

# City of La Habra

## Public Hearing on Proposed Rate Adjustments for the Utility Authority

CY 2024 and CY 2025



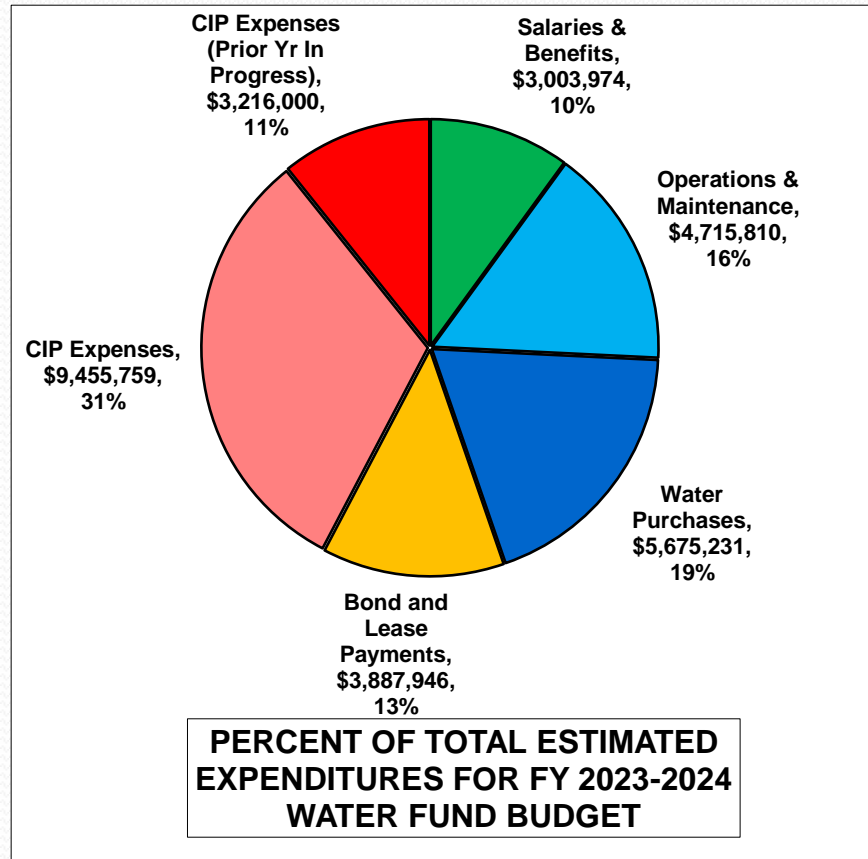
# Proposition 218 Requirements

- Changes to water and sewer rates are governed by Proposition 218:
  - Revenues derived from rates and fees may not exceed the cost required to provide the service
  - The amount of the fee may not exceed the proportional cost of the service attributable to the parcel upon which the fee is imposed
  - The fee may not be imposed unless the service is actually used by, or immediately available to, the owner of the property

# Water Rate Factors

- Operational Costs
  - Personnel costs increased by 5.5% in FY 23-24
  - Electricity costs for wells and pumps up 13.3% in FY 23-24
- Water Costs
  - Despite recent rains, the cost of water purchases continues to increase due to inflation and years of dry weather and drought conditions
  - Watermaster Replenishment costs continue to represent 22% of all La Habra water costs (up from 21% from years ago).
- Capital Project Expenses
  - Approximately \$12.8 Million in recommended Capital Improvement Projects over the next seven years.

# Water Fund Expenditures



**TOTAL REVENUE: \$21,909,876**  
**TOTAL EXPENDITURES: \$17,282,961**  
**NET REVENUE FOR CIP: \$ 4,626,915**

# Capital Improvement Projects

- Annual Water Valve Replacement Program
- Annual Main Line / Fire Hydrant Replacement
- Annual Water Meter Replacement
- Foothill Zone Consolidation Project

**Approximately \$12.8 million of expenditures over 7 years**

# Turnover In The Water Division

| Year              | Hires     | Resigned/<br>Terminated | Total Water<br>Staff | % of Water<br>Staff Turnover |
|-------------------|-----------|-------------------------|----------------------|------------------------------|
| 2017              | 7         | 4                       | 16                   | 25%                          |
| 2018              | 5         | 9                       | 16                   | 56%                          |
| 2019              | 5         | 3                       | 16                   | 19%                          |
| 2020              | 3         | 2                       | 16                   | 13%                          |
| 2021              | 0         | 2                       | 16                   | 13%                          |
| 2022              | 5         | 6                       | 16                   | 38%                          |
| 2023              | 2         | 4                       | 16                   | 25%                          |
| Total             | <b>27</b> | <b>30</b>               |                      |                              |
| Yearly<br>Average | 3.9       | 4.3                     | 16                   | 27%                          |

