

**Irvine Ranch Water District Los Alisos Service Area
Transition to an Allocation-Based Conservation Rate Structure**

FACT SHEET

On July 1, 2009, customers in the IRWD Los Alisos service area will be transitioned from a uniform rate structure that discourages conservation, to an Allocation-Based Conservation rate structure which is an effective, fair and proven conservation tool that rewards customers who conserve with some of the lowest rates in Orange County.

What is an Allocation-Based Conservation Rate Structure?

- An allocation-based conservation rate structure uses property-specific water budgets and tiered pricing to provide customers with an economic incentive to encourage efficient water use.
- Allocation-based conservation rate structures are fair. They reward those who use water wisely and shift the costs associated with water over-use to those that waste water.
- Allocation-based conservation rate structures provide customers with the water they need at some the lowest rates in Orange County. Inefficient use is penalized with higher rates that are then used to support conservation and environmental programs and pay the costs associated with additional water supply purchases.
- Allocation-based conservation rate structures have a proven track record. When IRWD implemented this rate structure in the Irvine Service Area, the area experienced a significant drop in water consumption while, at the same time, the health of landscapes improved.
 - Between 1992 and 2005, the average landscape water use within the IRWD Irvine Service Area decreased from 4.2 acre-feet per acre to 1.9 acre-feet per acre, a 61 percent reduction.
 - From 2001 to 2006, irrigated area in the district increased 280 percent, but total landscape water usage only increased 70 percent.
 - Today, the average water use in Orange County is 190 gallons per person per day while the average use in IRWD Irvine service area is only 90 gallons per person per day—52 percent lower.
- The Allocation-Based Conservation rate structure has the following components:
 - A basic allocation for each customer account that provides a reasonable amount of water for the customer's needs and property characteristics.
 - A basic charge per volumetric unit for water usage within a customer's basic allocation.
 - Conservation charges imposed for water used in excess of the basic allocation.

How are water allocations determined with an Allocation-Based Conservation Rate Structure?

Residential Customer Allocations:

- IRWD's rate structure takes into consideration both indoor and outdoor water use.
- Allocations are based on the number of residents in the home, the type of home (detached home, attached home or apartment), landscape square footage and actual daily weather and associated evapotranspiration (ET) data.
- ET is the amount of water that is lost by plants through evaporation and transpiration, and which needs to be replaced for the plants to remain healthy.
- Grass is the highest water-using plant in a landscape. Trees and shrubs use far less water than grass – but IRWD's allocation system will assume that almost your entire landscape is covered with grass.
- Your allocation will provide more than enough water to meet the demands of your landscaping.
- The base allocation formula assumes the following:

Attached home (i.e. condominium or townhouse): 3 people with 435 square feet of landscaping

Apartment: 2 people with no landscaping

Detached home (single family home): 4 people with 1300 square feet of landscaping

- Variances are available to make adjustments to the allocation for more people living in the home, medical needs or other special circumstances

Commercial/Industrial Customer Allocations:

- IRWD's rate structure is site specific, taking into consideration production needs, number of employees, water use efficiency practices and irrigation needs.
- Many commercial businesses have separate water meters for indoor use and outdoor landscaping – in these cases, the allocations are handled separately
- Commercial, Industrial and Institutional water allocations are referred to as a Base Index.
- The Base Index is determined from actual historical water usage for each individual customer.
- Your initial Base Index will be calculated by averaging the past three years water use for each month.
- The monthly water bill is calculated by comparing actual usage with the base index.
- When a business grows, adds more employees, increases manufacturing output or serves more customers, customers may request a base index evaluation for possible adjustment of the base index.

Landscape/Agricultural Customer Allocations:

- IRWD's rate structure is based on science, taking into consideration landscape acreage and the actual daily weather and evapotranspiration (ET) data.
- ET is the amount of water that is lost by plants through evaporation and transpiration, and which needs to be replaced for the plants to remain healthy.
- The system provides ample water for healthy landscaping.
- Implementation requires accurate information on irrigated acreage.
- IRWD will be conducting site specific surveys to obtain acreage information.

What are the proposed rates for the Los Alisos Area?

