

**PLEASE TAKE NOTICE THAT** the City Council of the City of Huntington Beach will conduct a public hearing on October 19, 2015, commencing at 6:00 p.m. in the Huntington Beach City Council Chambers, 2000 Main Street, Huntington Beach, California to consider approval of the City's water and sewer rates. The date and time of the public hearing is set not less than 45 days after the mailing of THIS NOTICE of the proposed rates adjustment to the record owners or tenants of each identified parcel upon which the rates are proposed for imposition. Any interested person(s), including persons owning or renting property receiving City-provided water and/or sewer services may present verbal and/or written input to the City Council on the proposed rates. The City Council shall consider all protests against the proposed rates; however, only written protests of property owners and tenants shall be counted to determine whether a majority protest to the proposed increases exists.

#### Written Protest Procedure:

A property owner or tenant may file a written protest to the proposed increases in one of the following ways:

1. Through the United States mail.
2. By deposit in the utility bill drop box at Huntington Beach City Hall.
3. By hand delivery to the Huntington Beach City Clerk during normal business hours (Monday through Friday, (8am to 5pm).
4. By hand delivery to the Huntington Beach City Clerk at the date and time of the public hearing on October 19, 2015.

Faxed or emailed protests will not be counted. Written protests **must be received** by the Huntington Beach City Clerk no later than 3:00 p.m. on October 19, 2015, or by the conclusion of the public hearing.

#### Address written protests as follows:

Huntington Beach City Clerk  
c/o Written Protest  
2000 Main Street  
Huntington Beach, CA 92648

Each written protest must include the name of the parcel owner or tenant, service address or assessor's parcel number for the parcel served, and the parcel owner's or tenant's signature. Protests must also clearly indicate whether the sender objects to the proposed water rates, the proposed sewer rates, or both. No more than one protest per parcel will be counted.

In the event of a majority protest, the proposed fees shall not be adopted. A majority protest shall exist only in the event that a majority of owners or tenants of the identified parcels submit written protests against the proposed fees to the City of Huntington Beach. The methodology of proposed fees hereby NOTICED includes annual prospective adjustments reflecting changes in the consumer price index; however, the formula or fee methodology does not change. The proposed fees do not exceed the proportional cost of the service attributable to each affected parcel, and revenues derived are not expected to exceed the

cost of service. For additional information, please call (714) 374-1641. No protests taken by phone will be counted.

**Proposed Rate Action for Current Water and Sewer Customers**

**PROPOSED SEWER SERVICE USER CHARGE ADJUSTMENTS**

Section 14.54 of the Huntington Beach Municipal Code established the sewer service user charge, which provides for the design, construction, alteration, use, maintenance, and replacement of the City Sewer System.

Per Section 14.55 of the Huntington Beach Municipal Code, those customers whose sewer discharges directly to City owned sewer lines shall be charged a sewer service user charge at the following rates, as set forth below, based on customer category and charge type. For the purposes of presentation, a monthly rate is shown. However, the sewer rate calculation is on a daily basis, computed from the established monthly rate, and therefore may vary from bill to bill based on the number of days in the billing cycle.

Customer Category	Charge Type/Unit	Current Fee	Proposed Fee
Single-family Residential	Flat rate per dwelling unit	\$10.6923	\$10.8099
Multi-family Residential (served by a common water meter)	Flat rate per dwelling unit	\$8.8693	\$8.9699
Commercial/Industrial: Most businesses, including private schools.	Flat rate per Equivalent Dwelling Unit (EDU).	\$12.4089	\$12.5454
High- Consumption Commercial/Industrial: Business with high water consumption relative to their meter size.	Flat rate per hundred cubic feet (ccf) of estimated sewer discharge based on water use	\$2.3219	\$2.3474
Public Schools – all public K-8 and high school districts with schools in the City.	Flat rate per Average Daily Attendance (ADA)	\$3.4150 HS \$2.1991 K-8	\$3.4526 HS \$2.2233 K-8

- a. Each Sewer Service User Charge shall be adjusted annually through Fiscal Year 2019-2020 to reflect the annual percentage adjustment in the Consumer Price Index for All Urban Consumers (“CPIU”) in Los Angeles, Orange and Riverside counties established by the U. S. Bureau of Labor Statistics and available after July 1 each year (+1.1% this year).

