

Notice of Public Hearing

Regarding Proposed Water and Wastewater Rates



On Monday, May 6, 2024, the Del Mar City Council will hold a Public Hearing regarding proposed water and wastewater rates and to consider all written protests against the proposed rate increases. The new rates, if adopted, will take effect on or after July 1, 2024. Interested parties are invited to attend.

Why are you receiving this notice?

The City of Del Mar is mailing this notice to you because you are a water and/or wastewater customer directly responsible for payment of water and/or wastewater service fees, or are the owner of record for a property that receives water or wastewater service. This notice describes proposed changes to the rates for water and wastewater service, and provides notice of the upcoming public hearing at which these proposed changes will be considered by the Del Mar City Council.

Costs for Water and Wastewater

Del Mar provides water and wastewater service to approximately 1,900 customers. The City of Del Mar is also responsible for preventing urban runoff and pollution to nearby lagoons and the Pacific Ocean.

Rates and charges for these services, billed bi-monthly (every two months), are the primary source of funding to operate the water and wastewater systems. Costs include system operations, capital projects, administration, debt service, and costs related to responsible long-term operational or financial management, such as maintaining adequate fund reserves and contingency planning.

Del Mar's rates consist of two parts: the service charge and volume charge. The "service charge" is a fixed bi-monthly amount based on meter size to recover fixed costs, which do not vary with the volume of water used by a customer for items such as infrastructure maintenance, meter reading, customer billing, and debt service. The "volume charge" is a commodity rate to recover costs that vary based on how much water is used or how much wastewater is generated.

Reasons for Rate Increases

Costs to provide water and wastewater rise annually. Since 2019, the City's cost to buy imported water has increased by 24%. Rising costs for energy and infrastructure construction and maintenance, as well as the cost for personnel to operate

Monday, May 6, 2024

City Council Meeting Begins at 4:30 p.m.

Del Mar Civic Center—Town Hall

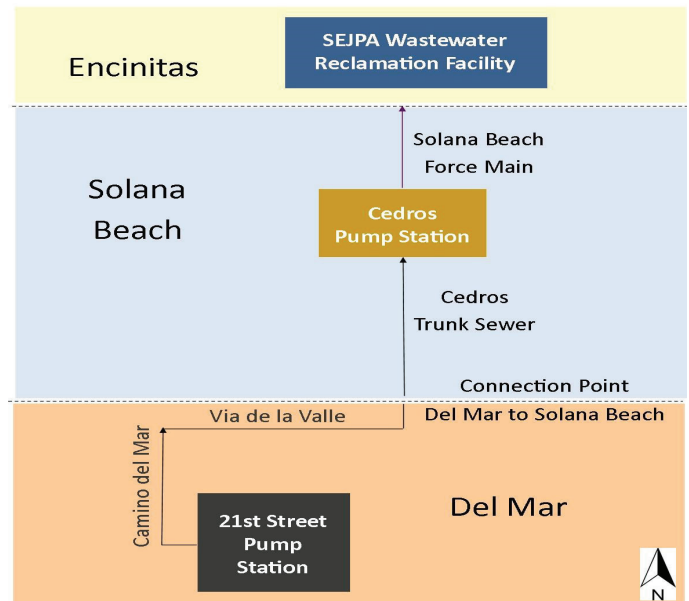
1050 Camino del Mar, Del Mar, CA 92014

the systems impact the cost to provide these services in a safe and reliable manner. Over the next five years, the City of Del Mar will spend nearly \$2.5 million on capital infrastructure rehabilitation projects for the water and wastewater systems.

Cost-Effective Services

Del Mar continuously seeks ways to make these utilities more cost efficient. An example is the partnership in recent years with the San Elijo Wastewater Joint Powers Authority (located in Cardiff) and the City of Solana Beach for wastewater treatment services, which results in long-term less expensive wastewater treatment.