# PROPOSED FIXED METER CHARGE CY 2024

| Meter Size             | AWWA Ratio | Meter Count | Fixed Charge      | Current Charge | Difference |
|------------------------|------------|-------------|-------------------|----------------|------------|
| <b>General Service</b> |            |             |                   |                |            |
| 5/8"                   | 1.00       | 8,569       | <b>\$20.76</b>    | \$18.58        | \$2.18     |
| 3/4"                   | 1.50       | 612         | <b>\$29.07</b>    | \$26.08        | \$2.99     |
| 1"                     | 2.50       | 3,321       | <b>\$45.68</b>    | \$41.07        | \$4.61     |
| 1 1/2"                 | 5.00       | 344         | <b>\$87.21</b>    | \$78.53        | \$8.68     |
| 2"                     | 8.00       | 532         | <b>\$137.04</b>   | \$123.49       | \$13.55    |
| 3"                     | 15.00      | 24          | <b>\$253.31</b>   | \$228.40       | \$24.91    |
| 4"                     | 25.00      | 16          | <b>\$419.42</b>   | \$378.27       | \$41.15    |
| 6"                     | 50.00      | 13          | <b>\$834.68</b>   | \$752.95       | \$81.73    |
| 8"                     | 80.00      | 6           | <b>\$1,333.00</b> | \$1,202.56     | \$130.44   |
| <b>Firelines</b>       |            |             |                   |                |            |
| 2"                     | 6.19       | 1           | <b>\$9.14</b>     | \$8.51         | \$0.63     |
| 3"                     | 17.98      | 0           | <b>\$18.65</b>    | \$17.87        | \$0.78     |
| 4"                     | 38.32      | 16          | <b>\$35.04</b>    | \$34.01        | \$1.03     |
| 6"                     | 111.31     | 6           | <b>\$93.87</b>    | \$91.95        | \$1.92     |
| 8"                     | 237.21     | 7           | <b>\$195.34</b>   | \$191.87       | \$3.47     |
| 10"                    | 426.58     | 2           | <b>\$347.97</b>   | \$342.19       | \$5.78     |

# PROPOSED VARIABLE USE CHARGES - CY 2024

| Customer Class                   | Usage (ccf) | Supply | Base Delivery | Peaking | Total Rate    | Current Rate | Difference |
|----------------------------------|-------------|--------|---------------|---------|---------------|--------------|------------|
| <b>Single Family Residential</b> |             |        |               |         |               |              |            |
| Tier 1 (0-8 ccf)                 | 957,028     | \$1.08 | \$1.62        | \$0.36  | <b>\$2.83</b> | \$2.68       | 6%         |
| Tier 2 (9-16 ccf)                | 437,102     | \$2.19 | \$1.62        | \$1.25  | <b>\$5.07</b> | \$4.77       | 6%         |
| Tier 3 (17+ ccf)                 | 264,020     | \$3.58 | \$1.62        | \$2.25  | <b>\$7.46</b> | \$6.94       | 7%         |
| <b>Multifamily</b>               |             |        |               |         |               |              |            |
| Uniform Tier                     | 867,776     | \$1.77 | \$1.62        | \$0.47  | <b>\$3.87</b> | \$3.70       | 5%         |
| <b>Commercial</b>                |             |        |               |         |               |              |            |
| Uniform Tier                     | 451,021     | \$1.77 | \$1.62        | \$0.75  | <b>\$4.15</b> | \$3.88       | 7%         |
| <b>Municipal</b>                 |             |        |               |         |               |              |            |
| Uniform Tier                     | 72,926      | \$1.77 | \$1.62        | \$1.29  | <b>\$4.68</b> | \$4.47       | 5%         |
| <b>Irrigation</b>                |             |        |               |         |               |              |            |
| Uniform Tier                     | 207,464     | \$1.77 | \$1.62        | \$2.25  | <b>\$5.65</b> | \$5.63       | 0%         |
| <b>Fireline</b>                  |             |        |               |         |               |              |            |
| Uniform Tier                     | 126         | \$1.77 | \$1.62        | \$2.25  | <b>\$5.65</b> | \$5.63       | 0%         |

*hcf/ccf = hundred cubic feet or 748 gallons*

# Sample Customer Impacts- Water

## Single Family Residential – 5/8 inch meter\*

|                 | Usage (ccf) | Current Bill | Proposed Bill   | Monthly Impact (%) | Monthly Impact (\$) | % Bills At or Below | Total Annual Impact |
|-----------------|-------------|--------------|-----------------|--------------------|---------------------|---------------------|---------------------|
| Low Volume      | 4           | \$29.30      | <b>\$32.08</b>  | 9%                 | \$2.78              | 17%                 | \$33.36             |
|                 | 8           | \$40.02      | <b>\$43.40</b>  | 8%                 | \$3.38              | 43%                 | \$40.56             |
| Average Monthly | 14          | \$78.18      | <b>\$83.96</b>  | 7%                 | \$5.78              | 80%                 | \$69.36             |
|                 | 18          | \$92.06      | <b>\$98.88</b>  | 7%                 | \$6.82              | 85%                 | \$81.84             |
| Double Average  | 28          | \$161.46     | <b>\$173.48</b> | 7%                 | \$12.02             | 96%                 | \$144.24            |
|                 | 36          | \$216.98     | <b>\$233.16</b> | 7%                 | \$16.18             | 99%                 | \$194.16            |
| Very High       | 40          | \$244.74     | <b>\$263.00</b> | 7%                 | \$18.26             | 99%                 | \$219.12            |

\* There are 8,106 residential 5/8 inch meter accounts out of 13,457 total accounts (60.2%).

