

The background is a light blue gradient with several realistic water droplets of various sizes scattered across the surface. The droplets have highlights and shadows, giving them a three-dimensional appearance.

# CITY OF SAN DIEGO PROPOSED RECYCLED WATER RATES

SUPPORT EQUITABLE ZONE RATES

NOT INEQUITABLE UNITARY RATE

# CITY OF SAN DIEGO PROPOSED RECYCLED WATER RATE INCREASES

THE CITY'S UNITARY RATE PROPOSAL CALLS FOR SOUTH BAY CUSTOMERS TO PAY FOR A DISTRIBUTION SYSTEM IN THE NORTH

SOUTH BAY PAYS FOR THE SOUTH BAY RECYCLED WATER DISTRIBUTION SYSTEM, OWNED AND OPERATED BY THE OTAY WATER DISTRICT

A UNITARY RATE OVER CHARGES THE SOUTH BY \$1.2 MILLION ANNUALLY, IN ESSENCE SUBSIDIZING THE NORTH CITY CUSTOMERS



# CITY OF SAN DIEGO PROPOSED RECYCLED WATER RATE INCREASES

ASKING FOR YOUR SUPPORT FOR:

REQUEST THAT THE SAN DIEGO CITY COUNCIL VOTE IN  
SUPPORT OF RECYCLED ZONE RATES AT NOVEMBER 17<sup>TH</sup>  
PROP 218 HEARING

REQUEST FAIRNESS AND EQUITY



# UNITARY RECYCLED RATE

		Projected 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020
<b>Revenue Requirements</b>						
	O&M Costs	\$ 3,239,173	\$ 3,292,855	\$ 3,348,279	\$ 3,405,510	\$ 3,464,618
	Treatment Costs	\$ 4,259,540	\$ 4,429,921	\$ 4,607,118	\$ 4,791,403	\$ 4,983,059
	<i>Capital Costs</i>					
	Existing Debt Service	\$ 5,166,144	\$ 5,117,096	\$ 5,186,900	\$ 5,187,188	\$ 5,186,413
	Proposed Debt Service	\$ 77,135	\$ 154,270	\$ 154,270	\$ 154,270	\$ 154,270
	Pay-as-you-go Capital	\$ 1,170,085	\$ 200,691	\$ -	\$ -	\$ -
	<i>Subtotal: Capital Costs</i>	\$ 6,413,364	\$ 5,472,057	\$ 5,341,170	\$ 5,341,459	\$ 5,340,683
<b>Total Revenue Requirements</b>		\$ 13,912,078	\$ 13,194,834	\$ 13,296,567	\$ 13,538,372	\$ 13,788,360
<b>Less: Revenue Offsets</b>						
	Credits from MWD and CWA	\$ 2,997,742	\$ 2,732,333	\$ 3,189,724	\$ 2,830,514	\$ 2,463,974
	Base Charge Revenue (Projected)	\$ 571,306	\$ 583,593	\$ 625,752	\$ 645,001	\$ 664,989
	Poway Contract Revenue	\$ 490,682	\$ 515,412	\$ 541,389	\$ 568,676	\$ 597,338
	Fees from Olivenhain	\$ 19,663	\$ 19,663	\$ 19,663	\$ 19,663	\$ 19,663
	Interest Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Meter Installation Revenue	\$ 275,000	\$ 25,000	\$ 200,000	\$ 30,000	\$ 30,000
	Capacity Fee Revenue	\$ 195,008	\$ 24,376	\$ 146,256	\$ 24,376	\$ 24,376
<b>Subtotal Revenue Offsets</b>		\$ 4,549,401	\$ 3,900,377	\$ 4,722,784	\$ 4,118,230	\$ 3,800,341
<b>TOTAL NET REVENUE REQUIREMENTS</b>		\$ 9,362,677	\$ 9,294,457	\$ 8,573,783	\$ 9,420,142	\$ 9,988,020
<b>Total Sales (HCF)</b>		<b>4,703,758</b>	<b>4,787,988</b>	<b>5,834,415</b>	<b>5,933,537</b>	<b>6,029,093</b>
<b>Calculated Recycled Water Rate, \$/HCF</b>		\$ 1.99	\$ 1.94	\$ 1.47	\$ 1.59	\$ 1.66
<b>Average Calculated Rate</b>		\$ 1.73	\$ 1.73	\$ 1.73	\$ 1.73	\$ 1.73

