City of Santa Monica Five-Year Water/Wastewater Rate Study

Rate Adoption Public Hearing January 28, 2020

Public Hearing Agenda



Santa Monica Water & Wastewater Services



Investing in Our Infrastructure and a Sustainable Community

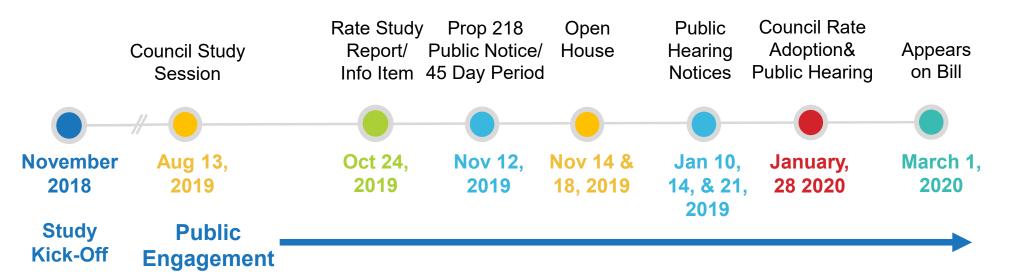


Water and Wastewater Rate Recommendations



Public Hearing and Council Adoption

Water and Wastewater Rate Study Overview



Summary of Public Engagement

- Proposition 218 Requirements
 - Notice by mail all property/parcel owners and customers
- Community Outreach Activities
 - Notice of Public Hearing, two weeks prior
 - Met with eight neighborhood associations and business groups
 - Three meetings with Task Force on the Environment
 - Council Study Session
 - Two Open House events
 - Various posting and publications (e.g. Seascape, blog article, Facebook, Twitter, etc.)
 - Dedicated webpage, <u>www.santamonica.gov/waterrates</u>

DELIVERING SAFE, HIGH-QUALITY WATER TO SANTA MONICA

bills low over time, and confirm we can achieve our 2023 water self-sufficiency goal established by City Council

e all know water is a critical resource that none of us can live without. What you may not know is that Santa Monica's Public Works Department works around the clock to ensure residents and businesses receive safe, reliable and high-quality water. In order to effectively do this, we must continue to invest in our water and wastewater system.

Santa Monica has set out on a five-year water and wastewater rate study to evaluate cost all Monica has a well-maintained water system.

While the Santa Monica community has done an amazing job conserving water and decreasing our reliance on imported water, we need to continue to invest in the City's water system to ensure reliable water delivery, prevent infrastructure failures and achieve water self-sufficiency. This not only diversifies and protects Santa Monica against the risk of service interruptions in the event of an earthquake or other disaster, but it allows us to have more control over the cost of water.

We invite you to learn more about Santa Monica's efforts to achieve water self-sufficiency, as verile as the five-year water and wastewater rate study. The water rates project team has tentatively scheduled two open house meetings for November 2019. For details about the date and location, please visit santamories on cylvateraterate.

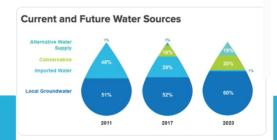


Come learn about #SantaMonica's proposed water/wastewater rates to ensure a well-maintained water system & help achieve water self-sufficiency by 2023.

Nov. 14 at 6-8 p.m. @ Main Library

Nov. 18 at 7:30-9:30 p.m. @ Virginia Ave Park

More info: santamonica.gov/waterrates





Be Prepared, Build Your Disaster Go-Kit

Take action to prepare your family, organization, or community on what we can expect in our next catastrophic disaster, be it earthquake, or another event.

Exchange Your Used Oil Filter for a New One

Come out and exchange your used oil filter for a new one for free this Saturday from 9 a.m. to 3 p.m. at O'Reilly Auto Parts (2018 Lincoln Blvd.).

Come Learn About Your Water System

Attend an open house to learn more about the water and wastewater rate study and what goes into delivering safe, reliable, and high-quality water.





