

Water Service Rates & Charges

Community Meeting

January 18, 2024

A photograph of industrial water treatment equipment, including large cylindrical tanks and pipes, set against a bright blue sky with a sun flare in the top left corner. The image is partially obscured by a white overlay on the right side.

Welcome

Joe Basulto, General Manager

(562) 692-3756

jbasulto@picowaterdistrict.net

Matthew Tryon, Director of Operations

(562) 692-3756

mtryon@picowaterdistrict.net

A decorative graphic consisting of several horizontal, wavy blue lines of varying shades, located in the bottom right corner of the slide.

About the District



23,000 people served



2.3 square mile service area



100% groundwater supply



5 active wells



1,250,000-gallon reservoir



Rate Review Process

Independent financial consultant

- **Review** expenses and revenues
- **Analyze** cost of service
- **Design** fair and equitable rate structure

Public Hearing
notice mailed to
all customers
detailing proposed
rate structure

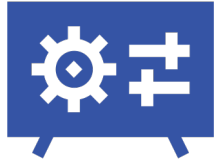
**Board of
Directors will
consider** public
comments and
District needs
before voting on
the proposal

A photograph of industrial water treatment equipment, including large cylindrical tanks and pipes. One tank has the word "Aqueo" written on it. The background is a clear blue sky.

Proposition 218

- ✓ Agencies can NOT make a profit
- ✓ Revenues from charges can NOT be used for other purposes
- ✓ Fees may NOT exceed the proportional cost for each customer
- ✓ No charge may be imposed if service is not actually used or available
- ✓ Written notice of proposed changes must be mailed to property owners within 45 days of public hearing

Why rates need to change



Rising operating expenses – Energy, meter service, customer billing and collection, administrative costs, treatment costs



PFOA & PFAS treatment – New equipment needed to ensure water quality along with ongoing operating costs



Revenue not sufficient **to meet capital improvements**
financial obligations



Must maintain cash reserves for emergencies and strong credit rating



Operational & financial stability

- Inflationary impacts
- Capital improvement projects
- Financial stability
- Providing safe drinking water

Water quality

- Costs to complete construction of the PFAS/PFOA treatment facilities
- Ongoing costs to operate and maintain PFAS/PFOA treatment plants



Inflation impacts

O&M expenses

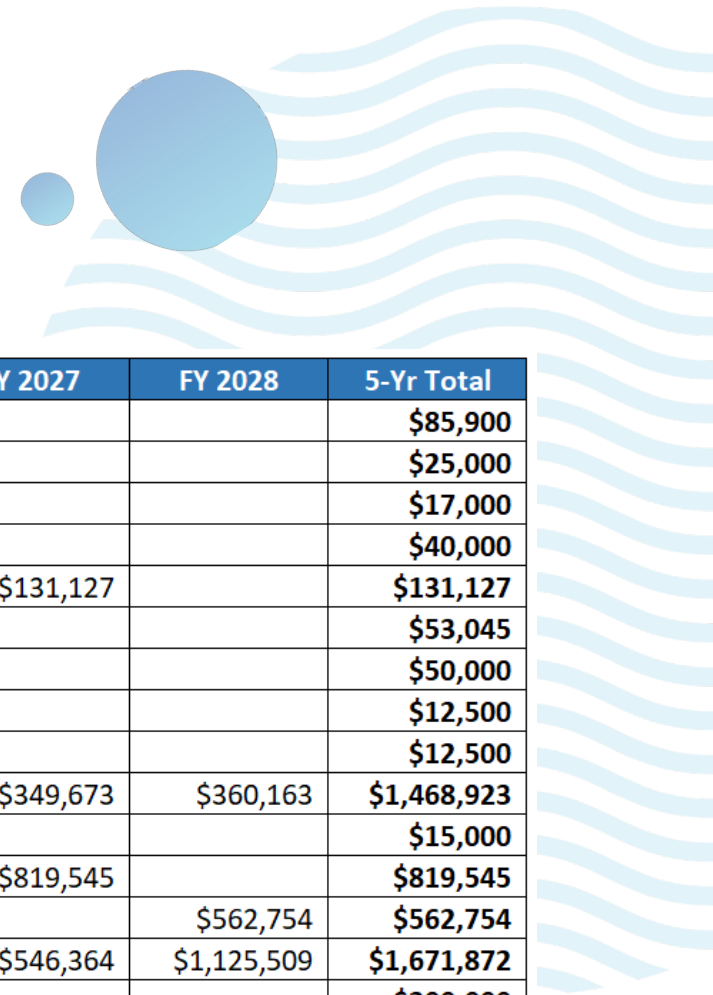
- General: 4%
- Salaries: 5%
- Benefits: 8%
- Energy (SCE): 10%
- Chemicals: 5%
- WRD Groundwater Assessments & CBMWD Recycled Water: 5.5%

