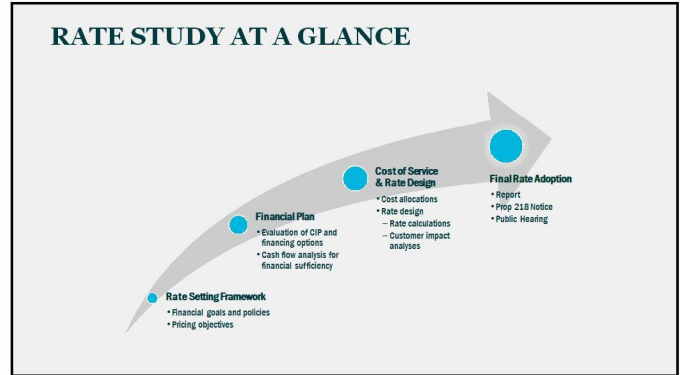


City of Westminster

City Council Presentation
February 24, 2020





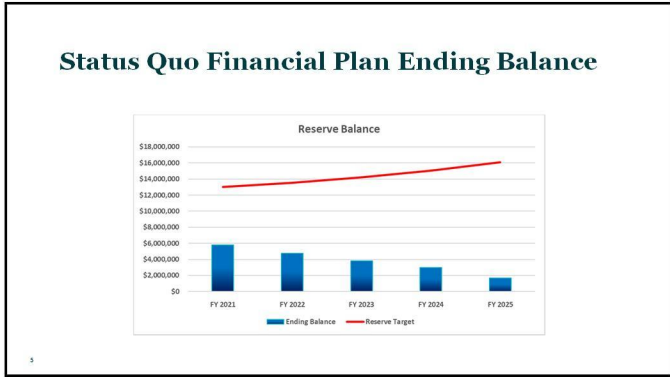
Key Legislation in California Affecting Water Rates

- Cost of Service Requirements**
 - Proposition 218 (Article XIII C and XIII D of California Constitution)
 - Proposition 26
 - California Government Code 54999
- Water Conservation**
 - Article X of California Constitution
 - SB 606 + AB 1668: calculated efficiency and reporting
 - SWRCB Self Certification: three years of adequate supplies

Reserve Policy

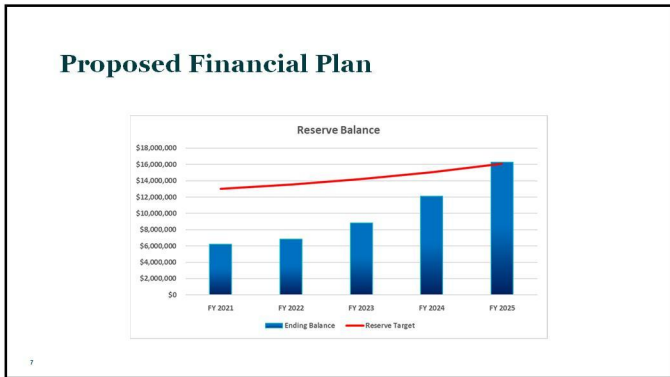
Current Reserve Policy

- O&M** – 33% of Operating Expenses
- Capital** – 10% of Net Asset Value
- Emergency** – \$5,000,000 Emergency Reserve



Proposed Revenue Adjustments

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Revenue Adjustment	6.5%	6.5%	6.0%	6.0%	6.0%



- ### Major Components of the Water Bill
- Readiness to Serve Charge based on Meter Size
 - Commodity Charge

Cost of Service for Proposed Meter Charge

- Rafelis conducted a cost of service for the associated meter charge
- The meter charge includes the following cost components:
 - › Meter Cost
 - › Base Cost
 - › Customer Service Cost

Proposed Meter Charge (Every 8 Weeks)

Meter	Number of Meters	Current	Proposed	Difference (\$)
5/8	11,450	\$15.51	\$16.24	\$0.73
3/4	6,288	\$15.51	\$16.24	\$0.73
1	1,532	\$24.98	\$23.82	(\$1.16)
1 1/2	317	\$47.09	\$42.80	(\$4.29)
2	547	\$69.20	\$65.56	(\$3.64)
3	86	\$127.62	\$169.88	\$42.26
4	35	\$198.67	\$289.39	\$90.72
6	21	\$388.15	\$611.87	\$223.72
8	2	\$624.99	\$1,067.12	\$442.13
10	2	\$893.42	\$1,598.26	\$704.84
12	1	\$0.00	\$2,015.58	\$2,015.58

Tier Width Rationale

- Due to prop 218 there needs to be a rationale and logic to the tier width
 - › Tiers are based on the annual average usage over a 5-year period for
 - Residential
 - Hotel
 - › Tiers are based on the annual average usage over a 5-year period by meter size for
 - Commercial
 - Irrigation

