

# Public Hearing for CY2020 & 2021 Utilities Rates

Vicki Quiram, Utilities Director  
Ligeia Heagy, Utilities Department  
November 19, 2019

# Requested Action

- Adopt the proposed calendar year 2020 and 2021 utilities rates.

# California Proposition 218

- Overview – Majority Protest Public Hearing
- Schedule
  - Sep. 17, 2019: Set the majority-protest public hearing date for Nov. 19, 2019
  - Oct. 1, 2019: Mailed the Notice of Hearing (minimum 45 days ahead of public hearing)
  - Nov. 19, 2019: Hold majority-protest public hearing, set rates
  - Jan. 1, 2020: Implement new rates
- Protest process

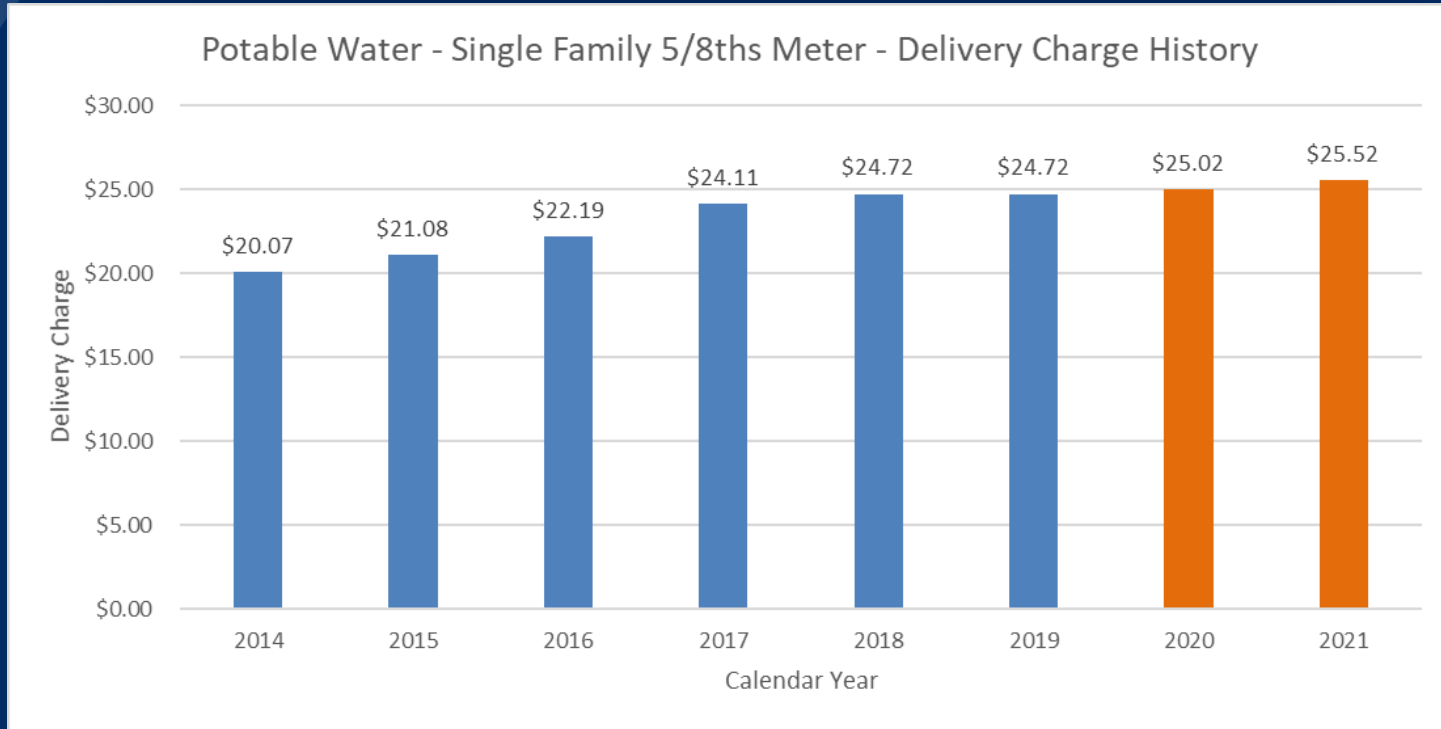
# Utilities Cost of Service Study

- Carollo Engineers, Inc.
- Objectives:
  - Ensures charges are aligned with the cost of providing services
  - Comply with Prop 218, state constitution, and legal requirements