# Sample Customer Impacts- Water

## Single Family Residential – 1 inch meter\*

|                 | Usage (ccf) | Current Bill | Proposed Bill   | Monthly Impact (%) | Monthly Impact (\$) | % Bills At or Below | Total Annual Impact |
|-----------------|-------------|--------------|-----------------|--------------------|---------------------|---------------------|---------------------|
| Low Volume      | 4           | \$51.79      | <b>\$57.00</b>  | 10%                | \$5.21              | 24%                 | \$62.52             |
|                 | 8           | \$62.51      | <b>\$68.32</b>  | 9%                 | \$5.81              | 50%                 | \$69.72             |
| Average Monthly | 14          | \$91.13      | <b>\$98.74</b>  | 8%                 | \$7.61              | 76%                 | \$91.32             |
|                 | 18          | \$114.55     | <b>\$123.80</b> | 8%                 | \$9.25              | 85%                 | \$111.00            |
| Double Average  | 28          | \$183.95     | <b>\$198.40</b> | 8%                 | \$14.45             | 95%                 | \$173.40            |
|                 | 36          | \$239.47     | <b>\$258.08</b> | 8%                 | \$18.61             | 98%                 | \$223.32            |
| Very High       | 50          | \$336.63     | <b>\$362.52</b> | 8%                 | \$25.89             | 99%                 | \$310.68            |

\* There are 2,688 residential 1 inch meter accounts out of 13,457 total accounts (20.0%).

# Sample Customer Impacts- Water

## Multi-Family Residential\*

|              | Usage (ccf) | # of Units** | Current Bill | Proposed Bill     | Monthly Impact (%) | Monthly Impact (\$) | Total Annual Impact |
|--------------|-------------|--------------|--------------|-------------------|--------------------|---------------------|---------------------|
| 5/8" Example | 18          | 2            | \$85.18      | <b>\$90.42</b>    | 6%                 | \$5.24              | \$62.88             |
| 3/4" Example | 25          | 2            | \$118.58     | <b>\$125.82</b>   | 6%                 | \$7.24              | \$86.88             |
| 1.0" Example | 40          | 4            | \$189.07     | <b>\$200.48</b>   | 6%                 | \$11.41             | \$136.92            |
| 1.5" Example | 124         | 12           | \$537.33     | <b>\$567.09</b>   | 6%                 | \$29.76             | \$357.12            |
| 2.0" Example | 266         | 32           | \$1,107.69   | <b>\$1,166.46</b> | 5%                 | \$58.77             | \$705.24            |

\*There are 890 multi-family accounts out of 13,457 total accounts (6.6%).

\*\*The number of individual apartment/multi-family units for each example account.

# Sample Customer Impacts- Water

## Commercial\*

|              | Usage (ccf) | Current Bill | Proposed Bill     | Monthly Impact (%) | Monthly Impact (\$) | Total Annual Impact |
|--------------|-------------|--------------|-------------------|--------------------|---------------------|---------------------|
| 5/8" Example | 12          | \$65.14      | <b>\$70.56</b>    | 8%                 | \$5.42              | \$65.04             |
| 3/4" Example | 13          | \$76.52      | <b>\$83.02</b>    | 8%                 | \$6.50              | \$78.00             |
| 1.0" Example | 24          | \$134.19     | <b>\$145.28</b>   | 8%                 | \$11.09             | \$133.08            |
| 1.5" Example | 46          | \$257.01     | <b>\$278.11</b>   | 8%                 | \$21.10             | \$253.20            |
| 2.0" Example | 94          | \$488.21     | <b>\$527.14</b>   | 8%                 | \$38.93             | \$467.16            |
| 3.0" Example | 195         | \$985.00     | <b>\$1,062.56</b> | 8%                 | \$77.56             | \$930.72            |
| 4.0" Example | 387         | \$1,879.83   | <b>\$2,025.47</b> | 8%                 | \$145.64            | \$1,747.68          |
| 6.0" Example | 446         | \$2,483.43   | <b>\$2,685.58</b> | 8%                 | \$202.15            | \$2,425.80          |

