



**CITY OF TUSTIN  
PROPOSED WATER RATE INCREASE**

FOR ALL PROPERTIES SERVED WITHIN THE CITY OF TUSTIN WATER SERVICE AREA

**NOTICE IS HEREBY GIVEN** that the City Council of the City of Tustin will hold a public hearing regarding a proposed water rate increase on June 15, 2010 at 7:00 p.m., in the City Council Chambers, located at 300 Centennial Way, Tustin, CA. The fees and charges, if approved by the City Council, will be effective July 1, 2010. The proposed rates do not exceed the cost of providing water service to Tustin customers and the increase would fund the City's continuing water service obligations to all customers as mandated by the California Department of Health Services and needed system improvements critical to increase supply, system reliability, and redundancy. This **Notice** provides for the following:

1. Why water rates are being increased;
2. How much your water bill will increase when the new rates are imposed; and
3. How the proposed water rates are calculated.

In California, Proposition 218 allows customers to comment on a proposed water rate increase prior to or during a public hearing. Consistent with the provisions of Proposition 218, this notice has been mailed to all customers whose names and addresses appear in the current customer database of the City of Tustin and property owners within the service area based on the most current information published by the Orange County Assessor. If you object to the proposed fees as described in this **Notice**, you may file a written protest with the City Clerk prior to the close of the public hearing, set for June 15, 2010 at 7 p.m. Written protests can be mailed or personally delivered to:

City of Tustin – City Clerk's Office  
300 Centennial Way  
Tustin, CA 92780-3767

A valid protest **must** include all of the following information:

1. Customer name and account number or name of property owner;
2. The service address;
3. A statement of protest ("I protest" will suffice); and
4. The original signature of the protesting customer/property owner (photocopies will not be accepted).

The City Clerk will only accept one protest per property served by Tustin Water. The City Clerk will determine the validity of all protests submitted and exclude any invalid protests from the final tabulation. The City Clerk may confer with the City Attorney in determining the validity of written protests. As part of this process, the City Attorney may review contested or suspect protest forms. The City Clerk's decisions shall be final and binding. In the preliminary determination of validity, the City Clerk will disregard as invalid all protests in the following categories:

1. The purported protest is a photocopy and does not contain an original authorized signature; and/or
2. The purported protest does not identify the customer by name; and/or
3. The customer has not signed the purported protest; and/or
4. The purported protest does not have an identifiable statement of protest; and/or
5. The purported protest is one of multiple protests returned for a single service address; and/or
6. The purported protest's appearance or method of delivery reflects any other circumstances which reasonably demonstrate that the protest has been tampered with or is otherwise invalid.
7. The purported protest is received later than close of the public hearing on June 15, 2010.

*For questions regarding this Notice or protest procedures, contact the City Clerk's Office at (714) 573-3027. For questions regarding Water Rates, please contact Water Utility Services at (714) 573-3076.*

**Si necesita una copia de este documento en español por favor de llamar al (714) 573-3025.**

## QUESTIONS AND ANSWERS

### 1. Why are water rates being increased?

These charge increases are designed to recover the City's actual increased costs in providing water services. Costs have increased in the areas of purchased water, pumping, treatment, various fees and charges from the water wholesalers, electricity, meter readings, billing, and capital improvements.

### 2. How much will my water bill change when the new rates are imposed?

The typical single-family residential customer of the Tustin Water Service uses approximately forty units of water every two months (1 unit = 100 cubic feet (hcf) = 748 gallons). The typical bi-monthly residential water bill would increase \$12.77 for FY 10/11. Based upon usage, the typical bi-monthly water bill would increase over the next 5 years as follows:

#### **% CHANGE FROM PREVIOUS YEAR FOR SMALL METERS ( under 2" meter size )**

	40 Units	50 Units	60 Units	70 Units	80 Units
<b>FY 10/11</b>	17.78%	20.30%	25.54%	30.55%	34.27%
<b>FY 11/12</b>	14.13%	15.17%	15.94%	16.57%	17.02%
<b>FY 12/13</b>	6.32%	6.44%	6.53%	6.59%	6.63%
<b>FY 13/14</b>	6.31%	6.50%	6.61%	6.62%	6.63%
<b>FY 14/15</b>	6.31%	6.39%	6.43%	6.59%	6.70%

