

City of Huntington Beach

May 20, 2019

**WATER AND SEWER
RATE ADJUSTMENT**

Modernizing the Water Rate Adjustment Methodology

- Using Best Management Practices for setting Water Meter rates
- Reaffirming Commodity Rate Pass through
- Decreasing Sewer Rates

Water Rates Background

- Current Rate Structure
 - Uniform commodity rate
 - Meter fee based on meter size or number of dwelling units
 - Capital Charge Based on meter size or number of dwelling units
- Resolution 2018-20 – sets the annual adjustment formulas for commodity rates.
 - Commodity rate adjusted based on basin pumping percentage (BPP), replenishment assessment (RA) and imported water rate
 - Increasing from \$2.10 to \$2.16 per billing unit (748 gallons)
- Resolution 2018-17 establishes formulas for the Water Meter Fee and Capital Charge adjustments
 - Meter fee adjusted based on percentage change in CPI
- Capital Charge reintroduced in 2018 to fund Water Infrastructure Projects in the City Council approved Water Master Plan
 - Set at \$3.00. Increases by \$0.50 in 2020 and \$0.50 in 2022.

Proposed Monthly Water Meter Rate

- For Operations and Maintenance of the \$1.4 billion water system
- Adjusted by the Percentage Change of the Consumer Price Index-Urban Los Angeles-Orange-Riverside counties established by the U.S. Bureau of Labor Statistics and available after November 1 of each year through 2023.
- Based on meter size for all customer classes; Multifamily Residential Accounts no longer charged based on units attached to meter
- Increase by \$1.00 on July 1, 2019, 2020 and 2021

Residential Water Meter Charges

Meter Size/Type	Current Monthly Charge	Proposed Monthly Charge	Difference	Number of Accounts
3/4"	\$12.70	\$13.70	\$1.00	39,409
1"	\$21.21	\$22.84	\$1.63	4,987
1" MFR (4 Units)	\$50.80	\$22.84	(\$27.96)	2,197
1-1/2"	\$42.29	\$45.67	\$3.38	61
1-1/2" MFR (6 Units)	\$76.20	\$45.67	(\$30.53)	678
2"	\$67.69	\$73.07	\$5.38	105
2" MFR (8 Units)	\$101.60	\$73.07	(28.53)	576
3"	\$148.20	\$159.83	\$11.63	1
3" MFR (14 Units)	\$177.80	\$159.83	(\$17.97)	36

Proposed Methodology based Meter Size Only; No Longer Based on Equivalent Dwelling Units for Multifamily Residential.

Number of units on MFR are examples, actual number varies by customer

Capital Charge

- No Change recommended in the Capital Charge rate
- Approved by City Council in 2018
- Capital to address ongoing capital infrastructure needs (wells, pipelines, etc.)
- Set at \$3.00
- As previously approved, Capital Charge to be Adjusted by \$0.50 in 2020 and 2022
- Proposed Methodology to be Based on Meter Size for All Customer Categories

Sewer Rates

- Sewer rates based on customer categories and adjusted annually by change in CPI.
- Recommended reduction of \$1.00 per month for SFR customers (prorated for other customer classes)
- Sewer Lateral Program introduced in 2008. Originally had demand of \$2 million. Demand stabilized between \$300,000 to \$450,000 annually; savings to be passed on to customers
- Development Fees used to help offset costs Sewer Lift Station replacements