# Proposed Rates

- The commodity rate for recycled water should be lower than the potable water rate to incentivize sales

Alternative	Commodity Rate HCF	Current Rate	Proposed Rate June, 2013	New Proposed Rate January 1, 2016 – June 30, 2020
1	Unitary	\$.80	\$2.261	\$1.73
2	Zone -North City	N/A	\$3.208	\$2.138
2	Zone -South Bay	N/A	\$1.300	\$1.173



# Recycled Water Customers

North City	615
South Bay	7
Total	622

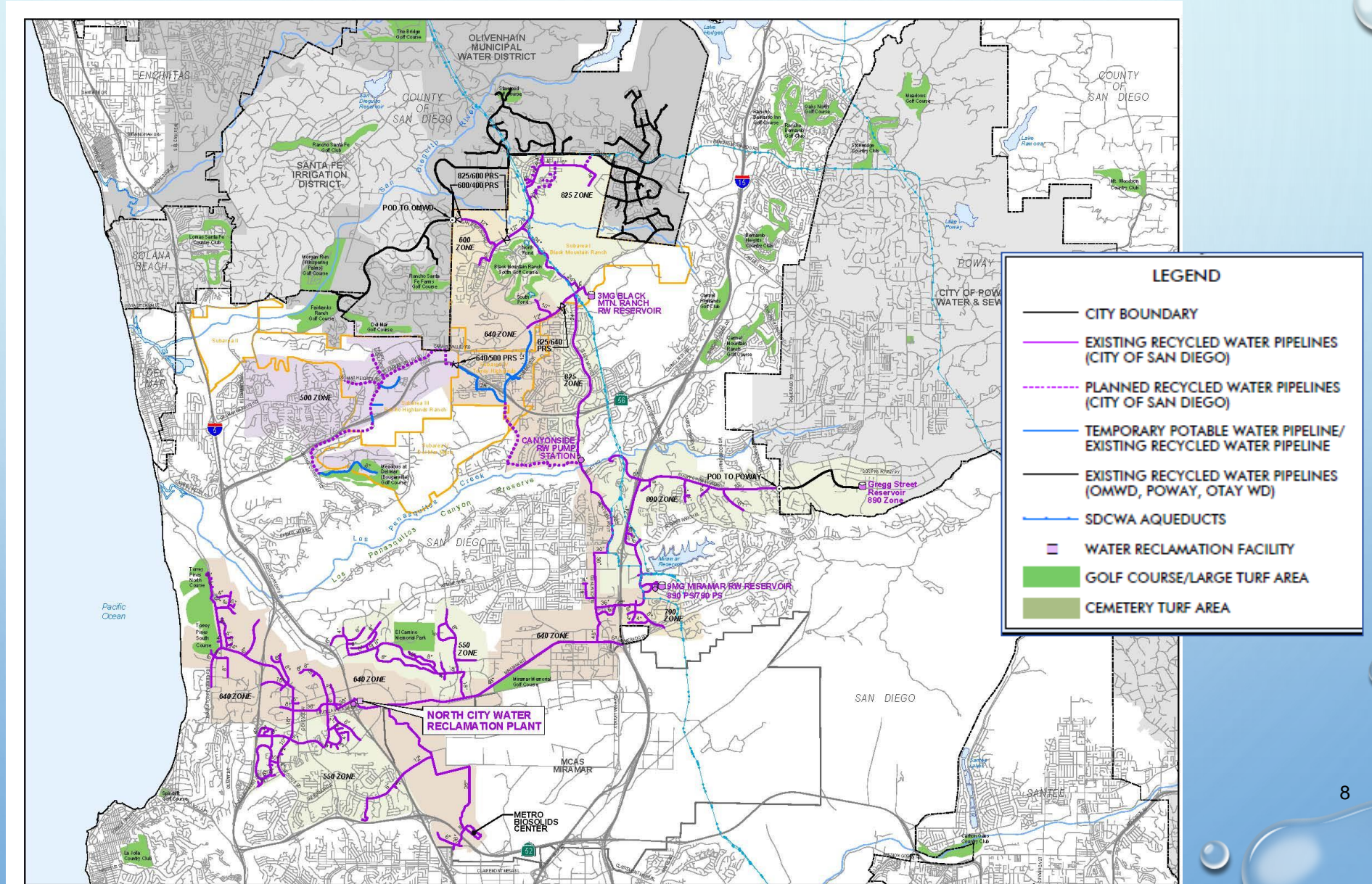
Note: 101 of the City's 622 customers are City of San Diego meters