#### **% CHANGE FROM PREVIOUS YEAR FOR LARGE METERS ( 2" meter size & greater )**

		60 Units	120 Units	180 Units	240 Units	300 Units
<b>FY 10/11</b>	High	28.61%	47.58%	57.85%	64.30%	68.72%
	Normal	24.50%	39.49%	47.62%	52.71%	56.20%
	Low	20.77%	32.15%	38.31%	42.17%	44.82%
<b>FY 11/12</b>	High	12.73%	15.41%	16.59%	17.26%	17.68%
	Normal	12.52%	15.18%	16.39%	17.08%	17.53%
	Low	12.32%	14.94%	16.18%	16.90%	17.37%
<b>FY 12/13</b>	High	8.11%	7.56%	7.32%	7.19%	7.11%
	Normal	8.18%	7.62%	7.37%	7.23%	7.15%
	Low	8.25%	7.69%	7.43%	7.28%	7.18%
<b>FY 13/14</b>	High	8.14%	7.54%	7.29%	7.15%	7.05%
	Normal	8.21%	7.61%	7.34%	7.19%	7.09%
	Low	8.28%	7.68%	7.40%	7.24%	7.14%
<b>FY 14/15</b>	High	8.17%	7.83%	7.69%	7.60%	7.55%
	Normal	8.24%	7.89%	7.73%	7.64%	7.58%
	Low	8.32%	7.95%	7.78%	7.68%	7.62%

### 3. How are the proposed water rates calculated?

There are three cost components which make up the City's water rate structure; service capacity charge, water consumption charge, and capital charge.

- A service capacity charge is reflective of the service demands placed on the City's water system, based upon the size of a customer's meter regardless of consumption.

#### PROPOSED BI-MONTHLY SERVICE CAPACITY CHARGES

Meter Size	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
5/8" or 3/4"	\$24.49	\$26.94	\$29.63	\$32.59	\$35.85
1"	\$61.23	\$67.35	\$74.09	\$81.50	\$89.65
1 1/2"	\$122.45	\$134.70	\$148.17	\$162.99	\$179.29
2"	\$195.93	\$215.52	\$237.07	\$260.78	\$286.86
3"	\$367.36	\$404.10	\$444.51	\$488.96	\$537.86
4"	\$612.24	\$673.46	\$740.81	\$814.89	\$896.38
6" or larger	\$1224.48	\$1346.93	\$1481.62	\$1629.78	\$1792.76
Multiple Unit	\$19.60	\$21.56	\$23.72	\$26.09	\$28.70

- A water consumption charge is based on water usage. The cost to the consumer for water will be lower if less water is used and higher if more water is used. The consumption is metered in units. **A unit equals one hcf (hundred cubic feet). One hcf is equal to 748 gallons of water.**

#### PROPOSED WATER CONSUMPTION CHARGE

Tier Structure for Small Meters ( under 2" meter size )							
Tiers	1st Tier	2nd Tier	3rd Tier	4th Tier	5th Tier	6th Tier	7th Tier
Units	0-10	11-20	21-30	31-40	41-50	51-60	61+
FY 10/11	\$0.60	\$1.11	\$1.47	\$1.83	\$2.19	\$2.56	\$2.93
FY 11/12	\$0.71	\$1.31	\$1.74	\$2.17	\$2.61	\$3.05	\$3.50
FY 12/13	\$0.74	\$1.38	\$1.83	\$2.29	\$2.79	\$3.26	\$3.74
FY 13/14	\$0.78	\$1.45	\$1.93	\$2.40	\$2.99	\$3.49	\$3.99
FY 14/15	\$0.82	\$1.52	\$2.02	\$2.53	\$3.19	\$3.72	\$4.28

Note: Multiple dwelling unit charges are calculated at 80% of single family dwelling charges.

