



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

COMMERCIAL

The 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 developed during the budget process. See below for how the rates are calculated. 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.

Two-Year Budget Cycle

New this year is the kickoff of a two-year (biennial) budget cycle which will result in the adoption of rates for Fiscal Year (FY) 2019-20 and FY 2020-21. The adoption of a two-year budget is intended to improve IRWD's long term planning, enhance funding stability and create greater efficiency in the budgeting process. The proposed rates will become effective on July 1, 2019 and July 1, 2020, respectively.

Understanding Basic Components of Your Water Bill

- **Water Usage Charges:** Variable costs – for the amount of water you use both inside and outside your business each month. They are based on the cost of local and imported water and other costs of providing service that vary based on usage.
- **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

To encourage wise water use, each customer is assigned a monthly water usage budget. How much you pay for each 100 cubic feet of water (ccf) depends on whether you stay within your budget. Rates are broken into two tiers. Each tier is assigned a rate based on the actual cost of service. Cost of service includes both the cost of water based on the source of water and other variable costs as detailed below. For example, groundwater from local wells is the least expensive, while imported water from out of state or Northern California costs the most. The base rate tier is for water used within each customer's budget, which is sourced primarily from lower cost groundwater and reduces the need to import expensive water. Imported water costs are allocated to the wasteful tier. District wide conservation provides education programs to help customers conserve water. Cost associated with Targeted Conservation, Urban Runoff, and Water Banking are paid for by customers in the wasteful tier only because their higher uses: (i) require individualized conservation assistance, (ii) lead to urban runoff that requires costly treatment, and (iii) require greater water reserves through water banking to provide reliable water supplies during a drought or shortage. Costs are allocated to the wasteful tier based on costs to run these programs. The District would not need these programs if all customers remained within budget.

Proposed Variable Water Rates per ccf for FY 2019-20

Service	Base Tier	Wasteful Tier
Total Water Source Cost	\$1.97	\$3.17
District Wide Conservation	\$0.03	\$0.03
Conservation Targeted to Over Budget Customers, Urban Runoff Costs and Water Banking Costs		\$10.43
Total Cost Per Tier Proposed FY 2019-20	\$2.00	\$13.63
FY 2018-19 Rates by Tier	\$1.89	\$13.35
Change	\$0.11	\$0.28

Proposed Variable Water Rates per ccf for FY 2020-21

Service	Base Tier	Wasteful Tier
Total Water Source Cost	\$2.09	\$3.21
District Wide Conservation	\$0.03	\$0.03
Conservation Targeted to Over Budget Customers, Urban Runoff Costs and Water Banking Costs		\$10.41
Total Cost Per Tier Proposed FY 2020-21	\$2.12	\$13.65
FY 2019-20 Rates by Tier	\$2.00	\$13.63
Change	\$0.12	\$0.02



Why Did the Cost of Water Service 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 (5.0% increase each year), 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) (3.0% increase each year).
- Pass through charges from Southern California Edison (SCE) for electricity (4.5% increase in FY 2020-21).

How your Water Budget is Calculated

Your monthly water usage budget represents an efficient volume of water to meet your specific business water use needs and uses. Business specific water budget and tiered pricing provide an economic incentive to encourage efficient water use.

Variable Water Charges

IRWD is proposing a variable water (commodity) charge increase as shown in the chart below. The Base rate tier is for customers that stay within their monthly water budget. The Wasteful tier is for customers that exceed their monthly water budget.

Proposed Potable Commercial Commodity Rates for FY 2019-20 and FY 2020-21				
Tier	% of Monthly Water Budget	FY 2018-19 Rates per ccf	FY 2019-20 Rates per ccf Effective July 1, 2019	FY 2020-21 Rates per ccf Effective July 1, 2020
Base Rate	0 -100 %	\$1.89	\$2.00	\$2.12
Wasteful	101+	\$13.35	\$13.63	\$13.65

Proposed Recycled Water Commercial Commodity Rates				
Tier	% of Monthly Water Budget	FY 2018-19 Rates per ccf	FY 2019-20 Rates per ccf Effective July 1, 2019	FY 2020-2021 Rates per ccf Effective July 1, 2020
Base Rate	0 -100 %	\$1.07	\$1.19	\$1.25
Wasteful	101+	\$6.44	\$6.62	\$6.97

Water & Sewer Fixed Service Charges

In addition to the water usage charges that you control, your bill contains fixed charges for **water service** and **sewer service**. Water service charges are based on the size of the meter required to provide 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 which 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 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 presented below. The current charge 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 Fixed Water Service Charges

