

Proposed Increase to Water Rates

The City of San Diego is proposing changes that will affect your water bill.

Last year, the City contracted with an independent rate consultant to conduct a cost-of-service study on water services to evaluate future revenue requirements. The study looked at the projected capital costs, operating costs, debt costs and the overall financial stability of the water utility through fiscal year 2025. The study found that if the City's water rates remain unchanged, there will not be enough revenue to provide necessary water services for fiscal years 2024 and 2025.

As proposed, water rates will increase 10.2% beginning on Dec. 1, 2023 and up to 8.7% on Jan. 1, 2025. Additionally, the City is seeking to pass-through any rate increases imposed by the San Diego County Water Authority. Operations and project needs are analyzed annually, and the increase in future years may be lower than these figures. Historically, the City has implemented lower than projected increases because the operational needs do not reach the cost assumptions in the cost-of-service study due to process changes and/or efficiencies. The Public Utilities Department will hold three public forums

where residents can learn more information and ask questions before the public hearing on **Sept. 19, 2023**. The schedule of forums is available on the City's website at sandiego.gov/rate-increases and will be updated should opportunities be added or changed.

Public Hearing Information

A public hearing will be held on proposed maximum increases to water rates and pass-through charges in calendar years 2023 through 2025.

The public hearing will be held Sept. 19, 2023, at 2 p.m. 202 C St., 12th Floor, San Diego, CA 92101

Please see the back page of this brochure for information on how you can participate. The City Council will hear and consider oral testimony and written materials submitted regarding the proposed rate increases at the hearing. The City Council will have the authority to make adjustments to the proposed rate increases in response to oral testimony and written materials submitted for consideration. Only formal written protests will be considered under the City's Proposition 218 protest tabulating procedures and must be received before the close of the public hearing either in person at the public hearing or via mail to **City Clerk, 202 C St., MS 2P, San Diego, CA 92101**.



Where Does the Money Go that the City Collects from Water Fees?

Making sure San Diegans have clean water is expensive, partly due to the state and federal regulations the City must follow. Approximately 59% of the Public Utilities' Fiscal Year 2024 budget is expected to go toward the purchase of imported water and the remaining 41% of the department's budget will pay for maintenance, upgrades and debt service for the City's water system. Updating and maintaining our vast water delivery system is essential for the City to continue bringing clean water to our 1.3 million residents while maintaining strict quality standards.

Current upgrade projects include:



Investing in customer support solutions to address routine customer concerns quickly and effectively.



Resiliency improvements at water treatment plants that produce millions of gallons of water per day for delivery across our 3,300-mile distribution system.



Replacing 40 miles of pipelines each year to reduce pipeline failures.



Increasing onsite renewable power from 1,910 kilowatt (KW) to 2,766 KW to help reduce greenhouse gas emissions and long-term costs.

The City is also continuing its investment in the Pure Water Program, a landmark water recycling program that will greatly reduce the need for the City to purchase imported water. For the Pure Water Phase 1 project, the City is borrowing \$733.5 million at 1.38%, saving over \$300 million in avoided interest costs to reduce water imports by 40%. Our largest infrastructure program to date, Pure Water will provide nearly half of San Diego's water supply locally by the end of 2035.

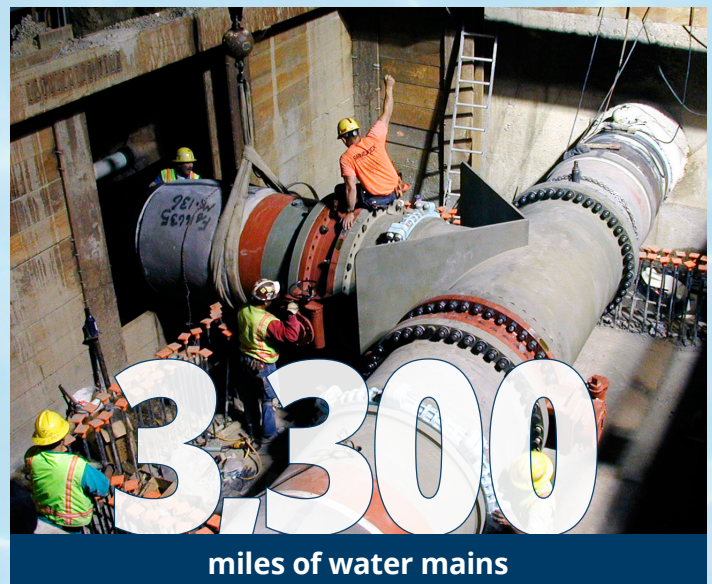


Why are Water Fees Increasing?