Providing Safe, Sustainable Water Supply to the Community



93,000+ residents **2,700+** commercial customers



Drinking water and fire protection



groundwater (local) surface water (MWD)



Sewer collection and recycled water

9 million gallons of high-quality drinking water daily

14 million

of wastewater captured and delivered for treatment

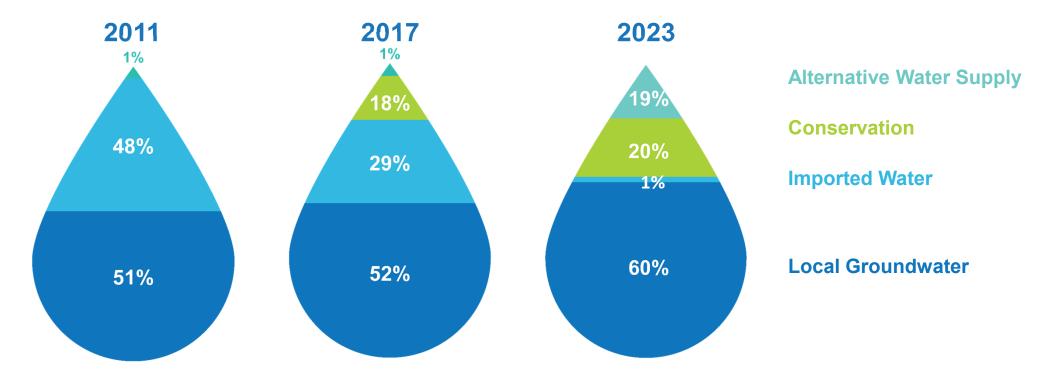
77,000 gallons per day of recycled water

4 water storage reservoirs

totaling 40 million gallons

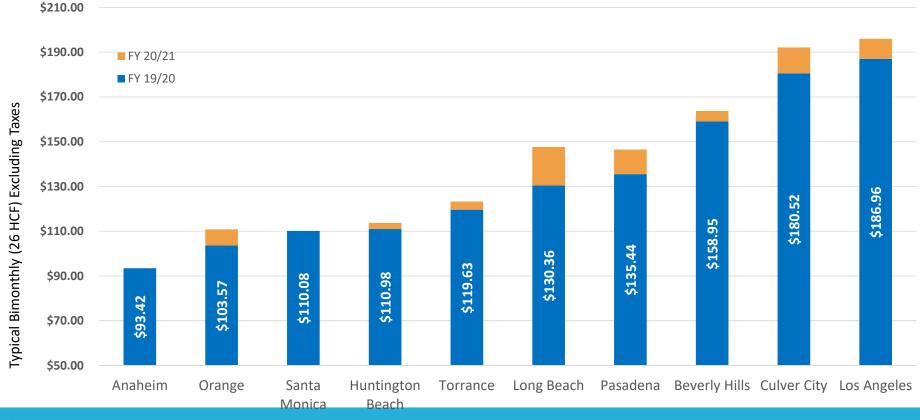


To Help Achieve a Sustainable Community





Keeping Our Water Rates Low Over Time





Rate Study 2020 – 2024

This Rate Study aims to support the City's overarching sustainability goals:

- Investing in our water/wastewater infrastructure
- Achieve water self-sufficiency
- Maintain high-quality and reliable water and wastewater services
- Improve environmental sustainability
- Cost of Service Analysis

