



CITY OF NEWPORT BEACH

UTILITIES DEPARTMENT

100 CIVIC CENTER DRIVE, NEWPORT BEACH, CA 92660

CITY OF NEWPORT BEACH - PROPOSITION 218 NOTICE

NOTICE OF PUBLIC HEARING ON PROPOSED WATER AND SEWER RATE INCREASE

PUBLIC HEARING AND PROTEST PROCEEDING



PUBLIC HEARING

The City of Newport Beach will conduct a public hearing on **November 14, 2023, at 4 p. m.** in the Council Chambers at **100 Civic Center Drive, Newport Beach, CA 92660**. The purpose of the hearing will be to consider adoption of the proposed potable, recycled, fire protection and sewer rates.



HOW TO SUBMIT A WRITTEN PROTEST

Any current record owner of a parcel upon which the water and sewer rate changes are proposed, or any tenant directly responsible for payment of water and sewer rates (i.e., a customer of record who is not a property owner), may submit a written protest to the proposed rate increases to the City's water and sewer rates; provided, however, only one protest will be counted per identified parcel. Each protest must: (1) be in writing; (2) state if the protest is submitted in opposition to the water and sewer rate increase; (3) provide the location of the identified parcel (by service address or assessor's parcel number), and (4) include the name and signature of the person submitting the written protest. Written protests may be submitted by mail or in person to the City of Newport Beach office, **100 Civic Center Drive, Newport Beach, CA 92660**, or in person at the public hearing (see date, time, and location above). All written protests must be received prior to the conclusion of the public comment portion of the public hearing. Any protest submitted via email, facsimile, or other electronic means will not be accepted as a formal written protest. For any protest submittal, whether mailed or submitted in person, please identify on the front of the envelope that the enclosed letter is for the Public Hearing on Proposed Rate Increases. The City Council will consider all written protests timely submitted and hear and consider all public comments made at the public hearing. Oral comments at the public hearing will not qualify as formal protests unless accompanied by a written protest. At the conclusion of the public hearing, the City Council will determine whether to adopt the proposed rate increases described in this notice. If, after the close of the public hearing, written protests against the proposed rate increases and as outlined above are not presented by a majority of the record owners or responsible tenants of the identified parcels upon which they are proposed to be imposed, the City Council will be authorized to impose the rate increases. If you have any questions regarding the information provided in this notice, or the rates applicable to your property, please contact the Utilities Department at 949-644-3011.

Senate Bill 323: 120-Day Statute of Limitations for New or Increased California Water and Sewer Rates. With the enactment of SB 323, customers must bring a civil action to new or increased water and sewer rates within 120 days of the effective date or date of final passage, adoption or approval of the resolution adopting the applicable water and sewer rate(s).



2023 Proposition 218 Notice

UTILITIES DEPARTMENT

WATER, SEWER, STORM DRAINS, AND STREET LIGHTS

NOTICE OF PUBLIC HEARING ON PROPOSED WATER AND SEWER RATE INCREASE



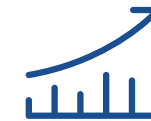
PUBLIC HEARING

**Tuesday, November 14, 2023
at 4 P.M.**

ATTEND IN PERSON

Council Chambers
100 Civic Center Drive,
Newport Beach, CA 92660

The Utilities Department invites you to attend and participate in this public hearing. The City Council will consider adopting the proposed water and sewer rate increases.



KEEPING PACE WITH RISING COSTS

Proposed Rate Increase

In compliance with Proposition 218, the City is notifying all customers about proposed changes to the City's water and sewer rate charges. You are receiving this notice because you are a customer of the City of Newport Beach.

Of utmost importance is the effort to minimize costs, including rates, while maintaining the integrity and reliability of the City's infrastructure and its financial stability.

To assist the City in this endeavor, an independent outside financial consultant who specializes in cost of service analysis and rate setting was retained by the City.



ADDITIONAL INFORMATION

Please Visit Our Website

www.newportbeachca.gov/trending
under "Projects"

The Utilities Department has created a comprehensive website that houses all the relevant information along with the detailed rate studies.



The proposed rate increase to support the cost of operations are due to the following cost drivers:



THE COST TO PURCHASE AND TREAT WATER



CONSTRUCTION OF CAPITAL INFRASTRUCTURE IMPROVEMENTS NEEDED FOR AGING WATER, SEWER AND RECYCLED WATER SYSTEMS



WATER TREATMENT CHEMICALS



ELECTRICITY



CITY LABOR NECESSARY TO MAINTAIN THE OPERATIONS OF THE CITY



ONGOING REPLACEMENT OF VITAL INFRASTRUCTURE



NOTICE OF PUBLIC HEARING

SUMMARY

The City is writing to inform you of proposed changes to the rates we charge for your water and sewer services. If approved by City Council, these changes will take effect on your billing statements beginning January 1, 2024. These proposed increases are the result of detailed budget analysis and the findings of recent City Water and Sewer Rate Study Reports (Rate Study). The reports were prepared by an independent financial firm to determine a fair and equitable cost allocation among water and sewer customer categories.

