

PROP. 218 NOTICE OF PUBLIC HEARING

Proposed Increase to Water and Wastewater Rates

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

WATER: The City purchases most of its water from the San Diego County Water Authority (SDCWA). Water rates are proposed to increase up to 3% starting January 2022 on rate increases from SDCWA, which are being passed through to City water customers. More information about SDCWA is available at sdcwa.org.

WASTEWATER: As proposed, wastewater rates will increase 5% beginning in January 2022, up to 4% in both 2023 and 2024 and up to 3% in 2025. 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 a series of **public forums** throughout the city where residents can learn more information and ask questions before the public hearing on Sept. 21. 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 pass-through charges for calendar year 2022, and wastewater rates in calendar years 2022 through 2025.

**The public hearing will be held
Sept. 21, 2021, at 2 p.m.**

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 protest 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 2A, San Diego, CA 92101.

***You have the right to protest the
proposed rate increases.***

Written protest 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, water and wastewater rates and city waste service fee. If adopted, the calendar year 2022 increases will become effective Jan. 1, 2022, and a public information campaign will commence to ensure customer awareness.

Why are Water and Wastewater Rates Increasing?

The City of San Diego's Public Utilities Department is dedicated to providing reliable water and wastewater services in a cost-effective manner while protecting our water resources and the public's health.

The Public Utilities 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 and wastewater services.

Public Utilities 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 Public Utilities is providing reliable service that is in compliance with local, state and federal regulations. The City issues debt to pay for these improvements so that the cost of these improvements is paid by the rate payers over the useful life of the infrastructure.

Last year, the City conducted a cost of service study on wastewater (sewer) 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 wastewater utility through fiscal year 2025. Wastewater development capacity fees were also studied to assess the impact of new development connecting to the City's wastewater system. Wastewater rates have not been adjusted for over 10 years.

The study found that if the City's sewer rates remain unchanged, there will not be enough revenue to provide necessary wastewater and recycled water services between fiscal years 2022 and 2025. Wastewater rates, which include recycled water, were developed so that the charges proportionately recovered the projected costs to serve customers. Wastewater development capacity fees were updated to address the cost of existing available capacity as well as the value of future capacity projects. The full cost of service study and addendum dated July 7, 2021, which was used to prepare the proposed wastewater rate adjustments, is available at sandiego.gov/rate-increases.



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

Making sure San Diegans have clean water and effective sewer service is expensive, partly due to the state and federal regulations the City must follow. Approximately \$240 million of the Public Utilities' Fiscal Year 2021 Budget is expected to go toward the purchase of imported water and the remaining 58% of the department's budget will pay for maintenance, upkeep and debt service for the City's water system.

More than 70% of the operating budget for the wastewater utility goes toward maintenance, upkeep and operations of the City's wastewater systems and 29% is for debt service.

The City is also continuing its investment in the Pure Water Program, a landmark water recycling project that will avoid wastewater treatment cost increases and reduce discharges to the ocean. Just as importantly, it will greatly reduce the need for the City to purchase imported water. The Pure Water project represents 40% of the total wastewater capital program over the rate increase period.



Financial Assistance is Available

San Diego residents facing financial hardship due to the COVID-19 pandemic may qualify for funding through the Housing Stability Assistance Program to cover the costs of rent, utilities and internet service. To apply, visit [covidassistance.sdhc.org](https://www.covidassistance.sdhc.org).

In addition, the City offers the Help to Others (H2O SD) program, a bill payment assistance option for qualified low- and fixed-income water utility customers. For details, visit the City's website at [sandiego.gov/h2o](https://www.sandiego.gov/h2o).

The Public Utilities Department operates and maintains several major facilities to treat water and wastewater.



The City owns and operates:

- **9** reservoirs
- **4** wastewater (sewer) treatment facilities
- **3** water treatment plants
- **2** ocean outfalls
- **131** pump stations

The City also maintains more than **6,350 miles** of water and sewer mains.

Renewable energy production is key.

Photovoltaic solar power systems generate **3.8 million** kilowatt hours generated annually.

Methane collected at Point Loma Wastewater Treatment Plant fuels two continuously running generators that can each produce up to **2,235 kilowatts** of electricity.

Point Loma plant uses **100% renewable power**.

Pure Water will Provide Sustainable Water Supply

Pure Water San Diego is the City's phased, multi-year program that will provide nearly half of San Diego's water supply locally by the end of 2035. The Pure Water San Diego Program (Program) will use proven water purification technology to clean recycled water to produce safe, high-quality drinking water. The Program offers a cost-effective investment for San Diego's water needs and will provide a reliable, sustainable water supply.

