

Five-Year Water/Wastewater Rate Study

2020-2024



City of Santa Monica

Study Session Agenda



Santa Monica Water & Wastewater Services



Investing in a Sustainable Community



Water and Wastewater Rate Study



Council Input



City of Santa Monica

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

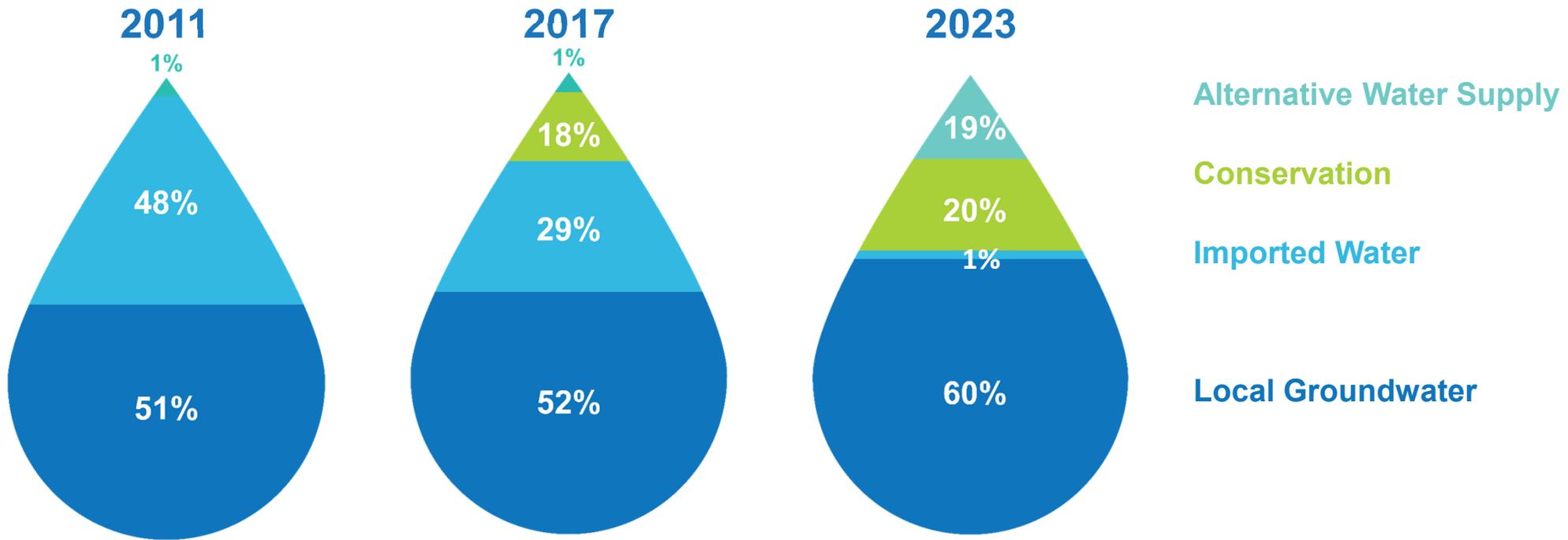
77,000 gallons
per day of recycled
water

**4 water storage
reservoirs**
totaling 40 million gallons



City of Santa Monica

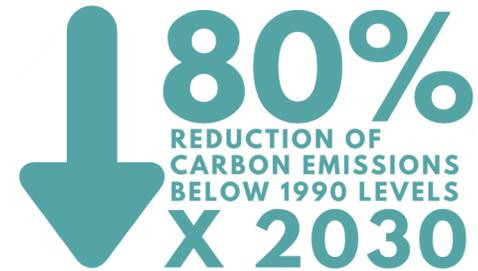
To Help Achieve a Sustainable Community



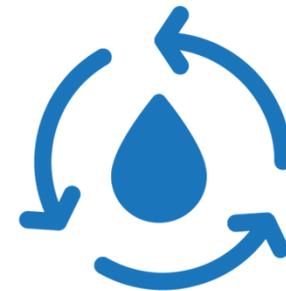
Rate Study 2020 – 2024

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

- Achieve water self-sufficiency
- Maintain high-quality and reliable water and wastewater services
- Improve environmental sustainability
- Maintain healthy account balance



