



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

RESIDENTIAL

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. **The proposed rates for FY 2019-20 and FY 2020-21 are expected to increase the average residential bill by 2.6% in each fiscal year (FY).** 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 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 Residential Water Bill

- **Water Usage Charges:** Variable costs – for the amount of water you use both inside and outside the home 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 residence 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 four 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 low volume and base rate tiers are 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 inefficient and wasteful tiers. 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 inefficient and wasteful tiers 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 between those two tiers based on their share of 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	Low Volume Tier	Base Tier	Inefficient Tier	Wasteful Tier
Total Water Source Cost	\$1.47	\$1.97	\$3.06	\$3.17
District Wide Conservation		\$0.03	\$0.03	\$0.03
Conservation Targeted to Over Budget Customers, Urban Runoff Costs and Water Banking Costs			\$1.77	\$10.43
Total Cost Per Tier Proposed FY 2019-20	\$1.47	\$2.00	\$4.86	\$13.63
FY 2018-19 Rates by Tier	\$1.40	\$1.89	\$4.73	\$13.35
Change	\$0.07	\$0.11	\$0.13	\$0.28

Proposed Variable Water Rates per ccf for FY 2020-21

Service	Low Volume Tier	Base Tier	Inefficient Tier	Wasteful Tier
Total Water Source Cost	\$1.54	\$2.09	\$3.18	\$3.18
District Wide Conservation		\$0.03	\$0.03	\$0.03
Conservation Targeted to Over Budget Customers, Urban Runoff Costs and Water Banking Costs			\$1.70	\$10.44
Total Cost Per Tier Proposed FY 2020-21	\$1.54	\$2.12	\$4.91	\$13.65
FY 2019-20 Rates by Tier	\$1.47	\$2.00	\$4.86	\$13.63
Change	\$0.07	\$0.12	\$0.05	\$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).

Summary of Proposed Residential Variable Water Rates for FY 2019-20 and FY 2020-21

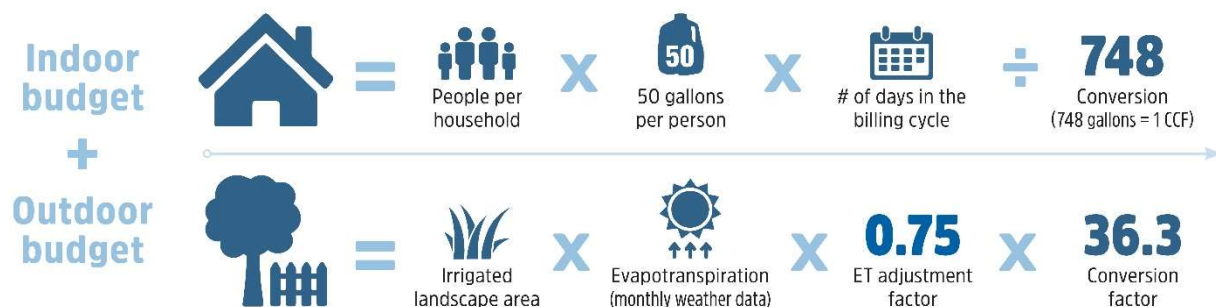
Tier	% of Monthly Water Budget for Single Family / Condo	% of Monthly Water Budget Multi- Family	Current Rates per ccf	FY 2019-20 Rates per ccf Effective July 1, 2019	FY 2020-21 Rates per ccf Effective July 1, 2020
Low Volume	0-40%	0-50%	\$1.40	\$1.47	\$1.54
Base Rate	41-100%	51-100%	\$1.89	\$2.00	\$2.12
Inefficient	101-140%	101-120%	\$4.73	\$4.86	\$4.91
Wasteful	141%+	121%+	\$13.35	\$13.63	\$13.65

How your Water Budget is Calculated

Your monthly household water usage budget is the sum of your **indoor + outdoor budgets**. Together they represent an efficient volume of water to meet your individualized water needs.

