



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

COMMERCIAL / INDUSTRIAL / PUBLIC AUTHORITY / NON-RESIDENTIAL MIXED USE

Irvine Ranch Water District (IRWD) is a public agency that provides water and sewer service. Our rates are based on the actual cost to provide water and sewer service to our customers and are based on the expenses included in IRWD’s budget. The IRWD Board of Directors adopted a two-year budget on April 24, 2023. The basis for the proposed rates is detailed in the Cost of Service Study, which is available at IRWD.com/services/proposed-rates. The proposed rates for the two years, if adopted, will be effective June 26, 2023, and will be implemented on July 1, 2023, and July 1, 2024, respectively. The increase is due primarily to uncontrollable pass-through cost increases from regional agencies that supply water, regional sewage, or energy services to IRWD, as well as inflation and increases in costs associated with continuing to provide the current high level of water and sewer service our customers expect. Information on how the rates are calculated is shown below.

A critical IRWD objective is to keep costs, and therefore rates, as low as possible for our customers. Even with the proposed increase, when compared with other agencies providing similar services in Orange County, IRWD’s rates are consistently among the lowest.

Understanding basic components of your water bill

Your water bill has two basic components: variable water usage charges and service charges.

- **Variable water usage charges:** Variable costs — for the amount of water you use inside and outside each month. These charges are based on the cost of local and imported water, and other costs of providing service that vary based on usage. Some customers may also incur a pumping surcharge to cover additional pumping costs to serve their properties.
- **Service charges:** Fixed costs — to recover the fixed expenses of operating and maintaining IRWD’s infrastructure. There are separate service charges for water and sewer service. These monthly fixed costs fluctuate depending on the number of days in a billing cycle.

Variable water usage charge

Each customer is assigned a monthly water usage budget. How much you pay for each 100 cubic feet (CCF) of water depends on whether you stay within your water budget. IRWD allocates its lowest-cost water supplies for customers’ usage within their monthly water budget. Higher-cost water is used to meet demands of customers’ water use above their budgets. For example, groundwater from local wells is the least expensive supply, while imported water from out of state or Northern California costs the most.

Potable rates are broken into two tiers. Each tier is assigned a rate based on the actual cost of serving customers within each tier. Cost of service includes both the cost of water based on the source of water and other variable costs as detailed below. The Base rate tier is for water used within each commercial, industrial, public authority or non-residential mixed use customer’s (CII) budget, which is sourced primarily from lower-cost groundwater and supplemented with imported water. The majority of imported water costs are allocated to the Wasteful tier. Expenses for districtwide conservation programs that educate customers on ways to conserve water and assist customers with conservation are included in both tiers. Additional costs associated with targeted conservation programs, urban runoff treatment, and water banking are paid only by customers with usage in the Wasteful tier because their higher usage: (i) requires individualized conservation assistance, (ii) leads to urban runoff that requires costly treatment, and (iii) requires greater water reserves through water banking to provide reliable water supplies during a drought or other water shortage. Costs are allocated to the Wasteful tier based on their share of costs to run these programs. IRWD would not need these programs if those customers remained within their individual water budgets.

Proposed variable potable water rates per CCF* beginning July 1, 2023

Service	Base tier	Wasteful tier
Total water source cost	\$2.44	\$3.89
Districtwide conservation programs	\$0.11	\$0.11
Conservation programs targeted to over-budget customers, urban runoff costs and water banking costs		\$11.49
Rate Stabilization Fund	(\$0.03)	
Total cost per CCF per tier proposed beginning July 2023	\$2.52	\$15.49
Current rates	\$2.42	\$14.64
Change	\$0.10	\$0.85

* 1 CCF = 748 gallons



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Proposed variable potable water rates per CCF beginning July 1, 2024

Service	Base tier	Wasteful tier
Total water source cost	\$2.54	\$4.15
Districtwide conservation programs	\$0.11	\$0.11
Conservation programs targeted to over-budget customers, urban runoff costs and water banking costs		\$12.20
Total cost per CCF per tier proposed beginning July 2024	\$2.65	\$16.46
Proposed FY 2023 – 24 rates	\$2.52	\$15.49
Change	\$0.13	\$0.97