The City has begun Phase 1 of the Program, which includes several projects that will clean recycled water to produce 30 million gallons per day of high-quality purified water, reducing the City's dependence on imported water. The projects include the Morena Pump Station and Pipelines, the North City Water Reclamation Plant Expansion, the North City Pure Water Facility, the North City Pure Water Pipeline, and Metro Biosolids Center improvements.



Construction of the Phase 1 projects is an important step toward securing a local, drought resilient water supply for San Diegans for generations to come.

More information about the Pure Water Program is available at purewatersd.org.



Use of Renewable Energy Reduces Costs and Helps City Become More Energy Independent

The Public Utilities Department is committed to sustainability and the efficient use of its resources with a very dynamic Renewable Energy and Efficiency Program. This program generates renewable energy to operate almost all its large facilities and looks to upgrade with innovative energy efficient products. This contributes to the department's environmental stewardship, moves the City forward in energy independence, helps reduce operating costs and ultimately helps keep rates lower for customers.

Some Public Utilities facilities not only produce enough energy to operate the facilities themselves, but also put excess energy on the electrical grid to generate monetary credits on other selected facilities' bills.

Public Utilities, along with private partners, uses a number of energy sources to generate energy, including digester gas, landfill gas, bio methane, solar and fuel cells.

Methane produced at both Public Utilities' Point Loma Wastewater Treatment Plant and the Metropolitan Biosolids Center is used to power the facilities.

In addition, photovoltaic solar power systems are connected to several Public Utilities facilities, including the Alvarado and Otay water treatment plants, Bayview Reservoir and Water Pump Station and carports at the Metropolitan Operations Center III. These solar panels convert sunlight to electricity and help provide the facilities' energy needs.

For more information, visit sandiego.gov/public-utilities/sustainability/renewable-energy.



PROPOSED Monthly Wastewater Rates

To ensure customers are being charged in accordance with legal requirements, the City routinely goes through a cost of service process, wherein the costs 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 2020 found that if the City's sewer rates remain unchanged, there will not be enough revenue to provide necessary wastewater and recycled water services between fiscal years 2022 and 2025. As proposed, wastewater rates will increase 5% beginning in January 2022, up to 4% in both 2023 and 2024 and up to 3% in 2025.

Monthly Wastewater Base Fee Charge					
Customer Class	Current Charge	1/1/22	1/1/23	1/1/24	1/1/25
Single Family Residential	\$15.33	\$14.14	\$14.71	\$15.29	\$15.75
Multi-Family Residential	\$15.33	\$14.14	\$14.71	\$15.29	\$15.75
Commercial / Industrial	\$15.33	\$14.14	\$14.71	\$15.29	\$15.75

Wastewater Flow and Strength Charges						
Customer Class	Unit	Current Charge	1/1/22	1/1/23	1/1/24	1/1/25
Residential						
Single Family Residential	(\$ / hcf)	\$3.598	\$4.786	\$4.977	\$5.177	\$5.332
Multi-Family Residential	(\$ / hcf)	\$5.028	\$4.786	\$4.977	\$5.177	\$5.332
Commercial / Industrial						
Flow Charges	(\$ / hcf)	\$3.767	\$3.191	\$3.319	\$3.451	\$3.555
Chemical Oxygen Demand Charges	(\$ / lb)	\$0.224	\$0.208	\$0.216	\$0.225	\$0.232
Total Suspended Solids Charges	(\$ / lb)	\$0.552	\$0.469	\$0.488	\$0.507	\$0.522
Trucked Waste						
Flow Charges	(\$ / hcf)	\$3.900	\$3.135	\$3.260	\$3.391	\$3.493
Chemical Oxygen Demand Charges	(\$ / lb)	\$0.232	\$0.208	\$0.216	\$0.225	\$0.232
Total Suspended Solids Charges	(\$ / lb)	\$0.571	\$0.469	\$0.488	\$0.507	\$0.522
Stormwater Transportation						
Flow	(\$/hcf)	\$7.676	\$3.808	\$3.960	\$4.119	\$4.242

Wastewater Development Capacity Fee			
Customer Class	Current Charge	1/1/22	
Per Equivalent Dwelling Unit (EDU) (1EDU = Capacity needed for 280 gallons of sewage a day)	\$4,124	\$5,154	