Sewer Rates

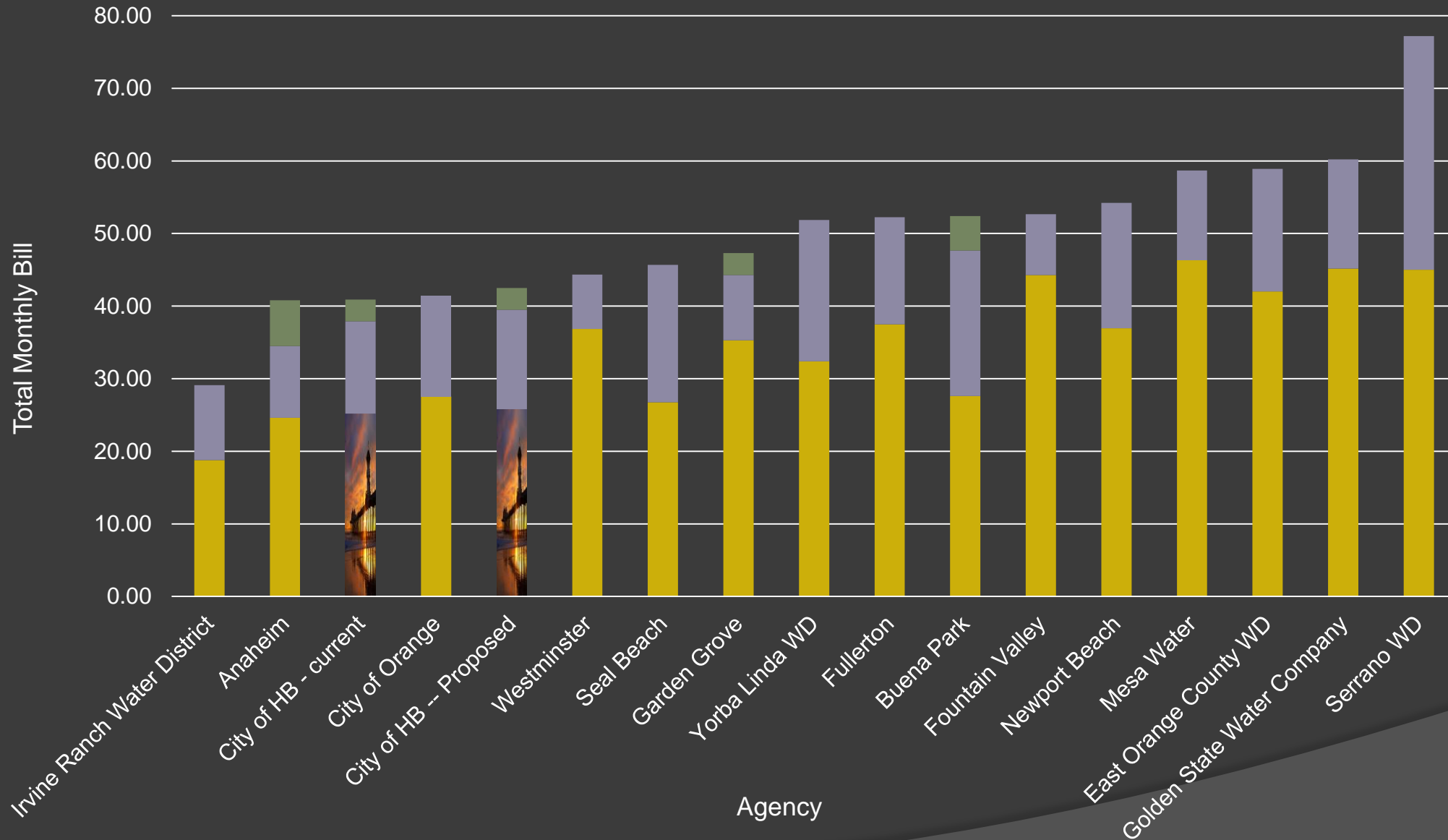
Customer Category	Current Monthly Charge	Proposed Monthly Charge	Difference
Single Family Residential	\$11.3541	\$10.3538	(\$1.00)
Multi Family Residential	\$9.4183	\$8.5885	(\$0.83)
Commercial/Industrial	\$13.1770/EDU	\$12.0161/EDU	(\$1.16)
Public High School per Average Daily Attendance	\$3.6264	\$3.3069	(\$0.32)
Public K-8 per Average Daily Attendance	\$2.3352	\$2.1295	(\$0.21)

Monthly Impacts of Proposed Adjustments On fixed charges for a Single Family Residence

Charge	FY 2018/19	FY 2019/20	Difference
¾" Meter	\$12.70	\$13.70	\$1.00
Capital	\$3.00	\$3.00	\$0.00
Sewer	\$11.35	\$10.35	(\$1.00)
Total	\$52.33	\$53.03	\$0.00

Commodity charge per unit of water to increase by six cents

Comparison of Regional Agencies' Water Rates



Proposition 218 Procedures

- ⦿ All residents and property owners are mailed a protest hearing notice 45 days before the public hearing.
- ⦿ City Council holds public hearing on the proposed adjustment(s).
- ⦿ If 50% + 1 of property owners/residents mail in protests, adjustment(s) cannot be adopted.
- ⦿ Requires two-thirds of Council to support
- ⦿ Staff recommends City Council vote to approve the resolutions for rate adjustments.

Recommended Actions

- Adopt Resolution 2019-30, reducing sewer service user charges.
- Adopt Resolution 2019-31, adjusting water meter rates, including a capital surcharge.
- Adopt Resolution 2019-32, readopting the City's water commodity rate.

Questions?