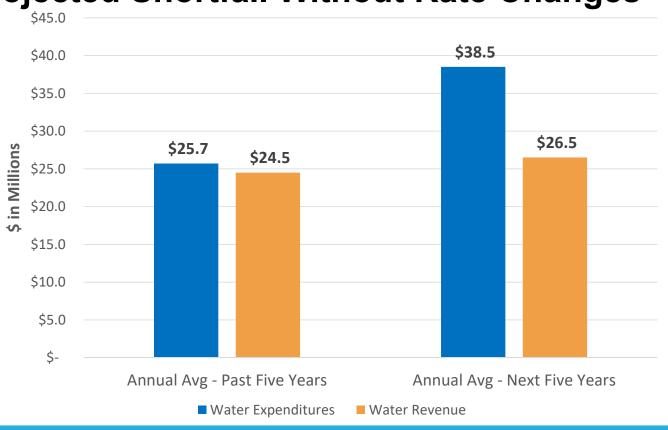




Projected Shortfalls in Water and Wastewater Funds

- Investing in water self-sufficiency
- Increasing operational costs
- Increasing construction costs for CIP projects
- Decreasing revenue to cover fixed costs

Projected Shortfall Without Rate Changes - Water



Projected \$12M per year shortfall without any changes to the water rates



Projected Shortfall Without Rate Changes - Wastewater



Projected \$5.4 M per year shortfall without any changes to the wastewater rates





Study Session Input Received from Council (August 2019)

Item	Council Majority Input
Capital Improvement Program Funding	Fund full capital improvement program over next five years
Rate Structure	15% fixed + 85% commodity
Drought Rate Structure	Developed drought rate structure to be used, when directed by Council, when there's a state-wide mandate to conserve water
Low-Income Assistance Program	Maintain current level of funding and adjust to match new rate tier structure.

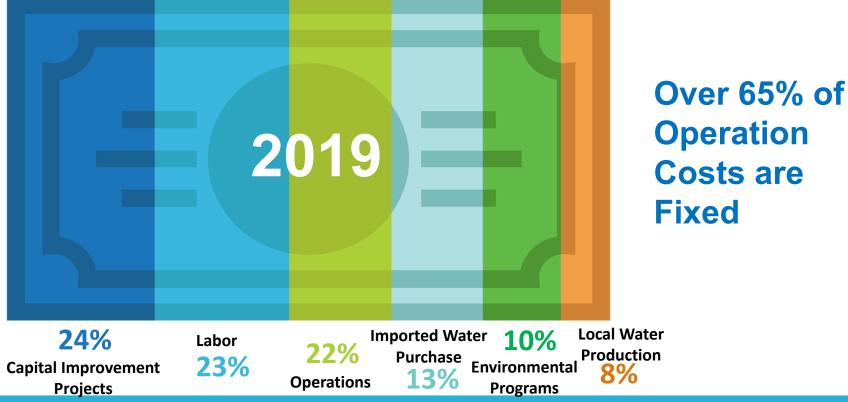
Water Enterprise Fund

Water Fund – New Billing Structure

- 15% Fixed Charge + 85% Commodity Charge
- Fixed Service Charge:
 - Provides revenue stability
 - Calculated based on each customer class 15% share of the water fund revenue for each year
 - Remainder 85% of the water fund revenue is collected through commodity charges (or water used)



Cost of Delivering Safe Water





Water Service Fixed Charge - Single Family Residential

Water Rate	Bi-Monthly Fixed Water Service Rates							
Schedule FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24				
Single Family Residential								
3/4 inch	\$11.10	\$13.09	\$14.93	\$17.02	\$19.40			
1 inch	\$11.10	\$13.09	\$14.93	\$17.02	\$19.40			
1.5 inch	\$15.64	\$18.46	\$21.04	\$23.99	\$27.35			
2 inch	\$21.10	\$24.90	\$28.38	\$32.36	\$36.89			



Water Service Fixed Charge – All Other Customers

Water Rate		Bi-Monthly	Fixed Water Serv	vice Rates	
Schedule	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
All Other Customers					
3/4 inch	\$13.42	\$15.84	\$18.05	\$20.58	\$23.46
1 inch	\$13.42	\$15.84	\$18.05	\$20.58	\$23.46
1.5 inch	\$20.29	\$23.95	\$27.30	\$31.12	\$35.48
2 inch	\$28.54	\$33.68	\$38.39	\$43.77	\$49.89
3 inch	\$50.53	\$59.62	\$67.97	\$77.49	\$88.33
4 inch	\$75.27	\$88.81	\$101.25	\$115.42	\$131.58
6 inch	\$143.98	\$169.90	\$193.68	\$220.80	\$251.71
8 inch	\$391.36	\$461.81	\$526.46	\$600.16	\$684.18