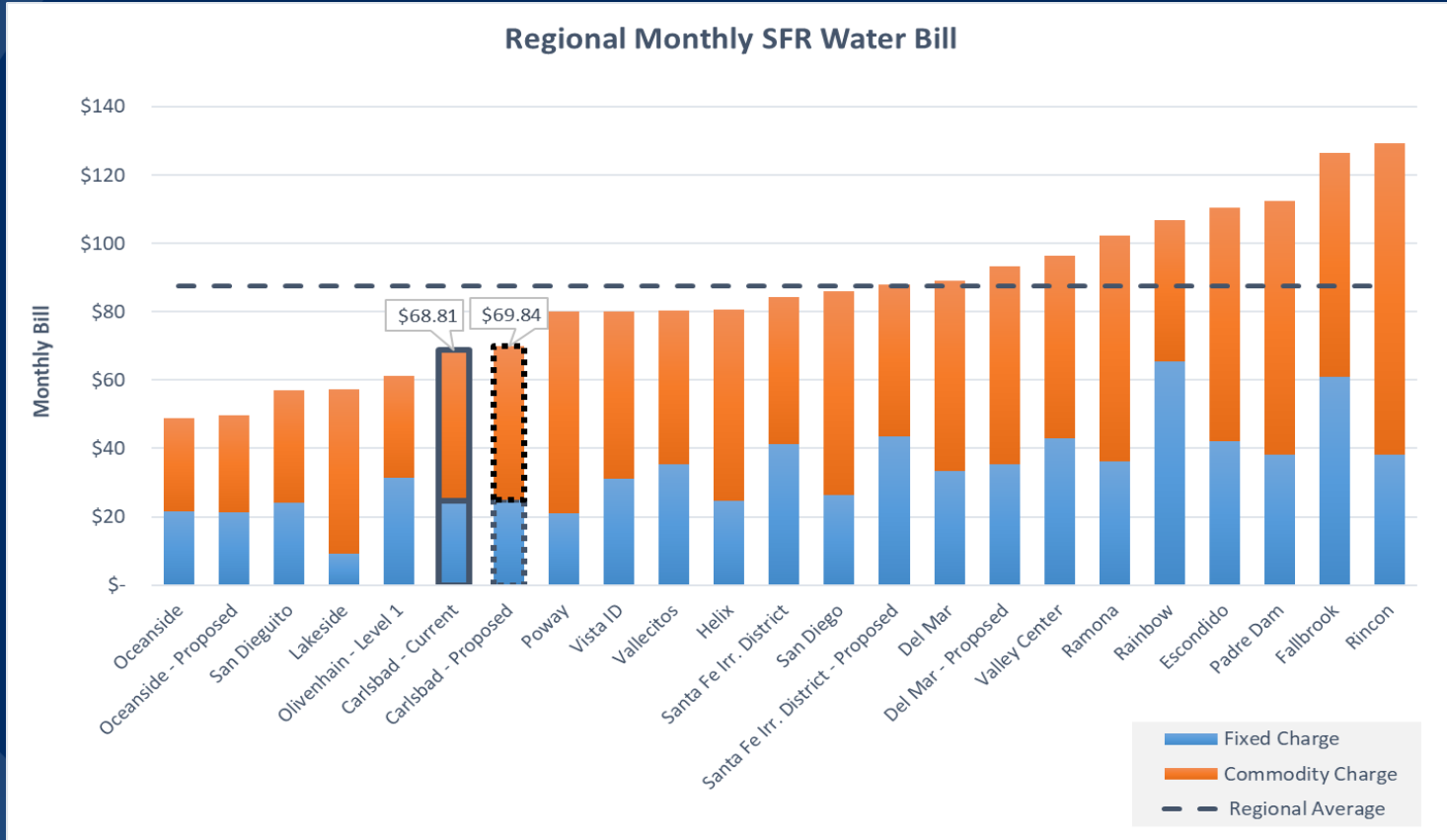
# Potable Water Revenue

- No rate increase for last two years
- Revenue increase of
  - 1% for CY2020, and
  - 2% for CY2021
- Increase primarily driven by:
  - SDCWA and MWD increases – cost of water (55%)
  - SDCWA capital improvement program
  - Demand changes

# Potable Water – Rates



# 2019 Water Rate Comparison – Single Family Residential



# Recycled Water Revenue and Rates

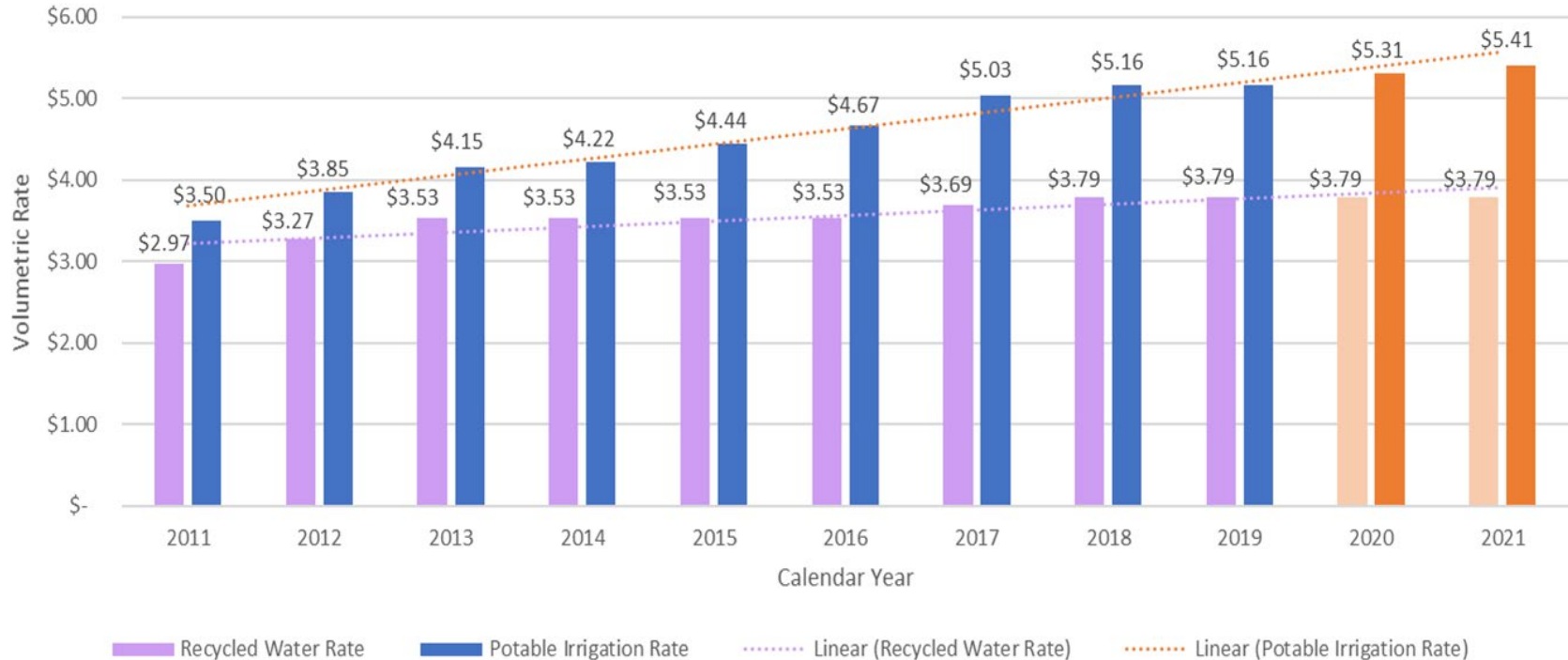
- No revenue increase recommended
- No rate increases proposed





# Recycled Water – Rate History and Value

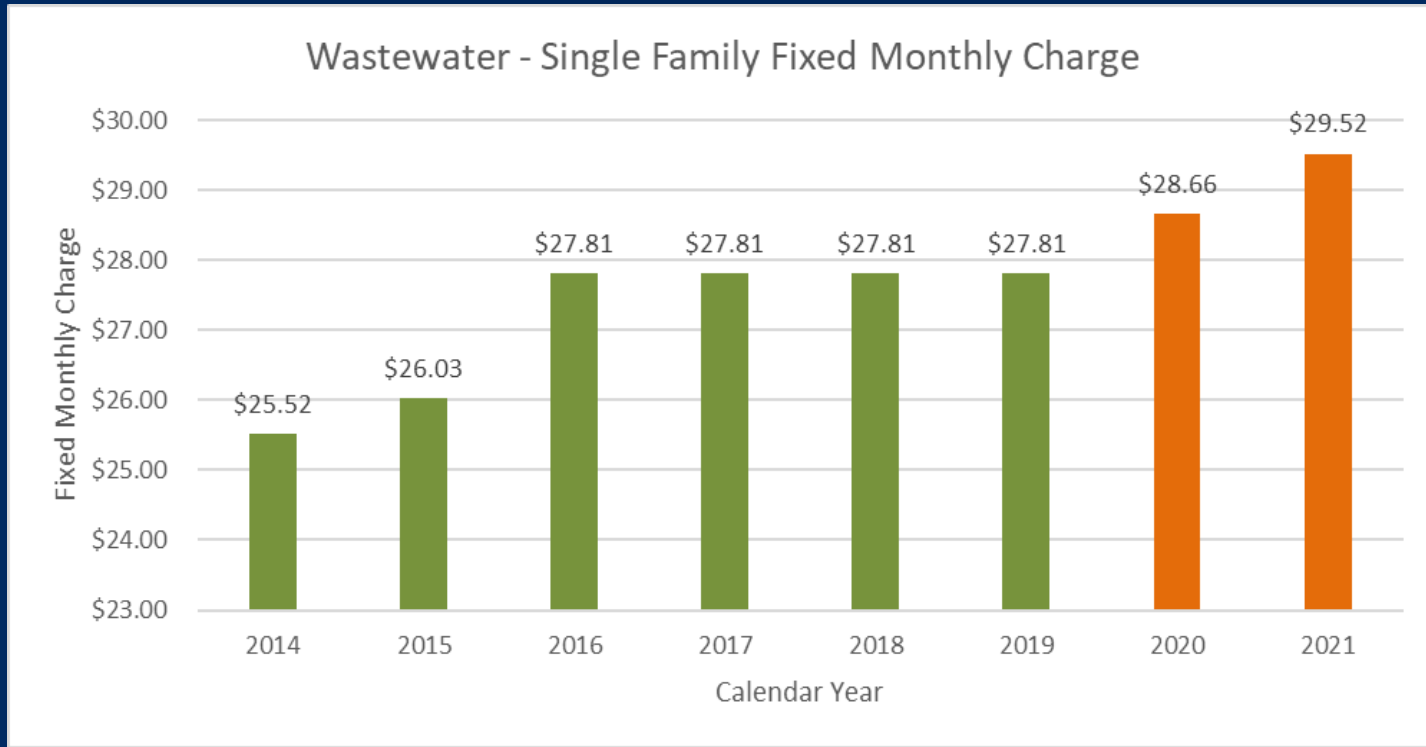
Volumetric Charge - Recycled Water Rate vs. Potable Irrigation Rate