# North City Zone Rate

North City	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Revenue Requirements</b>					
O&M Costs	\$ 3,014,810	\$ 3,065,484	\$ 3,117,813	\$ 3,171,859	\$ 3,227,686
Treatment Costs	\$ 2,450,918	\$ 2,548,955	\$ 2,650,913	\$ 2,756,949	\$ 2,867,227
<b>Capital Costs</b>					
Existing Debt Service	\$ 4,920,429	\$ 4,868,831	\$ 4,912,343	\$ 4,912,635	\$ 4,911,869
Proposed Debt Service	\$ 47,061	\$ 94,121	\$ 94,121	\$ 94,121	\$ 94,121
Pay-as-you-go Capital	\$ 641,823	\$ 383,495	\$ -	\$ -	\$ -
Subtotal: Capital Costs	\$ 5,609,312	\$ 5,346,447	\$ 5,006,465	\$ 5,006,756	\$ 5,005,990
<b>Total Revenue Requirements</b>	<b>\$ 11,075,039</b>	<b>\$ 10,960,886</b>	<b>\$ 10,775,190</b>	<b>\$ 10,935,564</b>	<b>\$ 11,100,904</b>
<b>Less: Revenue Offsets</b>					
Credits from MWD and CWA	\$ 2,997,742	\$ 2,732,333	\$ 3,189,724	\$ 2,830,514	\$ 2,463,974
Base Charge Revenue (Projected)	\$ 554,743	\$ 566,768	\$ 608,525	\$ 627,358	\$ 646,914
Poway Contract Revenue	\$ 490,682	\$ 515,412	\$ 541,389	\$ 568,676	\$ 597,338
Fees from Olivenhain	\$ 19,663	\$ 19,663	\$ 19,663	\$ 19,663	\$ 19,663
Interest Revenue					
Meter Installation Revenue	\$ 275,000	\$ 25,000	\$ 200,000	\$ 30,000	\$ 30,000
Capacity Fee Revenue	\$ 195,008	\$ 24,376	\$ 146,256	\$ 24,376	\$ 24,376
Subtotal Revenue Offsets	\$ 4,532,838	\$ 3,883,552	\$ 4,705,557	\$ 4,100,587	\$ 3,782,266
<b>TOTAL NET REVENUE REQUIREMENTS</b>	<b>\$ 6,542,202</b>	<b>\$ 7,077,334</b>	<b>\$ 6,069,633</b>	<b>\$ 6,834,978</b>	<b>\$ 7,318,638</b>
Total Sales (HCF)	2,617,217	2,643,390	3,631,324	3,666,723	3,702,476
Calculated Recycled Water Rate, \$/HCF	\$ 2.50	\$ 2.68	\$ 1.67	\$ 1.87	\$ 1.98
Average 5 year rate	\$ 2.138				



