



Irvine Ranch Water District Notice of Proposed Water 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 service in Orange County, IRWD's rates are consistently among the lowest.

Basic Components of 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 Charge** does not vary each month and includes costs for operations, maintenance and infrastructure.

Commodity Charge:

Commodity charges are billed monthly based on the actual volume of water used. Customers are billed in 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 in more detail at <https://www.irwd.com/services/proposed-rates>. Effective July 1, 2018, IRWD is proposing a commodity charge increase shown in the chart below. The Low Volume rate tier rewards customers who use the least amount of water, which reduces the need for IRWD to purchase more expensive water supplies. The Base rate tier is for customers that stay within their monthly water budget. The Inefficient and Wasteful tiers are for customers that exceed their monthly water budget. The standard Billing Unit is called a ccf (one hundred cubic feet) and is equal to 748 gallons of water.

Proposed Non Agricultural/Landscape Commodity Rates:

Proposed Potable Non Agricultural / Landscape Commodity Rates			
Tier	% of Monthly Water Budget	FY 2017-18 Rates per ccf	Effective July 1, 2018 per ccf
Low Volume	0 - 40 %	\$1.36	\$1.40
Base Rate	41 -100%	\$1.70	\$1.89
Inefficient	101-160%	\$4.09	\$4.73
Wasteful	161+	\$ 12.06	\$13.35

Proposed Non-Potable & Recycled Non Agricultural / Landscape Commodity Rates			
Tier	% of Monthly Water Budget	FY 2017-18 Rates per ccf	Effective July 1, 2018 per ccf
Low Volume	0 -40 %	\$1.01	\$1.13
Base Rate	41 -100%	\$1.36	\$1.47
Inefficient	101-140%	\$2.33	\$3.11
Wasteful	141+	\$5.08	\$6.44

Proposed Agricultural Rates:

Proposed Agricultural Potable Commodity Rates		
Tier	FY 2017-18 Rates per ccf	Effective July 1, 2018 per ccf
Base Rate	\$2.36	\$2.62

Proposed Agricultural Non-Potable / SAC Commodity Rates		
Type	FY 2017-18 Rates per ccf	Effective July 1, 2018 per ccf
Non-Potable	\$1.40	\$1.58
SAC Water	\$1.66	\$1.75

Proposed Recycled Agricultural Commodity Rates		
Tier	FY 2017-18 Rates per ccf	Effective July 1, 2018 per ccf
Base Rate	\$1.40	\$1.52

Why Did the Cost of Water Increase?

The main reasons for the change include uncontrollable costs attributed to:

- Pass through charges from the Orange County Water District (OCWD) for pumping local groundwater (3.8% increase) which is the lowest cost of water.

- Pass through charges from the Metropolitan Water District (MWD) for imported water purchased through the regional wholesaler, the Municipal Water District of Orange County (MWDOC) (between 3.4% and 5.2% increase).

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 low volume and base rate. This rate structure uses property-specific water budgets and tiered pricing to provide customers an economic incentive to encourage efficient water use.

- Each customer receives a monthly water budget that provides for a reasonable amount of water based on the irrigated landscape area.
- The monthly water commodity charge is based upon how much water is used.
- If a customer goes over their monthly water budget, the water is billed at increasingly higher tiers based on IRWD's cost of service to provide the water.
- 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 tiers.

Landscape Monthly Potable & Recycled Water Budgets

Type	Proposed Monthly Water Budget Basis
Irrigated with Potable Water	60% warm-season turf + 40% drought tolerant landscape
Irrigated with Recycled Water	100% warm-season turf

Please visit www.irwd.com for specific details about the calculation.