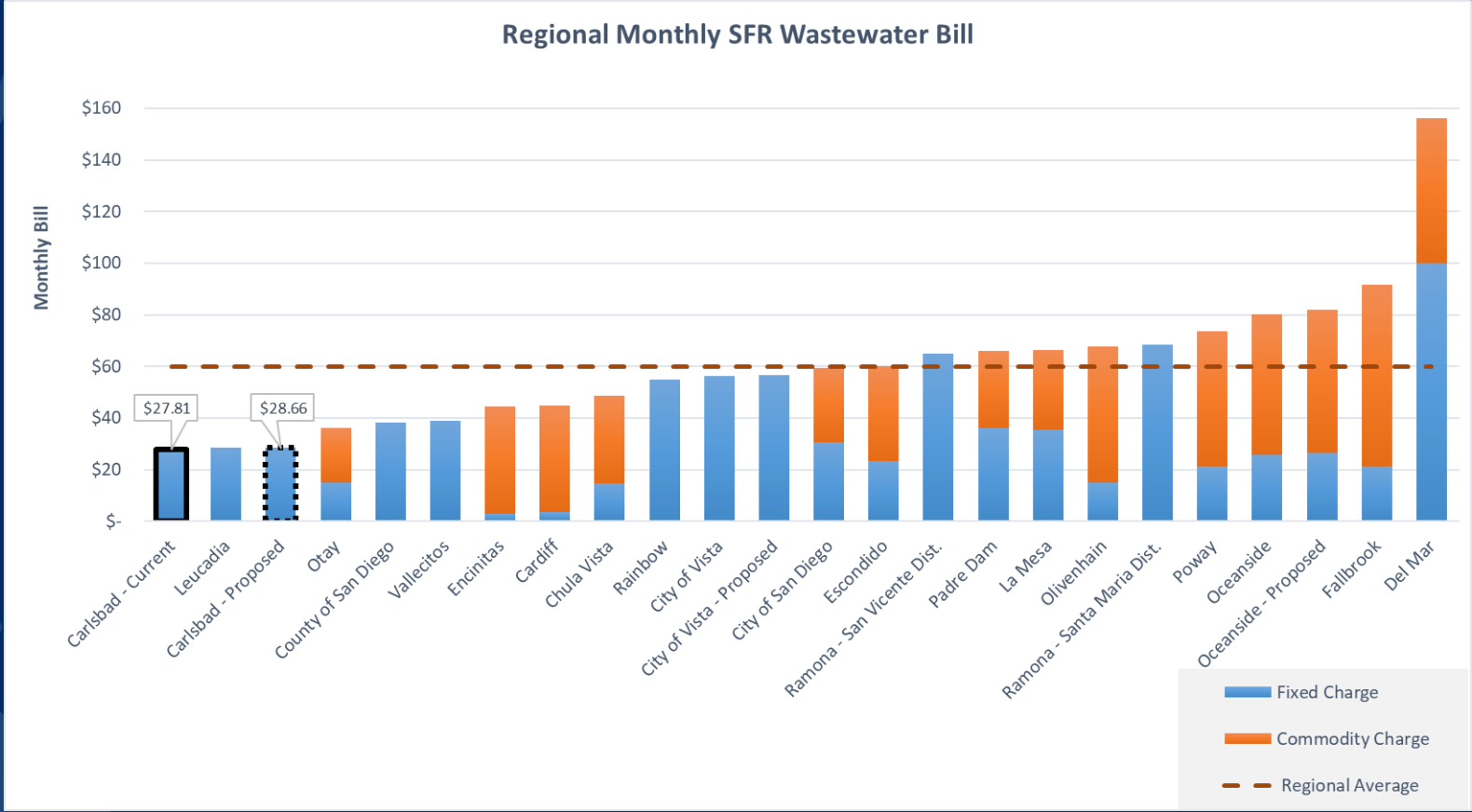
# Wastewater Revenue

- No increases for the last 4 years
- Revenue increase
  - 3% for CY2020
  - 3% for CY2021
- Increased costs associated with Encina Wastewater Authority
  - CalPers pension obligation - 100% pay-off over 3 years (\$4.1M)
  - Capital Improvement Program (\$95M – over the next 10 yrs)
    - Inflation (chemicals and energy)
    - Wastewater CIP (asset management plan & SCADA)

# Wastewater – Historical Rates



# 2019 Wastewater Rate Comparison – Single Family Residential



# Example of Monthly Bill Changes

	Current Bill	Proposed Bill (Jan. 1, 2020)	Proposed Bill (Jan. 1, 2021)
Potable Water	\$68.81	\$69.84	\$71.33
Wastewater	\$27.81	\$28.66	\$29.52
<b>Total SF Residential</b>	<b>\$96.62</b>	<b>\$98.50</b>	<b>\$100.85</b>

What does one gal of water cost for the average residential customer?

Less than one  
Penny!

What Can



Buy You?



9,257 gallons



39 gallons



15 gallons



7 gallons



3 gallons

# Requested Action

- Adopt the proposed CY2020 & CY2021 utilities rates.

*The Following is the previous presentation – in case we need to refer to one of the slides during the question period*



# Public Hearing for CY2020 & 2021 Utilities Rates

Vicki Quiram, Utilities Director  
Ligeia Heagy, Utilities Department  
September 17, 2019

# Requested Action

- Set the date for a public hearing on the proposed CY2020 & CY2021 utilities rates.