Comparison of Fixed Service Charge to Our Neighbors

	Fixed Water Service Rates					
Water Rate Schedule	City of Santa Monica FY 2019/20 City of Beverly Hills		Culver City			
Single Family Residenti	al					
3/4 inch	\$11.10	\$44.66	\$25.52			
1 inch	\$11.10	\$44.66	\$42.53			
1.5 inch	\$15.64	\$77.41	\$85.05			
2 inch	\$21.10	\$116.72	\$136.08			



Water Fund - New Tier Rates and Breakpoints

- 15% Fixed Charge + 85% Commodity Charge
- Tier 1 modeled after State of California target indoor water use
- Tier 2 remaining volume of Santa Monica groundwater supply
- Tier 3 water is set to include all imported purchased water



Water Service Commodity Charge – Single Family Residential

	Current Wa	ter Rate	Proposed Water Rate (Year 1, FY 19/20)			
Tier	Bi-Monthly Tier Breakpoint (HCF)	\$/HCF	Bi-Monthly Tier Breakpoint (HCF)	\$/HCF		
Tier 1	0-14	\$3.44	0-11	\$3.78		
Tier 2	15-40	\$5.16	12-18	\$4.39		
Tier 3	41-148	\$7.74	19+	\$6.25		
Tier 4	149+	\$12.10	<u>-</u>	n/a		



Water Service Commodity Charge – Multi Family Residential

	Current Wa	ter Rate	Proposed Water Rate (Year 1, FY 19/20)			
Tier	Bi-Monthly Tier Breakpoint (HCF per unit)	\$/HCF	Bi-Monthly Tier Breakpoint (HCF per unit)	\$/HCF		
Tier 1	0-4	\$3.44	0-8	\$3.78		
Tier 2	5-9	\$5.16	9-13	\$4.39		
Tier 3	10-20	\$7.74	14+	\$6.25		
Tier 4	20+	\$12.10	n/a	n/a		



Non-Residential Tier Breakpoints

Meter Size	Current Tier 1 (\$4.48/HCF)	Current Tier 2 (\$11.06/HCF)	Proposed Tier 1 (\$3.78/HCF)	Proposed Tier 2 (\$4.39/HCF)	Proposed Tier 3 (\$6.25/HCF)
3/1"-1"	0-210	211+	0-11	12-18	19+
1 ½"	0-465	466+	0-22	23-36	37+
2"	0-870	871+	0-35	36-58	59+
3"	0-1,700	1,701+	0-70	71-115	116+
4"	0-2,550	2,550+	0-110	111-180	181+
6"	0-5,280	5,280+	0-220	221-360	360+
8"			0-924	925-1,512	1,513+



Example Water Service Charge – Single Family Residential

Average Bi-Monthly Water Consumption = 26 HCF

New Water Bill Calculation:

11 HCF Tier 1 water at \$3.78 per HCF = \$41.58	14 HCF at \$3.44/HCF = \$48.16
7 HCF Tier 2 water at $$4.39$ per HCF = $$30.73$	12 HCF at \$5.16/HCF = \$61.92

Current Water Bill:

 $\frac{8 \text{ HCF Tier 3 water at } \$6.25 \text{ per HCF}}{\text{Total commodity charge}} = \$122.31 = \$110.08$

Fixed service charge (FY19/20) = \$11.10 = N/A

Total Bi-Monthly = \$133.41 = \$110.08



Water Bill Comparisons for Single Family Residential





Wastewater Enterprise Fund

Adjustment to Sewer Discharge Factor

- What is it? An estimate of wastewater flow produced by each customer class.
- Why is it being adjusted?
 - Analysis of recent water use indicates changes in usage patterns since they were last established.
 - Update to reflect current cost of service.