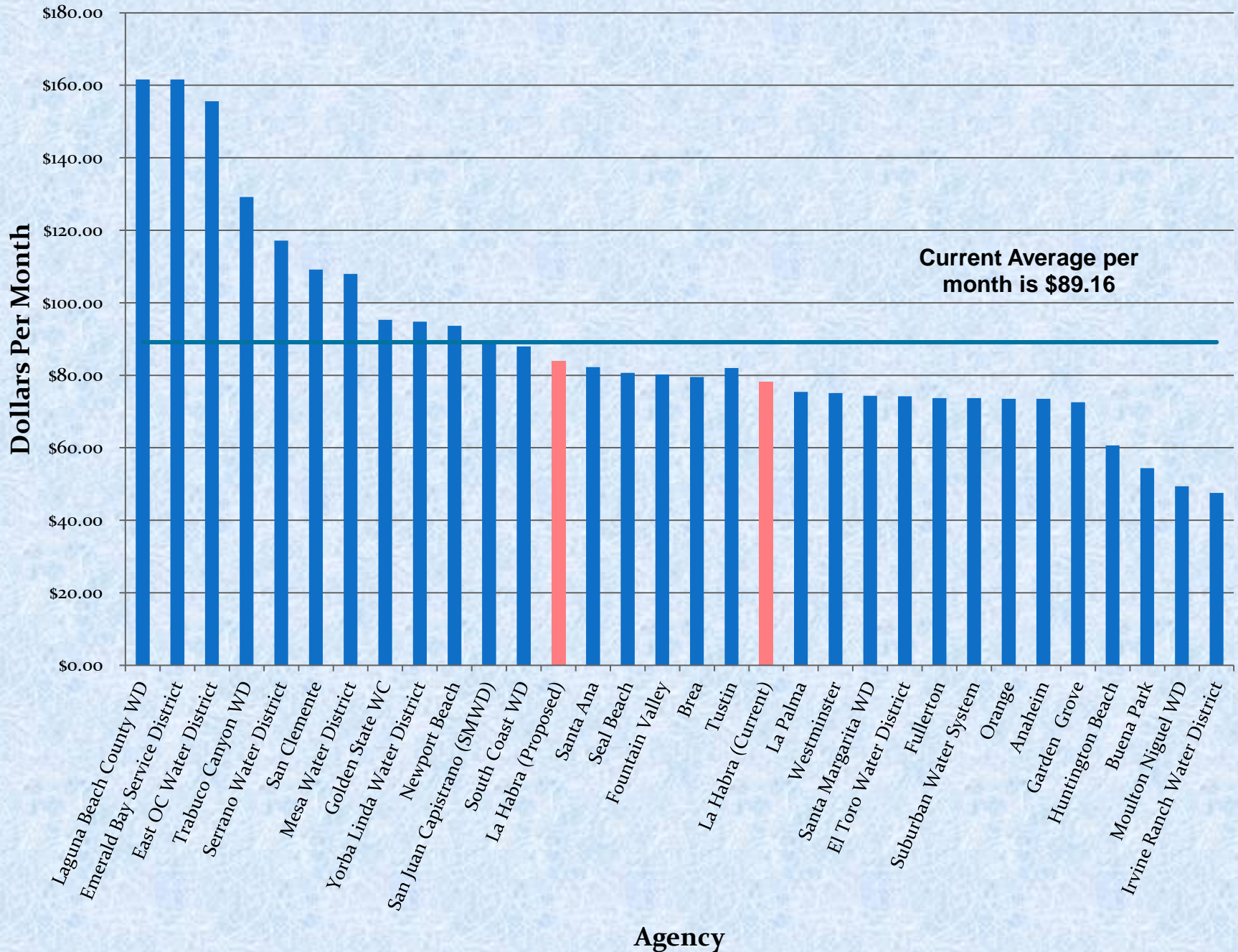
\* There are 840 commercial accounts out of 13,457 total accounts (6.2%).

# Summary of Recent Rate Adjustments\* in Surrounding Cities

| <u>Agency</u>           | <u>% Increase</u> | <u>Date</u> |
|-------------------------|-------------------|-------------|
| ● City of Tustin        | 9.5%              | 7/1/24      |
| ● City of Long Beach    | 9.0%              | 7/1/23      |
| ● City of Seal Beach    | 7.8%              | 1/1/24      |
| ● City of Newport Beach | 7.5%              | 1/1/24      |
| ● City of La Habra      | 7.4%              | 1/1/24      |
| ● Mesa Water District   | 6.9%              | 1/1/24      |
| ● City of Orange        | 5.7%              | 1/1/24      |
| ● City of La Palma      | 4.7%              | 1/1/24      |

\* Assumed single family rates with smallest meter size at an average of 16 ccf of water usage per month

# 2023 Orange County Water Rates



# Proposed Rate Schedule - Water

|  | Effective Date: 1/1/2023 | 1/1/2024   | 1/1/2025   |
|--|--------------------------|------------|------------|
| GENERAL SERVICE                          | FY 2023                  | FY 2024    | FY 2025    |
| <b><u>Monthly Fixed Charges</u></b>      |                          |            |            |
| <b>Meter Size</b>                        |                          |            |            |
| 5/8"                                     | \$18.58                  | \$20.76    | \$22.21    |
| 3/4"                                     | \$26.08                  | \$29.07    | \$31.10    |
| 1"                                       | \$41.07                  | \$45.68    | \$48.88    |
| 1 1/2"                                   | \$78.53                  | \$87.21    | \$93.31    |
| 2"                                       | \$123.49                 | \$137.04   | \$146.63   |
| 3"                                       | \$228.40                 | \$253.31   | \$271.04   |
| 4"                                       | \$378.27                 | \$419.42   | \$448.78   |
| 6"                                       | \$752.95                 | \$834.68   | \$893.11   |
| 8"                                       | \$1,202.56               | \$1,333.00 | \$1,426.31 |
| <b><u>Volumetric Rates (per ccf)</u></b> |                          |            |            |
| <b>Residential</b>                       |                          |            |            |
| Tier 1                                   | \$2.68                   | \$2.83     | \$3.03     |
| Tier 2                                   | \$4.77                   | \$5.07     | \$5.42     |
| Tier 3                                   | \$6.94                   | \$7.46     | \$7.98     |
| <b>Multifamily</b>                       |                          |            |            |
| Uniform Tier                             | \$3.70                   | \$3.87     | \$4.14     |
| <b>Commercial</b>                        |                          |            |            |
| Uniform Tier                             | \$3.88                   | \$4.15     | \$4.44     |
| <b>Municipal</b>                         |                          |            |            |
| Uniform Tier                             | \$4.47                   | \$4.68     | \$5.01     |
| <b>Irrigation</b>                        |                          |            |            |
| Uniform Tier                             | \$5.63                   | \$5.65     | \$6.05     |