# California Proposition 218

- Overview – Majority Protest Public Hearing
- Schedule
  - Sep. 17, 2019: Set the majority-protest public hearing date for Nov. 19, 2019
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# Utilities Cost of Service Study

- Carollo Engineers, Inc.
- Objectives:
  - Comply with Prop 218, state constitution, and legal requirements
  - Update data on current customer usage demands
  - Ensure sufficient funding for operations

# Utilities Cost of Service Study

- Process
  - Revenue Requirement
  - Functional Allocation
  - Customer Class Allocation
  - Rate Design

# Customer Classes

## Customer Classes - Examples

### Potable Water

Single Family  
Multi-family  
Non-Residential  
Commercial  
Agriculture  
Irrigation

### Wastewater

Single Family  
Multi-family  
Commercial  
Schools

# Utilities Cost of Service Study

## Results

- Rebalances rates to account for shifting demand between classes
- Potable rate structure revision to mirror usage patterns
  - Proposed Tier 3 deletion for multi-family residential (<5%)
- Reserve Policy for each utility: target of 40% of operating budget

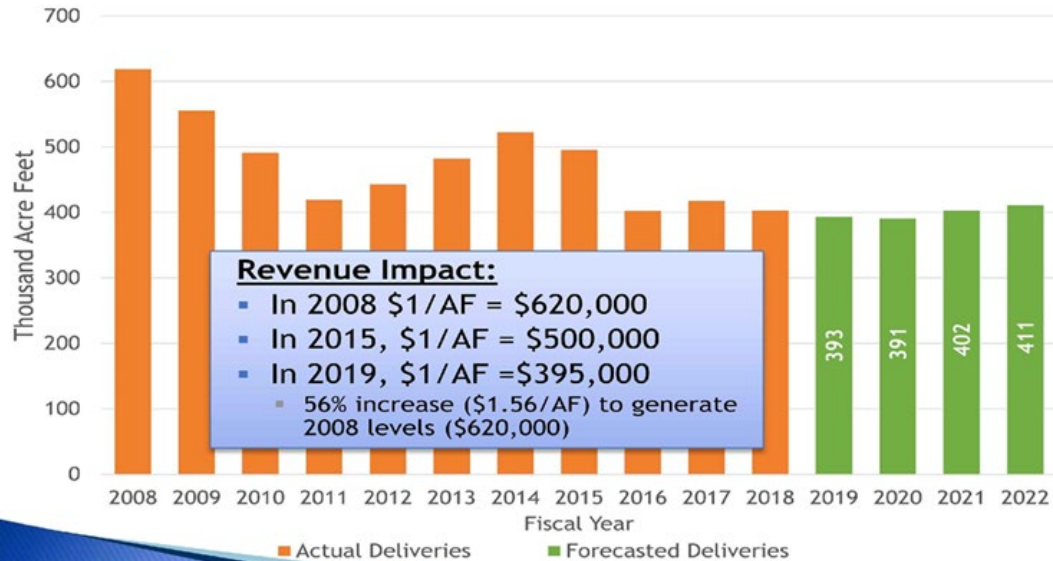
# Potable Water Revenue

- Revenue increase of 1% for CY2020, and 2% for CY2021
- Increase primarily driven by:
  - Demand pattern shifts between customer classes
  - SDCWA and MWD increases – cost of water
  - SDCWA capital improvement program



