



City of Fullerton
Public Works Department
303 W. Commonwealth Ave
Fullerton, CA 92832



**NOTICE OF PUBLIC HEARING
JUNE 4, 2019 AT 6:30 PM**

NOTICE OF PROPOSED WATER RATE INCREASE

NOTICE IS HEREBY GIVEN that the City Council of the City of Fullerton will hold a public hearing on Tuesday, June 4, 2019, at 6:30 p.m., or as soon thereafter as this matter can be heard, in the City Council Chamber, City Hall, 303 W. Commonwealth Avenue, Fullerton, CA 92832, to consider adopting annual adjustments to the City's water rates. This rate adjustment are designed to enable the City to continue providing reliable water service to customers while addressing critical infrastructure deficiencies. The proposed rate structure includes modifications to provide revenue stability and continue to equitably and proportionately recover costs from customers.

PROTEST OF PROPOSED WATER RATE INCREASE

To protest the proposed rate increase, written protests must be received by no later than the close of the public hearing on June 4, 2019. Written protests may be submitted via mail or hand-delivered to:

City of Fullerton Public Works
Attention: Meg McWade, City Hall
Re: Public Hearing on the Proposed Water Rate Increase
303 W. Commonwealth Avenue
Fullerton, CA 92832

Please identify on the front of the envelope for any protest, whether mailed or submitted in person, that the enclosed protest is for the Public Hearing on the Proposed Water Rate Increase. Protests will also be accepted via electronic mail (e-mail) at waterrates@cityoffullerton.com. Each protest must identify the affected property (by assessor's parcel number or street address), indicate that the identified property owner or tenant is opposed to the proposed rate increase, and include the name and signature of the record property owner or tenant, as applicable. Each parcel may submit no more than one written protest per rate action. Protests received by telephone or social media sites, including but not limited to, Facebook, Twitter, Instagram, or myFullerton will NOT be accepted. All interested parties are invited to attend the public hearing and present written protests and/or written/oral comments on the proposed rate increase. However, oral comments at the public hearing will not qualify as a formal protest of the proposed rate action unless accompanied by a written protest setting forth the required information. If written protests are received from a majority of the owners/tenants directly liable for payment of water services, the proposed rate increases will not be implemented.

For further details regarding the basis and reasons for the proposed rate increases, any questions you may have regarding how to submit a written protest or how to estimate the proposed rate impact for your parcel, please contact the Water Rate Increase Line at 714-738-3369. You can also visit the City's website at <https://www.cityoffullerton.com> for more information.

EN ESPAÑOL: Si hablan y tienen preguntas sobre este documento, por favor llamen a (714) 738-6862
수도세 증가의 질문이 있으시면 아래의 연락처로 문의해주시기 바랍니다 (714) 738-6563

UNDERSTANDING YOUR WATER RATES

The City's water rate design is a two-part structure comprised of a "Fixed Meter Charge" that is assessed based on meter size and a consumption-based "Water Usage Rate" that is assessed based on the total amount of water that is used. Together, the two components of the City's water rates are structured to recover the entire costs of providing water service and to proportionately allocate those costs among the City's customers.

The proposed water rates were developed by a comprehensive cost-of-service analysis and are designed to meet the Water Enterprise's revenue needs over the next five years, including replacement of deteriorating infrastructure. If approved, there will be a modification to the City's existing water rate structure to more closely reflect the water utility's fixed versus variable costs. In addition to reflecting the City's cost of providing service, the modified rate structure will stabilize revenue by increasing the proportion of revenue that is collected through the fixed charge.

Rates need to be adequate to recover the expenses, while ensuring that costs are equitably allocated so that rates are fair and in proportion to the services received by the various customer classes. The rate study report will be available on the City's website at https://www.cityoffullerton.com/gov/departments/public_works/water_system/water_rate_study.asp as of April 3, 2019. The rate study modeled the costs of operating and maintaining the water system for the next ten years. Current operating costs were based on recent actual and budgeted expenditures and those costs were inflated in order to forecast operating costs for future years. Capital expenditures were forecasted based on the City's capital needs, which include a significant increase in aging water pipe replacements and rehabilitation of deteriorating reservoirs and wells.

