	\$9.15	\$10.66	\$12.41	\$14.40	\$16.70
CII	\$12.74	\$23.05	\$26.85	\$31.29	\$36.29	\$42.10
K-8	\$2.26	\$2.48	\$2.89	\$3.36	\$3.90	\$4.52
High School	\$3.51	\$3.72	\$4.33	\$5.04	\$5.85	\$6.78



Next Steps

Prop 218 Rate Change Process

- Mail notices to all property owners before or by end of February 2024
 - Minimum 45 days advance public notification period
- Requires a majority protest process for property-related fees for services such as water, sewer, and refuse collection
- With 50% +1 written protests, proposed fees would not be implemented
- 5-Year Rate Resolution
- Conduct a public hearing on April 16
- If approved, 2nd reading on May 7
- If adopted, rate effective on July 1





Questions?