The City of San Diego's Public Utilities Department (Department) is dedicated to providing reliable water service in a cost-effective manner while protecting our water resources and the public's health. The Department does not generate a profit and is not supported by the City's General Fund. The City's rate structure must account for and set rates to reflect the full needs of providing water service. The Department strives to keep costs low. However, some costs, such as the price of purchasing water, are beyond the Department's control. The City purchases as much as 85% to 90% of all its drinking water. When the suppliers increase the cost of this water, the City must pay more. In addition, the City must finance routine rehabilitation and replacement of aging infrastructure to ensure the Department is providing reliable service that complies with state and federal regulations. The City issues debt to pay for these improvements so that the cost of these improvements is paid by the ratepayers over the useful life of the infrastructure.

City Facilities

The Public Utilities Department operates and maintains a major municipal drinking water system that includes:



Did you know?

As a public agency, the City of San Diego cannot earn a profit from the services it provides and may not charge more than the costs associated with providing services to its customers.

PROPOSED Water Rates

To ensure customers are being charged in accordance with legal requirements, the City routinely goes through a cost-of-service process wherein the cost to run the utilities are allocated based on the proportion of each customer class' impact on the system. A cost-of-service study conducted in 2022 found that if the City's water rates remain unchanged, there will not be enough revenue to provide necessary water services for fiscal years 2024 and 2025. As proposed, water rates will increase up to 10.2% in December 2023 and up to 8.7% in January 2025.

Financial Assistance is Available

Scan the QR code to learn more about how you may qualify for California's Low Income Household Water Assistance Program.



Meter Monthly Service Charge

Meter Size	Current Charge	Dec. 1, 2023	Jan. 1, 2025
5/8", 3/4"	\$27.77	\$25.15	\$27.33
1"	\$36.77	\$40.66	\$44.19
1.5"	\$57.37	\$79.43	\$86.32
2"	\$83.11	\$125.97	\$136.89
3"	\$143.59	\$288.83	\$313.87
4"	\$229.83	\$482.71	\$524.56
6"	\$443.47	\$1,118.64	\$1,215.63
8"	\$700.86	\$1,715.80	\$1,864.57
10"	\$1,002.01	\$3,259.10	\$3,541.69
12"	\$1,859.13	\$4,112.18	\$4,468.74
16"	\$3,232.34	\$6,051.01	\$6,575.68

Fireline Monthly Service Charge

Meter Size	Current Charge	Dec. 1, 2023	Jan. 1, 2025
1"	\$4.13	\$2.32	\$2.52
1.5"	\$4.13	\$3.15	\$3.42
2"	\$6.40	\$4.59	\$4.99
3"	\$24.77	\$9.75	\$10.60
4"	\$31.67	\$18.64	\$20.26
6"	\$46.78	\$50.56	\$54.94
8"	\$66.07	\$105.63	\$114.79
10"	\$85.35	\$188.45	\$204.79
12"	\$101.85	\$303.25	\$329.54
16"	\$165.16	\$644.10	\$699.95
20"	\$205.64	\$1,156.81	\$1,257.11

Water Commodity Rates

Customer Class	Current Charge	Dec. 1, 2023	Jan. 1, 2025
Single Family Residential			
Tier 1 (\$/HCF)	\$5.55	\$6.40	\$6.95
Tier 2 (\$/HCF)	\$6.22	\$7.24	\$7.87
Tier 3 (\$/HCF)	\$8.88	\$9.12	\$9.91
Tier 4 (\$/HCF)	\$12.49		
Multi-Family Residential (\$/HCF)	\$6.72	\$7.52	\$8.17
Commercial/Industrial/Outside City (\$/HCF)	\$6.55	\$7.33	\$7.97
Irrigation (\$/HCF)	\$7.45	\$8.62	\$9.37
Temporary Construction (\$/HCF)	\$7.57	\$8.26	\$8.98

You have the right to protest the proposed rate increases.