åå ∂WATER CHARGES			
Tier 1 Tier 2 Utility Users Tax Baysaver Fee TOTAL WATER CHARGES	Rate \$3.44 \$5.16	<u>Usage</u> 14 12	\$48.16 \$61.92 \$11.01 \$4.00 \$125.09
SEWER CHARGES	\$4.65x.51x	26	\$61.66
Utility Users Tax TOTAL SEWER CHARGES	\$4.03X.31X		\$6.17 \$67.83



Wastewater Fixed Service Charge - Residential

BI-MONTHLY FIXED CHARGES							
Property Classification	Proposed Wastewater Rates						
rioperty classification	Mar 1, 2020	Jan 1, 2021	Jan 1, 2022	Jan 1, 2023	Jan 1, 2024		
Residential (\$/Dwelling Unit	<u>t)</u>						
Single Family	\$14.06 \$15.46 \$17.01 \$18.71 \$19						
MFR: Duplex + Triplex	\$5.66	\$6.23	\$6.85	\$7.53	\$7.76		
MFR: Fourplex + Larger	\$4.27 \$4.69 \$5.16 \$5.68 \$5.85						
MFR: Individually							
metered	\$6.87	\$7.55	\$8.31	\$9.14	\$9.41		



Wastewater Fixed Service Charge – Non-Residential

BI-MONTHLY FIXED CHARGES							
Property Classification	Proposed Wastewater Rates						
Froperty Classification	Mar 1, 2020	Mar 1, 2020 Jan 1, 2021 Jan 1, 2022 Jan 1, 2		Jan 1, 2023	Jan 1, 2024		
Non-Residential (\$/Accoun	<u>t)</u>						
MFR: Mixed Use	\$137.42	\$151.16	\$166.27	\$182.90	\$188.39		
Commercial - Low	\$40.17 \$44.18 \$48.60 \$53.46 \$55.0						
Commercial - Medium	\$85.39 \$93.93 \$103.33 \$113.66 \$2						
Commercial - High	\$214.65	\$236.12	\$259.73	\$285.70	\$294.27		
Institutional	\$64.76	\$71.23	\$78.36	\$86.19	\$88.78		
Church/Schools	\$41.30	\$45.43	\$49.97	\$54.97	\$56.62		
Misc. Industrial	\$79.11	\$87.02	\$95.72	\$105.30	\$108.46		
Wastewater Only	\$93.76	\$103.14	\$113.45	\$124.80	\$128.54		



Wastewater Commodity Service Charge - Residential

BI-MONTHLY COMMODITY CHARGES								
	Current	Discharge		Propo	sed Wastewa	ater Rates		
Property Classification	WW Rate	Factor	Mar 1, 2020	Jan 1, 2021	Jan 1, 2022	Jan 1, 2023	Jan 1, 2024	
Residential (\$/HCF)								
Single Family	\$4.65	85%	\$3.40	\$3.73	\$4.11	\$4.52	\$4.65	
MFR: Duplex + Triplex	\$4.65	90%	\$3.40	\$3.73	\$4.11	\$4.52	\$4.65	
MFR: Fourplex + Larger	\$4.65	97%	\$3.40	\$3.73	\$4.11	\$4.52	\$4.65	
MFR: Indiv. metered	\$4.65	99%	\$3.40	\$3.73	\$4.11	\$4.52	\$4.65	