# NORTH CITY DISTRIBUTION SYSTEM

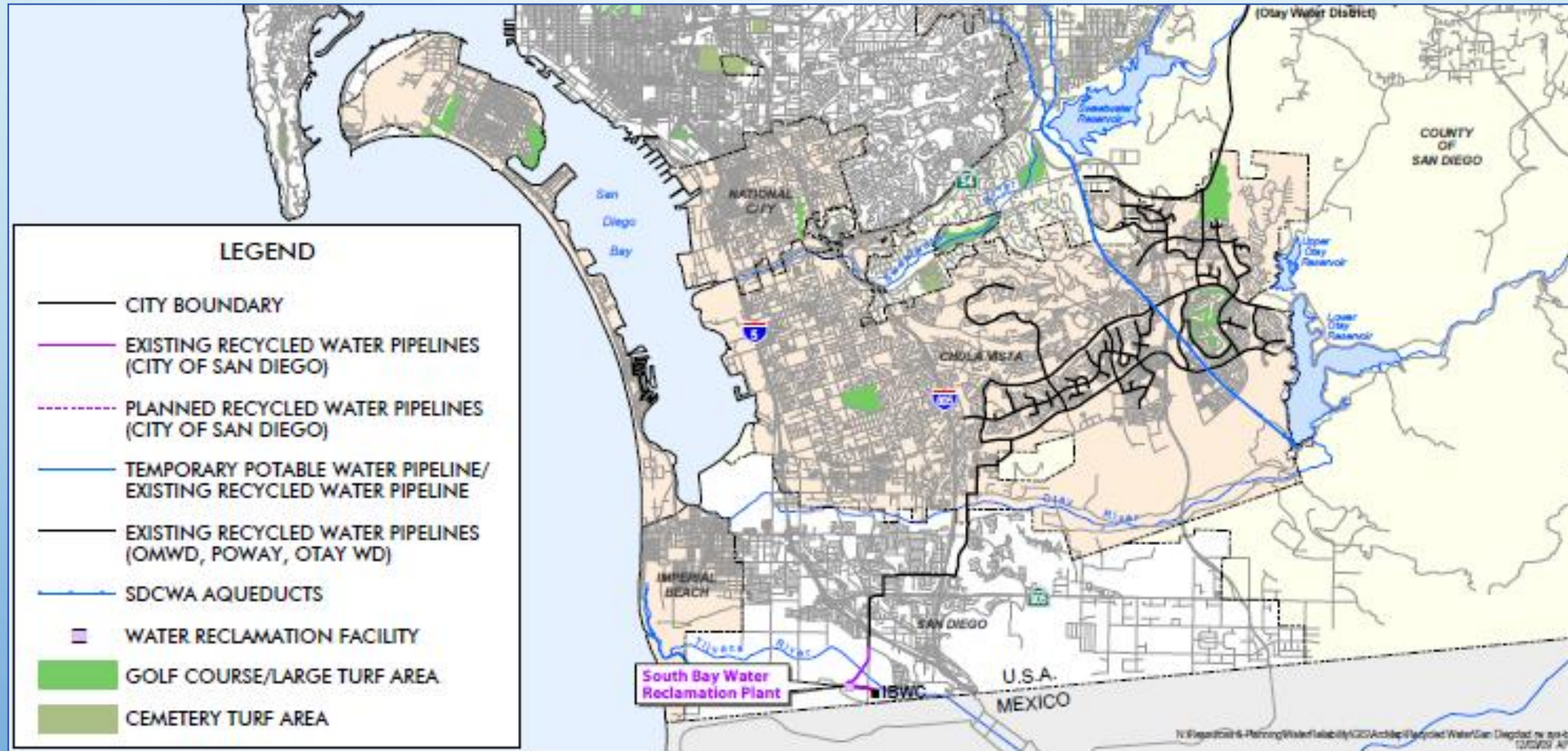




# South Bay Zone Rate

South Bay	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Revenue Requirements</b>					
O&M Costs	\$ 224,364	\$ 227,371	\$ 230,466	\$ 233,652	\$ 236,931
Treatment Costs	\$ 1,808,622	\$ 1,880,967	\$ 1,956,205	\$ 2,034,454	\$ 2,115,832
<b>Capital Costs</b>					
Existing Debt Service	\$ 245,716	\$ 248,265	\$ 274,556	\$ 274,554	\$ 274,544
Proposed Debt Service	\$ 39,960	\$ 79,919	\$ 79,919	\$ 79,919	\$ 79,919
Pay-as-you-go Capital	\$ 317,482	\$ 82,627	\$ -	\$ -	\$ -
Subtotal: Capital Costs	\$ 603,157	\$ 410,812	\$ 354,475	\$ 354,473	\$ 354,463
<b>Total Revenue Requirements</b>	<b>\$ 2,636,143</b>	<b>\$ 2,519,149</b>	<b>\$ 2,541,147</b>	<b>\$ 2,622,578</b>	<b>\$ 2,707,226</b>
<b>Less: Revenue Offsets</b>					
Credits from MWD and CWA	\$ 5,608	\$ 5,664	\$ 5,720	\$ 5,778	\$ 5,836
Base Charge Revenue (Projected)	\$ 16,563	\$ 16,825	\$ 17,227	\$ 17,643	\$ 18,075
Poway Contract Revenue					
Fees from Olivenhain					
Interest Revenue					
Meter Installation Revenue					
Capacity Fee Revenue					
Subtotal Revenue Offsets	\$ 22,171	\$ 22,489	\$ 22,947	\$ 23,421	\$ 23,911
<b>TOTAL NET REVENUE REQUIREMENTS</b>	<b>\$ 2,613,972</b>	<b>\$ 2,496,660</b>	<b>\$ 2,518,199</b>	<b>\$ 2,599,157</b>	<b>\$ 2,683,316</b>
Total Sales (HCF)	2,086,541	2,144,598	2,203,091	2,266,814	2,326,617
Calculated Recycled Water Rate, \$/HCF	\$ 1.25	\$ 1.17	\$ 1.14	\$ 1.15	\$ 1.15