Capital expenses

- CIP: 3%



Five-year planned Capital improvement projects



CIP Projects	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	5-Yr Total
1 Water Master Plan	\$85,900					\$85,900
2 Office & Board Room AC Upgrade	\$25,000					\$25,000
3 Tyler Document Management Program & Scanners	\$17,000					\$17,000
4 Utility Truck	\$40,000					\$40,000
5 New Service Truck				\$131,127		\$131,127
6 New Field Truck			\$53,045			\$53,045
7 Main Line Replacement	\$50,000					\$50,000
8 Hydrant Replacement	\$12,500					\$12,500
9 Service Line Replacement	\$12,500					\$12,500
10 Meter Replacemnt	\$90,000	\$329,600	\$339,488	\$349,673	\$360,163	\$1,468,923
11 Valve Replacement	\$15,000					\$15,000
12 Inter Connection #1 - City of Pico				\$819,545		\$819,545
13 SCADA - Upgrade					\$562,754	\$562,754
14 Rehab Well #4A - Transmission Main to Well #2 Site for PFAS Treatment				\$546,364	\$1,125,509	\$1,671,872
15 Well #5A Waste Water Discharge Line	\$200,000					\$200,000
16 Well #5A - Refurbishment			\$106,090			\$106,090
17 Well #8 - Refurbishment					\$112,551	\$112,551
18 PFAS Vessel Media Replacement		\$618,000	\$636,540	\$655,636	\$675,305	\$2,585,481
19 Other PFAS Capital Projects	\$250,000					\$250,000
Total	\$797,900	\$947,600	\$1,135,163	\$2,502,345	\$2,836,282	\$8,219,290

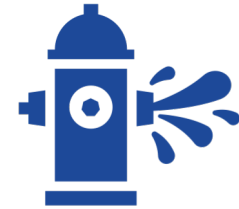
Summary of Changes



Adjustments to
monthly fixed
charges



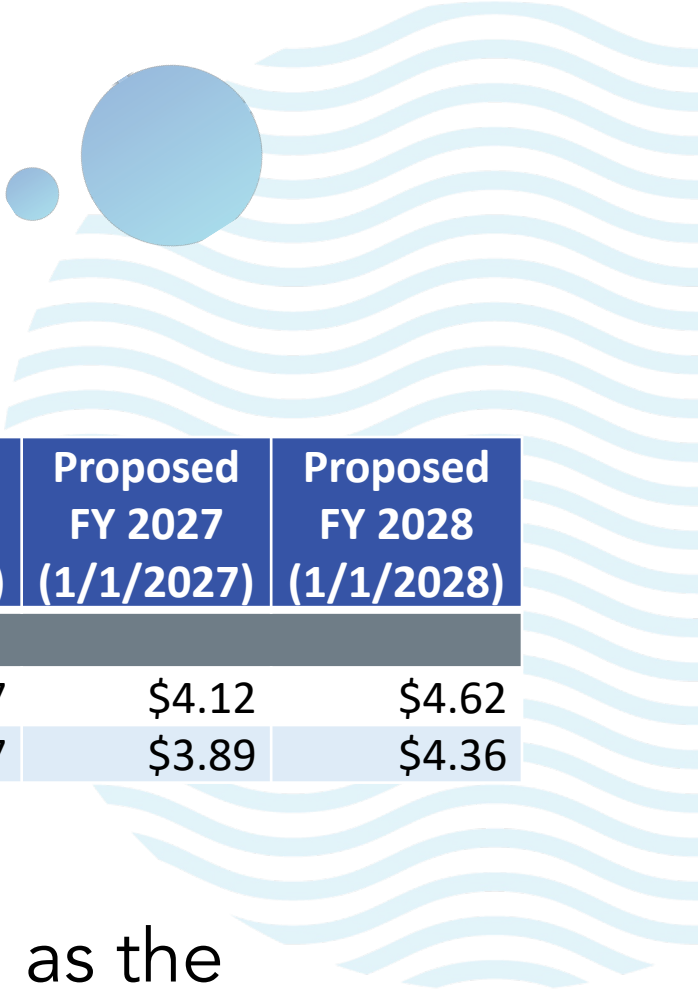
Volumetric rates
modified to meet
funding needs