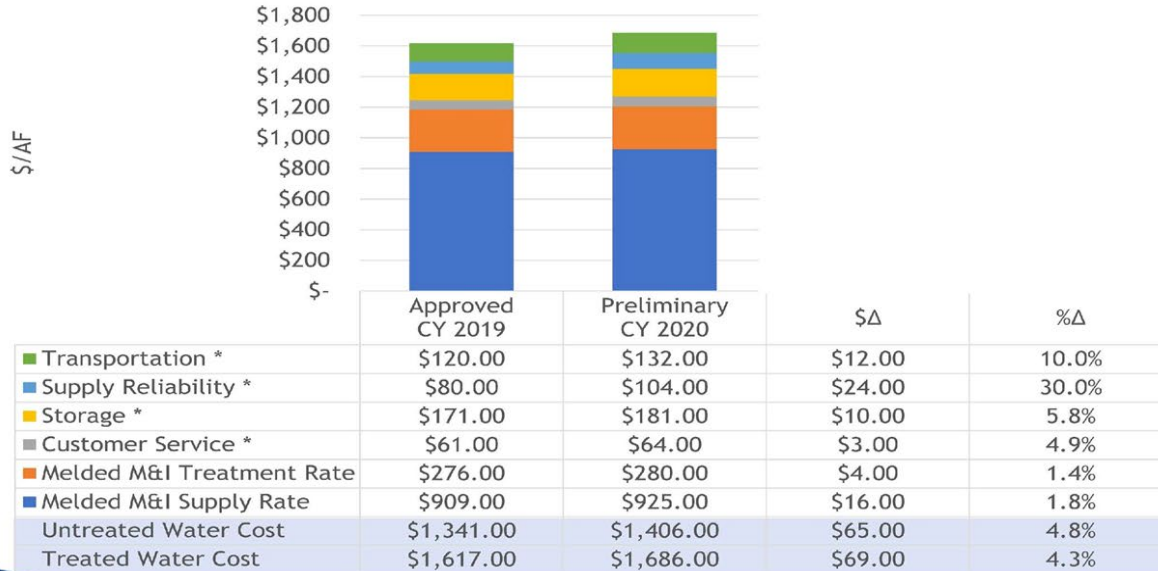
# SDCWA Demand Forecast

## Historical & Forecasted Water Sales

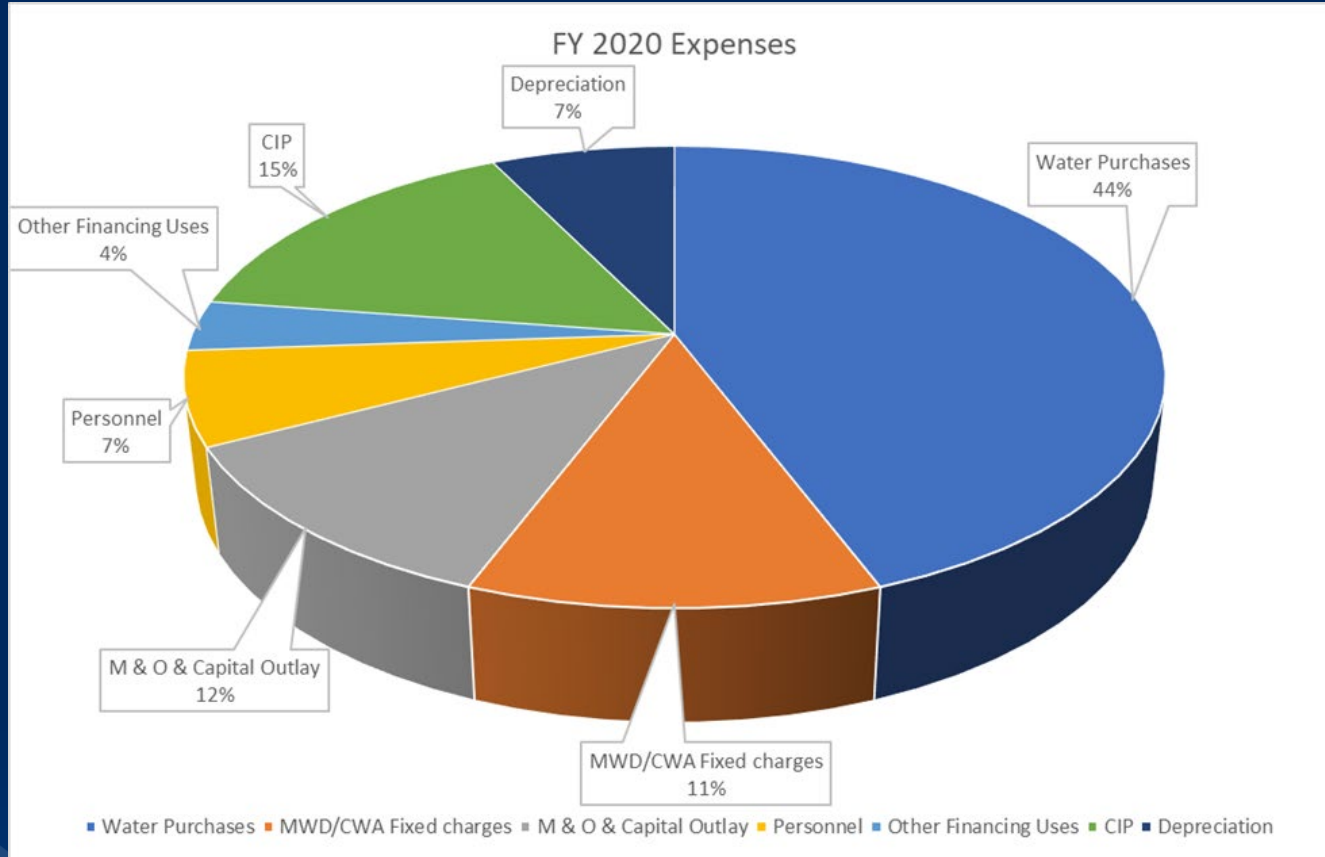


# SDCWA Cost Breakdown

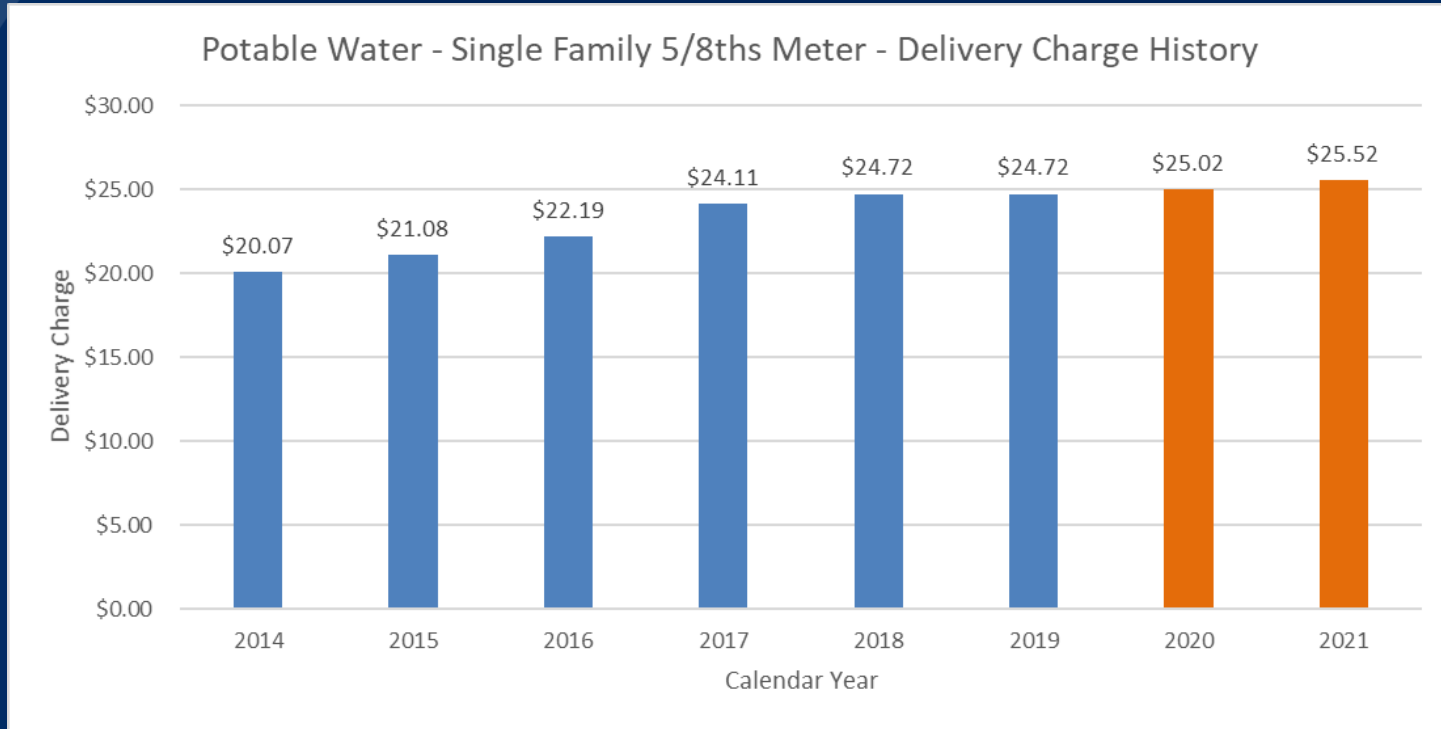
## Recommended CY 2020 Cost of Water Breakdown



