

Proposed Sewer Rate Increase Notice of Public Hearing and Protest Procedure

NOTICE IS HEREBY GIVEN that on **Tuesday, September 12, 2017 at 7:00 p.m.**, a public hearing will be conducted in the City Council Chambers at 100 Civic Center Drive, Newport Beach, CA 92660 to consider the proposed sewer rate increases for all parcels of property that are provided sewer service by the City of Newport Beach. This will be a public hearing before the Newport Beach City Council to allow public testimony and discussion of the proposed sewer rate adjustments described within this notice. The City Council will take written and oral comments that evening. They will also consider all written protests against the proposed charges, determine if a majority protest exists, and consider resolutions to adopt the sewer rate charges.

The public also receives wastewater treatment services from the Orange County Sanitation District, which is responsible for setting its rates, sending separate notices of public hearings, and holding a separate public hearing.

How to File a Written Protest

Written protests must be filed with the City of Newport Beach City Clerk. Written protests may be hand delivered or mailed to the City Clerk at 100 Civic Center Drive, Newport Beach, California 92660. To be valid, written protests must state opposition to the proposed water rate increase, identify the parcel(s) (by assessor's parcel number(s) or street address(es)), and include the original signature of the sewer service customer or property owner. Written protests may be submitted up to the conclusion of the public testimony at the public hearing on **September 12, 2017**.

About Proposition 218

In November 1996, California voters approved Proposition 218. As a result, California agencies must comply with its requirements when setting utility rates. One provision requires that a noticed public hearing on utility rates be held and that rates not be increased if a majority of affected property owners protest the increased rates in writing.

Frequently Asked Questions

Q. What does my sewer bill pay for?

A. *Your Newport Beach sewer bill covers the following categories costs and services:*

- *The annual operation and maintenance of the sewer system, including pump station operations and sewer division employee salaries and benefits.*
- *The repair and replacement of pipes, pump stations, facilities and equipment to improve the sewer system safety, efficiency and reliability. No debt for this purpose is proposed and all improvements are "paid as we go" with rate revenue.*

Q. Why do the rates need to be raised?

A. *All sewer operations, maintenance, and capital improvements are funded through the Sewer Enterprise Fund which is separate from the City's General Fund. The City last raised sewer rates in 2006. With efficiencies we have been able to adequately operate and maintain the system for nearly eleven years without an increase, however, the current revenues are insufficient to meet expenditure requirements. The City completed a Sewer Capital Improvement Master Plan in 2010. The plan identifies infrastructure that requires replacement with associated costs and is prioritized by severity of damage and risk. The Master Plan suggests an increase in expenditures over the next thirty years. The projected Sewer Enterprise Fund balance will drop below the City Council reserve policy in one year and will be completely depleted in two years without an increase.*

Q. How is my sewer bill currently calculated?

A. Currently a customer’s sewer bill is a component of the municipal services statement sent to City sewer customers. Each bill has at least two components that are designed to proportionately recover costs from customers as required by the law:

1. **Sewer Service (Fixed):** This monthly charge is based on the customer’s water meter size. Most single-family residential properties have either a 3/4, 5/8 or 1-inch meter. The charge increases as the meters get larger. Revenue from this fixed charge covers approximately 60% of total costs of sewer operations, maintenance and capital improvements and the majority of fixed costs.
2. **Sewer Use (Variable):** This charge is based on the amount of water used and is calculated by multiplying the number of water billing units (HCF) by the Sewer Use charge. One HCF (Hundred Cubic Feet) is equal to 748 gallons. Revenue from this variable charge covers approximately 40% of total costs of operations, maintenance and capital improvements, a portion of which covers the remaining fixed costs not covered by the Sewer Service Charge and a portion of which covers the variable costs.

There are two charges being removed from the proposed rate structure: a surcharge for customers with meters 2 inches or larger and a charge per dwelling unit. Under the revised sewer rate structure, these charges will be incorporated into the monthly sewer service charge.

For sewer customers who do not purchase potable water from the City, there is a fixed flat rate charge identified on the statement as: (Sewer Service – No Water). This charge is a combination of a monthly charge based on water meter size and average water use for that size of meter. This charge pays a portion of the sewer operations, maintenance and capital improvement costs and is estimated to be equal to those charges established for City water customers of equal meter size.

Q. How can I find out how the rate change affects my bill?

A. Start by looking at your current Municipal Services Statement (a sample has been provided below). You’ll see a notation like “**WATER SERVICE .625”**. This means that the water meter at your home or business is a 5/8” meter. Next, look at the “Current and Proposed Sewer Rates” chart that follows on this notice. Under “Sewer Service”, if you have a 5/8” meter, the rate will go from **\$4.50** per month, or **\$9.00** for each two-month period, to **\$6.46** per month, or **\$12.92** for each two-month period. The new bills may name this “Sewer Service .625”.