**Fixed private fire
charges** revised

WHAT WOULD CHANGE

Volumetric rates



	Current	Proposed FY 2024 (3/1/2024)	Proposed FY 2025 (1/1/2025)	Proposed FY 2026 (1/1/2026)	Proposed FY 2027 (1/1/2027)	Proposed FY 2028 (1/1/2028)
Volumetric Rates per CCF*						
Potable Water	\$2.12	\$2.72	\$3.27	\$3.67	\$4.12	\$4.62
Recycled Water	\$2.39	\$2.57	\$3.09	\$3.47	\$3.89	\$4.36

*One hundred cubic feet of water

- Volumetric charges cover variable expenses such as the treatment and distribution of water

Understanding water charges



1 HCF
748 gallons



PWD tap water
\$0.003 per gallon



Bottled water
\$9.60 per gallon



WHAT WOULD CHANGE

Fixed monthly meter charges



	Current	Proposed FY 2024 (3/1/2024)	Proposed FY 2025 (1/1/2025)	Proposed FY 2026 (1/1/2026)	Proposed FY 2027 (1/1/2027)	Proposed FY 2028 (1/1/2028)
Single Family Residential (all meter sizes)	\$18.23	\$28.39	\$34.07	\$38.16	\$42.74	\$47.87
5/8-inch meter	\$18.23	\$28.39	\$34.07	\$38.16	\$42.74	\$47.87
1-inch meter	\$40.35	\$61.21	\$73.46	\$82.28	\$92.16	\$103.22
1.5-inch meter	\$77.20	\$115.91	\$139.10	\$155.80	\$174.50	\$195.44
2-inch meter	\$121.44	\$181.55	\$217.86	\$244.01	\$273.30	\$306.10
3-inch meter	\$224.66	\$334.71	\$401.66	\$449.86	\$503.85	\$564.32
4-inch meter	\$372.12	\$553.51	\$664.22	\$743.93	\$833.21	\$933.20
6-inch meter	\$740.74	\$1,100.51	\$1,320.62	\$1,479.10	\$1,656.60	\$1,855.40

The monthly fixed charge for all meters covers debt payments, account servicing expenses & most administrative costs.