Climate Action & Adaptation Plan

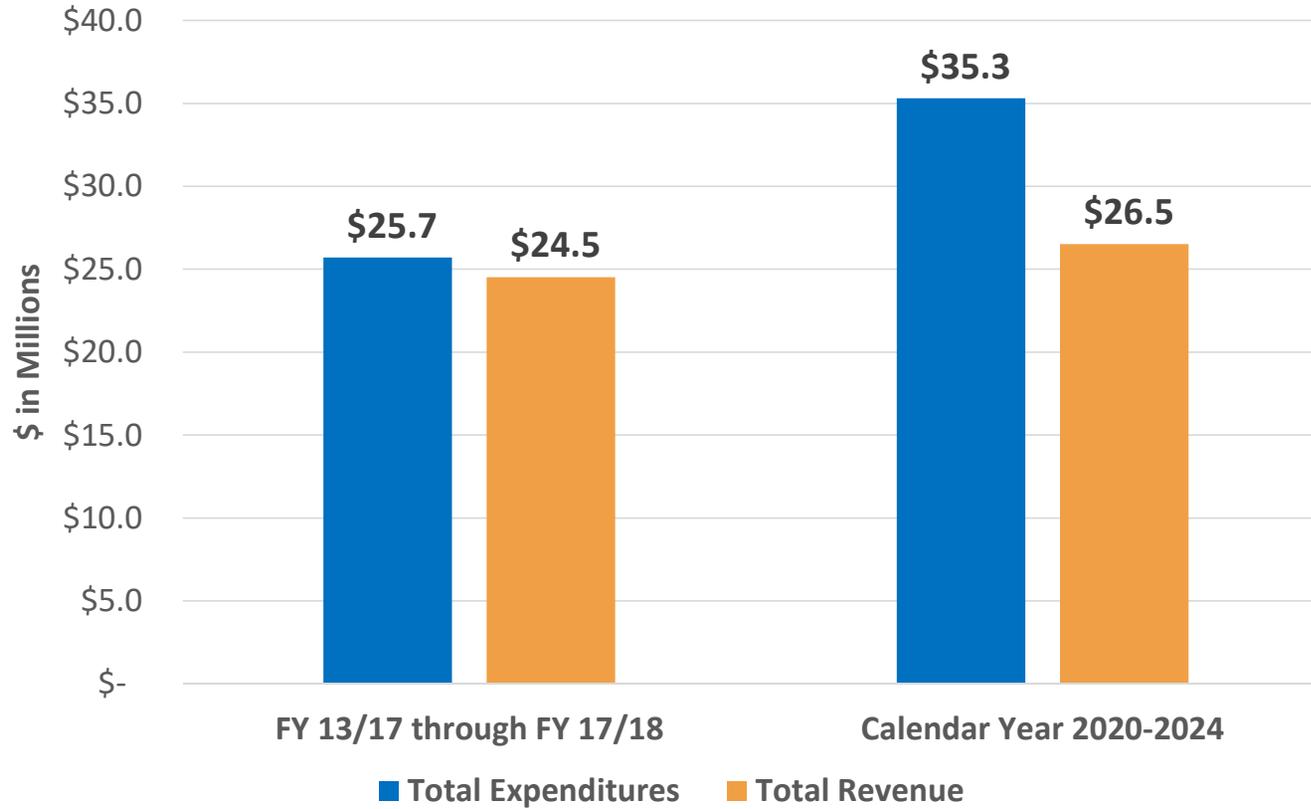


Sustainable Water Master Plan



City of Santa Monica

Projected Shortfall Without Rate Changes - Water

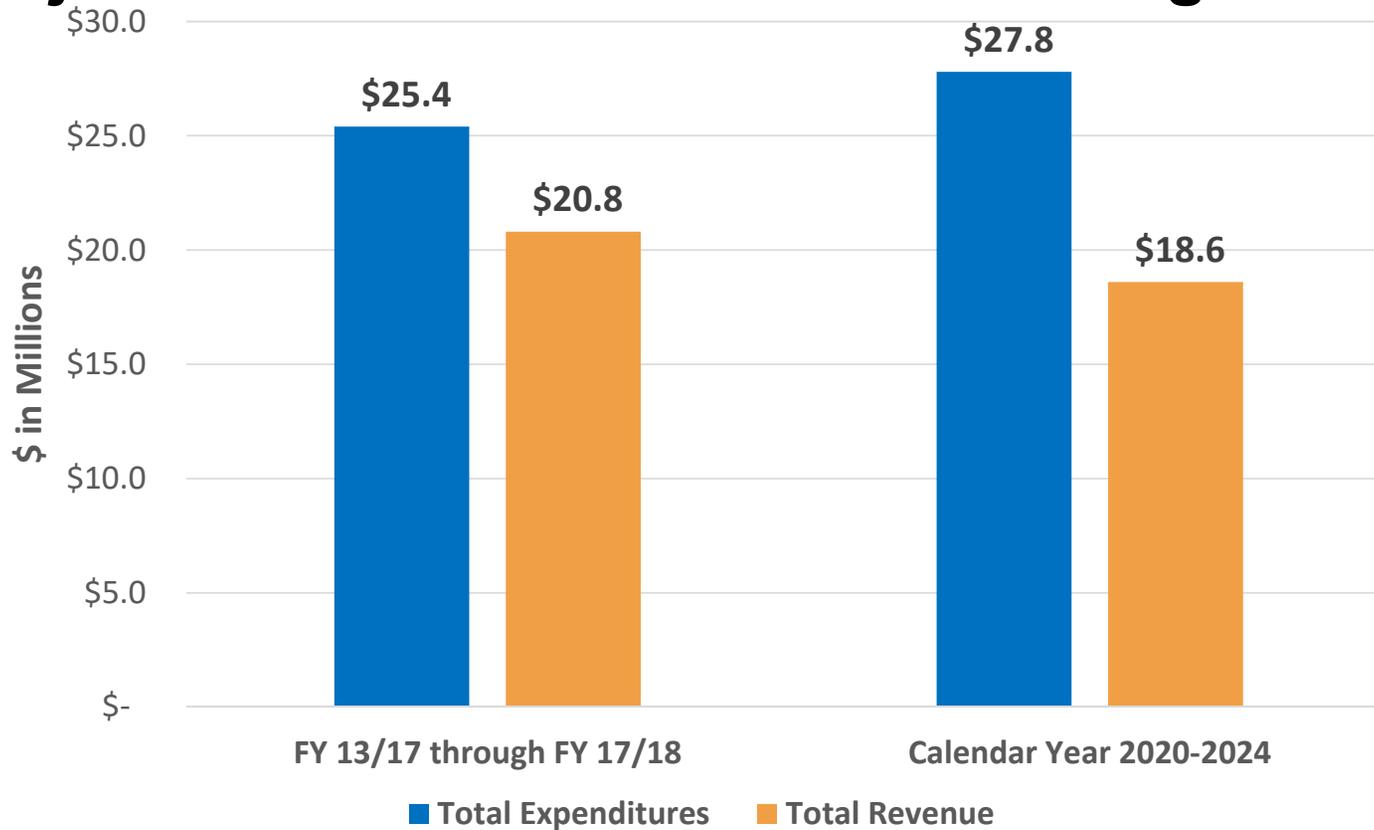


Projected \$9M per year shortfall without any changes to the water rates



City of Santa Monica

Projected Shortfall Without Rate Changes - Wastewater



Projected \$9M per year shortfall without any changes to the water rates



City of Santa Monica

Why the Shortfall?

- Investing in water self-sufficiency
- Increasing operational costs
- Increasing construction costs for CIP projects
- Decreasing water usage = Declining revenue





Rate Adjustment Scenarios

Water/ Wastewater Fund Scenario	Fund Routine Operations	Achieve Water Self-Sufficiency	Capital Improvement Program	
			All Projects Funded	With Efficiencies
1	✓	✓	✓	
2	✓	✓		✓



Water Fund - New Tier Rates and Breakpoints

- **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



Single Family Residential Tier Breakpoints:

Tier	Current Bi-Monthly (HCF)	Proposed Bi-Monthly (HCF)
Tier 1	0-14	0-11
Tier 2	15-40	12-18
Tier 3	41-148	19+
Tier 4	149+	-



Multi Family Residential Tier Breakpoints:

Tier	Current Bi-Monthly Per Unit (HCF)	Proposed Bi-Monthly Per Unit (HCF)
Tier 1	0-4	0-8
Tier 2	5-9	9-13
Tier 3	10-20	14+
Tier 4	21+	n/a



Non-Residential Tier Breakpoints

Meter Size	Current Tier 1	Current Tier 2	Proposed Tier 1	Proposed Tier 2	Proposed Tier 3
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+



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.