- **Indoor Water Budget:** 50 gallons per person per day (divided by 748, to convert gallons to ccf). For single-family homes, we assume a default of four people per household. If your household is larger, you may apply for a variance to increase your budget.
- **Outdoor Water Budget:** is calculated for your property using actual data from local weather stations. We calculate your irrigated landscape area x evapotranspiration x 0.75 ET adjustment factor x 36.3 conversion factor to convert cubic inches to ccf.

- ✓ **CCF** is the basic measurement of water use. One ccf equals 100 cubic feet of water – about 748 gallons.
- ✓ **Evapotranspiration or ET** is a measure of actual daily plant water loss in inches.
- ✓ **ET Adjustment Factor** accounts for the fact that at least 40% of your landscape is drought-tolerant and provides 20% additional water to account for inefficiency in your irrigation system.



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.



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Water Fixed Service Charges

The fixed monthly water service charges for the average residential customer 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.

Proposed Water Service Fixed Monthly Charges for System Operation and Maintenance			
Residential meter size homes, condos, apartments	Current Meter Rates	FY 2019-20 Rates Effective July 1, 2019	FY 2020 -21 Rates Effective July 1, 2020
5/8" x 3/4"	\$10.35	\$10.35	\$10.40
3/4" disc meter	\$15.55	\$15.55	\$15.65
1" disc meter	\$25.90	\$25.90	\$26.05
1-1/2" disc meter	\$51.75	\$51.75	\$52.00
2" disc meter	\$82.80	\$82.80	\$83.20
2" turbo meter	\$108.70	\$108.70	\$109.25
3" turbo meter	\$248.40	\$248.40	\$249.65
4" turbo meter	\$517.50	\$517.50	\$520.10
6" turbo meter	\$1,035.05	\$1,035.05	\$1,040.25
8" turbo meter	\$1,811.35	\$1,811.35	\$1,820.40
6" Omni F2 meter	\$1,447.50	\$1,447.50	\$1,454.75
8" Omni F2 meter	\$2,574.15	\$2,574.15	\$2,587.00
Residential master meter (shared) apartments and condominiums 5/8" x 3/4" meter	\$10.35	\$10.35	\$10.40

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. Customers that remain in the low volume tier for 9 out of 12 months of the prior calendar year 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.

Sewer Fixed Service Charges

The proposed fixed monthly sewer service charges for the average residential customer are used to pay for operations and maintenance costs including inevitable infrastructure enhancements and replacements. The tiered sewer service fixed charge is based on the 3 months with the lowest potable water usage from the prior calendar year. New customers are billed at the highest tier until they have established a full calendar year of usage history.

Proposed Changes to Fixed Monthly Charges for System Operation and Maintenance			
Usage	Current Monthly Rates	FY 2019-20 Rates Effective July 1, 2019	FY 2020 -21 Rates Effective July 1, 2020
Average water usage exceeds 10 ccfs per month	\$25.75	\$26.10	\$26.35
Average water usage falls between 5 and 10 ccfs	\$23.20	\$23.50	\$23.70
Average water usage falls below 5 ccfs	\$19.30	\$19.55	\$19.75

Proposed Changes for Areas Receiving Collection or Treatment Only			
Usage	Current Monthly Rates	FY 2019-20 Rates Effective July 1, 2019	FY 2020 -21 Rates Effective July 1, 2020
Service Charge - Collection Only	\$8.40	\$8.50	\$8.60
Service Charge - Treatment Only	\$14.80	\$15.00	\$15.15

Pumping Surcharges

A pumping surcharge will be added to the variable water usage charge for those customers who reside 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 you live 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.



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Proposed Changes to Pumping Surcharges, Set-up and Reconnection Fees

Component	Current Rates	FY 2019–20 Effective July 1, 2020	FY 2020–21 Effective July 1, 2020
Pumping Surcharges by Zone	\$0.21 to \$0.65/ccf	\$0.25 to \$0.68/ccf	\$0.30 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

Monthly Water Budgets, Rate Calculator & Sample Bills Available on IRWD.com

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. Sample bills are also provided as well as technical water budget formulas. Free internet access is available Monday – Friday from 8am to 5pm in the IRWD lobby at 15600 Sand Canyon Avenue, Irvine, CA.

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**.