Del Mar Connection to San Elijo Wastewater Reclamation Facility



Safe • Reliable • Cost Effective

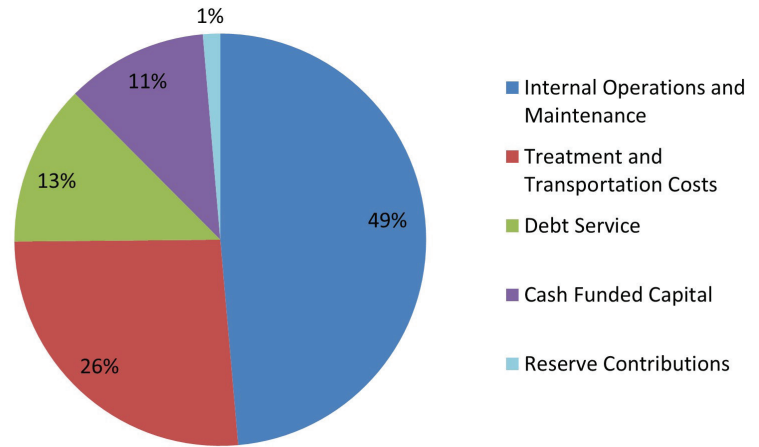
Wastewater

- Del Mar produces about 140 million gallons of wastewater each year.
- Del Mar’s wastewater is treated primarily by the San Elijo Joint Powers Authority (SEJPA) and a small amount by the City of San Diego.
- The cost to provide wastewater service in Del Mar is about \$4.8 million per year.
- 26% of the costs are pass-thru costs for treatment and transportation, which Del Mar has limited ability to control.
- Over the next five years, Del Mar plans to spend approximately \$2,500,00 on wastewater infrastructure projects, such as root management and pipeline rehabilitation.
- Wastewater costs include major pipeline repairs and system upgrades.



21st Street Sewer Pump Station

Distribution of Costs (Based on 2024)



Sample Customer Rate Change

Sample single-family residential household water use, based on 5/8” meter and 17 units bi-monthly (every two months) water use .

	Current	July 2024
Fixed Charge - 5/8” Meter	\$127.10	\$141.60
Variable based on 17 units bi-monthly	(\$8.98/unit) \$152.66	(\$9.44/unit) \$160.48
Total Bi-monthly	\$279.76	\$302.08
Bi-monthly Change		\$22.32

Proposed Wastewater Rates

Proposed Bi-Monthly (every 2 months) Fixed Service

	Proposed Rates					
	Current Rates	7/1/2024	7/1/2025	7/1/2026	7/1/2027	7/1/2028
	Rate Increase:	varies	2%	2%	2%	2%
Single-Family Residential	\$ 127.10	\$ 141.60	\$ 144.43	\$ 147.32	\$ 150.27	\$ 153.28
Meter Size						
5/8"	\$ 127.10	\$ 141.60	\$ 144.43	\$ 147.32	\$ 150.27	\$ 153.28
3/4"	\$ 190.66	\$ 212.40	\$ 216.65	\$ 220.98	\$ 225.40	\$ 229.91
1"	\$ 317.74	\$ 354.00	\$ 361.08	\$ 368.30	\$ 375.67	\$ 383.18
1 1/2"	\$ 635.48	\$ 708.00	\$ 722.16	\$ 736.60	\$ 751.33	\$ 766.36
2"	\$ 1,016.76	\$ 1,132.80	\$ 1,155.46	\$ 1,178.57	\$ 1,202.14	\$ 1,226.18
3"	\$ 2,033.52	\$ 2,265.60	\$ 2,310.91	\$ 2,357.13	\$ 2,404.27	\$ 2,452.36
Fairgrounds	\$ 55,024.00	\$ 53,045.02	\$ 54,105.92	\$ 55,188.04	\$ 56,291.80	\$ 57,417.64

Proposed Bi-Monthly (every 2 months) Volumetric Rates

	Current Rates	7/1/2024	7/1/2025	7/1/2026	7/1/2027	7/1/2028
	Rate Increase:	varies	2%	2%	2%	2%
Single Family Residential	\$ 8.98	\$ 9.44	\$ 9.63	\$ 9.82	\$ 10.02	\$ 10.22
Multi-Family Residential	\$ 8.98	\$ 9.44	\$ 9.63	\$ 9.82	\$ 10.02	\$ 10.22
Commercial	\$ 8.98	\$ 9.44	\$ 9.63	\$ 9.82	\$ 10.02	\$ 10.22
Institutional	\$ 8.98					
Hotels/Motels without Restaurants	\$ 8.84					
Hotels/Motels with Restaurants	\$ 12.73					
Restaurants	\$ 15.06					
Shopping Centers	\$ 10.45					
Fairgrounds	\$ 10.27	\$ 11.49	\$ 11.72	\$ 11.95	\$ 12.19	\$ 12.43