How your water budget is calculated

Your monthly water usage budget represents an efficient volume of water to meet your specific water use needs and uses. IRWD establishes an individualized water budget for each CII customer based on an analysis of the indoor and outdoor water use needs. This may include an on-site assessment. Usage up to 100% of the water budget is billed at the Base rate. Usage above a customer's water budget is billed at a higher Wasteful rate because IRWD must use more expensive water to meet Wasteful demands. For more information on the potable Base and Wasteful CII rates, and all other CII rates, please visit the IRWD website at IRWD.com/services/proposed-rates. If you would like additional information regarding the monthly water budget for your property, please contact Customer Service at 949-453-5300.

Variable water charges

IRWD is proposing a variable water (commodity) charge increase as shown in the charts below. The Base Rate tier is for usage within the monthly water budget. The Wasteful tier is for water usage that exceeds the monthly water budget.

Summary of proposed potable commercial commodity rates

Tier	Percentage use of monthly water budget	Current rates per CCF	Proposed rates per CCF beginning July 1, 2023	Proposed rates per CCF beginning July 1, 2024
Base	0 - 100%	\$2.42	\$2.52	\$2.65
Wasteful	101%+	\$14.64	\$15.49	\$16.46

Summary of proposed recycled water commercial commodity rates

Tier	Percentage use of monthly water budget	Current rates per CCF	Proposed rates per CCF beginning July 1, 2023	Proposed rates per CCF beginning July 1, 2024
Base	0 - 100%	\$2.16	\$2.36	\$2.47
Wasteful	101%+	\$7.20	\$9.20	\$9.27

Temporary (construction) commodity rates

Component	Current rates per CCF	Proposed rates per CCF beginning July 1, 2023	Proposed rates per CCF beginning July 1, 2024
Potable	\$2.88	\$3.08	\$3.25
Recycled	\$1.40	\$1.71	\$1.75

Untreated water commercial commodity rate

Current rate per CCF	Proposed rate per CCF beginning July 1, 2023	Proposed rate per CCF beginning July 1, 2024
\$1.82	\$2.11	\$2.23

Pumping surcharges

A pumping surcharge will be added to the variable water usage charge for customers in locations that cause IRWD to incur additional pumping costs to supply their water. The surcharge is based on the actual prevailing energy costs and varies depending upon the cost to pump water to the area served. If you live in an area affected by a pumping surcharge, the charge is itemized on your monthly bill. IRWD is proposing changes to the pumping surcharge areas. Please visit the IRWD website at IRWD.com/services/proposed-rates to see the proposed map and charges by area.



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Proposed changes to pumping surcharge			
Component	Current rates <i>(rates vary by pumping surcharge area)</i>	Proposed rates beginning July 1, 2023 <i>(rates vary by pumping surcharge area)</i>	Proposed rates beginning July 1, 2024 <i>(rates vary by pumping surcharge area)</i>
Potable	\$0.33 to \$0.79/CCF	\$0.38 to \$1.72/CCF	\$0.41 to \$1.88/CCF
Recycled	\$0.14 to \$0.47/CCF	\$0.23 to \$0.53/CCF	\$0.25 to \$0.58/CCF

Fixed water and sewer service charges

In addition to the water usage charges that you control based on the amount of water you use, your bill contains fixed charges for water service and sewer service. Fixed water service charges are based on the size of your water meter providing water flow to your property. These charges are assessed whether or not you use water that month and may increase or decrease based on the number of days in the billing period. Monthly service charges are fixed charges that cover IRWD's cost of operations, maintenance and infrastructure, and do not change based on the amount of a customer's monthly water or sewer use. Monthly service charges are based on a 30-day calendar month so billing cycles that 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, IRWD 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.

Fixed water service charges

The fixed monthly water service charges for CII customers are used to pay for operations and maintenance costs, including inevitable water infrastructure enhancements and replacements. The charge is based on the size of your meter.