Residential Customers

- Proposing a water rate increase of \$0.23 per ccf (one hundred cubic feet of water, or 748 gallons) to the base rate.
- Proposing to establish a low volume rate of \$1.40 (a decrease of \$0.15 from the current rate).
- The \$0.23 increase would change the current base commodity charge for water from \$1.55 to \$1.78 per ccf.
- The fixed water service charge is not proposed to increase from its current level of \$9.60 for the average size residential water meter, but meters larger than 1” in diameter will increase.
- The sewer rate is proposed to increase from \$13.80 to \$16.60 per month.
- The total cost of all water and sewer rate increases would be an average of \$3.90 per month for the typical residential customer.
- Included in the monthly service charges to the average residential customer are \$0.40 per month for water infrastructure replacements and enhancements, and \$4.00 per month for sewer infrastructure replacements and enhancements.

Commercial, Industrial and Institutional Customers

- Proposing a potable water rate decrease of \$0.23 per ccf (one hundred cubic feet of water, or 748 gallons) for the first 40 percent of the water allocation.
- There is an increase in the base commodity charge for potable water from \$1.55 to \$1.78 per ccf.
- The fixed monthly water service charge is not proposed to change for meters sized 1” or less or meters larger than 1”, see chart on reverse for the proposed fixed water service charge for other meter sizes.
- The sewer service charge is proposed to increase from \$13.80 to \$16.60 per month for Non-Residential Class II customers whose water consumption is not in excess of 10 ccf per month.
- Along with an increase in the sewer quantity charge from \$1.58/ccf to \$1.90/ccf of water used.

- Users whose water consumption exceeds 10 ccf per month, the sewer service charge is proposed to increase from \$15.20 to \$18.28 per month, plus an increase in the quantity charge from \$1.66/ccf to \$2.00/ccf and an increase in the sewer commodity charge is from \$0.077/ccf to \$0.093/ccf of water used.

Landscape Customers

- Proposing a potable water rate increase of \$0.23 per ccf (one hundred cubic feet of water, or 748 gallons).
- Changes the current base commodity charge for potable water from \$1.55 to \$1.78 per ccf.
- The proposed increase for non-potable or recycled landscape irrigation or agricultural water is from \$0.96 to \$1.03 per ccf.
- The fixed monthly water service charge is not proposed to increase for meters 1” and under.

Factors Affecting Increased Costs

- Over 92 percent of the cost increases in the FY 2009-10 budget are for uncontrollable expenses
- A 55 percent increase in the cost of wastewater treatment and disposal provided by the Orange County Sanitation District is included in the cumulative cost increases.
- There are substantial increases in the cost of imported water purchased from the Metropolitan Water District of Southern California (MWD) through our regional water wholesaler, the Municipal Water District of Orange County.
- In addition to the substantial increases in the cost of water and wastewater treatment, a number of factors have contributed to the proposed rate change,
- Increased costs include chemicals, electricity to operate wells and pumping stations, and labor costs.
- The cost to replace aging infrastructure is also growing each year. Please see the chart below to more fully explain the proposed rate changes.

What Are the Next Steps in Implementing an Allocation-Based Conservation Rate Structure in the IRWD Los Alisos Service Area?

- Updated information and the proposed rates for the allocation based conservation rate structure were mailed to all IRWD Los Alisos Service Area customers in May 2009.
- Up-to-date information and copies of all mailings will be available on the IRWD website. Customers with questions are encouraged to call IRWD Customer Service at 949-453-5300.
- An “Allocation-Based Conservation Rate Calculator” will be available on the IRWD website so you can easily determine how the allocation-based conservation rate structure will affect your rates. Customers who use water wisely and within their allocation will be rewarded with some of the lowest rates in Orange County.
- In early June 2009, you will receive additional information and samples of how to read and understand your new water bill.
- The IRWD Board of Directors will consider and adopt a proposed rate structure at a public hearing on June 22, 2009.
- On July 1, 2009 IRWD customers in the Los Alisos Service area will transition from a uniform rate to a Conservation Allocation-Based Rate Structure.

What can you do to stay within your water allocation?

