

NOTICE CONCERNING PROPOSED WATER AND SEWER RATES RATE CHANGES AND PUBLIC HEARING

PUBLIC HEARING NOTICE INFORMATION



Date: Tuesday, July 19, 2022

Time: 7:00 p.m.

Location: City of Brea Council Chambers, Plaza Level, 1 Civic Center Circle, Brea, CA 92821

A public hearing* to consider proposed Water and Sewer rate modifications, with a proposed effective date of August 1, 2022, will be held for all interested parties.

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*At the time of printing, it is expected that this meeting will be held in-person. Should circumstances change, requiring only virtual attendance at the meeting, the change will be noted on the City's website with the posting of the agenda.

EXPLANATION OF PROPOSED RATE ACTION

The City of Brea ("City") has adopted a water rate structure that includes the following components: 1) a Fixed Monthly Service Charge and 2) a Water Commodity Charge. The fixed monthly Service Charge is based on water meter size and the Water Commodity Charge is volumetric and is billed based on the amount of water consumed during a billing period. The Water Commodity Charge is billed per unit of consumption, with a unit being one hundred cubic feet (HCF), or 748 gallons. Combined, these rates recover the cost of providing water service. The City has adopted a sewer rate structure that includes a fixed monthly Service Charge.

INDEPENDENT ANALYSIS

The City engaged independent consulting engineers to assess and analyze the capital needs of the water and sewer systems. The independent engineers identified numerous capital facility replacements and upgrades required to continue to provide safe and reliable water and sewer service. The consulting engineers developed Master Plans for both the water and sewer systems that identify the specific capital investment projects expected to be completed in the future.

Additionally, the City engaged an independent consultant to analyze its water and sewer expenses, revenues, and rates and prepare a Water and Sewer Rate Study. The City commissioned this analysis to determine the cost of providing water and sewer services and their corresponding impacts to customer's bills. This analysis identified several key factors that result in the proposed rates. These key factors include, but are not limited to:

- Rising operating and maintenance costs, including additional staff
- Increased capital spending related to the Water and Sewer system Master Plans
- Reducing the water system's reliance on variable revenues

PROPOSED WATER RATE CHANGES

The current rate structure relies heavily on water consumption to recover the cost of providing water service. As a result, revenue increases when water consumption increases, and revenue decreases when water consumption decreases. The fixed costs incurred to serve customers, however, do not change accordingly when water consumption increases or decreases. This is because nearly 63% of the costs incurred to provide water service are substantially fixed and independent of the amount of water used. As a result of water conservation and the City's reliance on volumetric rates to recover costs, the amount of fixed costs being collected is 17%. This creates financial volatility when water demand significantly fluctuates. To properly maintain the water distribution system during times of significant water conservation, the City is proposing to increase the revenue generated by the Fixed Monthly Service Charge component of its water rate structure to a maximum of 25%.

PROPOSED SEWER RATE INCREASES

The City proposes to increase its sewer service charges to meet the capital investment needs of the sewer system based on the latest Sewer System Master Plan. All sewer customers would be charged a fixed monthly fixed service charge in the same manner as they are currently charged. The rates shown in this notice include adjustments for estimated Consumer Price Index (CPI) escalation through Fiscal Year 2025.

PUBLIC HEARING AND PROTEST PROCEDURES

The City Council will hear and consider all written protests and oral comments to the proposed rate increases at a Public Hearing. All interested parties are invited to participate in the public hearing and present written protests and/or oral comments on the proposed rate increases referenced herein. Direction and information for participating in the meeting will be available on the City Council Agenda. Agendas are available on the City's website: <https://www.ci.brea.ca.us>

To protest the proposed rate action, written protests must be received by the close of the public hearing on Tuesday, July 19, 2022, at 7 p.m. Written protests must be submitted to the City Clerk's Office, 3rd floor, 1 Civic Center Circle, Brea CA 92821 by mail or hand delivery. Protests will be accepted via electronic mail (e-mail) at CityClerksGroup@cityofbrea.net during this time frame. Each protest

**PUBLIC HEARING AND
PROTEST PROCEDURES (CONT.)**

must identify the affected property (by assessor’s parcel number or street address), indicate that the protest is related to the proposed water and/or sewer rate changes and include the signature/name of the record property owner or tenant, as applicable. Protests received by telephone, all social media sites including but not limited to Facebook or Twitter, Nextdoor, or Tell Us will NOT be accepted. All interested parties are invited to attend the public hearing and present written protests and/or written/oral comments on the proposed rate action. However, oral comments at the public hearing will not qualify as a formal protest of the proposed rate action unless accompanied by a written protest setting forth the required information. If protests are received from a majority of the affected parcels, Council will need to reconsider the proposed changes.

If you have any questions regarding the proposed rate increases or have questions on how to submit a written protest, please contact the Administrative Services Department at 714-990-7676 or ratestudy@cityofbrea.net.