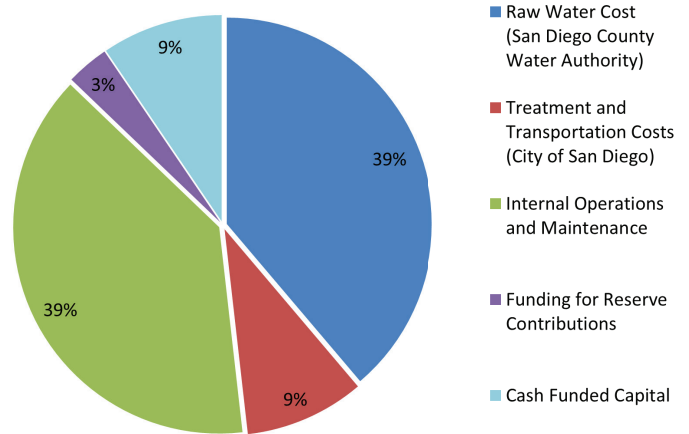
Water

- Del Mar imports nearly 100% of its water through the San Diego County Water Authority and contracts with the City of San Diego for water treatment and transportation to Del Mar. Recycled water is purchased from the San Elijo Joint Powers Authority for irrigation.
- The cost to provide water service in Del Mar is about \$5.1 million per year. More than half of the City's costs are pass-thru costs, which the City cannot control.
- Water use in Del Mar is down by 7% since 2019. Though the City purchases less water, fixed costs for the water system (such as maintaining pipes, pumps, and storage reservoirs and customer service) are spread across less water use, which impacts rates.
- Over the next five years, Del Mar anticipates spending approximately \$2,300,000 on water projects, such as replacing pipes, valves and fire flow improvements.
- Revenues must increase 3% in year one, and 2% per year thereafter, to cover water system costs.



Much of Del Mar's water supply is imported from hundreds of miles away.

Distribution of Costs (Based on 2024)



Sample Customer Rate Change

Sample single-family residential household water use, based on 5/8" meter and 17 units bi-monthly (every two months) water use.

	Current	July 2024
Fixed Charge - 5/8" Meter	\$88.04	\$88.70
Variable based on 22 units bi-monthly	(\$6.22/unit) <u>\$136.84</u>	(\$6.26/unit) <u>\$137.72</u>
Total Bi-monthly	\$224.88	\$226.42
Bi-monthly Change		\$1.54

Proposed Water Rates

Bi-Monthly Fixed Service Charges

(every 2 months)	Current Rates	Proposed Rates				
		7/1/2024	7/1/2025	7/1/2026	7/1/2027	7/1/2028
	Rate Increase:	varies	2%	2%	2%	2%
Meter Size						
5/8"	\$ 88.04	\$ 88.70	\$ 90.47	\$ 92.28	\$ 94.13	\$ 96.01
3/4"	\$ 132.06	\$ 129.41	\$ 132.00	\$ 134.64	\$ 137.33	\$ 140.08
1"	\$ 220.08	\$ 210.81	\$ 215.03	\$ 219.33	\$ 223.72	\$ 228.19
1 1/2"	\$ 440.16	\$ 414.33	\$ 422.62	\$ 431.07	\$ 439.69	\$ 448.48
2"	\$ 704.24	\$ 658.55	\$ 671.72	\$ 685.15	\$ 698.85	\$ 712.83
3"	\$ 1,408.46	\$ 1,309.82	\$ 1,336.02	\$ 1,362.74	\$ 1,389.99	\$ 1,417.79
4"	\$ 2,200.72	\$ 2,042.49	\$ 2,083.34	\$ 2,125.01	\$ 2,167.51	\$ 2,210.86
Fairgrounds	\$ 67,968.00	\$ 76,298.59	\$ 77,824.56	\$ 79,381.05	\$ 80,968.67	\$ 82,588.04