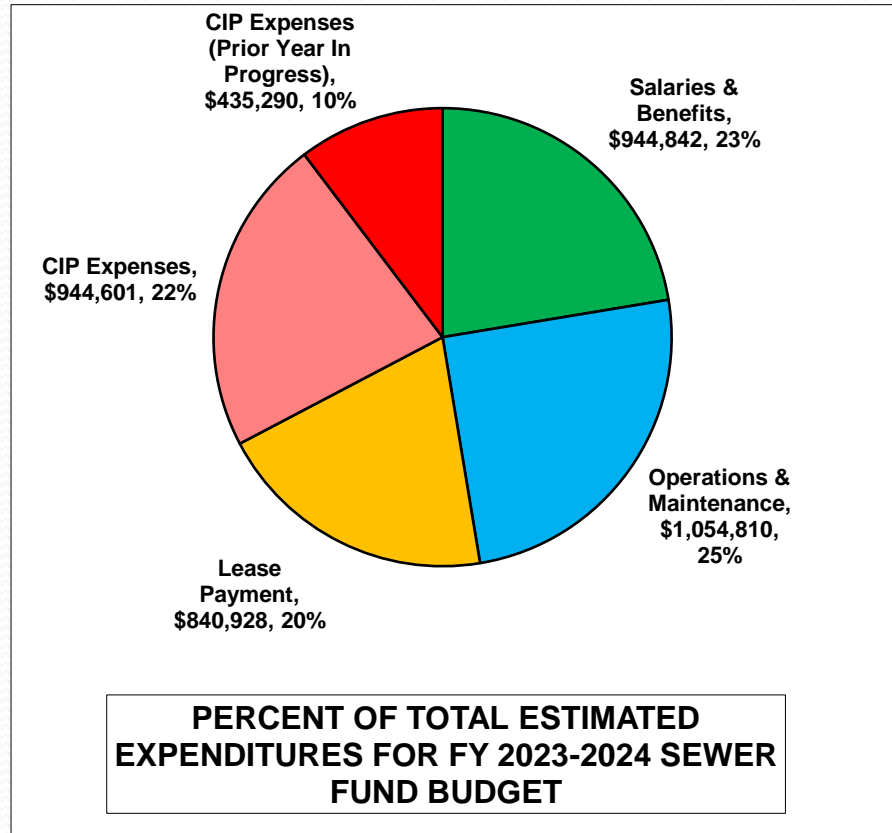
# Proposed Rate Schedule - Fireline

| <b>FIRELINE SERVICE</b>                  | <b>Effective Date:</b> |                 |                 |
|--|------------------------|-----------------|-----------------|
|  | <b>1/1/2023</b>        | <b>1/1/2024</b> | <b>1/1/2025</b> |
| <b><u>Monthly Fixed Charges</u></b>      | <b>FY 2023</b>         | <b>FY 2024</b>  | <b>FY 2025</b>  |
| <b>Meter Size</b>                        |                        |                 |                 |
| 2"                                       | \$8.51                 | \$9.14          | \$9.78          |
| 3"                                       | \$17.87                | \$18.65         | \$19.96         |
| 4"                                       | \$34.01                | \$35.04         | \$37.49         |
| 6"                                       | \$91.95                | \$93.87         | \$100.44        |
| 8"                                       | \$191.87               | \$195.34        | \$209.01        |
| 10"                                      | \$342.19               | \$347.97        | \$372.33        |
| <b><u>Volumetric Rates (per ccf)</u></b> |                        |                 |                 |
| <b>Fireline</b>                          |                        |                 |                 |
| Uniform Tier                             | \$5.63                 | \$5.65          | \$6.05          |

# Sewer Rate Factors

- Operational Costs
- Capital Improvement Project Expenses
  - \$3.1 Million in Capital Projects in the next seven years.
    - Annual Sewer Rehabilitation
    - Sewer Lateral Program
    - Former County Island Sewer Design and Construction
- SWQCB Regulations
  - Costs to maintain compliance with the State Water Quality Control Board