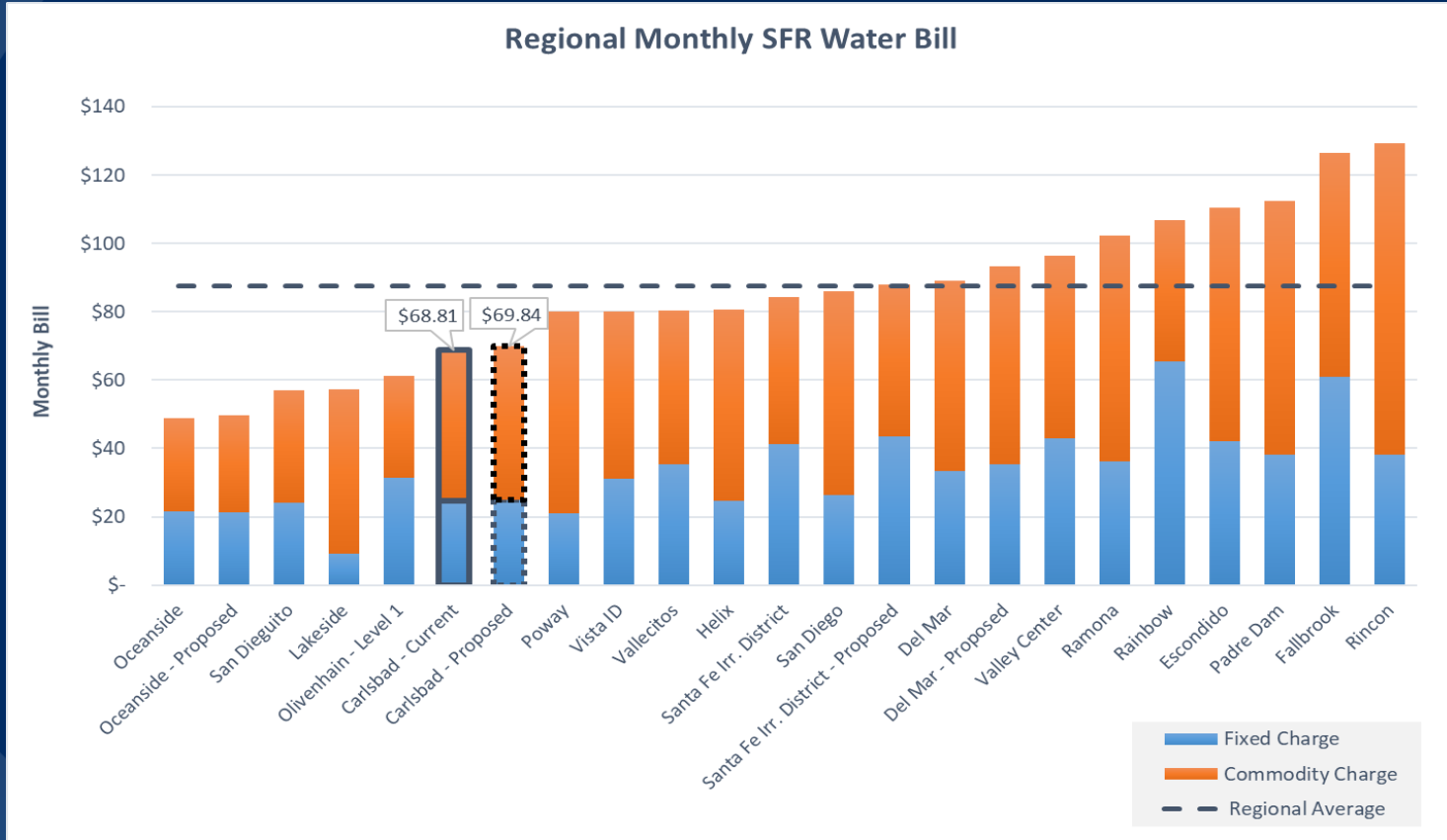
# Potable Water – where does the money go?



# Potable Water – Rates



# 2019 Water Rate Comparison – Single Family Residential



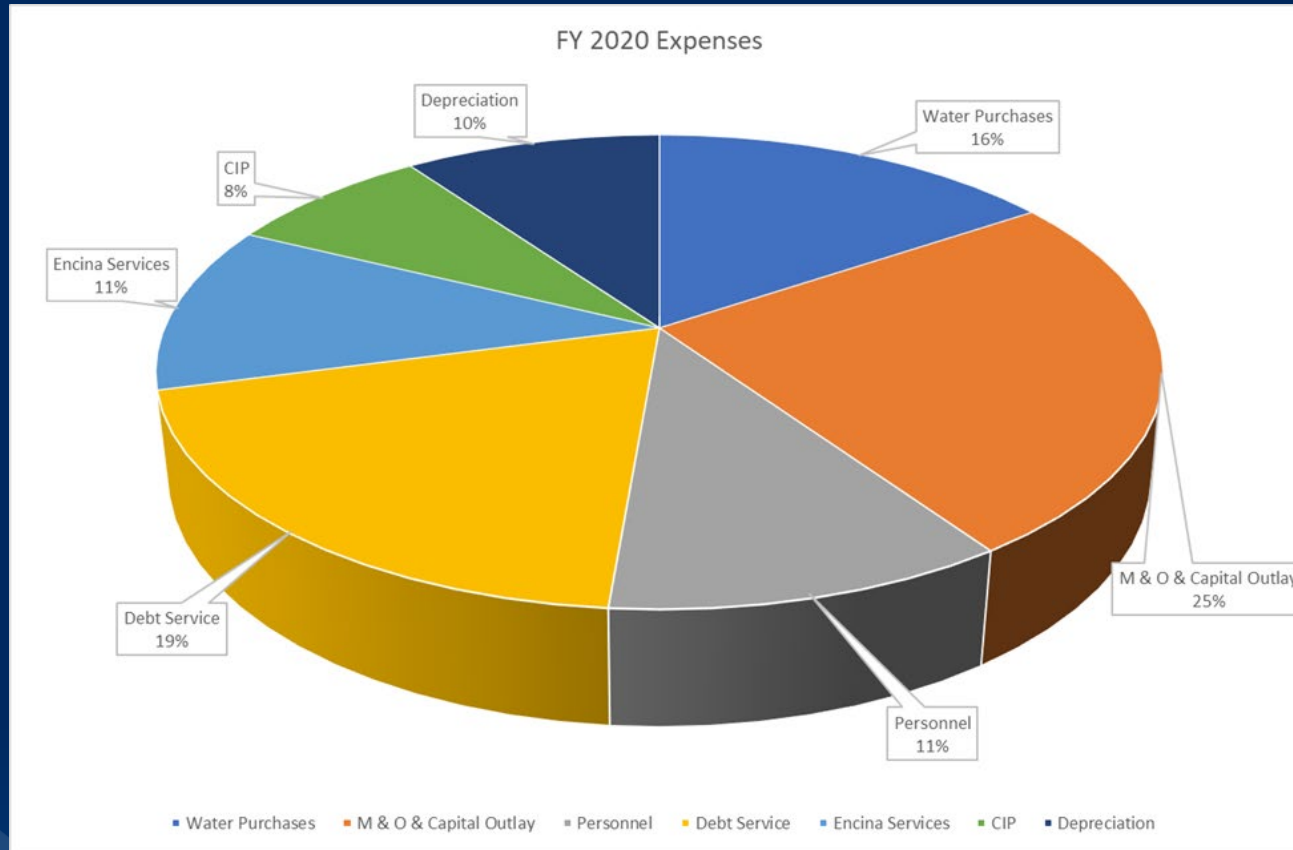
# Recycled Water Revenue and Rates

Good news!