Tier Definition Res / Multi / Hotel

Customer	Current (HCF)	New (HCF)
Single Family Dwellings	28	24
Multi-Unit Dwellings	18	16
Hotel/Motel	8	7

- 1 HCF = 748 Gallons

Tier Definition Comm / Irr

Customer	Commercial / Industrial (HCF)	Irrigation (HCF)
5/8 & 3/4	26	20
1	45	35
1.5	119	78
2	154	132
3	542	422
4	736	435
6	1613	

• 1 HCF = 748 Gallons

- ### Cost of Service for Proposed Commodity Charge
- Raffelis conducted a cost of service for the associated commodity charge
 - The commodity charge includes the following cost components:
 - Supply Cost
 - Base Cost
 - Peaking Cost
 - Conservation Cost
 - Peaking and Conservation costs are used to differentiate the rates per each customer class

Proposed Commodity Res / Multi / Hotel

Customer	Current (HCF)		Proposed (HCF)		\$ Difference
Single Family					
Tier 1	28	\$3.16	24	\$3.21	\$0.05
Tier 2	28+	\$3.76	24+	\$3.99	\$0.23
Multi-Unit					
Tier 1	18	\$3.17	16	\$3.33	\$0.16
Tier 2	18+	\$3.79	16+	\$4.31	\$0.52
Hotel/Motel					
Tier 1	8	\$3.49	7	\$3.74	\$0.25
Tier 2	8+	\$4.11	7+	\$5.00	\$0.89

• 1 HCF = 748 Gallons

Proposed Commodity Comm / Irr

Customer	Current (HCF)	Proposed (HCF)	Difference
Comm / Ind			
Tier 1	\$3.32	\$3.52	\$0.20
Tier 2	\$3.94	\$3.93	(\$0.01)
Irrigation			
Tier 1	\$3.74	\$3.33	(\$0.41)
Tier 2	\$4.35	\$3.70	(\$0.65)

• 1 HCF = 748 Gallons

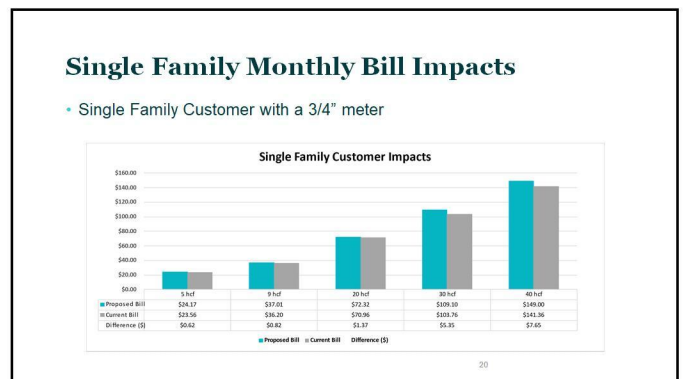
Proposed 5 Year Rate Schedule Fixed

Customer	Current	Apr 2021	Jan 2022	Jan 2023	Jan 2024	Jan 2025
5/8	\$15.51	\$16.24	\$17.30	\$18.34	\$19.45	\$20.62
3/4	\$15.51	\$16.24	\$17.30	\$18.34	\$19.45	\$20.62
1	\$24.98	\$23.82	\$25.37	\$26.90	\$28.52	\$30.24
1 1/2	\$47.09	\$42.80	\$45.59	\$48.33	\$51.23	\$54.31
2	\$69.20	\$65.56	\$69.83	\$74.02	\$78.47	\$83.18
3	\$127.62	\$169.88	\$180.93	\$191.79	\$203.30	\$215.50
4	\$198.67	\$289.39	\$308.21	\$326.71	\$346.32	\$367.10
6	\$388.15	\$611.87	\$651.65	\$690.75	\$732.20	\$776.14
8	\$624.99	\$1,067.12	\$1,136.49	\$1,204.68	\$1,276.97	\$1,353.59
10	\$893.42	\$1,598.26	\$1,702.15	\$1,804.28	\$1,912.54	\$2,027.30
12	\$0.00	\$2,015.58	\$2,146.60	\$2,275.40	\$2,411.93	\$2,556.65