PROPOSED WATER RATES

The proposed monthly rates for the Fixed Meter Charge are set forth in the table below.

<u>Meter Size</u>	<u>Effective July 1, 2019</u>	<u>Effective July 1, 2020</u>	<u>Effective July 1, 2021</u>	<u>Effective July 1, 2022</u>	<u>Effective July 1, 2023</u>
5/8"	\$26.07	\$29.72	\$32.99	\$34.64	\$36.02
1"	\$41.30	\$47.08	\$52.26	\$54.87	\$57.07
1 1/2"	\$79.39	\$90.50	\$100.46	\$105.48	\$109.70
2"	\$125.08	\$142.59	\$158.28	\$166.19	\$172.84
3"	\$246.95	\$281.52	\$312.49	\$328.12	\$341.24
4"	\$384.04	\$437.81	\$485.96	\$510.26	\$530.67
6"	\$764.86	\$871.94	\$967.85	\$1,016.25	\$1,056.90
8"	\$1,221.84	\$1,392.90	\$1,546.12	\$1,623.42	\$1,688.36
10"	\$1,831.15	\$2,087.51	\$2,317.14	\$2,432.99	\$2,530.31
12"	\$2,573.75	\$2,934.08	\$3,256.82	\$3,419.66	\$3,556.45

The proposed Water Usage Rates are set forth in the tables below (as measured in thousands of gallons or "TGAL"):

Tiered Water Usage Rate (residential accounts):

	<u>Monthly Water Allocation* (Single Family)</u>	<u>Monthly Water Allocation* (Multi-Family) (per dwelling unit)</u>	<u>Effective July 1, 2019 (\$/TGAL)</u>	<u>Effective July 1, 2020 (\$/TGAL)</u>	<u>Effective July 1, 2021 (\$/TGAL)</u>	<u>Effective July 1, 2022 (\$/TGAL)</u>	<u>Effective July 1, 2023 (\$/TGAL)</u>
Tier 1	12,800 gal.	5,100 gal.	\$2.28	\$2.60	\$2.89	\$3.03	\$3.15
Tier 2	20,200 gal.	6,700 gal.	\$4.58	\$5.22	\$5.80	\$6.09	\$6.33
Tier 3	(no limit)	(no limit)	\$4.96	\$5.65	\$6.28	\$6.59	\$6.85

Uniform Water Usage Rate (non-residential accounts):

	<u>Effective July 1, 2019 (\$/TGAL)</u>	<u>Effective July 1, 2020 (\$/TGAL)</u>	<u>Effective July 1, 2021 (\$/TGAL)</u>	<u>Effective July 1, 2022 (\$/TGAL)</u>	<u>Effective July 1, 2023 (\$/TGAL)</u>
Uniform Rate	\$2.88	\$3.28	\$3.64	\$3.83	\$3.98

Pursuant to California Government Code Section 53756, usage rates are also subject to additional annual adjustments in accordance with the following formulas which will pass-through increases in costs from wholesale water purveyors (as measured in thousands of gallons or "TGAL"):

$$\text{Tier 1 Rate Adjustment} \left(\frac{\$}{\text{TGAL}} \right) = \text{Change in Orange County Water District unit cost of water} \left(\frac{\$}{\text{TGAL}} \right)$$

$$\text{Tier 2 Rate Adjustment} \left(\frac{\$}{\text{TGAL}} \right) = \text{Change in Metropolitan Water District of Southern California unit cost of water} \left(\frac{\$}{\text{TGAL}} \right)$$

$$\text{Tier 3 Rate Adjustment} \left(\frac{\$}{\text{TGAL}} \right) = \text{Change in Metropolitan Water District of Southern California unit cost of water} \left(\frac{\$}{\text{TGAL}} \right)$$

$$\text{Uniform Rate Adjustment} \left(\frac{\$}{\text{TGAL}} \right) = \text{Tier 1 rate adjustment} \left(\frac{\$}{\text{TGAL}} \right) \times 75\% + \text{Tier 2 rate adjustment} \left(\frac{\$}{\text{TGAL}} \right) \times 25\%$$