WHAT WOULD CHANGE

Fixed charges

	Current	Proposed FY 2024 (3/1/2024)	Proposed FY 2025 (1/1/2025)	Proposed FY 2026 (1/1/2026)	Proposed FY 2027 (1/1/2027)	Proposed FY 2028 (1/1/2028)
Fixed Monthly Infrastructure Charges (Potable water meters only)						
Single Family Residential (all meter sizes)	\$6.50	\$4.35	\$5.22	\$5.85	\$6.56	\$7.35
5/8-inch meter	\$6.50	\$4.35	\$5.22	\$5.85	\$6.56	\$7.35
1-inch meter	\$6.50	\$10.86	\$13.04	\$14.61	\$16.37	\$18.34
1.5-inch meter	\$6.50	\$21.72	\$26.07	\$29.20	\$32.71	\$36.64
2-inch meter	\$6.50	\$34.75	\$41.70	\$46.71	\$52.32	\$58.60
3-inch meter	\$6.50	\$65.16	\$78.20	\$87.59	\$98.11	\$109.89
4-inch meter	\$6.50	\$108.60	\$130.32	\$145.96	\$163.48	\$183.10
6-inch meter	\$6.50	\$217.19	\$260.63	\$291.91	\$326.94	\$366.18
Fixed Monthly Private Fire Charges (Dedicated private fire connections only)						
1.5-inch connection	\$14.75	\$11.16	\$13.40	\$15.01	\$16.82	\$18.84
2-inch connection	\$23.60	\$15.12	\$18.15	\$20.33	\$22.77	\$25.51
4-inch connection	\$44.25	\$53.85	\$64.62	\$72.38	\$81.07	\$90.80
6-inch connection	\$73.74	\$141.85	\$170.22	\$190.65	\$213.53	\$239.16
8-inch connection	\$147.46	\$293.63	\$352.36	\$394.65	\$442.01	\$495.06
10-inch connection	\$339.16	\$521.94	\$626.33	\$701.49	\$785.67	\$879.96



The Infrastructure Charge covers debt payments for previous drinking water projects.

Private Fire Charges are for customers with fire sprinkler systems.

Pass-through charges

- Since 100% of the supply comes from groundwater, the District is required by law to contribute to water replenishment efforts
- Pico Water District contracts with the Water Replenishment District of Southern California (WRD) to purchase water to replenish groundwater supplies
- The District contracts with Central Basin Municipal Water District (CBMWD) to purchase recycled water