 WATER CHARGES			
	<u>Rate</u>	<u>Usage</u>	<u>Charges</u>
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

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





Proposed Rate Structure Alternatives:

Alternative A	100% Usage Based
Alternative B	15% Fixed / 85% Usage Based
Alternative C	25% Fixed / 75% Usage Based



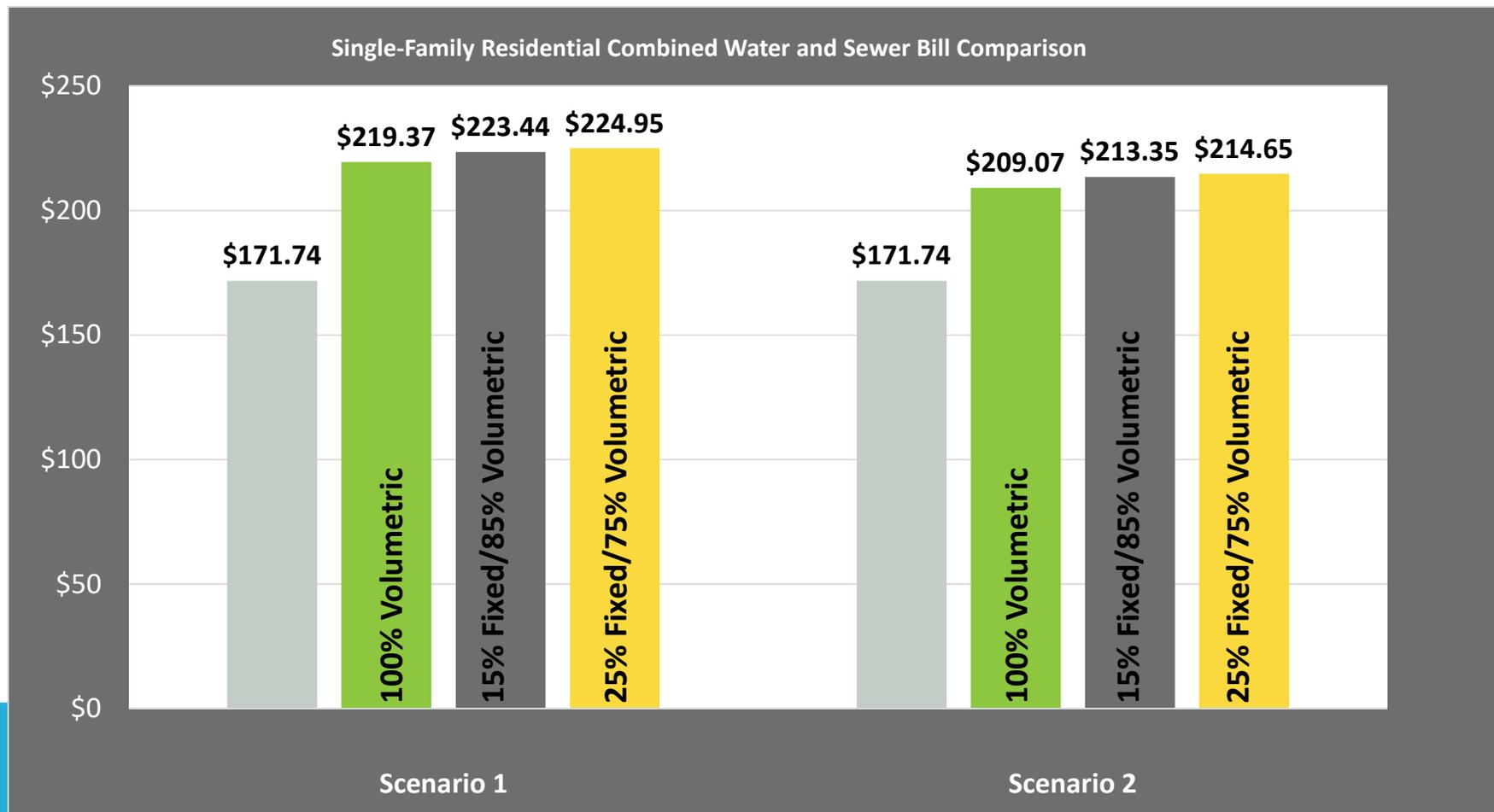
Proposed Rate Structure Alternatives, cont. (year 1)