Monthly Water Budgets, Rate Calculator & Sample Bills Available on Website

To find out more information on the rate tiers, the types of usage that determine the monthly water budget, how the monthly water budget is calculated and to use the IRWD budget based rate calculator, please visit the IRWD website at <https://www.irwd.com/services/proposed-rates>. The calculator shows how staying within your monthly water budget or exceeding it will affect your monthly bill. Provide your account number from a recent bill and you can see how your bill will be recalculated using the proposed rates, allocations and tiers. Free internet access is available Monday – Friday from 8am to 5pm in the IRWD lobby at 15600 Sand Canyon Avenue, Irvine, CA.

Water 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 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.

The charge is based on the size of your meter. The current amount for your meter size appears on your bill. Customers that remain in the low volume tier for most of the year will have a larger percentage of their bill made up of the fixed charge. The fixed charge is calculated on the meter's maximum flow capacity and the demand on the system. Potable customers that remain in the low volume tier for 9 out of 12 months will receive a \$2.00 credit per month which will be itemized on each bill. New customers do not receive this credit unless they have been with the District for a full calendar year.

Proposed Water Service Charges		
Meter Type	FY 2017-18 Rates	Effective July 1, 2018
5/8" x 3/4" disc	\$10.30/meter	\$10.35/meter
3/4" disc	\$15.45/meter	\$15.55/meter
1" disc	\$25.75/meter	\$25.90/meter
1 1/2" disc	\$51.50/meter	\$51.75/meter
2" disc	\$82.40/meter	\$82.80/meter
3" compound	\$164.80/meter	\$165.60/meter
4" compound	\$309.00/meter	\$310.50/meter
6" compound	\$515.00/meter	\$517.50/meter
8" compound	\$991.40/meter	\$996.25/meter
10" compound	\$1,133.00/meter	\$1,138.55/meter
14" compound	\$1,802.50/meter	\$1,811.35/meter
2" turbo	\$108.15/meter	\$108.70/meter
3" turbo	\$247.20/meter	\$248.40/meter
4" turbo	\$515.00/meter	\$517.50/meter
6" turbo	\$1,030.00/meter	\$1,035.05/meter
8" turbo	\$1,802.50/meter	\$1,811.35/meter
10" turbo	\$2,163.00/meter	\$2,173.60/meter
2" magnetic	\$160.15/meter	\$160.95/meter
4" magnetic	\$640.15/meter	\$643.30/meter
6" magnetic	\$1,440.45/meter	\$1,447.50/meter

8" magnetic	\$2,561.60/meter	\$2,574.15/meter
6" propeller	\$695.25/meter	\$698.65/meter
8" propeller	\$927.00/meter	\$931.55/meter
10" propeller	\$1,236.00/meter	\$1,242.05/meter
12" or 14" propeller	\$1,738.15/meter	\$1,746.65/meter
16", 18" or 20" propeller	\$2,935.50/meter	\$2,949.90/meter
4" Omni F2	\$640.15/meter	\$643.30/meter
6" Omni F2	\$1,440.45/meter	\$1,447.50/meter
8" Omni F2	\$2,561.60/meter	\$2,574.15/meter
10" Omni F2	\$2,935.50/meter	\$2,949.90/meter

Pumping Surcharges: A pumping surcharge will be added to the commodity rate for those customers who are located at higher elevations and cause 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 property is in an area affected by a pumping surcharge, the charge is itemized on your monthly bill. Please visit the IRWD website at <https://www.irwd.com/services/proposed-rates> to see charges by zone.

Proposed Changes to Pumping Surcharges, Set-up and Reconnection Fees		
Component	FY 2017-18 Rates	Effective July 1, 2018
Pumping Surcharges by Zone	\$0.21 to \$0.64/ccf	\$0.21 to \$0.65/ccf
One-time Setup Fee for New Accounts	\$25.00	No change
Shutoff Reconnection Fees	\$70.00 - \$95.00	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, and the replenishment charges paid by IRWD to OCWD for pumping groundwater. IRWD has no control over the amounts set by MWD, MWDOC and OCWD (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. 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 25 will be tabulated and presented to the Board of Directors at a public hearing regarding the rate increase to be held on June 25, 2018 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 25 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.