Meter Type	Current Meter Rates	FY 2019-20 Rates Effective July 1, 2019	FY 2020-21 Rates Effective July 1, 2020
5/8" x 3/4" disc	\$10.35	\$10.35	\$10.40
3/4" disc	\$15.55	\$15.55	\$15.65
1" disc	\$25.90	\$25.90	\$26.05
1-1/2" disc	\$51.75	\$51.75	\$52.00
2" disc	\$82.80	\$82.80	\$83.20
2" turbo	\$108.70	\$108.70	\$109.25
3" turbo	\$248.40	\$248.40	\$249.65
4" turbo	\$517.50	\$517.50	\$520.10
6" turbo	\$1,035.05	\$1,035.05	\$1,040.25
8" turbo	\$1,811.35	\$1,811.35	\$1,820.40
10" turbo	\$2,173.60	\$2,173.60	\$2,184.45
2" magnetic	\$160.95	\$160.95	\$161.75
4" magnetic	\$643.30	\$643.30	\$646.50
6" magnetic	\$1,447.50	\$1,447.50	\$1,454.75
8" magnetic	\$2,574.15	\$2,574.15	\$2,587.00
6" propeller	\$698.65	\$698.65	\$702.15
8" propeller	\$931.55	\$931.55	\$936.20
10" propeller	\$1,242.05	\$1,242.05	\$1,248.25
12" or 14" propeller	\$1,746.65	\$1,746.65	\$1,755.40
16", 18" or 20" propeller	\$2,949.90	\$2,949.90	\$2,964.65
4" Omni F2	\$643.30	\$643.30	\$646.50
6" Omni F2	\$1,447.50	\$1,447.50	\$1,454.75
8" Omni F2	\$2,574.15	\$2,574.15	\$2,587.00
10" Omni F2	\$2,949.90	\$2,949.90	\$2,964.65

Sewer Fixed Service Charges

The proposed fixed monthly sewer service charges are used to pay for operations and maintenance costs, including inevitable infrastructure enhancements and replacements. 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 10 ccf per month. The proposed fixed and variable monthly charges are presented below.

Proposed Changes for Sewer Service Fixed Monthly Charges for System Operation and Maintenance

Monthly Usage	Current Monthly Rates	FY 2019-20 Rates Effective July 1, 2019	FY 2020 -21 Rates Effective July 1, 2020
Average water usage <= 10 ccf per month	\$25.75	\$26.10	\$26.35
Quantity Service Charge (beyond 10 ccf)	\$2.74/ccf	\$2.78/ccf	\$2.81/ccf
Industrial Waster Service Charge (if applicable)	\$0.134/ccf	\$0.136/ccf	\$0.137/ccf
OCSD Special Permit Discharge Rate (if applicable)	Up to \$1,433.49 per million gallons	Up to \$1,489.42 per million gallons	Up to \$1,545.35 per million gallons

Proposed Changes for Areas Receiving Collection Service or Treatment Service Only

Monthly Usage	Current Monthly Rates	FY 2019-20 Rates Effective July 1, 2019	FY 2020 -21 Rates Effective July 1, 2020
Collection Service Charge	\$8.40	\$8.50	\$8.60
Treatment Service Charge	\$14.80	\$15.00	\$15.15



Pumping Surcharges

A pumping surcharge will be added to the variable water usage charge for customers at higher elevations that 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 you are 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	Current Rates	FY 2019–20 Effective July 1, 2019	FY 2020 – 21 Effective July 1, 2020
Pumping Surcharges by Zone	\$0.21 to \$0.65/ccf	\$0.13 to \$0.68/ccf	\$0.13 to \$0.72/ccf
One-time Setup Fee for New Accounts	\$25.00	\$25.00	\$25.00
Shutoff Reconnection Fees	\$70.00 - \$95.00	\$50.00 - \$95.00	\$50.00 - \$95.00

Automatic Pass-Through Adjustments

IRWD 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 to OCWD for pumping groundwater, and the cost for regional treatment of sewage paid to the Orange County Sanitation District (OCSD). IRWD has no control over the amounts set by regional agencies (MWD, MWDOC, OCWD, OCSD, SCE, etc.) or 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.

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 24 will be tabulated and presented to the Board of Directors at a public hearing regarding the rate increase to be held on June 24, 2019 at 5pm in the IRWD Board Room, 15600 Sand Canyon Ave., Irvine, CA. Any customer or property owner 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 24 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**.