Average Bill Single Family Residential	Current	Scenario 1	Scenario 2
Water	\$110	\$130-\$136	\$121-\$126
Wastewater	\$62	\$88-\$90	\$87-\$89
Combined	\$172	\$218 - \$226	\$208 - \$215

Average single family bill is ~26 HCF of water used (bi-monthly basis).



Proposed Rate Structure Alternatives, cont.

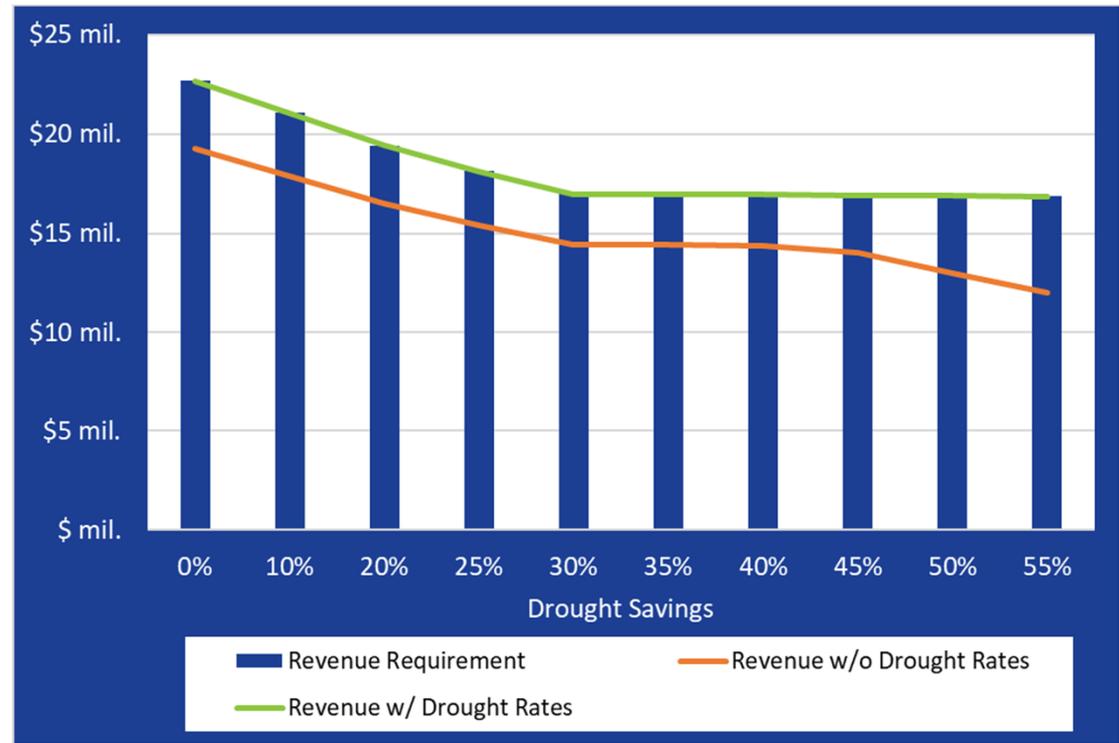




Drought Rates

Volumetric Surcharges that can be added at various mandated drought stages to help increase revenue stability.

Example of how Drought Rates Work:



How Does This Impact Your Bill?