The City of Brea wishes to make all of its public meetings and hearings accessible to all members of the public. The City prohibits discrimination on the basis of race, color, or national origin in any program or activity receiving Federal financial assistance. If requested, the Notice and supporting materials will be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Section 12132), and the federal rules and regulations adopted in implementation thereof. Any person who requires a disability-related modification or accommodation, including auxiliary aids or services, in order to participate in the public meeting may request such modification, accommodation, aid or service by contacting City Clerk’s Office either in person at 1 Civic Center Circle, 3rd Floor, Brea, California, or by telephone at 714-990-7756, no later than 10:00 a.m. on the day preceding the scheduled public hearing.

FOLLOWING THE PUBLIC HEARING, THE CITY COUNCIL MAY ADOPT CHARGES FOR WATER AND SEWER SERVICES IN AMOUNTS THAT DO NOT EXCEED THAT MAXIMUM PROPOSED RATES AND CHARGES BELOW.

**CURRENT AND PROPOSED
MONTHLY WATER SERVICE CHARGES AND
COMMODITY CHARGES**

FIXED SERVICE CHARGE	CURRENT CHARGE	MAXIMUM PROPOSED CHARGE
5/8" - 1"	\$15.93	\$23.58
1 1/2"	\$59.28	\$87.73
2"	\$91.78	\$135.83
3"	\$194.72	\$288.19
4"	\$346.43	\$512.72
6"	\$709.45	\$1,049.99
8"	\$1,522.17	\$2,252.81
10"	\$2,280.70	\$3,375.44
12"	\$2,876.62	\$4,257.40

RESIDENTIAL TIER	CURRENT CHARGE PER HCF	MINIMUM PROPOSED CHARGE PER HCF	MAXIMUM PROPOSED CHARGE PER HCF
0 - 10 HCF	\$3.59	\$3.20	\$3.59
11 - 20 HCF	\$4.69	\$4.17	\$4.69
21 - 30 HCF	\$6.18	\$5.50	\$6.18
31+ HCF	\$7.24	\$6.44	\$7.24

CLASS	CURRENT CHARGE PER HCF	MINIMUM PROPOSED CHARGE PER HCF	MAXIMUM PROPOSED CHARGE
MF Residential	\$4.39	\$3.91	\$4.39
Non-Residential	\$4.75	\$4.23	\$4.75
Agriculture	\$3.84	\$3.42	\$3.84
Irrigation	\$5.20	\$4.63	\$5.20
Brea Golf Course	\$0.43	\$0.38	\$0.43

**PROPOSED
CONSERVATION RATES PER HCF**

MAXIMUM CONSERVATION RATES PER CCF	10% CONSERVATION	20% CONSERVATION	30% CONSERVATION
Residential Tier			
0 - 10 HCF	\$4.12	\$4.82	\$5.56
11 - 20 HCF	\$5.38	\$6.29	\$7.26
21 - 30 HCF	\$7.08	\$8.29	\$9.57
31+ HCF	\$8.30	\$9.71	\$11.21
MF Residential	\$5.03	\$5.89	\$6.80
Non-Residential	\$5.44	\$6.37	\$7.35
Agriculture	\$4.40	\$5.15	\$5.94
Irrigation	\$5.96	\$6.98	\$8.05
Brea Golf Course	\$0.49	\$0.58	\$0.67

**CURRENT AND PROPOSED
MONTHLY SEWER SERVICE CHARGES**

FIXED SERVICE CHARGE	CURRENT CHARGE	MAXIMUM PROPOSED CHARGE
SF Residential		
5/8" - 1 1/2"	\$9.43	\$16.11
2" - 12"	\$20.18	\$34.49
MF Residential	\$5.91	\$10.10
Commercial		
5/8" - 1"	\$21.01	\$35.90
1 1/2" - 2"	\$75.13	\$128.39
3"		
0 - 100 wwf/m	\$133.98	\$228.96
101 - 200 wwf/m	\$192.87	\$329.59
201 - 400 wwf/m	\$444.64	\$759.83
401 - 700 wwf/m	\$605.76	\$1,035.17
701+ wwf/m	\$1,335.90	\$2,282.89

**SAMPLE RESIDENTIAL CUSTOMER
WATER AND SEWER BILL**

MONTHLY WATER USAGE	CURRENT BILL (1" METER)	WITH MAXIMUM PROPOSED CHARGES
2 HCF	\$32.54	\$46.87
13 HCF (average)	\$75.33	\$89.66
25 HCF	\$139.06	\$153.39
45 HCF	\$206.16	\$220.49

If in the case that the California State Water Resources Control Board adopts emergency water conservation regulations, City’s customers may be mandated to reduce water consumption. In order to maintain Water Fund revenues, the following conservation rates may be adopted in the event of statewide mandates to reduce water consumption.