- The IRWD website offers many water savings tips, including weekly irrigation schedules, California friendly landscaping tips, and more. Please visit www.AlwaysWaterSmart.com

Water Conservation Tips for Residential Customers:

- Check for toilet leaks using dye tablets available free from IRWD. Fix leaks promptly.
- Use clothes washers and dishwashers only for full loads.
- Take shorter showers.
- Install low-flow fixtures or conservation devices (shower heads and faucet aerators) in bathrooms and the kitchen. These conservation devices are available free to IRWD customers.
- Water grass only when the soil has become moderately dry.
- Use a soil probe to monitor soil moisture and help determine when the grass needs watering.
- Turn off automatic sprinklers during wet weather. This sounds elementary, but you'd be amazed how many people made no change in their watering schedules despite heavy El Nino rainfall during the winter of 1998.

- Don't water all areas in your landscaping with the same amount of water. Trees, shrubs and groundcover need only half the water of grass.
- Check irrigation systems for leaks, clogged heads, areas of overspray onto concrete, etc.
- Use mulch in planter areas to help retain moisture and fight weeds.

Water Conservation Tips for Landscape/Agricultural Customers:

- Water grass only when the soil has become moderately dry.
- Use a soil probe to monitor soil moisture and help determine when the grass needs watering.
- To calculate how long you need to run your sprinklers, use the Watering Calculator at www.bewaterwise.com.
- Turn off automatic sprinklers during wet weather. This sounds elementary, but you'd be amazed how many people made no change in their watering schedules despite heavy El Nino rainfall.
- Don't water all areas in your landscaping with the same amount of water. Trees, shrubs and groundcover need only half the water of grass.
- Check irrigation systems for leaks, clogged heads, areas of overspray onto concrete, etc.
- Use mulch in planter areas to help retain moisture and fight weeds.

Water Conservation Tips for Commercial/Industrial Customers:

- Become familiar with how water is used at the sites you manage.
- Get to know your tenants and anyone else who uses water at the sites.
- Become familiar with good landscape maintenance practices and insist that your landscape maintenance personnel carry them out.
- Get involved! IRWD offers seminars, landscape irrigation scheduling computer software (PC), and other informational opportunities for commercial customers.
- Ask IRWD to provide tables and graphs of historical water use to help gauge current water needs.
- Ask about opportunities for commercial/industrial customers to use reclaimed water for a variety of business/site processes. Reclaimed water is priced 10 percent less than domestic water and is a reliable source during years of drought.

Now more than ever, it's important to be Always Water Smart

- Southern California is experiencing a regional water supply shortage caused by court-ordered cuts in water supplies delivered to the region from Northern California.
- It is important to do our part to use less imported water for the benefit of the Southern California region. An Allocation-Based Conservation rate structure encourages customers to save water now and into the future.

When did IRWD and the former Los Alisos Water District consolidate?

- In September 2000 the Orange County Local Area Formation Commission approved the consolidation between the Irvine Ranch Water District (IRWD) and the Los Alisos Water District (LAWD). The two districts were reorganized as the Irvine Ranch Water District when the consolidation became effective on January 1, 2001.

Why does the IRWD Los Alisos service area rely on expensive imported water supply from the Metropolitan Water District of Southern California?

- Being situated on the edge of the Orange County groundwater basin, areas in South Orange County, including the IRWD Los Alisos Service Area, rely predominantly on imported water to the region to meet its water demand. As much as 94 percent of the potable water supplied in the region is imported water from the Metropolitan Water District of Southern California. (MWD). Only about five percent of the potable water for the Los Alisos area comes from local water wells
- The primary difference in the water commodity cost between the IRWD Los Alisos Service area and other IRWD customers is attributed to the area's almost total reliance on higher-cost imported water used to meet its potable water demands.

When will the IRWD Los Alisos Service Area achieve rate parity with other IRWD customers?

- The proposed Allocation-Based Conservation rate structure for the IRWD Los Alisos Service Area is similar to the IRWD rate structure, but takes into account that this part of the service area does not have a local groundwater basin and no source of local water. Los Alisos is almost wholly dependent upon more expensive imported water from MWD.
- While the Los Alisos area is being transitioned to rate structure that encourages conservation, it will not have the same water commodity charge as customers in the IRWD Irvine Service area until the sale of the property surrounding the former Los Alisos Water District headquarters in Lake Forest is completed. The development agreement for the property was finalized in July 2008 and IRWD continues to work with the city of Lake Forest and project partners to finalize the sale. The revenue realized from this sale will help equalize the higher cost of imported water and allow the Los Alisos Service Area to have rate parity with IRWD.