City of Santa Monica

ACCOUNT INFORMATION

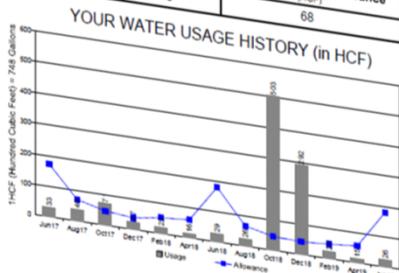
Account Number: 00011111-02
 Name: SINGLE FAMILY
 Service Address: 1234 MAIN STREET
 Bill Type: REGULAR
 Account Type: SINGLE FAMILY

WATER USAGE INFORMATION

Meter	Read Dates		Billing Days	Dwelling Units	Meter Size
	Present	Previous			
0079482444	06/10/2019	04/09/2019	62	1	0.75

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

Water Allowance (HCF)	Exceedance (HCF)	Next Estimated Allowance (HCF)
181	0	68



Utilities Account Statement

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	06/14/2019
DUE DATE	07/15/2019

WATER CHARGES

	Rate	Usage	Charges
Tier 1			
Tier 2	\$3.44	14	\$46.16
Utility Users Tax	\$5.16	12	\$61.92
Baysaver Fee			\$11.01
TOTAL WATER CHARGES			\$125.09

SEWER CHARGES

Flow Charge			
Utility Users Tax	\$4.65x.51x26		\$61.66
TOTAL SEWER CHARGES			\$61.67

RESOURCE RECOVERY & RECYCLING CHARGES

95 Gallon Container	\$105.06		
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.



City of Santa Monica

Your Utility Bill

- Single Family = average increase of \$23-36 per bi-monthly bill per year
- Average Santa Monica single family home uses 314 gallons per day
- 1 HCF = 748 gallons



City of Santa Monica



City of Santa Monica

ACCOUNT INFORMATION

Account Number 00011111-02
 Name SINGLE FAMILY
 Service Address 1234 MAIN STREET
 Bill Type REGULAR
 Account Type SINGLE FAMILY

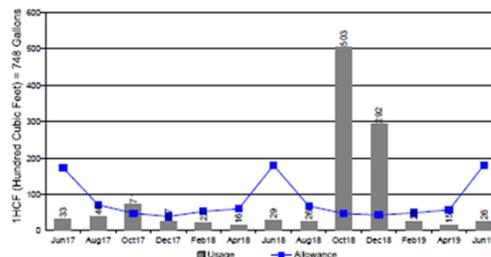
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0079482444	06/10/2019	04/09/2019	62	1	0.75

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

Water Allowance (HCF)	Exceedance (HCF)	Next Estimated Allowance (HCF)
181	0	68

YOUR WATER USAGE HISTORY (in HCF)



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TOTAL AMOUNT DUE	\$403.04
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WATER CHARGES

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

SEWER CHARGES

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

RESOURCE RECOVERY & RECYCLING CHARGES

95 Gallon Container	\$105.06	\$210.12
TOTAL REFUSE CHARGES		\$210.12

SPECIAL MESSAGE

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Your Utility Bill

- Multi-family buildings = average increase of \$18-48 per bill per year
- Key Facts
 - Increase of \$1-3 per unit per month
 - A multi-family unit uses 8 HCF per bill or 100 gallons per day



City of Santa Monica

ACCOUNT INFORMATION

Account Number
Name
Service Address
Bill Type
Account Type

MULTI FAMILY
1234 MAIN STREET
REGULAR
MULTI UNIT DWELLING

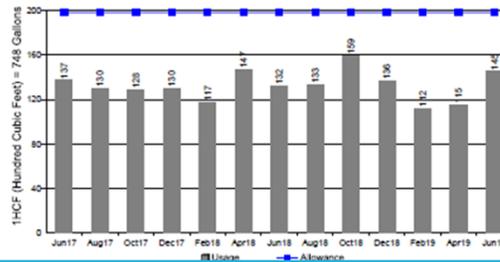
WATER USAGE INFORMATION

Meter	Read Dates		Billing Days	Dwelling Units	Meter Size
	Present	Previous			
0018551115	06/10/2019	04/09/2019	62	18	2.00

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

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

YOUR WATER USAGE HISTORY (in HCF)