Tier Structure for Larger Meters ( 2" meter size & greater )								
Tiers		1st Tier	2nd Tier	3rd Tier	4th Tier	5th Tier	6th Tier	7th Tier
Units		0-10	11-20	21-30	31-40	41-50	51-60	61+
	High	\$0.72	\$1.34	\$1.77	\$2.21	\$2.65	\$3.09	\$3.54
FY 10/11	Normal	\$0.66	\$1.22	\$1.61	\$2.01	\$2.40	\$2.81	\$3.22
	Low	\$0.60	\$1.11	\$1.47	\$1.83	\$2.19	\$2.56	\$2.93
	High	\$0.86	\$1.59	\$2.11	\$2.63	\$3.15	\$3.69	\$4.24
FY 11/12	Normal	\$0.78	\$1.44	\$1.92	\$2.39	\$2.87	\$3.36	\$3.85
	Low	\$0.71	\$1.31	\$1.74	\$2.17	\$2.61	\$3.05	\$3.50
	High	\$0.90	\$1.67	\$2.22	\$2.77	\$3.38	\$3.95	\$4.52
FY 12/13	Normal	\$0.82	\$1.52	\$2.02	\$2.52	\$3.07	\$3.59	\$4.11
	Low	\$0.74	\$1.38	\$1.83	\$2.29	\$2.79	\$3.26	\$3.74
	High	\$0.94	\$1.75	\$2.33	\$2.91	\$3.62	\$4.22	\$4.82
FY 13/14	Normal	\$0.86	\$1.59	\$2.12	\$2.64	\$3.29	\$3.83	\$4.38
	Low	\$0.78	\$1.45	\$1.93	\$2.40	\$2.99	\$3.49	\$3.99
	High	\$0.99	\$1.84	\$2.45	\$3.06	\$3.86	\$4.50	\$5.17
FY 14/15	Normal	\$0.90	\$1.67	\$2.23	\$2.78	\$3.51	\$4.09	\$4.70
	Low	\$0.82	\$1.52	\$2.02	\$2.53	\$3.19	\$3.72	\$4.28
High	Greater than 110% of prior year consumption							
Normal	90-110% of prior year consumption							
Low	Less than 90% of prior year consumption							

- A capital charge is assessed for on-going water system infrastructure improvements. The charge is dedicated exclusively to new capital construction, repair, and/or rehabilitation of water storage, production, distribution, treatment, and security facilities regardless of consumption.

**PROPOSED BI-MONTHLY CAPITAL CHARGE**

Meter Size	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
5/8" or 3/4"	\$10	\$10	\$11	\$11	\$11
1"	\$12	\$12	\$13	\$13	\$14
1 1/2"	\$16	\$16	\$17	\$17	\$18
2"	\$22	\$23	\$23	\$24	\$25
3"	\$33	\$34	\$35	\$36	\$37
4"	\$53	\$55	\$56	\$58	\$60
6" or larger	\$90	\$93	\$95	\$98	\$101

**PROPOSED PASS-THROUGH CHARGE(S)**

Proposed water rate is subject to pass-through charge(s). Pass-through charges are increased costs imposed by an outside utility or agency for such items as electricity, imported water, and ground water replenishment. Pass-through charges shall not exceed 7% of annual water charges in effect at the time of the pass-through.

**WATER DEMAND REDUCTION STAGES**

In response to potential escalating water shortages, the City may require or impose reductions in the use of water when such reductions are necessary for the City to comply with wholesale water use restrictions in response to regional water shortage conditions and emergencies. Once the stage is declared and ratified by the City Council, notice of the required water use reduction will be promptly given to customers and adjusted per the corresponding stage allocation identified in the table below.

STAGES	1 <sup>st</sup> Tier	2 <sup>nd</sup> Tier	3 <sup>rd</sup> Tier	4 <sup>th</sup> Tier	5 <sup>th</sup> Tier	6 <sup>th</sup> Tier	7 <sup>th</sup> Tier
<b>No Mandatory Reduction (in units)</b>	0-10	11-20	21-30	31-40	41-50	51-60	61+
<b>STAGE 1 – Water Watch Voluntary Compliance 10-20% Reduction</b>	0-9	10-18	19-27	28-36	37-45	46-54	55+
<b>STAGE 2 – Water Alert Mandatory Compliance 20-30% Reduction</b>	0-8	9-16	17-24	25-32	33-40	41-48	49+
<b>STAGE 3 – Water Warning Mandatory Compliance 30-40% Reduction</b>	0-7	8-14	15-21	22-28	29-35	36-42	43+
<b>STAGE 4 – Water Emergency Mandatory Compliance 40%+ Reduction</b>	0-6	7-12	13-18	19-24	25-30	31-36	37+