## PROPOSED WATER RATE ADJUSTMENTS

The charge for water service shown on the monthly municipal services bill is made up of two components: (1) the basic monthly (meter) charge, and (2) the water usage or commodity charge. The fees charged for each of these are designed to recover the cost of providing that component to the customer.

**Basic Meter Charge** - the following are the current and proposed fixed meter rates. For the purposes of presentation, a monthly rate is shown. However, the meter rate calculation is on a daily basis, computed from the established monthly rate, and therefore may vary from bill to bill based on the number of days in the billing cycle.

City Council Resolution 99-50 established that the current fixed meter charge described below with an adjustment reflecting the annual percentage adjustment in the Consumer Price Index for All Urban Consumers ("CPIU") in Los Angeles, Orange and Riverside counties established by the U. S. Bureau of Labor Statistics and available after July 1 each year (+1.1% this year).

The proposed charges will also be subject to CPIU adjustments for future years through Fiscal Year 2019-2020.

<b>Meter Size/Type</b>	<b>Current Monthly Charge</b>	<b>Proposed Monthly Charge</b>
¾"	\$11.2370	\$ 11.3606
1"	\$22.4740	\$ 22.7212
1-1/2"	\$33.7110	\$ 34.0818
2"	\$56.1850	\$ 56.8030
3"	\$123.6070	\$ 124.9667
4" compound	\$191.0290	\$ 193.1303
4" FM	\$370.8210	\$ 374.9000
6" compound	\$370.8210	\$ 374.9000
6" FM	\$752.8790	\$ 761.1607
8" FM	\$1,314.7290	\$ 1,329.1910
10" FM	\$2,056.3710	\$ 2,078.9911

**Water Usage/Commodity Charge** - The water usage charge, or commodity charge, is based on actual meter readings. The monthly billing statement shows current use in units. A unit equals 748 gallons or 100 cubic feet (ccf) of water.

City Council Resolution 99-50 established formulas for the annual adjustment of the water commodity rate. These formulas take into account the changes in the costs of groundwater and imported water and the percentages of each that the City is allowed to take to meet water demands.

The adjustment in the City's commodity rate = (new cost per acre-foot – prior cost per acre-foot) / conversion factor of 435.6 billing units per acre-foot.

When the current commodity rate was established in 2011, the percentage of the City's total water demand that it was permitted to pump from the Orange County Groundwater Basin (the Basin Pumping Percentage) was 65 percent. The cost of every acre-foot of groundwater that was pumped from the groundwater basin, also known as the Replenishment Assessment, was \$253.00 per acre-foot.

The remainder of the City's water supply (35 percent) came from water imported from the Colorado River and the State Water Project. The cost of this imported water was \$797.50 per acre-foot. Based on these costs and percentages the cost of an acre foot of water was:

$$\$253 \times 65\% + 797.50 \times 35\% = \$443.58 \text{ per acre-foot.}$$

The new Basin Pumping Percentage is 70 percent and the Replenishment Assessment is \$324 per acre-foot. The new imported water rate is \$942 per acre foot and the imported percentage of our water supply is 30 percent. Based on these costs and percentages the new cost of an acre foot of water is:

$$\$324 \times 70\% + \$942 \times 30\% = \$509.40 \text{ per acre-foot.}$$

Utilizing the adjustment formula, the proposed increase in the commodity rate for Fiscal Year 2015/16 amounts to:

$$(\$509.40 - \$443.58)/435.6 = \$0.1511 \text{ per billing unit.}$$

Using these formulas, the commodity rate for future years through Fiscal Year 2019-2020 shall be adjusted to reflect changes in the Basin Pumping Percentage, the Replenishment Assessment, and the cost of imported water based on information available after July 1 of each year.

	Current Rate	Proposed Rate for Fiscal Year 2015-2016
Water Rate per ccf	\$1.7535	\$1.9046