Proposed changes to fixed monthly water service charges for system operation and maintenance			
Meter size	Current meter rates	Proposed rates beginning July 1, 2023	Proposed rates beginning July 1, 2024
5/8" by 3/4" Disc	\$10.75	\$11.85	\$13.20
3/4" Disc	\$16.15	\$17.80	\$19.80
1" Disc	\$26.90	\$29.65	\$33.00
1 1/2" Disc	\$64.50	\$71.10	\$79.20
2" Disc	\$86.00	\$94.80	\$105.60
2" Turbo	\$134.40	\$148.15	\$165.00
3" Turbo	\$349.40	\$385.15	\$429.00
4" Turbo	\$671.90	\$740.65	\$825.00
6" Turbo	\$1,343.75	\$1,481.25	\$1,650.00
8" Turbo	\$2,526.25	\$2,073.75	\$2,310.00
10" Turbo	\$3,762.50	\$4,147.50	\$4,620.00
6" Magnetic Meter	\$1,503.40	\$1,659.00	\$1,848.00
8" Magnetic Meter	\$2,673.55	\$2,947.10	\$3,282.85
6" Propeller	\$483.75	\$533.25	\$594.00
8" Propeller	\$645.00	\$711.00	\$792.00
10" Propeller	\$860.00	\$948.00	\$1056.00
12" or 14" Propeller	\$1,182.50	\$1,303.50	\$1,452.00
16", 18", or 20" Propeller	\$2,042.50	\$2,251.50	\$2,508.00
4" Omni F-2	\$537.50	\$740.65	\$825.00
6" Omni F-2	\$1,075.00	\$1,185.00	\$1,320.00
8" Omni F-2	\$2,526.25	\$2,073.75	\$2,310.00
1 1/2" Single Jet	\$53.75	\$59.25	\$66.00
2" Single Jet	\$86.00	\$94.80	\$105.60
6" Single Jet	\$537.50	\$592.50	\$660.00



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Fixed sewer service charges

Fixed monthly sewer service charges are used to pay for operations and maintenance costs associated with providing sewer service including inevitable sewer infrastructure enhancements and replacements of infrastructure such as pipes, pumping stations, and treatment facilities. Each customer's use of IRWD sewer service derives from the customer's use of water from IRWD. Additional fixed monthly charges for the operation and maintenance of the system are based on 90% of the volume of water used and treated in excess of 10 CCF per month, because historic use data shows that is the portion sent to IRWD's sewer system. The proposed fixed and variable monthly charges are presented below.

Proposed changes to fixed monthly sewer service charges for collection and treatment			
Monthly usage	Current monthly rates	Proposed rates beginning July 1, 2023	Proposed rates beginning July 1, 2024
Average water usage ≤ 10 CCF per month	\$29.75	\$33.24	\$36.79
Quantity service charge (beyond 10 CCF)	\$2.19/CCF	\$3.00/CCF	\$3.07/CCF
OC San special purpose permit discharge rate (if applicable)	Up to \$1,601.28 per million gallons	Up to \$1,676.09 per million gallons	Up to \$1,754.41 per million gallons

Proposed changes for areas receiving collection service or treatment service only			
Monthly usage	Current monthly rates	Proposed rates beginning July 1, 2023	Proposed rates beginning July 1, 2024
Collection service charge	\$9.25 per unit	\$10.95 per unit	\$11.55 per unit
Treatment service charge	\$16.25 per unit	\$19.70 per unit	\$20.50 per unit

Private fireline service charges

Private firelines provide water to sprinkler systems and private fire hydrants for fire suppression on private property. These include fire protection systems, such as fire protection sprinklers and private fire hydrants that are not part of, but are connected to, the public water service. Costs are billed to the customers owning the private fire protection systems and are based upon the size of the fireline.