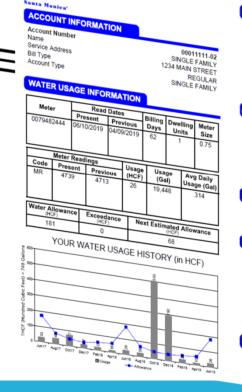


Wastewater Commodity Service Charge – Non-Residential

BI-MONTHLY COMMODITY CHARGES								
	Current	Discharge	Proposed Wastewater Rates					
Property Classification	WW Rate	Factor	Mar 1, 2020	Jan 1, 2021	Jan 1, 2022	Jan 1, 2023	Jan 1, 2024	
Non-Residential (\$/HCF)								
MFR: Mixed Use	\$4.65	95%	\$3.15	\$3.47	\$3.81	\$4.19	\$4.32	
Commercial - Low	\$4.24	93%	\$3.31	\$3.65	\$4.01	\$4.41	\$4.54	
Commercial - Medium	\$5.55	94%	\$3.47	\$3.82	\$4.20	\$4.62	\$4.76	
Commercial - High	\$6.50	95%	\$4.60	\$5.06	\$5.57	\$6.13	\$6.31	
Institutional	\$4.19	82%	\$3.38	\$3.71	\$4.08	\$4.49	\$4.63	
Church/Schools	\$4.19	81%	\$3.25	\$3.58	\$3.94	\$4.33	\$4.46	
Misc. Industrial	\$5.16	88%	\$3.20	\$3.52	\$3.87	\$4.26	\$4.39	
Wastewater Only ³		NA						



How Does This Impact Your Bill?



Utilities Account Statement ACCOUNT SUMMARY

Previous Balance	a none
Balance For	
Current Charges	\$311.90
	\$-311.90
	\$0.00
Ton	\$403.04

TOTAL AMOUNT DUE	
BILL DATE	
DUE DATE	****
	\$403.04
MATER CHARGES	06/14/2019
TIMINGES	07/15/201

Tier 1			07/15/2019
Tier 1 Tier 2 Utility Users Tax Baysaver Fee TOTAL WATER CHARGES	Rate \$3.44 \$5.16	<u>Usage</u> 14 12	Charges \$48.16 \$61.92 \$11.01

N SEWER CHARGE

Flow Charge		
Utility Users Tax TOTAL SEWER CHARGES	\$4.65x.51x26	
	1,20	\$61.66
RESOURCE PEOPLE		\$6.17 \$67.00

RESOURCE RECOVERY & REC \$67.83

TOTAL Promisiner	Y & RECYCLING OU	
TOTAL REFUSE CHARGES	STOS.06 CHARGE	S
	\$210.1	2
	\$210.1	2

SPECIAL MESSAGE

THIS BILL REFLECTS A RATE INCREASE FOR WATER CHARGES OF (9%). PLEASE CALL 310-458-8224 FOR MORE INFORMATION.



Your Utility Bill

- Single Family = average increase of \$37 per bimonthly bill each year (Water + Sewer)
- Average Santa Monica single family home uses 314 gallons per day
- 1 HCF = 748 gallons





ACCOUNT INFORMATION

 Account Number
 00011111-02

 Name
 SINGLE FAMILY

 Service Address
 1234 MAIN STREET

 Bill Type
 REGULAR

 Account Type
 SINGLE FAMILY

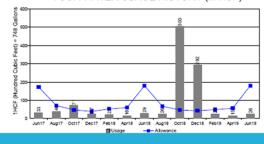
WATER USAGE INFORMATION

Mater	Read	Date	s	Billing Dwelling		Meter	
Meter	Present	Pre	vious	Days	Un	its	Size
0079482444	06/10/2019	04/09	9/2019	62	1		0.75
		l					
		l					
Meter	Readings		Usage	Usa	ge	Av	g Daily
	T -		Osuge	1 700			,,

	Meter Readings		Usage	Usage	Avg Daily	
Code	Present	Previous	(HCF)	(Gal)	Usage (Gal)	
MR	4739	4713	26	19,448	314	

Water Allowance	Exceedance	Next Estimated Allowance
(HCF)	(HCF)	(HCF)
181	0	

YOUR WATER USAGE HISTORY (in HCF)



Utilities Account Statement

(A) ACCOUNT SUMMARY

Previous Balance	\$311.90
Payment(s)	\$-311.90
Balance Forward	\$0.00
Current Charges	\$403.04