Proposed 5 Year Rate Schedule - Commodity

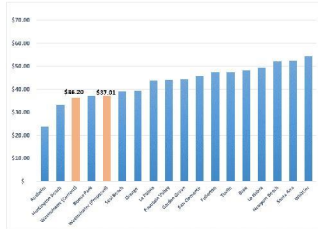
Customer	Current	Apr 2021	Jan 2022	Jan 2023	Jan 2024	Jan 2025
Single Family						
Tier 1	\$3.16	\$3.21	\$3.42	\$3.63	\$3.85	\$4.09
Tier 2	\$3.76	\$3.99	\$4.25	\$4.51	\$4.79	\$5.08
Multi-Unit						
Tier 1	\$3.17	\$3.33	\$3.55	\$3.77	\$4.00	\$4.24
Tier 2	\$3.79	\$4.31	\$4.60	\$4.88	\$5.18	\$5.50
Hotel/Motel						
Tier 1	\$3.49	\$3.74	\$3.99	\$4.23	\$4.49	\$4.76
Tier 2	\$4.11	\$5.00	\$5.33	\$5.65	\$5.99	\$6.35
Comm / Ind						
Tier 1	\$3.32	\$3.52	\$3.75	\$3.98	\$4.22	\$4.48
Tier 2	\$3.94	\$3.93	\$4.19	\$4.45	\$4.72	\$5.01
Irrigation						
Tier 1	\$3.74	\$3.33	\$3.55	\$3.77	\$4.00	\$4.24
Tier 2	\$4.35	\$3.70	\$3.95	\$4.19	\$4.45	\$4.72
Fire Protection						
Tier 1	\$5.32	\$1.87	\$2.00	\$2.12	\$2.25	\$2.39

Customer Impact



OC Agency Monthly Water Bill Comparison

- Bills are normalized to monthly values
- Single Family Customer with a 3/4" meter using 9 units of water



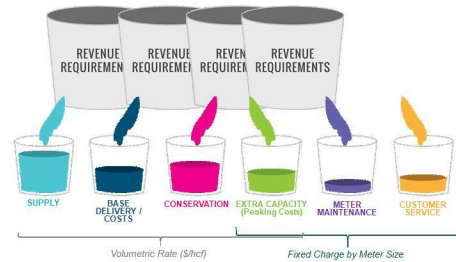
Thank you!

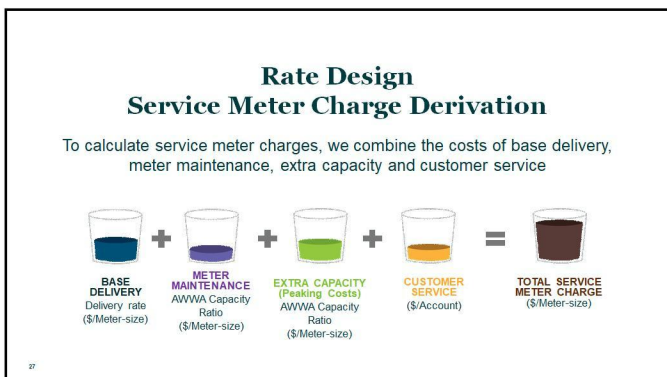
Contact:
Sanjay Gaur
213-262-9304 / sgaur@raftelis.com

Michael Hicks
213-262-9301 / mhicks@raftelis.com

Cost of Service

Allocation to Cost Components





Meter Charge (No Revenue Adjustment)

Meter	Capacity Ratio	Meter	Customer	COS
5/8	1.00	\$10.69	\$4.55	\$15.24
3/4	1.00	\$10.69	\$4.55	\$15.24
1	1.67	\$17.81	\$4.55	\$22.36
1 1/2	3.33	\$35.62	\$4.55	\$40.18
2	5.33	\$57.00	\$4.55	\$61.55
3	14.50	\$154.06	\$4.55	\$159.51
4	25.00	\$267.17	\$4.55	\$271.72
6	53.33	\$569.96	\$4.55	\$574.52
8	93.33	\$997.44	\$4.55	\$1,001.99
10	140.00	\$1,496.16	\$4.55	\$1,500.71
12	176.67	\$1,888.01	\$4.55	\$1,892.56

Proposed Meter Charge - 6.5%

Meter	Number of Meters	Current	Proposed	Difference (\$)
5/8	11,450	\$15.51	\$16.24	\$0.73
3/4	6,288	\$15.51	\$16.24	\$0.73
1	1,532	\$24.98	\$23.82	(\$1.16)
1 1/2	317	\$47.09	\$42.80	(\$4.29)
2	547	\$69.20	\$65.56	(\$3.64)
3	86	\$127.62	\$169.88	\$42.26
4	35	\$198.67	\$289.39	\$90.72
6	21	\$388.15	\$611.67	\$223.72
8	2	\$624.99	\$1,067.12	\$442.13
10	2	\$893.42	\$1,598.26	\$704.84
12	1	\$0.00	\$2,015.58	\$2,015.58

Private Fire (No Revenue Adjustment)

Meter	Capacity Ratio	Private Fire	Customer	COS
2	6.19	\$2.60	\$4.55	\$7.15
4	38.32	\$16.08	\$4.55	\$20.64
6	111.31	\$46.72	\$4.55	\$51.27
8	237.21	\$99.57	\$4.55	\$104.12
10	426.58	\$179.06	\$4.55	\$183.61
12	426.58	\$179.06	\$4.55	\$183.61