# Sewer Fund Expenditures



**TOTAL REVENUE: \$3,062,749**

**TOTAL EXPENDITURES: \$2,840,580**

**NET REVENUE FOR CIP: \$222,169**

# Sewer Rate Structure

- Revenue requirement allocated based on wastewater flow
- Proposed rate structure
  - Residential: fixed per dwelling unit, variable per ccf of wastewater flow
    - Note: Single-Family variable rate per ccf will now be capped at 20 ccf
  - Non-residential: variable per ccf of wastewater flow, minimum charge

# PROPOSED WASTEWATER RATES

|   | Current Rates | January 2024 | January 2025 |
|---|---------------|--------------|--------------|
| <b>Monthly Fixed Charge</b>   |               |              |              |
| Class   |               |              |              |
| Single Family Residential   | \$4.80        | \$5.47       | \$5.78       |
| Apartment   | \$4.10        | \$4.67       | \$4.93       |
| Sewer Only Residential  | \$13.83       | \$14.25      | \$15.04      |
| Non-Residential Minimum Charge  | \$9.49        | \$9.71       | \$10.25      |
| *Non-residential customers subject to a minimum charge equal to fixed charge for Apartment customers with an average month (ccf) of wastewater flow (7 hcf) |               |              |              |
| <b>Sewer Use Charge (per ccf of water flow)</b>   |               |              |              |
| Single Family Residential   | \$0.44        | \$0.51       | \$0.54       |
| Apartment   | \$0.60        | \$0.59       | \$0.63       |
| Non- Residential  | \$1.19        | \$1.20       | \$1.27       |

# Sample Customer Impacts- Sewer

## Single-Family Residential

|                     | Usage (ccf) | Units | Current Bill | Proposed Bill | Monthly Impact (%) | Monthly Impact (\$) | Total Annual Impact |
|---------------------|-------------|-------|--------------|---------------|--------------------|---------------------|---------------------|
| Low Volume          | 4           | 1     | \$6.56       | \$7.51        | 14.5%              | \$0.95              | \$11.40             |
|                     | 8           | 1     | \$8.32       | \$9.55        | 14.8%              | \$1.23              | \$14.76             |
| Average Monthly     | 12          | 1     | \$10.08      | \$11.59       | 15.0%              | \$1.51              | \$18.12             |
|                     | 16          | 1     | \$11.84      | \$13.63       | 15.1%              | \$1.79              | \$21.48             |
| Double Average      | 24          | 1     | \$15.36      | \$15.67       | 2.0%               | \$0.31              | \$3.72              |
|                     | 32          | 1     | \$18.88      | \$15.67       | -17.0%             | (\$3.21)            | (\$38.52)           |
| Very High           | 40          | 1     | \$22.40      | \$15.67       | -30.0%             | (\$6.73)            | (\$80.76)           |
| Sewer Only Customer | 0           | 1     | \$13.83      | \$14.25       | 3.0%               | \$0.42              | \$5.04              |

\* There are 10,852 sf residential units out of 20,677 total units citywide (52.5%).

# Sample Customer Impacts- Sewer

## Multi-Family Residential

|              | Usage (ccf) | # of Units** | Current Bill | Proposed Bill | Monthly Impact (%) | Monthly Impact (\$) | Total Annual Impact |
|--------------|-------------|--------------|--------------|---------------|--------------------|---------------------|---------------------|
| 5/8" Example | 44          | 3            | \$38.70      | \$39.97       | 3.3%               | \$1.27              | \$15.24             |
| 1.0" Example | 72          | 4            | \$59.60      | \$61.16       | 2.6%               | \$1.56              | \$18.72             |
| 1.5" Example | 180         | 14           | \$846.00     | \$946.80      | 11.9%              | \$100.80            | \$1,209.60          |
| 3/4" Example | 330         | 25           | \$1,551.00   | \$1,735.80    | 11.9%              | \$184.80            | \$2,217.60          |
| 2.0" Example | 268         | 32           | \$1,259.60   | \$1,409.68    | 11.9%              | \$150.08            | \$1,800.96          |

\* There are 8,948 multi-family units out of 20,677 total units citywide (43.3%).

\*\*The number of individual apartment/multi-family units for each example account. Note that each individual dwelling unit is charged the fixed meter charge.