Bi-Monthly Fixed Commodity Charges

(every 2 months)	Current Rates	Proposed Rates (\$/hcf)					
		7/1/2024	7/1/2025	7/1/2026	7/1/2027	7/1/2028	
	Rate Increase:	varies	2%	2%	2%	2%	
Single Family Residential		Single Family Residential					
Tier 1 (0-20 hcf)	\$ 6.22	Tier 1 (0-22 hcf)	\$ 6.26	\$ 6.39	\$ 6.52	\$ 6.65	\$ 6.78
Tier 2 (21+ hcf)	\$ 7.47	Tier 2 (21+ hcf)	\$ 7.37	\$ 7.52	\$ 7.67	\$ 7.82	\$ 7.98
Multi-Family Residential	\$ 6.41	Multi-Family Residential	\$ 6.81	\$ 6.95	\$ 7.09	\$ 7.23	\$ 7.37
Commercial/Institutional	\$ 6.52	Commercial/Institutional	\$ 6.80	\$ 6.94	\$ 7.08	\$ 7.22	\$ 7.36
Irrigation	\$ 6.96	Irrigation	\$ 7.11	\$ 7.25	\$ 7.40	\$ 7.55	\$ 7.70
Fairgrounds	\$ 6.52	Fairgrounds	\$ 8.08	\$ 8.24	\$ 8.40	\$ 8.57	\$ 8.74



City of Del Mar
 1050 Camino del Mar
 Del Mar, CA 92014

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Demand Management Rates

Del Mar's water rate structure includes demand management rates which can be implemented by the City Council in response to a water shortage. These demand management rates cover increased costs for water and encourage conservation. Proposed rate increases only apply to the commodity rates. For example: During a Stage 2 reduction, Single Family FY 2024-25 rates would increase 2.8%: $\$6.26 * (1 + 0.028) = \6.44 per HCF for water use in the first tier and $\$7.37 * (1 + 0.028) = \7.58 per HCF for water use in the second tier.

Maximum Drought Rate Factors by Water Conservation Stage

Customer Class	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
	Shortage Up to (10% Reduction)	Shortage Up to (20% Reduction)	Shortage Up to (30% Reduction)	Shortage Up to (40% Reduction)	Shortage Up to (50% Reduction)	Shortage Up to (56% Reduction)
Single Family	1.013	1.028	1.047	1.069	1.098	1.114
Multi-Family	1.015	1.034	1.058	1.088	1.128	1.157
Commercial	1.013	1.029	1.048	1.071	1.100	1.117
Irrigation*	1.032	1.080	1.163	1.336	1.944	N/A
Fairgrounds	1.026	1.062	1.116	1.207	1.393	1.738

* "N/A" due to assumption of irrigation use being suspended at Stage 6.

HOW TO PROTEST PROPOSED RATES

An owner or tenant of property receiving City water and wastewater service may protest the proposed increased service charges by submitting a written protest by mail or in person to the City Clerk, 1050 Camino del Mar, Del Mar, CA 92014. Written protests must indicate opposition to the proposed rate increases. Written protests must be received (not postmarked) by the City Clerk before or during the public hearing date of May 6, 2024. The protest must be signed by property owner(s) or tenant(s) and must include the assessor's parcel number(s) or street address(es) of all property(ies) served. Only one protest may be filed per parcel. Because an original signature is required, protests submitted by email, facsimile, or other electronic means will **not** be accepted. Oral protests will not be accepted.

If a majority of the affected customers do not file written protests of the proposed rate changes, the Council will then consider and may adopt the rate changes described in this notice. If a majority of affected customers file written protests, the City Council will not adopt the proposed rate adjustments and the City will reconsider the rate structure and rates. Pursuant to Government Code Section 53759, there is a 120-day statute of limitations for any judicial action or proceeding challenging any new, increased, or extended water and sewer fee or charge. Cost data regarding the proposed increased charges is available for review during business hours at the City Clerk's Office, City Hall, 1050 Camino del Mar, Del Mar. For questions, call (858) 755-9313. Additional information about the proposed increases may be found online at:

www.delmar.ca.us/Utility-Rates