Typical monthly increases for the most common customers will be:
 (Example: with a 5/8-inch meter using 10 HCF Hundred Cubic Feet, i.e. 7,480 gallons per month)

For water, \$4.77 in 2024, \$5.50 in 2025, \$6.00 in 2026, \$6.00 in 2027, \$6.00 in 2028

For sewer, \$2.20 in 2024, \$2.50 in 2025, \$3.00 in 2026, \$3.50 in 2027, \$3.50 in 2028

The net impact of the proposed changes in the rates for water customers will vary based upon actual water consumption and meter size.

BACKGROUND

Every few years, as the current rate schedules expire, separate financial plan and rate studies are necessary to evaluate the water and sewer rates, determining the charge for customers. Rate studies were previously completed in 2017 for sewer and in 2019 for water. These studies represent a best practice for determining utility rates that are fair, equitable and reflective of the demand placed on the systems by the customers. The goal was to ensure the City's plans for critical infrastructure maintenance, accounting for inflation, and funding capital improvement projects with cash, were in alignment with proposed rates. Our mission is to continue providing high-quality and local control water and sewer services at the best value for Newport Beach.

These water and sewer services are separately tracked and are funded through the revenue collected from your municipal services statement, i.e. water and sewer bill. No taxes or property taxes are received for your water and sewer services, and there is no debt on the system, so the City must align rates with the cost to deliver services. Costs include (1) the cost to supply and treat water, (2) compliance with governing regulations, (3) the repair, replacement, and update of aging systems, and (4) ongoing maintenance of this critical infrastructure.

Like any asset, regular maintenance and replacement are critical to operate the City's water and sewer systems. Over the past four years, we have invested in tens of millions of dollars in pipeline and pump station replacements and upgrades. Over the next five years, we are continuing that ongoing investment with over \$45 million in water and sewer capital replacements and upgrades. Among other projects, we'll continue to rehabilitate our water storage reservoirs, groundwater wells, pump stations and replace/rehabilitate miles of pipelines. This will include complex underwater work for lines that run beneath Newport Harbor.

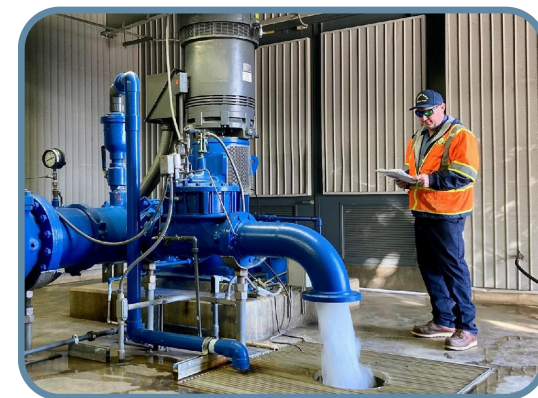


THE WATER SYSTEM

The City of Newport Beach Utilities Department manages the City's water system. Our water is sourced by a blend of up to 85% ground water and 15% imported surface water. Newport's groundwater comes from four ground water wells located in the City of Fountain Valley, then pumped to a reservoir in Newport Beach. The groundwater basin is actively managed by Orange County Water District (OCWD, www.ocwd.com). Ground water comes from a natural under ground aquifer, layered with sand and gravel, that works as a natural water filter. The water is replenished with water from the Santa Ana River, local rainfall, imported water and the Ground Water Replenishment System (GWRS). The imported surface water is primarily from the Colorado Aqueduct (Colorado River) and sometimes water from the California Aqueduct (Northern California). The Utilities Department maintains and operates the City's water system which includes 4 groundwater wells, 3 water storage reservoirs, 17 pumps and 42 pressure reduction stations. Additionally, the department oversees recycled water services, manages over 300 miles of water distribution pipelines, maintains over 25,000 service lines, and over 2,500 fire hydrants to distribute water to the homes and businesses of Newport Beach.

THE SEWER SYSTEM

The City of Newport Beach Utilities Department also manages the sewer system, providing service to residential and commercial customers. The City's system is a collection and transportation system; the Orange County Sanitation District (OC San) Huntington Beach plant provides treatment services. Sanitary sewer flows are collected from Newport Beach residences and businesses and transported through more than 25,000 laterals, 200 miles of gravity sewer mains and 5 miles of pressurized force sewer mains by way of 21 pump (lift) stations to OC San.