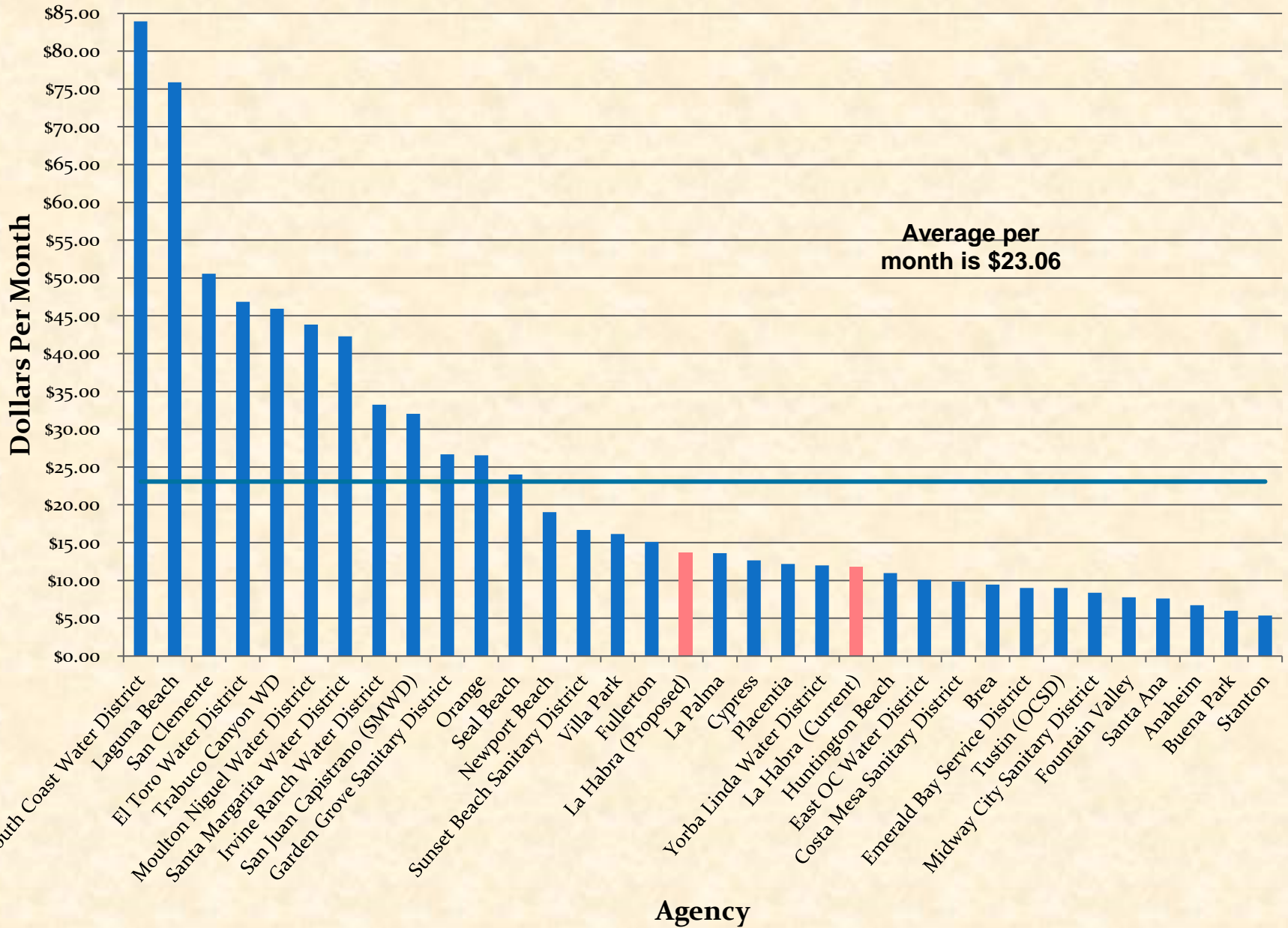
# Sample Customer Impacts- Sewer

Non-Residential (Commercial, Church, Municipal)

|                | Usage (ccf) | Units | Current Bill | Proposed Bill | Monthly Impact (%) | Monthly Impact (\$) | Total Annual Impact |
|----------------|-------------|-------|--------------|---------------|--------------------|---------------------|---------------------|
| 5/8" Example   | 40          | -     | \$47.60      | \$48.00       | 0.8%               | \$0.40              | \$4.80              |
| 3/4" Example   | 33          | -     | \$39.27      | \$39.60       | 0.8%               | \$0.33              | \$3.96              |
| 1.0" Example   | 117         | -     | \$139.23     | \$140.40      | 0.8%               | \$1.17              | \$14.04             |
| 1.5" Example   | 74          | -     | \$88.06      | \$88.80       | 0.8%               | \$0.74              | \$8.88              |
| 2.0" Example   | 387         | -     | \$460.53     | \$464.40      | 0.8%               | \$3.87              | \$46.44             |
| 3.0" Example   | 1269        | -     | \$1,510.11   | \$1,522.80    | 0.8%               | \$12.69             | \$152.28            |
| 4.0" Example   | 2266        | -     | \$2,696.54   | \$2,719.20    | 0.8%               | \$22.66             | \$271.92            |
| 6.0" Example   | 264         | -     | \$314.16     | \$316.80      | 0.8%               | \$2.64              | \$31.68             |
| Minimum Charge | 6           | -     | \$9.49       | \$9.71        | 2.3%               | \$0.22              | \$2.64              |

\* There are 871 non-residential units out of 20,677 total units citywide 4.1%).