Proposed Private Fire 6.5 %

Meter	Number of Meters	Current	Proposed	Difference (\$)
2	2	\$9.50	\$7.62	(\$1.88)
4	2	\$29.70	\$21.99	(\$7.71)
6	3	\$59.40	\$54.61	(\$4.79)
8	2	\$95.04	\$110.89	\$15.85
10	2	\$136.62	\$195.55	\$58.93
12	1	\$184.14	\$195.55	\$11.41

Cost of Service Commodity Res / Multi / Hotel (No Rate Adjustment)

Customer	Tier	Supply	Base	Peaking	Conservation	COS
Single Family						
Tier 1	24	\$1.75	\$0.93	\$0.33	\$0.00	\$3.01
Tier 2	24+	\$1.75	\$0.93	\$0.58	\$0.49	\$3.74
Multi-Unit						
Tier 1	16	\$1.75	\$0.93	\$0.45	\$0.00	\$3.12
Tier 2	16+	\$1.75	\$0.93	\$0.76	\$0.61	\$4.04
Hotel/Motel						
Tier 1	7	\$1.75	\$0.93	\$0.83	\$0.00	\$3.51
Tier 2	7+	\$1.75	\$0.93	\$1.19	\$0.82	\$4.69

Proposed Commodity Res / Multi / Hotel - 6.5%

Customer	Current		Proposed		\$ Difference
Single Family					
Tier 1	28	\$3.16	24	\$3.21	\$0.05
Tier 2	28+	\$3.76	24+	\$3.99	\$0.23
Multi-Unit					
Tier 1	18	\$3.17	16	\$3.33	\$0.16
Tier 2	18+	\$3.79	16+	\$4.31	\$0.52
Hotel/Motel					
Tier 1	8	\$3.49	7	\$3.74	\$0.25
Tier 2	8+	\$4.11	7+	\$5.00	\$0.89

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Cost of Service Commodity Comm / Irr (No Rate Adjustment)

Customer	Supply	Base	Peaking	Conservation	COS
Comm / Ind					
Tier 1	\$1.75	\$0.93	\$0.63	\$0.00	\$3.30
Tier 2	\$1.75	\$0.93	\$0.85	\$0.16	\$3.69
Irrigation					
Tier 1	\$1.75	\$0.93	\$0.45	\$0.00	\$3.12
Tier 2	\$1.75	\$0.93	\$0.64	\$0.15	\$3.47

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Cost of Service Commodity Comm / Irr 6.5 %

Customer	Current	Proposed	Difference
Comm / Ind			
Tier 1	\$3.32	\$3.52	\$0.20
Tier 2	\$3.94	\$3.93	(\$0.01)
Irrigation			
Tier 1	\$3.74	\$3.33	(\$0.41)
Tier 2	\$4.35	\$3.70	(\$0.65)

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Cost of Service Commodity Fire Protection (No Rate Adjustment)

Customer	Supply	Base	Peaking	Conservation	COS
Fire Protection					
Tier 1	\$1.75	\$0.00	\$0.00	\$0.00	\$1.75

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Cost of Service Commodity Fire Protection 6.5 %

Customer	Current	Proposed	Difference
Fire Protection Tier 1	\$5.32	\$1.87	-\$3.45

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Proposed Private Fire

Meter	Number of Meters	Current	Proposed	Difference (\$)
2	2	\$9.50	\$7.62	(\$1.88)
4	2	\$29.70	\$21.99	(\$7.71)
6	3	\$59.40	\$54.61	(\$4.79)
8	2	\$95.04	\$110.89	\$15.85
10	2	\$136.62	\$195.55	\$58.93
12	1	\$184.14	\$195.55	\$11.41

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Cost of Service Commodity Fire Protection

Customer	Current	Proposed	Difference
Fire Protection Tier 1	\$5.32	\$1.87	-\$3.45

- Fire commodity rates have been updated to reflect the cost of purchasing water from
 - › Orange County Water District
 - › Municipal Water District of Orange County

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5 Year Rate Schedule Fixed

Fire Service Charge	Current	Apr 2021	Jan 2022	Jan 2023	Jan 2024	Jan 2025
2	\$9.50	\$7.62	\$8.12	\$8.61	\$9.13	\$9.68
4	\$29.70	\$21.99	\$23.42	\$24.83	\$26.32	\$27.90
6	\$59.40	\$54.61	\$58.16	\$61.65	\$65.35	\$69.28
8	\$95.04	\$110.89	\$118.10	\$125.19	\$132.71	\$140.68
10	\$136.62	\$195.55	\$208.27	\$220.77	\$234.02	\$248.07
12	\$184.14	\$195.55	\$208.27	\$220.77	\$234.02	\$248.07

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