Proposed changes to monthly fireline service charges			
Private fireline size	Current monthly rates	Proposed rates beginning July 1, 2023	Proposed rates beginning July 1, 2024
1"	\$6.20	\$7.45	\$7.65
2"	\$8.45	\$9.75	\$10.15
3"	\$13.55	\$14.95	\$15.80
4"	\$22.45	\$23.90	\$25.50
6"	\$54.15	\$56.10	\$60.35
8"	\$108.90	\$111.65	\$120.50
10"	\$191.05	\$195.15	\$210.95
11"	\$245.15	\$248.75	\$268.95
12"	\$306.70	\$310.90	\$336.30
Private fire hydrants	\$54.15	\$34.00	\$36.60

Other charges

IRWD also charges for setting up new accounts for a property already connected to IRWD's service system and for reconnecting water service after it has been shut off.

Proposed changes to fees to set up a service account and reconnect service after a shut-off			
Component	Current rates	Proposed rates beginning July 1, 2023	Proposed rates beginning July 1, 2024
One-time setup fee for new accounts	\$25.00	\$25.00	\$25.00
Reconnection fees	\$70.00	\$75.00	\$75.00
After hours reconnection fees	\$95.00	\$200.00	\$200.00



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Why did the cost of water and sewer service increase?

The main reasons for the change include uncontrollable cost increases to IRWD attributed to:

- Pass-through charges from Orange County Water District (OCWD) for pumping local groundwater, which is still the lowest-cost water source (15.6% increase in FY 2023-24 and 6.6% increase in FY 2024-25).
- Pass-through charges from Metropolitan Water District of Southern California (MWD) for imported water purchased through the regional wholesaler, the Municipal Water District of Orange County (MWDOC) (7.8% increase in FY 2023-24 and 4.1% increase in FY 2024-25).
- Pass-through charges from Southern California Edison (SCE) for electricity used in IRWD service operations (48.6% increase in FY 2023-24 and 9.1% increase in FY 2024-25).
- Increases in costs associated with continuing to provide the current high level of water service our customers expect, including costs associated with repairs and maintenance related to maintaining the existing infrastructure (9.9% increase in FY 2023-24 and 6.5% increase in FY 2024-25).
- Inflation.

Automatic pass-through adjustments and other surcharges

IRWD used its best available information to calculate proposed increases in the cost of imported water purchased from MWD through MWDOC, the replenishment charges paid to OCWD for pumping groundwater, the cost for regional treatment of sewage paid to the Orange County Sanitation District (OC San), and the cost of electricity charged by SCE. IRWD has no control over the charges set by regional agencies (MWD, MWDOC, OCWD, OC San, SCE, etc.) or penalties, taxes and fees assessed by the state, and must pass those costs through to IRWD customers. Should any of the regional agencies or the State of California adopt an additional increase (or decrease) in its charges, taxes, or fees ("pass-through amount"), IRWD may 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 notice of 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.

If the State Water Resources Control Board (State Board) imposes fines on IRWD because of a violation(s) of a State Board regulation adopted to prevent the waste or unreasonable use of water, or to promote water conservation, to the extent such violation(s) are due to consumption of water in excess of customers' water usage budgets, IRWD may levy a surcharge on the volume of water used of up to \$3.31 per hundred cubic feet. If IRWD is fined by the State Board, at least 30 days before implementing a surcharge, IRWD will provide its customers with notice of the surcharge amount(s), which will generally be calculated as the total projected fine divided by the total water use in the Wasteful tier.

Water Shortage Contingency Plan (WSCP)

IRWD is required by the California Water Code Section 10632 to prepare and adopt a Water Shortage Contingency Plan (WSCP) as part of its Urban Water Management Plan. The WSCP, adopted by IRWD on June 28, 2021, includes plans to implement locally appropriate water shortage response actions for six standard water shortage levels. The following are the rates proposed as a potential response action for each water shortage level. These rates are based on the actual cost to provide service to our customers in times of water shortage. For a detailed explanation of the District's water shortage responses, please refer to the District's WSCP at bit.ly/wscp-2021. An overview of the supply shortage response actions considered for each level of water shortage can be found on Page 33, Table 3-3 of the WSCP. Achieving the WSCP reductions for each level will require a broad approach. The table below includes the target potable water use reduction for each level, the minimum potable water budget provided at each level and the steps necessary to meet the water shortage at each level. The District has invested in water supply reliability and is not projecting any shortages over the next two years.