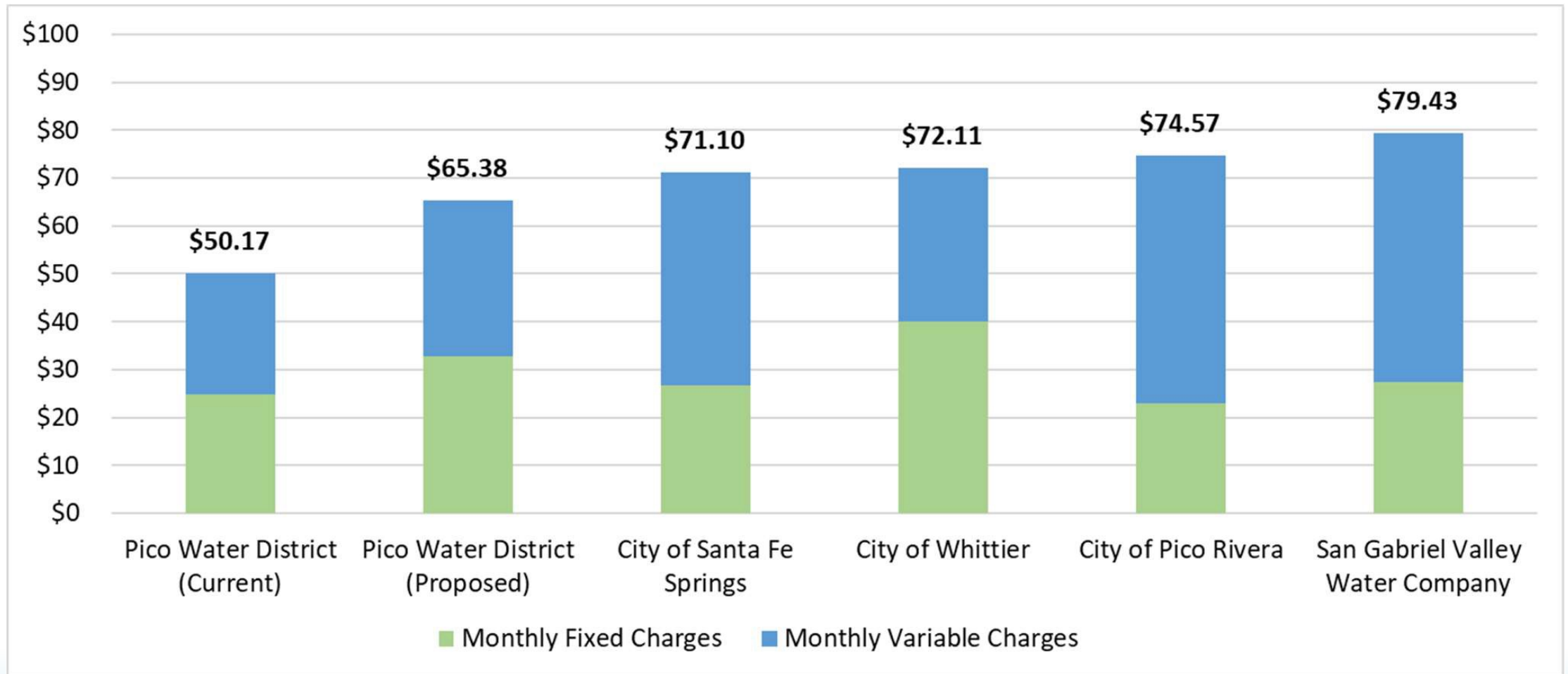


Pass-through charges

- If WRD or CBMWD charges rise 2 cents per HCF, Pico Water District will “pass through” those increases to customers by adjusting volumetric rates to cover the additional expense
- Pico Water District **would notify all customers** at least 30 days prior to implementation



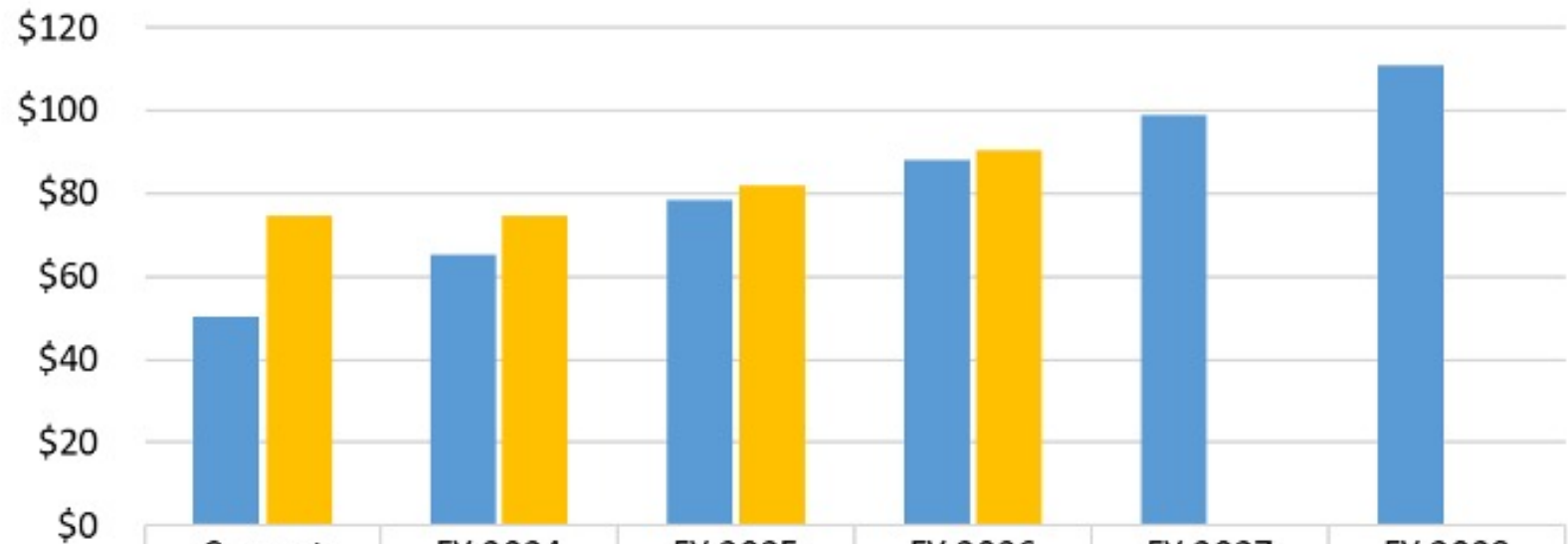
How this compares to nearby water districts*