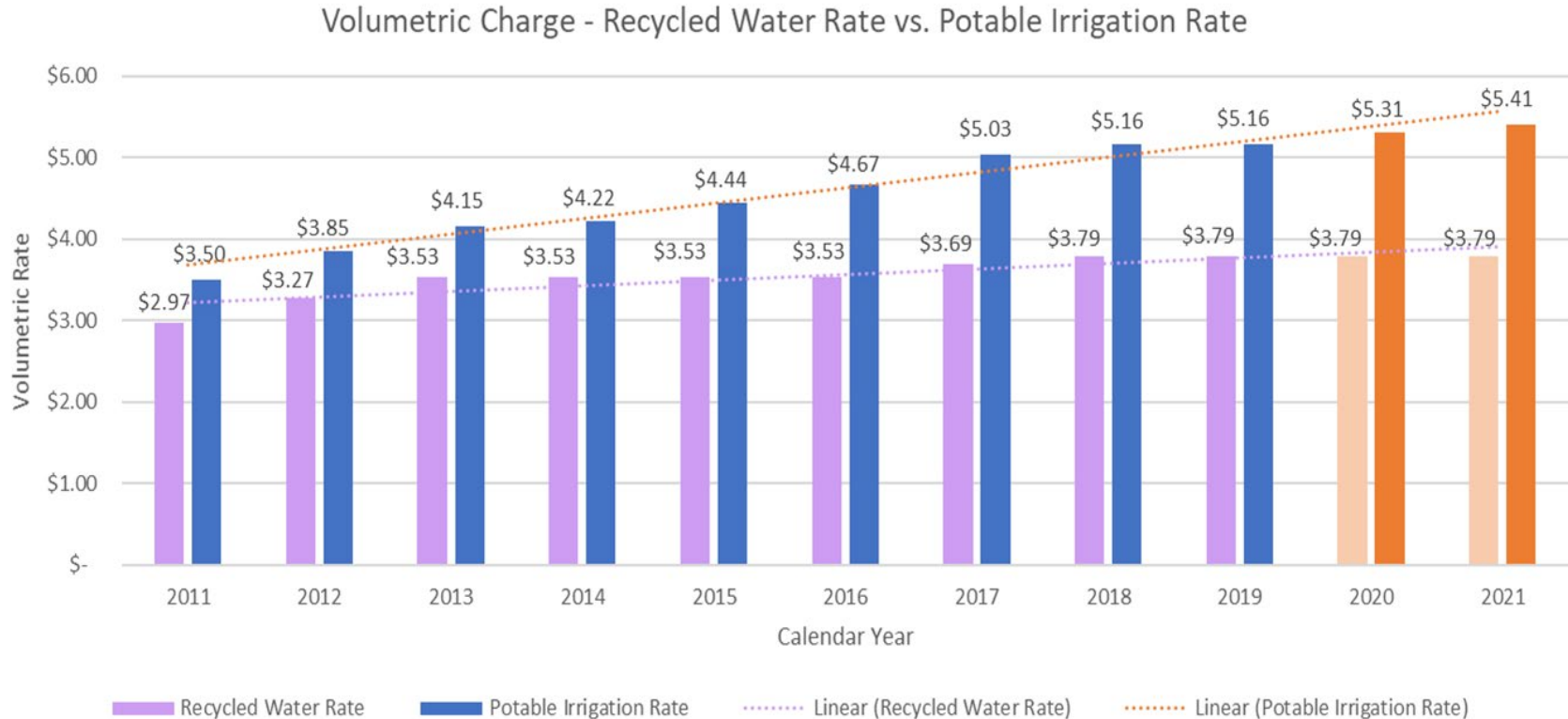
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- No rate increases proposed