We take seriously the maintenance and replacement of the systems, as well as the trust you've placed in us to deliver high quality water and sewer services, and we adjust rates only when necessary. Should you have any questions about the proposed changes, please visit our website or newportbeachca.gov/trending under "Projects" or contact the Utilities Department at 949-644-3011.

Thank you for your support and understanding.

Mark Vukojevic, Utilities Director

PROPOSED 5-YEAR WATER RATES

Effective Date	Current	New	New	New	New	New
		01/01/2024	01/01/2025	01/01/2026	01/01/2027	01/01/2028
Fixed Service Charges (\$/Month)						
Meter Size						
5/8", 3/4"	25.22	27.09	31.59	36.59	41.59	46.59
1"	39.09	41.99	50.07	58.30	66.53	74.75
1-1/2"	73.69	79.15	96.29	112.59	128.88	145.16
2"	115.23	123.76	151.74	177.74	203.71	229.65
3"	305.61	328.23	405.92	476.32	546.65	616.89
4"	523.69	562.45	697.06	818.33	939.47	1,060.46
6"	1,112.15	1,194.45	1,482.68	1,741.22	1,999.48	2,257.39
8"	1,942.91	2,086.69	2,591.80	3,044.12	3,495.95	3,947.18
Fire Service Charge (\$/Month)						
Meter Size						
1"	13.14	14.12	8.96	9.59	10.18	10.75
1-1/2"	13.72	14.74	10.15	10.86	11.55	12.23
2"	14.72	15.81	12.21	13.06	13.92	14.77
2-1/2"	16.23	17.44	15.31	16.36	17.48	18.60
3"	18.31	19.67	19.59	20.94	22.43	23.91
4"	24.52	26.34	32.33	34.53	37.10	39.68
6"	46.75	50.21	78.03	83.29	89.75	96.25
8"	85.13	91.43	156.85	167.41	180.56	193.84
10"	142.84	153.42	275.42	293.93	317.16	340.62
Usage Charge (\$/HCF)						
Water Usage	3.87	4.16	4.26	4.36	4.46	4.56

PROPOSED 5-YEAR RECYCLED WATER RATES

Effective Date	Current	New	New	New	New	New
		01/01/2024	01/01/2025	01/01/2026	01/01/2027	01/01/2028
Fixed Service Charges (\$/Month)						
Meter Size						
1"	18.41	19.78	21.85	23.06	24.16	25.25
1-1/2"	32.35	34.75	39.84	42.10	44.15	46.16
2"	49.09	52.73	61.43	64.95	68.13	71.25
3"	125.81	135.12	160.38	169.69	178.05	186.25
4"	213.68	229.50	273.72	289.66	303.96	317.97
6"	450.80	484.16	579.56	613.40	643.72	673.42
8"	785.55	843.69	1,011.34	1,070.43	1,123.38	1,175.23
Usage Charge (\$/HCF)						
RW Usage	2.21	2.29	2.66	2.74	2.82	2.91
Pump Charge	0.67	0.72	0.50	0.52	0.55	0.57

PROPOSED 5-YEAR SEWER RATES

Effective Date	Current	New	New	New	New	New
		01/01/2024	01/01/2025	01/01/2026	01/01/2027	01/01/2028
Fixed Service Charges (\$/Month)						
Meter Size						
5/8", 3/4", 1"	8.55	10.55	12.85	15.65	18.95	22.25
1-1/2"	9.41	15.83	19.28	23.47	28.43	33.38
2"	12.83	21.11	25.71	31.30	37.90	44.51
3"	14.54	26.38	32.14	39.12	47.38	55.63
4"	17.11	31.66	38.56	46.95	56.85	66.76
6"	19.25	36.94	44.99	54.77	66.33	77.89
8"	21.39	42.22	51.42	62.60	75.81	89.01
Usage Charge (\$/HCF)						
Sewer Usage	0.51	0.53	0.55	0.57	0.59	0.61
Sewer Only Customers - Fixed Service Charge (\$/Month), No Usage Charge						
Meter Size						
5/8", 3/4"	13.10	15.86	18.36	21.35	24.85	28.36
1"	15.34	18.51	21.11	24.20	27.80	31.41
1-1/2"	46.14	53.99	58.88	64.52	70.91	77.30
2"	47.54	59.27	65.31	72.34	80.39	88.43
3"	122.10	137.68	147.63	158.83	171.29	183.74
4"	216.25	238.35	253.06	269.27	286.97	304.67
6"	381.07	413.21	435.48	459.51	485.26	511.00
8"	383.21	418.49	441.91	467.33	494.74	522.12
10"	389.20	423.77	448.33	475.15	504.21	533.25