*Based on the smallest meter size available and 12 CCF per month usage

How this compares to City of Pico Rivera*

Single Family Residential Monthly Bill Comparison to City of Pico Rivera



■ Pico Water District (Current/Proposed)	\$50.17	\$65.38	\$78.53	\$88.05	\$98.74	\$110.66
■ City of Pico Rivera (Adopted)	\$74.57	\$74.57	\$82.03	\$90.23		
Difference (\$)	(\$24.40)	(\$9.19)	(\$3.50)	(\$2.18)		
Difference (%)	-32.7%	-12.3%	-4.3%	-2.4%		

*Based on the smallest meter size available and 12 CCF per month usage

Customer Outreach

- Provided in English and Spanish
- Rates notice – mailed to customers
- Information on District website – www.PicoWaterDistrict.net
- Online bill estimator
- Social media posts
- Staff assistance available
- Community Meeting – January 18, 2024
- Public Hearing – February 15, 2024

PICO WATER DISTRICT • 4843 S. CHURCH STREET PICO RIVERA, CA 90660

PROPOSITION 218 NOTIFICATION
NOTICE OF PUBLIC HEARING ON WATER RATE CHANGES
February 15, 2024, at 5:30 p.m.
Pico Park Community Center, 9528 Beverly Blvd., Pico Rivera, CA 90660

Important Information About Your Water Rates

This notice is being furnished to you by Pico Water District (the "District") under the terms of Proposition 218, P.S. 90660, to property-related fees, such as for water service.

This notice serves as notice that the Pico Water District is considering recommended adjustments to its water rates and charges, which will be implemented on March 1, 2024. Each member of the public is invited to attend the public hearing and provide comments and register your written protest.

Why Are Rate Increases Affecting Me?

Pico Water District (District) provides water service to its customers. The District's rates and charges are determined by the California Public Utilities Commission (CPUC) and are subject to annual review. The District's rates and charges are based on the cost of providing water service, including the cost of water, the cost of infrastructure, and the cost of operating and maintaining the water system. The District's rates and charges are also based on the District's financial needs, including the need to fund capital improvements and to maintain the water system.

Proposed Water Rates and Charges

Currently, a water customer is charged a **monthly fixed service charge** per metered water connection. Single-family residential customers are all subject to the same charge regardless of meter size, while other customers are subject to charges that increase with meter size. Potable water customers are also charged a **fixed monthly infrastructure charge** per metered water connection that is currently the same regardless of meter size. In addition, potable and recycled water customers are charged a **volumetric rate** per billing period based on how much water passes through the meter, per one hundred cubic feet (CCF).

Potable water customers with a separate dedicated private fire protection connection (such as a fire-suppression sprinkler system) are also subject to a **fixed monthly private fire charge** based on the size of the lateral connection.

The 2023 Water Rate Study recommends one rate structure change to the current rates. The proposed change would adjust the fixed monthly infrastructure charge to be differentiated by meter size. The fixed infrastructure charge is designed to recover existing debt service associated with potable water system infrastructure improvements. Since the benefit to customers from these system improvements is proportional to water use, it is more equitable for the charge to be based on water use.

The proposed rate changes also include annual revenue adjustments.

If approved, the rate schedule below would take effect March 1, 2024.

MONTHLY CHARGES	
Meter Size	CURRENT
Single Family Residential (all meter sizes)	\$18.23
1/8-inch meter	\$18.23
1/4-inch meter	\$18.23
1/2-inch meter	\$18.23
3/4-inch meter	\$18.23
1-inch meter	\$18.23
1 1/2-inch meter	\$18.23
2-inch meter	\$18.23
3-inch meter	\$18.23
4-inch meter	\$18.23
6-inch meter	\$18.23

FIXED MONTHLY INFRASTRUCTURE CHARGE	
Meter Size	CURRENT
Single Family Residential (all meter sizes)	\$18.23
1/8-inch meter	\$18.23
1/4-inch meter	\$18.23
1/2-inch meter	\$18.23
3/4-inch meter	\$18.23
1-inch meter	\$18.23
1 1/2-inch meter	\$18.23
2-inch meter	\$18.23
3-inch meter	\$18.23
4-inch meter	\$18.23
6-inch meter	\$18.23