# Recycled Water – where does the money go?



# Recycled Water – Rate History and Value

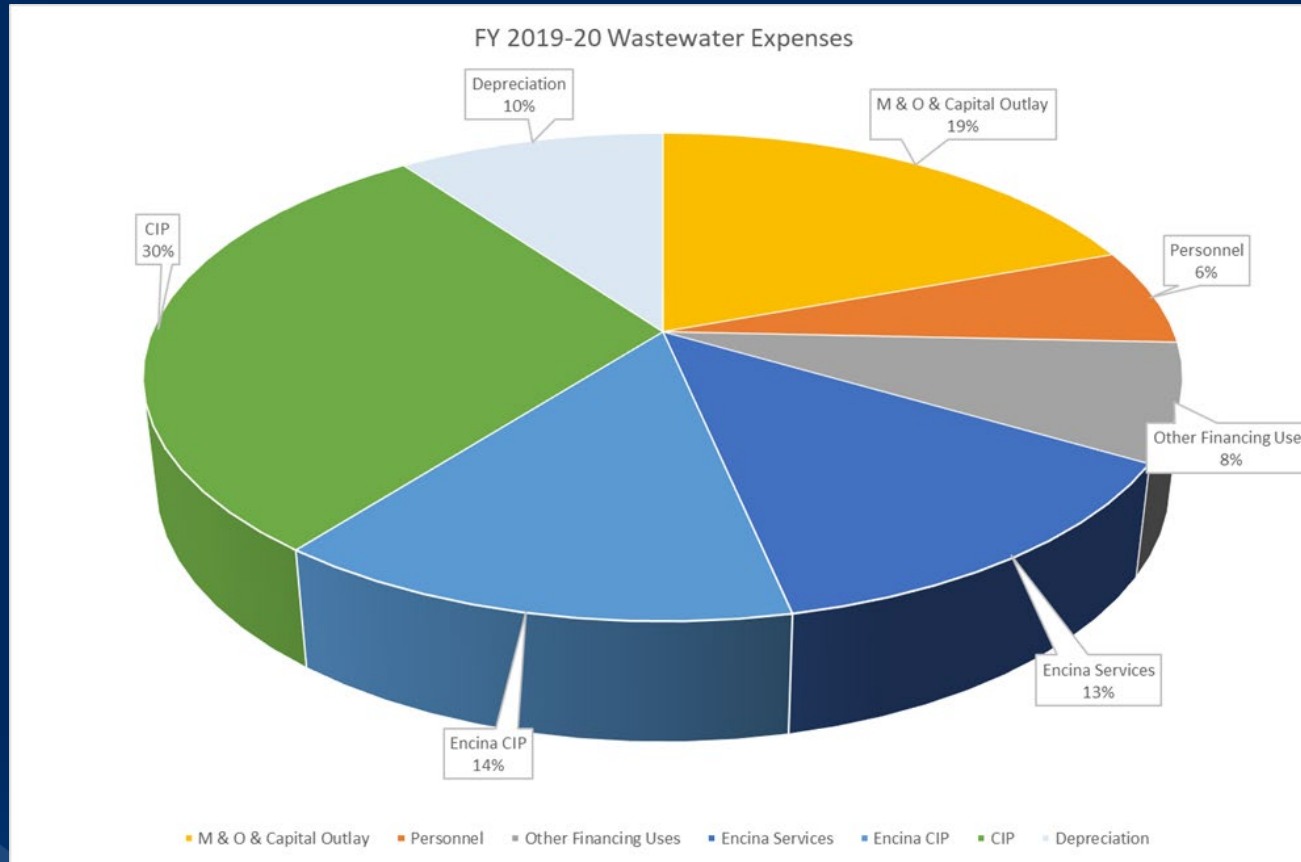




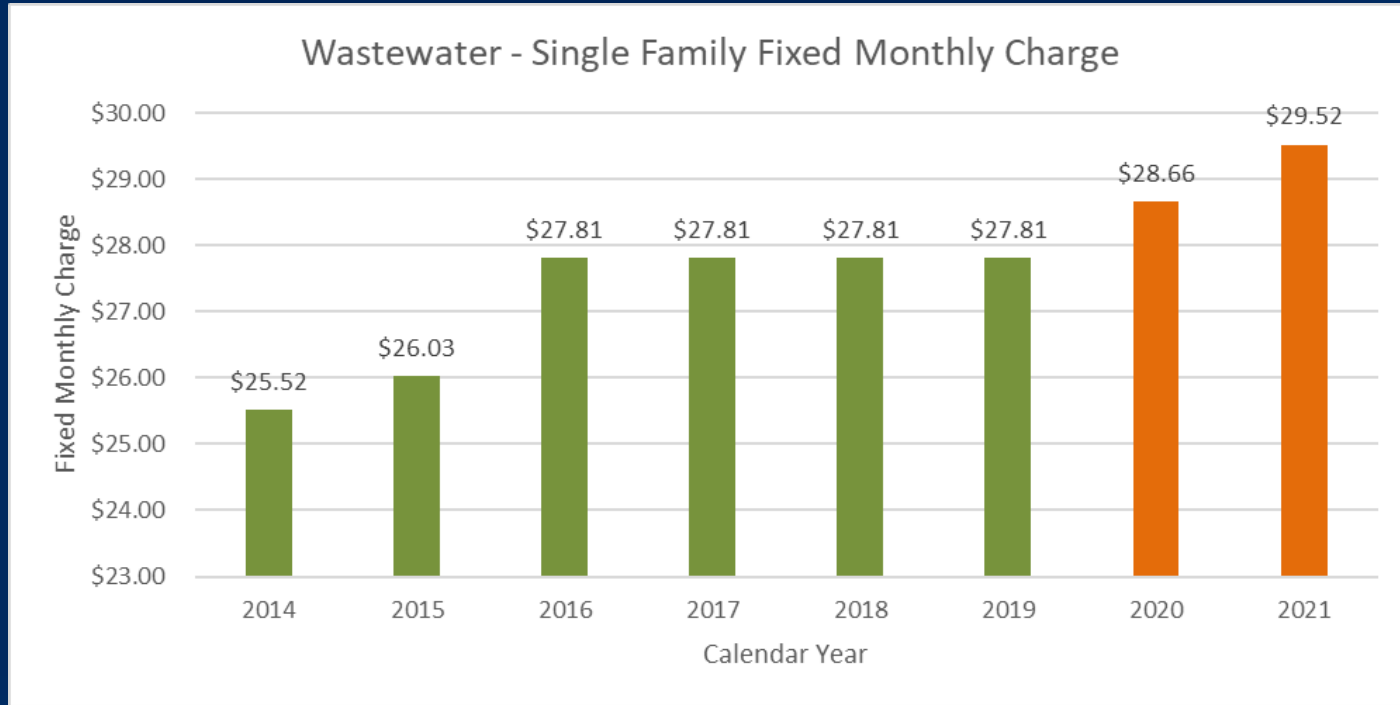
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# Wastewater – where does the money go?



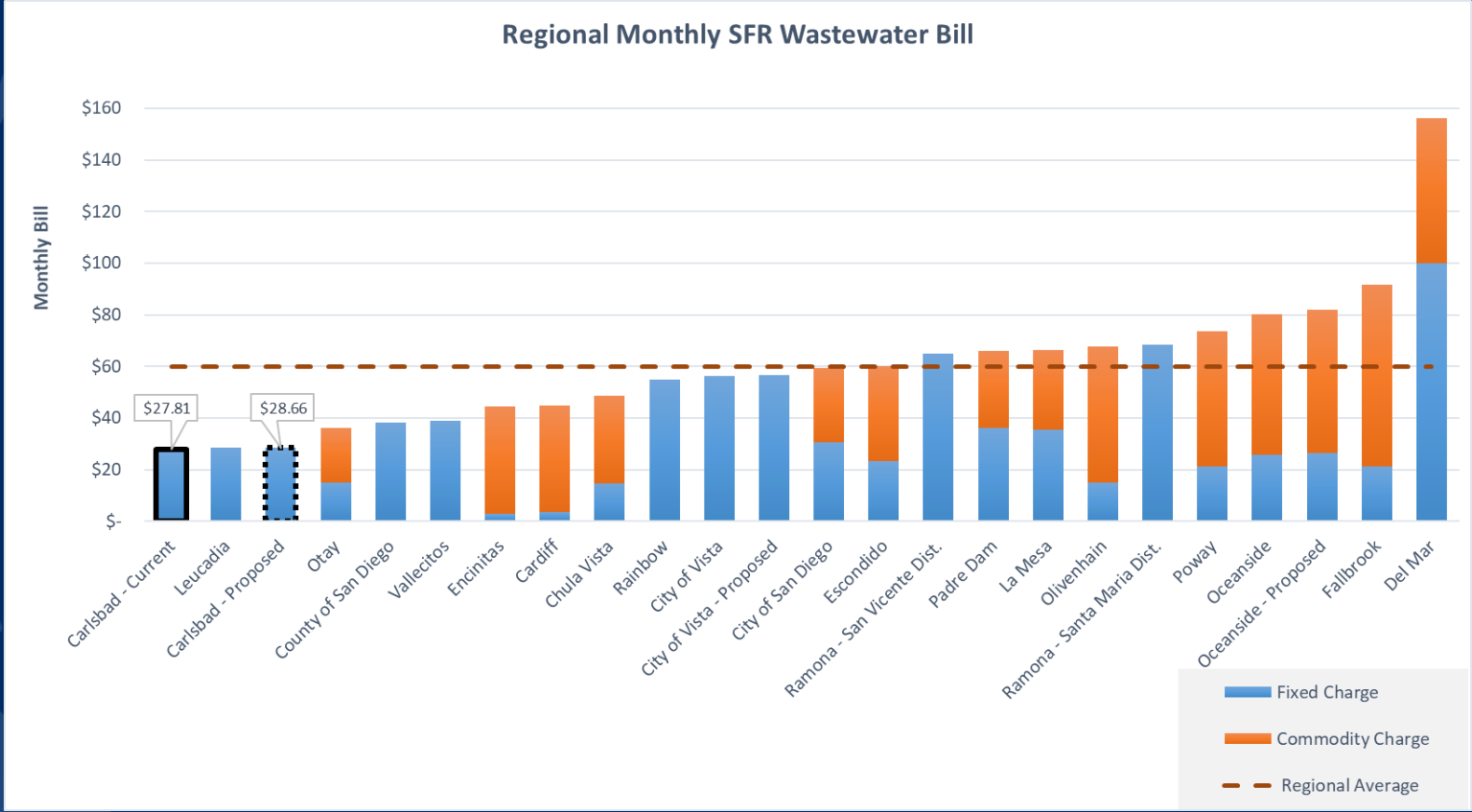
# Wastewater – Historical Rates



# Wastewater - Breweries

Breweries	PROPOSED	
	FY 2020	FY 2021
B1 – Brewery without a restaurant and hauls waste for outside treatment	\$2.80	\$2.88
B2 – Brewery without a restaurant that <u>does not</u> haul waste for outside treatment	\$9.07	\$9.34
B3 – Brewery with a restaurant and hauls waste for outside treatment	\$7.87	\$8.10
B4 – Brewery with a restaurant that <u>does not</u> haul waste for outside treatment	\$11.26	\$11.60

# 2019 Wastewater Rate Comparison – Single Family Residential



# Example of Monthly Bill Changes

	Current Bill	Proposed Bill (Jan. 1, 2020)	Proposed Bill (Jan. 1, 2021)
Potable Water <sup>1a</sup>	\$68.81	\$70.55	\$72.42
Wastewater <sup>1b</sup>	\$27.81	\$28.66	\$29.52
<b>Total SF Residential</b>	<b>\$96.62</b>	<b>\$99.21</b>	<b>\$101.94</b>

# Requested Action

- Approve the proposed CY2020 & CY2021 utilities rates.