



Irvine Ranch Water District Notice of Proposed Water and Sewer Rate Change

Background

The Irvine Ranch Water District is a public agency that provides water and sewer service. Our rates are based on the actual cost to provide these services and are set each year during the annual budget process. The budget is adopted by the Board of Directors and goes into effect on July 1. A critical IRWD business objective is to keep costs, and therefore rates, as low as possible for our customers. When compared with other agencies providing similar services in Orange County, IRWD's rates are consistently among the lowest.

Basic Components of Commercial Rates

- **Commodity Charge** is based on the amount of water used each month. It is based on the cost of local and imported water.
- **Fixed Service Charges** do not vary each month and include costs for operations, maintenance and infrastructure. There are separate service charges for water and sewer service

Commodity Charge: Proposed Changes to the Cost of Water

Commodity charges are billed monthly based on the actual volume of water used. Customers are billed in one or two tiers based on the actual water used as a percentage of the monthly water budget. A description of how monthly water budgets are determined is described below in the section [Monthly Water Budgets Information Available on Website](#). For FY 2017-18, IRWD is proposing a commodity charge increase for potable shown in the chart below. The Base Rate tier rewards customers that stay within their monthly water budget allocation. The Wasteful tier is for customers that exceed their monthly water budget. The standard Billing Unit is called a ccf (hundred cubic feet) and is equal to 748 gallons of water.

Proposed Commercial Commodity Rates:

Proposed Potable Commercial Commodity Rates			
Tier	% of Monthly Water Budget	FY 2016-17 Rates per ccf	FY 2017-18 Rates per ccf
Base Rate	0 -100 %	\$1.65	\$1.70
Wasteful	101+	\$12.01	\$12.06

Proposed Recycled Water Commercial Commodity Rates			
Tier	% of Monthly Water Budget	FY 2016-17 Rates per ccf	FY 2017-18 Rates per ccf
Base Rate	0 -100 %	\$1.03	\$0.95
Wasteful	101+	\$6.05	\$5.08

Why Did the Potable Cost of Water Increase?

The main reasons for the change are due to uncontrollable costs attributed to:

- Pass through charges from the Orange County Water District (OCWD) for pumping local groundwater (11% increase) which is the lowest cost of water and therefore has the greatest impact on the Low Volume tier
- Pass through charges from the Metropolitan Water District (MWD) for imported water (the most expensive source of water) purchased through the regional wholesaler, the Municipal Water District of Orange County (MWDOC) (4% increase)

Why Did the Recycled Cost of Water Decrease?

There were decreased equipment costs associated with supplying recycled water.

Understanding the IRWD Budget Based Rate Structure

Since 1991, IRWD customer bills have been calculated using a budget based rate structure. Usage up to 100 percent of the water budget is billed at the base rate. The rate structure uses business-specific allocations and tiered pricing to provide an economic incentive to encourage efficient water use.

1. Each customer receives a monthly water budget that provides for a reasonable amount for your business needs.
2. The monthly water commodity charge is calculated based upon how much water is used
3. If a customer goes over their monthly water budget, the water is billed at the highest tier based on IRWD's cost to provide the water.
4. Costs associated with the purchase of additional imported water (the most expensive source of water for IRWD), urban runoff programs, water banking and water conservation programs are allocated to the highest tier.

Monthly Water Budget Information Available on Website

To find out more information on the rate tiers, please visit the IRWD website at www.irwd.com. If you would like additional information regarding the monthly water budget for your property, please contact customer service at 949 453-5300.

Water & Sewer Fixed Service Charges:

Monthly service charges are fixed monthly charges which cover IRWD's cost of operations, maintenance and infrastructure and do not change based on the amount of a customers' water or sewer use. Monthly service charges are based on a 30 day calendar month so billing cycles which are longer or shorter

than 30 days are billed based on the proportional number of days. The fixed charge includes an amount set aside for the future inevitable repair and replacement of infrastructure such as pipes, pumping stations and treatment facilities. This way, the District can avoid significant one time rate spikes when the repairs and replacements are made. These charges are not used to pay for facilities that extend service to new development.

Water Fixed Service Charges: The fixed monthly water service charges are used to pay for operations and maintenance costs, including inevitable infrastructure enhancements and replacements. The charge is based on the size of your meter. The proposed fixed monthly charges are proposed below. The current amount for your meter size appears on your bill. The baseline fixed charge is calculated on the meter's maximum flow capacity and the demand on the system.