# 2023 Orange County Sewer Rates



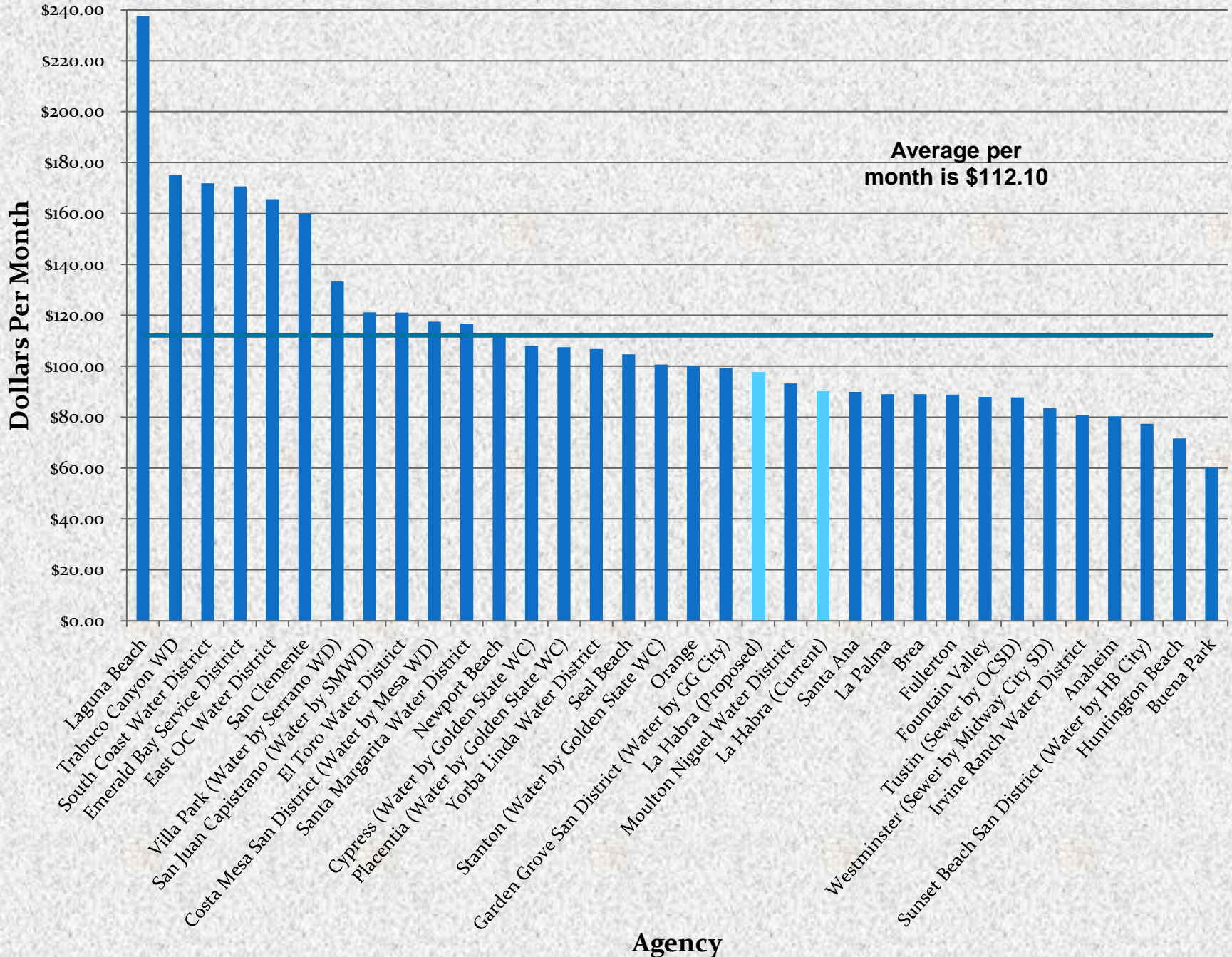
# Sample Combined Customer Impact

## Water and Sewer Rate\*

|   | Usage (ccf) | Current Combined Bill | Proposed Combined Bill | Monthly Impact (\$) | Total Annual Impact |
|---|-------------|-----------------------|------------------------|---------------------|---------------------|
| Single Family Residential 5/8" Example              | 16          | \$90.02               | \$97.59                | \$7.57              | \$90.84             |
| Single Family Residential 1.0" Example              | 16          | \$112.51              | \$122.51               | \$10.00             | \$120.00            |
| Multi-Family Residential 3/4" Example (25 MF units) | 330         | \$2,173.50            | \$2,315.30             | \$141.80            | \$1,701.60          |
| Multi-Family Residential 2.0" Example (32 MF units) | 268         | \$1,906.90            | \$2,038.78             | \$131.88            | \$1,582.56          |
| Commercial 3/4" Example                             | 33          | \$193.39              | \$205.62               | \$12.23             | \$146.76            |
| Commercial 2.0" Example                             | 387         | \$2,085.58            | \$2,207.49             | \$121.91            | \$1,462.92          |
| Commercial 4.0" Example                             | 2,266       | \$11,866.89           | \$12,542.52            | \$675.63            | \$8,107.56          |

\* Accounts shown are examples of typical average accounts in La Habra.

# 2023 Orange County Combined Water/Sewer Rates



# Summary Recommendation

- Conduct public hearing on resolution amending the Master Schedule of Fees pertaining to water and sewer usage, connections, and fees; and
- Adopt Resolution approving an amendment to the Master Schedule of Fees pertaining to water and sewer usage, connections, and fees.