Recycled Water Monthly Base Fee					
Meter Size	Current Charge	1/1/22	1/1/23	1/1/24	1/1/25
5/8", 3/4"	\$21.55	\$18.98	\$19.74	\$20.53	\$21.14
1"	\$21.55	\$29.31	\$30.48	\$31.70	\$32.65
1.5"	\$39.05	\$55.13	\$57.34	\$59.63	\$61.42
2"	\$60.06	\$86.11	\$89.55	\$93.14	\$95.93
3"	\$126.52	\$184.22	\$191.59	\$199.25	\$205.23
4"	\$224.50	\$328.80	\$341.95	\$355.63	\$366.30
6"	\$493.94	\$674.77	\$701.76	\$729.83	\$751.73
8"	\$843.86	\$1,449.32	\$1,507.29	\$1,567.58	\$1,614.61
10"	\$1,333.75	\$2,172.23	\$2,259.12	\$2,349.48	\$2,419.97
12"	\$1,753.65	\$2,740.23	\$2,849.84	\$2,963.83	\$3,052.75
16"	\$3,503.24	\$4,031.15	\$4,192.40	\$4,360.09	\$4,490.89

Recycled Water Costs per Unit of Water					
Customer Class	Current Charge	1/1/22	1/1/23	1/1/24	1/1/25
All Usage (\$/HCF)	\$1.73	\$2.21	\$2.30	\$2.39	\$2.46

PROPOSED Water Pass-Through Rates

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 based on the rates approved by SDCWA in June 2021 for calendar year 2022. Water rates are projected to increase up to 3% as a pass through. If the SDCWA increase impact to the City ratepayers is higher than 3%, the City would not implement rates any higher. The City will provide written notice to customers 30 days prior the effective date of the rate increase, which will be no more than 3% increase of all fixed and commodity water rates.

Note: The City bills the majority of its single-family residential customers on a bi-monthly basis. This means each bill these customers receive includes charges for two months of service.

Meter Base Fee, \$ per Monthly Bill		
Meter Size, inches	Current	3% Pass through increase
5/8", 3/4"	\$26.30	\$27.09
1"	\$34.83	\$35.87
1.5"	\$54.34	\$55.97
2"	\$78.72	\$81.08
3"	\$136.01	\$140.09
4"	\$217.69	\$224.22
6"	\$420.05	\$432.65
8"	\$663.85	\$683.77
10"	\$949.10	\$977.57
12"	\$1,760.96	\$1,813.79
16"	\$3,061.65	\$3,153.50

Commodity Rate, \$ per HCF		
Customer Class	Current	3% Pass through increase
Single Family Residential (hcf)		
Tier 1	\$5.257	\$5.415
Tier 2	\$5.888	\$6.065
Tier 3	\$8.412	\$8.664
Tier 4	\$11.828	\$12.183
Multi-Family Residential	\$6.362	\$6.553
Commercial / Industrial / Outside City	\$6.208	\$6.394
Irrigation	\$7.053	\$7.265
Temp Construction	\$7.173	\$7.388

Private Fireline Charge, \$ per Monthly Bill		
Fireline Size, inches	Current	3% Pass through increase
1"	\$3.91	\$4.03
1.5"	\$3.91	\$4.03
2"	\$6.06	\$6.24
3"	\$23.47	\$24.17
4"	\$30.00	\$30.90
6"	\$44.31	\$45.64
8"	\$62.58	\$64.46
10"	\$80.84	\$83.27
12"	\$96.48	\$99.37
16"	\$156.44	\$161.13
20"	\$194.78	\$200.62



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NOTICE OF PUBLIC HEARING

DATE: Sept. 21, 2021

TIME: 2 p.m.

Until further notice, City Council meetings will be conducted pursuant to the provisions of PDF icon California Executive Order N-08-21, which suspends certain requirements of the Ralph M. Brown Act and the Temporary Rules of Council as approved on June 9, 2020.

- The link to join the Meeting Webinar by computer, tablet or smart phone is: sandiego.zoomgov.com/j/1601405223
- To join by using iPhone one-tap: US: +16692545252, 1601405223#
- To join by telephone: Dial 1-669-254-5252. When prompted, input Webinar ID: 160 140 5223#

For more information, please visit: sandiego.gov/city-clerk/officialdocs/council-agendas-minutes-results.



This document is important to all customers of the City of San Diego and is also available in other languages on our website. Please visit: sandiego.gov/rate-increases.

IMPORTANT INFORMATION ABOUT YOUR WATER AND SEWER RATES

This notice is being provided to you by the City of San Diego Public Utilities Department pursuant to California Constitution Article XIIIID (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 January 2022. 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. 21. 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 2A, San Diego, CA 92101.**

I _____ oppose the proposed rate increases.

Assessor's Parcel Number or Address: _____

Signature: _____