Proposed Water Service Charges		
Meter Type	FY 2016-17 Rates	FY 2017-18 Rates
5/8" x 3/4" disc	\$10.30/meter	No change
3/4" disc	\$15.45/meter	No change
1" disc	\$25.75/meter	No change
1 1/2" disc	\$51.50/meter	No change
2" disc	\$82.40/meter	No change
3" compound	\$164.80/meter	No change
4" compound	\$309.00/meter	No change
6" compound	\$515.00/meter	No change
8" compound	\$991.40/meter	No change
10" compound	\$1,133.00/meter	No change
14" compound	\$1,802.50/meter	No change
2" turbo	\$108.15/meter	No change
3" turbo	\$247.20/meter	No change
4" turbo	\$515.00/meter	No change
6" turbo	\$1,030.00/meter	No change
8" turbo	\$1,802.50/meter	No change
10" turbo	\$2,163.00/meter	No change
2" magnetic	\$160.15/meter	No change
4" magnetic	\$640.15/meter	No change
6" magnetic	\$1,440.45/meter	No change
8" magnetic	\$2,561.60/meter	No change
6" propeller	\$695.25/meter	No change
8" propeller	\$927.00/meter	No change
10" propeller	\$1,236.00/meter	No change
12" or 14" propeller	\$1,738.15/meter	No change
16", 18" or 20" propeller	\$2,935.50/meter	No change
4" Omni F2	\$640.15/meter	No change
6" Omni F2	\$1,440.45/meter	No change
8" Omni F2	\$2,561.60/meter	No change
10" Omni F2	\$2,935.50/meter	No change

Sewer Fixed Service Charges: There is no proposed increase for the fixed monthly sewer service charge. Additional fixed monthly charges for the operation and maintenance of the system are based on the volume of water used and treated in excess of 10ccf per month and are shown in the table below.

Proposed Changes for Sewer Quantity and Industrial Waste Charges		
Component	FY 2016-17 Rates	FY 2017-18 Rates
Sewer Quantity Charge	\$2.74 per ccf	No change
Collection Quantity Charge	\$0.84 per ccf	No change
Industrial Waste Charge	\$0.134 per ccf	No change
Collection Service Charge (based on flows)	\$0.840 per ccf	No change
Treatment Quantity Charge		\$1.48 per ccf
Special Purchase Discharge Charge	Up to \$1,377.56 per million gallons	Up to \$1,417.56 per million gallons

Pumping Surcharges, Set-up and Reconnection Fees: A pumping surcharge is added to the commodity rate of customers at higher elevations which requires the District to incur additional pumping costs to supply their water. The surcharge is based on the actual prevailing energy costs and varies depending upon the elevation of the area served. If your business is in an area affected by a pumping surcharge, it is itemized on your monthly bill. Please visit the IRWD website at www.irwd.com to see charges by zone.

Proposed Changes to Pumping Surcharges, Set-up and Reconnection Fees		
Component	Current Rates	Proposed Rates
Pumping Surcharges by Zone	\$0.21 to \$0.65/ccf	\$0.21 to \$0.64/ccf
One-time Setup Fee for New Accounts	\$25.00	No change
Shutoff Reconnection Fees	\$70.00 - \$95.00	No change
Private Fire Line Service Fee	\$13.60 per diameter inch	No change
Fire Hydrant Charge	\$23.70/month per hydrant	No change

Automatic Pass-Through Adjustments

IRWD has used its best available information to calculate proposed increases in the cost of imported water IRWD purchases from MWD through MWDOC, the replenishment charges paid by IRWD to OCWD for pumping groundwater, and the cost for regional treatment of sewage paid by IRWD to the Orange County Sanitation District (OCSD). IRWD has no control over the amounts set by MWD, MWDOC, OCWD and OCSD (the "Regional Agencies"), and must pass those costs through to IRWD customers. Should any of the Regional Agencies adopt an additional increase (or decrease) in its charges ("Pass-Through Amount"), IRWD will automatically recalculate its rates to include the Pass-Through Amount. If this occurs, the automatic IRWD rate adjustment will not require a public hearing or any additional action by the IRWD Board of Directors. At least 30 days before the effective date of the adjustment, IRWD will provide its customers with the expected adjustment(s), which will generally be calculated as the total projected cost increase divided by the projected annual water consumption or annual total sewage flow as appropriate. This calculation will vary as necessary to reflect IRWD's different service areas and service classes.

Public Hearing

Any customers or property owners within the IRWD service area may file a written protest for the proposed rate increases with IRWD by sending a letter to IRWD, P.O. Box 5149, Irvine, CA 92616. A valid protest letter must include your name, the address at which you receive service from IRWD, a statement of protest and your original signature. Protest letters received by June 26 will be tabulated and presented to the Board of Directors at a public hearing regarding the rate increase to be held on June 26, 2017 at 5 p.m. in the IRWD Board Room, 15600 Sand Canyon Ave., Irvine, CA. Any customers or property owners may appear at the hearing to make comments regarding the proposed rates. Letters may be delivered in person at the hearing, and must be received prior to the conclusion of the June 26 public hearing.

Additional Information

For more information on IRWD's water efficiency programs, rebates and tips on how you can conserve, visit www.irwd.com. If you have any additional questions, please contact IRWD Customer Service at 949-453-5300.