Utilities Account Statement

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
DUE DATE	07/15/2019

WATER CHARGES

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



City of Santa Monica

Your Utility Bill

- Commercial customers = average increase of \$50-87 per bill per year
- Key Facts
 - Average commercial (1.5-2" meter) uses 73 HCF or 910 gallons per day
 - Large commercial uses 135 HCF per bill or 1,700 gallons per day



City of Santa Monica



City of Santa Monica

ACCOUNT INFORMATION

Account Number
Name
Service Address
Bill Type
Account Type

COMMERCIAL
1234 MAIN STREET
REGULAR
COMMERCIAL

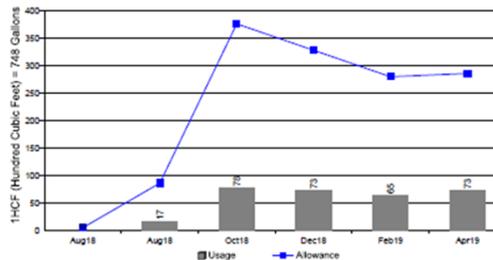
WATER USAGE INFORMATION

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

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

Water Allowance (HCF)	Exceedance (HCF)	Next Estimated Allowance (HCF)
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	05/06/2019

WATER CHARGES

	Rate	Usage	Charges
Tier 1	\$4.88	73	\$356.24
Utility Users Tax			\$35.62
TOTAL WATER CHARGES			\$391.86

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

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

Average Increase per Bi-Monthly Bill



- Single family homes = \$23-36 each year over five years (~\$0.006/gallon)



- Multi-family buildings = \$18-48 each year over five years \$1-3/unit per month