TOTAL AMOUNT DUE \$403.04
BILL DATE \$6/14/2019

MATER CHARGES

	Rate	Usage	Charges
Tier 1	\$3.44	14	\$48.16
Tier 2	\$5.16	12	\$61.92
Utility Users Tax			\$11.01
Baysaver Fee			\$4.00
TOTAL WATER CHARGES			\$125.09

N SEWER CHARGES

Flow Charge	\$4.65x.51x26	\$61.66
Utility Users Tax		\$6.17
TOTAL SEWER CHARGES		\$67.83

RESOURCE RECOVERY & RECYCLING CHARGE

J RESOURCE RESOUR	TI GILLOTOLII	io oi mitolo
95 Gallon Container	\$105.06	\$210.12
TOTAL REFUSE CHARGES		\$210.12

SPECIAL MESSAGE

THIS BILL REFLECTS A RATE INCREASE FOR WATER CHARGES OF (9%). PLEASE CALL 310-458-8224 FOR MORE INFORMATION.

Your Utility Bill

- Multi-family buildings = average increase of \$47 per bimonthly bill each year (Water + Sewer)
- Key Facts
 - Increase of \$3 per unit per month
 - 1 HCF = 748 gallons
 - A multi-family unit uses 8 HCF per bill or 100 gallons per day





ACCOUNT INFORMATION

MULTI FAMILY 1234 MAIN STREET REGULAR MULTI UNIT DWELLING

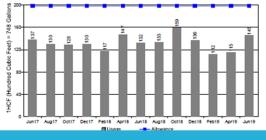
WATER USAGE INFORMATION

Г		Read Dates		Billing	Dwelling		Meter	
L	Meter	Present	Previo	us	Days	Un	its	Size
	0018551115	06/10/2019	04/09/2	019	62	18	3	2.00
Г	Meter	Readings	- 11	leane	Usa	ne	Ave	n Daily

meter Readings			Usage	Avg Daily	
Code	Present	Previous	(HCF)	(Gal)	Usage (Gal)
MR	00618	00473	145	108,460	1,749

١	Water Allowance	Exceedance	Next Estimated Allowance
	(HCF)	(HCF)	(HCF)
	198	0	198

YOUR WATER USAGE HISTORY (in HCF)



Utilities Account Statement

(S) ACCOUNT SUMMARY

Previous Balance	\$1,927.90
Late Fee(s)	\$192.80
Payment(s)	\$-1,927.90
Balance Forward	\$192.80
Current Charges	\$2,243,96

TOTAL AMOUNT DUE \$2,436.76 **BILL DATE** 06/14/2019

MATER CHARGES

Tier 1 Tier 2 Utility Users Tax	Rate \$3.44 \$5.16	72 73	\$247.68 \$376.68 \$62.44
Baysaver Fee TOTAL WATER CHARGES			\$5.20 \$692.00

№ SEWER CHARGES

Flow Charge	\$4.65x.95x145	\$640.54
Utility Users Tax		\$64.05
TOTAL SEWER CHARGES		\$704.59

RESOURCE RECOVERY & RECYCLING CHARGES

2YD Bin 3x/week	\$533.75	1.0	\$533.75
Bin Roll Out 3x/week	\$145.14	1.0	\$145.14
Livable Per Unit Charge	\$9.36	18.0	\$168.48
TOTAL REFUSE CHARGES			\$847.37

SPECIAL MESSAGE

THIS BILL REFLECTS A RATE INCREASE FOR WATER CHARGES OF (9%). PLEASE CALL 310-458-8224 FOR MORE



Your Utility Bill

- Commercial customers = average increase of \$86 per bimonthly bill each year (Water + Sewer)
- Key Facts
 - 1 HCF = 748 gallons
 - Average commercial uses 73 HCF or 910 gallons per day
 - Large commercial uses 135
 HCF per bill or 1,700 gallons per day





ACCOUNT INFORMATION

Account Number	
Name	COMMERCIAL
Service Address	1234 MAIN STREE
Bill Type	REGULAR
Account Type	COMMERCIAL