Written protests must contain a statement of opposition to the rate increase, the property assessor parcel number or property address and the name and signature of the property owner or utility customer of record registering the protest. A form is available on the back page of this document. Only one protest will be counted for each parcel or address. Electronic protest (email, social media messages, etc.) will not qualify as written protest under state requirements. Per state law, the public hearing will be televised on City TV and simulcast on the City's website at sandiego.gov/citytv. More information about Council meeting access and public comment is available online at sandiego.gov/city-clerk/officialdocs/council-agendas-minutes-results. At the close of the public hearing, the City Council will consider and may approve the rate increases. Oral comments at the public hearing will be considered by the City Council but will not qualify as formal protests unless accompanied by a written protest. If, by the close of the public hearing, written protests against the rate increases and pass-through charges are not presented by a majority of property owners or tenants responsible for paying the utility bills,

the City Council will be authorized to adopt a resolution to increase the pass-through charges and water rates and charges. If adopted, the calendar years 2023 and 2024 increases will become effective **Dec. 1, 2023**, and a public information campaign will commence to ensure customer awareness.

What is a pass-through charge?

San Diego relies heavily upon imported water from Northern California and the Colorado River. The City historically has purchased approximately 85% to 90% of its annual water needs from the San Diego County Water Authority (SDCWA), which in turn purchases its water from the Metropolitan Water District of Southern California. Historically, SDCWA increases water rates annually. These increases are based on SDCWA costs for infrastructure, operations, maintenance and other costs required to obtain water on behalf of member agencies. SDCWA incorporates all its costs into its water charges which are passed through to member agencies, like the City of San Diego. In June of each year, the SDCWA board approves wholesale water rate increases which will increase the City's water purchase costs commencing the following year on Jan. 1. The City is proposing to pass through the cost to buy water from SDCWA to customers.





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NOTICE OF PUBLIC HEARING

Sept. 19, 2023 • 2 p.m. • 202 C St., 12th Floor

While members of the public are able to attend City Council meetings in person, this meeting will be televised and live streamed on the City's website, and Council Administration will continue to make arrangements for the public to comment using the zoom webinar platform.

- The link to join the Meeting Webinar by computer, tablet or smart phone is:
sandiego.zoomgov.com/j/1600982353
- To join by telephone: Dial **1-669-254-5252**.
When prompted, input Webinar ID: **160 098 2353#**

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For more information on how to participate, please visit: www.sandiego.gov/cityclerk/participate

IMPORTANT INFORMATION ABOUT YOUR WATER RATES

This notice is being provided to you by the City of San Diego Public Utilities Department pursuant to California Constitution Article XIID (also known as "Proposition 218"). Under the terms of Proposition 218, the City is required to notify the property owners of record of proposed changes to property-related fees, such as water and wastewater service.

This serves as notice that the City Council will conduct a public hearing, at the time, date and location specified above, to consider recommended adjustments to the City's water service rates and charges. If approved, the proposed adjustments will first appear on bills beginning in December 2023. All members of the public are invited to attend the public hearing. Additionally, under California state law, all property owners and customers of record may submit a written protest to the proposed rate changes. Mailed protest must be received by **Sept. 19, 2023**. Only one protest per parcel is permitted.

All written protests will be verified. You may also appear at the public hearing at the date and time specified above. More information is available online at: sandiego.gov/rate-increases.



Written protest must be mailed in an envelope or delivered to: **City Clerk, 202 C St., MS 2P, San Diego, CA 92101.**

I _____ oppose the proposed rate increases.

Assessor's Parcel Number or Address: _____

Signature: _____