Using the sample provided, your charge for sewer use (“SEWER USE HCF”), will be calculated by multiplying the proposed per unit charge of **\$0.38** (currently \$0.35) by the number of water billing units (6 HCF) for a total of **\$2.28**. The total sewer charges combine the Sewer Service (**\$12.92**) and the Sewer Use (**\$2.28**) for a total cost of **\$15.20** per two-month billing period, or **\$7.60** per month. For each year after (January 2018), use the same method by referencing the rate table on the next page.

SAMPLE

MUNICIPAL SERVICES STATEMENT

This is where to find your meter size.

Water Conservation Route: 550			
SERVICE PERIOD:		01/15/15 to 03/17/15	
Current Reading: 474			
WATER CHARGES:			
1	WATER USE HCF	6.00	\$3.08
	WATER SERVICE .625"	1.00	\$34.54
	WATER SERV-MULTI/BI-	1.00	\$2.00
SEWER CHARGES:			
N	SEWER USE HCF	6.00	\$2.10
	SEWER SERVICE/BI-MO	1.00	\$9.00
	SEWER SRV-MULTI/BI-M	1.00	\$4.00

This is how much water you used.
*See Sewer Use Charge below for the new rate.

Current and Proposed Sewer Rates

Newport Beach Water and Sewer Customers						
Monthly Sewer Service Charge						
Meter Size	Current	1/1/2018	1/1/2019	1/1/2020	1/1/2021	1/1/2022
5/8"	\$ 4.50	\$ 6.46	\$ 7.07	\$ 7.74	\$ 8.39	\$ 8.55
3/4"	\$ 4.50	\$ 6.46	\$ 7.07	\$ 7.74	\$ 8.39	\$ 8.55
1"	\$ 4.50	\$ 6.46	\$ 7.07	\$ 7.74	\$ 8.39	\$ 8.55
1.5"	\$ 4.50	\$ 7.11	\$ 7.78	\$ 8.51	\$ 9.23	\$ 9.41
2"	\$ 14.50	\$ 9.70	\$ 10.61	\$ 11.61	\$ 12.58	\$ 12.83
3"	\$ 14.50	\$ 10.99	\$ 12.02	\$ 13.15	\$ 14.26	\$ 14.54
4"	\$ 14.50	\$ 12.93	\$ 14.14	\$ 15.47	\$ 16.77	\$ 17.11
6"	\$ 14.50	\$ 14.55	\$ 15.91	\$ 17.41	\$ 18.87	\$ 19.25
8"	\$ 14.50	\$ 16.16	\$ 17.68	\$ 19.34	\$ 20.97	\$ 21.39
10"	\$ 14.50	\$ 20.69	\$ 22.63	\$ 24.76	\$ 26.84	\$ 27.37
12"	\$ 14.50	\$ 25.86	\$ 28.29	\$ 30.95	\$ 33.55	\$ 34.22
Sewer Use Charge (HCF)						
	Current	1/1/2018	1/1/2019	1/1/2020	1/1/2021	1/1/2022
	\$ 0.35	\$ 0.38	\$ 0.42	\$ 0.46	\$ 0.50	\$ 0.54

Newport Beach Sewer Customers Only						
Monthly Sewer Service - No Water Charge						
Meter Size	Current	1/1/2018	1/1/2019	1/1/2020	1/1/2021	1/1/2022
5/8"	\$ 6.25	\$ 9.90	\$ 10.83	\$ 11.85	\$ 12.84	\$ 13.10
3/4"	\$ 6.25	\$ 9.90	\$ 10.83	\$ 11.85	\$ 12.84	\$ 13.10
1"	\$ 6.25	\$ 11.59	\$ 12.68	\$ 13.87	\$ 15.04	\$ 15.34
1.5"	\$ 6.25	\$ 34.87	\$ 38.15	\$ 41.73	\$ 45.24	\$ 46.14
2"	\$ 6.25	\$ 35.92	\$ 39.30	\$ 42.99	\$ 46.60	\$ 47.54
3"	\$ 6.25	\$ 92.27	\$ 100.94	\$ 110.43	\$ 119.70	\$ 122.10
4"	\$ 6.25	\$ 163.41	\$ 178.78	\$ 195.58	\$ 212.01	\$ 216.25
6"	\$ 6.25	\$ 287.97	\$ 315.04	\$ 344.65	\$ 373.60	\$ 381.07
8"	\$ 6.25	\$ 289.58	\$ 316.80	\$ 346.58	\$ 375.70	\$ 383.21
10"	\$ 6.25	\$ 294.11	\$ 321.75	\$ 352.00	\$ 381.57	\$ 389.20

Note: Surcharge and Per Dwelling Unit charges have been removed from proposed rates

For more detailed information regarding the proposed rates, please visit our web site at: www.newportbeachca.gov/SewerRates

Need more information or assistance estimating your bill? Please contact us (949) 644-3011 or email at utilitieshelp@newportbeachca.gov