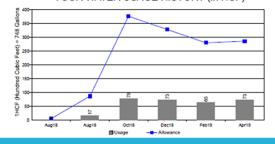
WATER USAGE INFORMATION

	Read Dates		Billing	Dwelling	Meter
Meter	Present	Previous	Days	Units	Size
0008032696 0008032696		02/04/2019 02/04/2019	59 59	1	3.00 3.00

	Meter Readings			Usage	Avg Daily
Code	Present	Previous	(HCF)	(Gal)	Usage (Gal)
MR MR	02171 3444	02138 3404	33 40	24,684 29,920	418 507

Water Allowance	Exceedance (HCF)	Next Estimated Allowance
286	0	6

YOUR WATER USAGE HISTORY (in HCF)



[25/28]

Utilities Account Statement

ACCOUNT SUMMARY

Previous Balance	\$1,001.22
Payment(s)	\$-1,001.22
Balance Forward	\$0.00
Current Charges	\$1,105.97

TOTAL AMOUNT DUE \$1,105.97

BILL DATE 04/10/2019

DUE DATE 05/06/2010

N SEWER CHARGES

Flow Charge	\$4.24x.89x73	\$275.47
Utility Users Tax		\$27.55
TOTAL SEWER CHARGES		\$303.02

RESOURCE RECOVERY & RECYCLING CHARGES

3 Inch Water Meter	\$411.09	1.0	\$411.09
TOTAL REFUSE CHARGES			\$411.09

SPECIAL MESSAGE

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Average Increase per Bi-Monthly Bill



 Single family homes = \$37 per bimonthly bill each year over five years



 Multi-family buildings = \$47 per bimonthly bill each year over five years



• Commercial = \$86 per bimonthly bill each year over five years



Low Income Assistance Program

 Qualified under Southern California Gas or Southern California Edison low-income assistance program

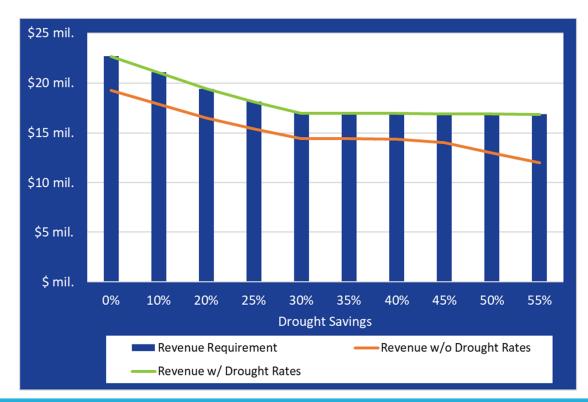
https://www.sce.com/residential/assistance/care-fera

- Supported by the City's General Fund
- Maintain existing program funding

Drought Rates

- Volumetric Surcharges that can be added at various mandated drought stages to help increase revenue stability
- Drought rate structure developed for 10-60% mandated cutbacks

Example of how Drought Rates Work:





Where Santa Monica will be in 2024

- Water self-sufficient
- Protected from increasing costs of imported water
- On track to meet our carbon reduction goal
- Continue to enhance the local environment
- Refilling local groundwater effectively

Recommended Actions – Water Fund

- Open Public Hearing
- Receive public comment and all protest pursuant to Proposition 218 requirement
- Close the public comment portion of the Public Hearing and direct City Clerk to tabulate number of protest received
- Report of Protests and Adopt the Water Rate Resolution at the Feb 11, 2020 Council Meeting if protest threshold is not met

Recommended Actions – Wastewater Fund

- Open Public Hearing
- Receive public comment and all protest pursuant to Proposition 218 requirement
- Close the public comment portion of the Public Hearing and direct City Clerk to tabulate number of protest received
- Report of Protests and Adopt the Water Rate Resolution at the Feb 11, 2020 Council Meeting if protest threshold is not met