- Commercial = \$50-87 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>

- Maintain existing program funding



Cost of Delivering Safe Water



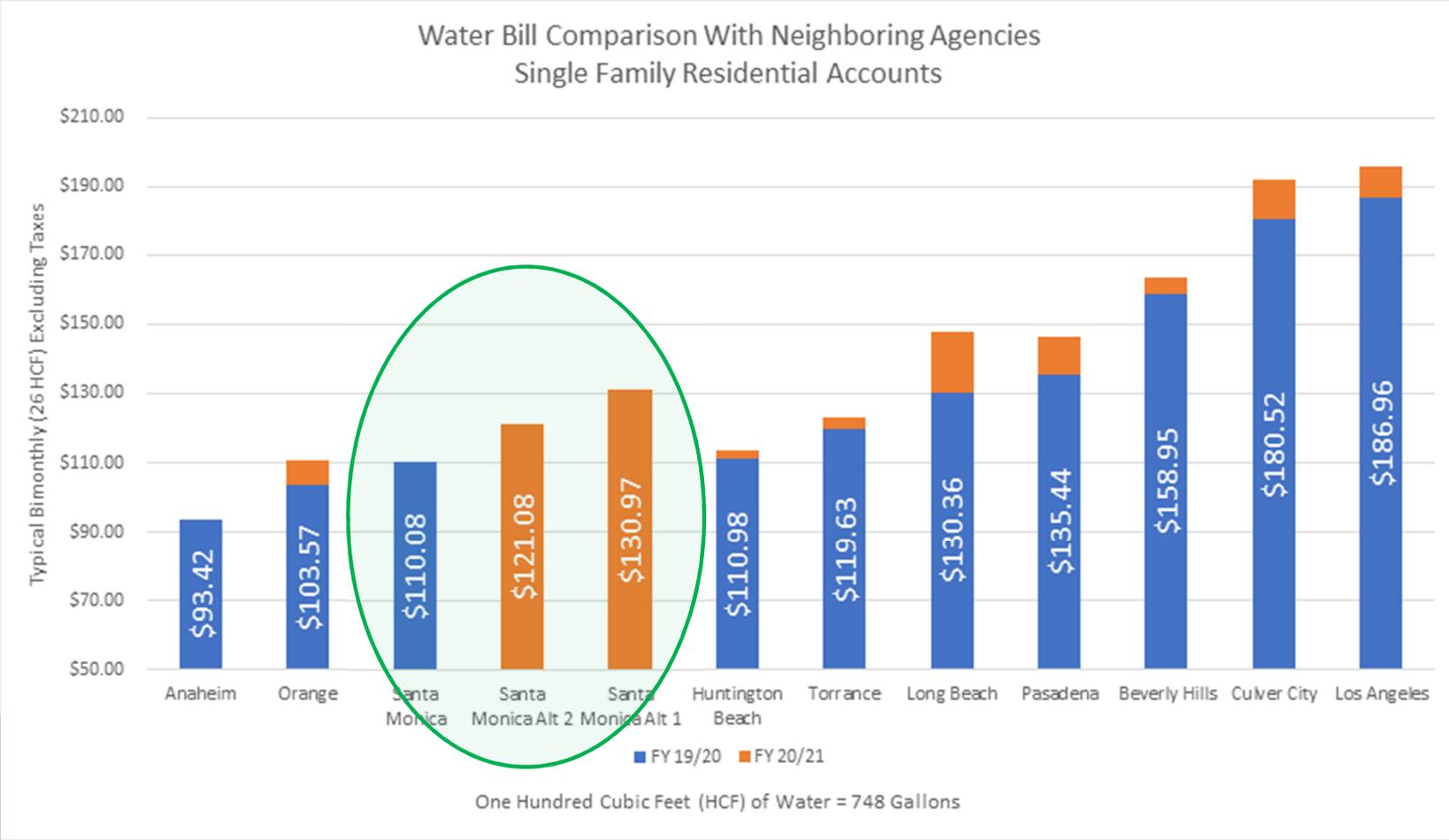
Over 65% of
Operation
Costs are
Fixed

24% Capital Improvement Projects	Labor 23%	22% Operations	Imported Water Purchase 13%	10% Environmental Programs	Local Water Production 8%
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City of Santa Monica

Water Bill Comparisons for Single Family Residential

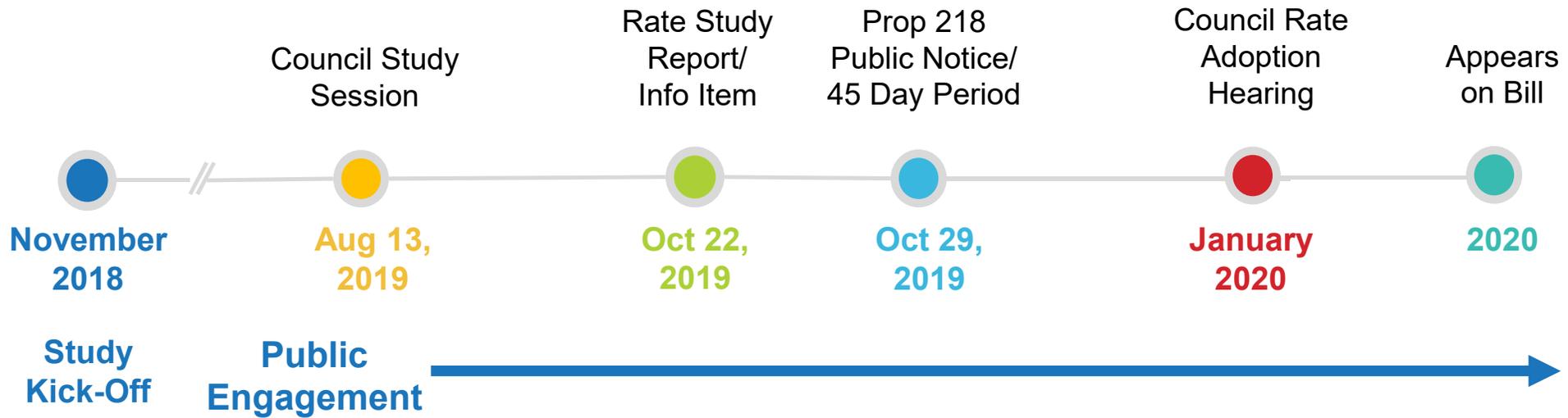


Where Santa Monica will be in 2024

- Water self-sufficient
- On track to meet our carbon reduction goal
- Reducing stormwater run-off to Santa Monica Bay
- Refilling local groundwater effectively
- Protected from increasing costs of imported water



Rate Study Next Steps



City of Santa Monica



Council Input on Key Rate Study Components

- Capital Improvement Program
- Water rate structure
- Drought rate structure
- Low Income Assistance Program





THANK YOU