Minimum potable water budgets at each level of water shortage

Water Shortage Contingency Plan level	Target reduction	Messaging and outreach	Outdoor potable water landscape plant assumption <i>(Includes residential, dedicated irrigation, non-agricultural and CII outdoor)</i>	ET factor	Potable Commercial, Industrial and Institutional (CII) percent indoor reduction
Normal water budget No shortage	0%	Water efficiency programs and outreach	40% drought-tolerant plants	.75	0%
Level 1 0 - 10%	10%	Expanded messaging and targeted outreach	40% drought-tolerant plants	.75	0%



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Level 2 11 - 20%	20%	Expanded messaging and targeted outreach	No turf; 100% drought-tolerant plants	.625	0%
Level 3 21 - 30%	30%	Expanded messaging and targeted outreach	No turf; 25% drought-tolerant plants; 75% native plants; tree health affected	.35	0%
Level 4 31 - 40%	40%	Expanded messaging and targeted outreach	No turf; 100% native plants only; tree health affected	.25	10%
Level 5 41 - 50%	50%	Expanded messaging and targeted outreach	No landscape	0	20%
Level 6 51%+	60%	Expanded messaging and targeted outreach	No landscape	0	30%

How a water shortage could affect rates

If IRWD experiences a water shortage, IRWD may be required to implement water shortage response actions that would include possible water rate increases due to changes in costs to provide customers with water during a shortage. The water rates at each water shortage level are shown in the following table. The IRWD Board of Directors will consider adopting these rates concurrently with the water and sewer rates discussed above. The water shortage contingency rates would only be charged to potable customers depending on the level and duration of the water shortage as defined in the WSCP, and only when conditions declared by IRWD's Board are met. Customers will receive communication of when these conditions have been met and when the water shortage contingency rates are being charged.

Proposed potable water shortage contingency rates per CCF beginning July 1, 2023

Rate tiers	Level 1: up to 10% water shortage	Level 2: 11% to 20% water shortage	Level 3: 21% to 30% water shortage	Level 4: 31% to 40% water shortage	Level 5: 41% to 50% water shortage	Level 6: greater than 50% water shortage
Base	\$2.59	\$2.69	\$2.79	\$2.95	\$3.24	\$3.64
Wasteful	\$16.28	\$17.07	\$17.98	\$19.09	\$21.25	\$24.30

Proposed potable water shortage contingency rates per CCF beginning July 1, 2024

Rate tiers	Level 1: up to 10% water shortage	Level 2: 11% to 20% water shortage	Level 3: 21% to 30% water shortage	Level 4: 31% to 40% water shortage	Level 5: 41% to 50% water shortage	Level 6: greater than 50% water shortage
Base	\$2.72	\$2.84	\$2.94	\$3.11	\$3.41	\$3.79
Wasteful	\$17.25	\$18.06	\$18.97	\$20.05	\$22.18	\$25.18

For more information regarding how the monthly water budget is calculated for each of these rates, please contact customer service at 949-453-5300.

Public hearing

Any customer or property owner 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, 2023, will be tabulated and presented to the Board of Directors at a public hearing regarding the rate increase to be held on June 26, 2023, at 5 p.m. in the IRWD Board Room, 15600 Sand Canyon Ave., Irvine, California. Any customer or property owner may appear at the hearing to make comments regarding the proposed rates. Protest letters may be delivered in person and must be received prior to the conclusion of the June 26, 2023, public hearing.

Pursuant to Government Code Section 53759, there is a 120-day statute of limitations for any judicial action or proceeding challenging any new, increased, or extended water and sewer fee or charge.

Additional information

For more information about IRWD's water efficiency programs and rebates, plus tips on how you can use water more efficiently, visit IRWD.com. If you have questions, please contact IRWD Customer Service at 949-453-5300.