Average 5 year rate	\$ 1.173				

# SOUTH BAY DISTRIBUTION SYSTEM





# WHO IS ADVANTAGED BY UNITARY RATES?

Torrey Pines Golf Course underpays by \$109,000 per year



San Diego Parks Dept. benefits by \$217,000 per year by paying less while South Bay pays more

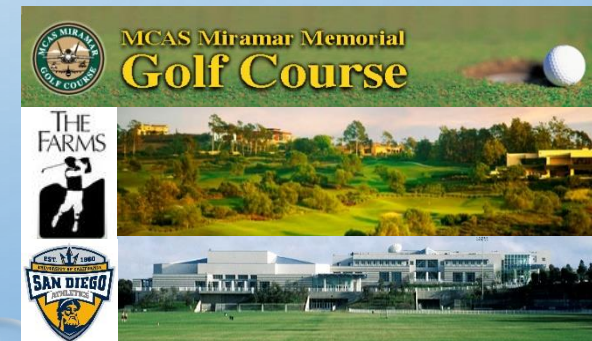
Santaluz Golf Course underpays by \$95,000 per year



North City HOAs and businesses benefit by \$516,000



Other golf courses and greenbelts benefit by \$263,000





# WHO IS DISADVANTAGED BY UNITARY RATES?



Overpays by \$140,000 more per year (Parks, Libraries, Fire & Police)



45,800 South Bay residential customers forced to fund privileged North City golf and business patrons by \$800,000 per year

Chula Vista schools, businesses and community overpays \$260,000 more per year





The background of the slide is a light blue gradient with several realistic water bubbles of various sizes scattered around the edges. The bubbles have highlights and shadows, giving them a three-dimensional appearance.

ASK FOR SUPPORT  
AT THE SAN DIEGO CITY COUNCIL MEETING  
ON NOVEMBER 17<sup>TH</sup>

FOR RECYCLED WATER ZONE RATES WHICH  
ARE FAIR AND EQUITABLE

The image features a light blue gradient background with several realistic water droplets of various sizes scattered in the corners. The droplets have highlights and shadows, giving them a three-dimensional appearance. The word "QUESTIONS?" is centered in the upper half of the image.

**QUESTIONS?**