FIXED MONTHLY PRIVATE FIRE CHARGE	
Meter Size	CURRENT
Single Family Residential (all meter sizes)	\$18.23
1/8-inch meter	\$18.23
1/4-inch meter	\$18.23
1/2-inch meter	\$18.23
3/4-inch meter	\$18.23
1-inch meter	\$18.23
1 1/2-inch meter	\$18.23
2-inch meter	\$18.23
3-inch meter	\$18.23
4-inch meter	\$18.23
6-inch meter	\$18.23

How Can I Participate?

Information about the proposed rate adjustments, including the rate study, can be found online at PicoWaterDistrict.net. Pico Water District will also hold a community meeting to provide details on the proposed rate changes on Thursday, January 18, 2024, at 5:30 p.m. People can participate in person at the Pico Park Community Center, 9528 Beverly Blvd., Pico Rivera, CA 90660 or by using the same Zoom meeting ID, Passcode and/or phone number listed below.

For more information or any questions regarding the proposed rate increases, please contact the District Office at (562) 692-3756 and ask to speak with Joe D. Basulto, General Manager.

Pass-Through Rate Adjustments

For WRD Groundwater Assessment Increases:

The proposed volumetric rates for groundwater assessment (WRD) will charge the following rates for WRD assessments: \$1.02 per hundred cubic feet (CCF) through June 30, 2024; \$1.08 per CCF through June 30, 2025; \$1.14 per CCF through June 30, 2026; \$1.20 per CCF through June 30, 2027; and \$1.27 per CCF through June 30, 2028.

Pursuant to California Government Code 53756, the District may pass through any additional increases in the WRD assessments above the projected rates listed above. Future pass-through adjustments will be implemented by increasing the District's volumetric rate for recycled water by an amount not to exceed the level of WRD assessment rate increases (in cents per CCF) in excess of the projected WRD assessment rates listed above. For example, if WRD increases its assessment rate to \$1.10 per CCF on July 1, 2024, the District's water volumetric rate could be increased by up to an additional \$0.02 per CCF, equal to the difference between \$1.10 and the projected rate of \$1.08 shown above. Before initiating any pass-through adjustment, the District will notify all customers at least 30 days prior to implementation.

For CBMWD Recycled Water Wholesale Rate Increases

The proposed volumetric rates for recycled water assume that Central Basin Municipal Water District (CBMWD) will charge the following wholesale rates for recycled water: \$1.81 per hundred cubic feet (CCF) through June 30, 2024; \$1.91 per CCF through June 30, 2025; \$2.02 per CCF through June 30, 2026; \$2.13 per CCF through June 30, 2027; and \$2.25 per CCF through June 30, 2028.

Pursuant to California Government Code 53756, the District may pass through any additional increases in the CBMWD's wholesale recycled water rate above the projected rates listed above. Future pass-through adjustments will be implemented by increasing the District's volumetric rate for recycled water by an amount not to exceed the level of CBMWD wholesale rate increases (in cents per CCF) in excess of the projected rates listed above. For example, if CBMWD increases its wholesale recycled water rate to \$1.93 per CCF on July 1, 2024, the District's volumetric rate for recycled water could be increased by up to an additional \$0.02 per CCF, equal to the difference between \$1.93 and the projected rate of \$1.91 shown above. Before initiating any pass-through adjustment, the District will notify all affected customers at least 30 days prior to implementation.

How Can I Learn More?

Information about the proposed rate adjustments, including the rate study, can be found online at PicoWaterDistrict.net. Pico Water District will also hold a community meeting to provide details on the proposed rate changes on Thursday, January 18, 2024, at 5:30 p.m. People can participate in person at the Pico Park Community Center, 9528 Beverly Blvd., Pico Rivera, CA 90660 or by using the same Zoom meeting ID, Passcode and/or phone number listed below.

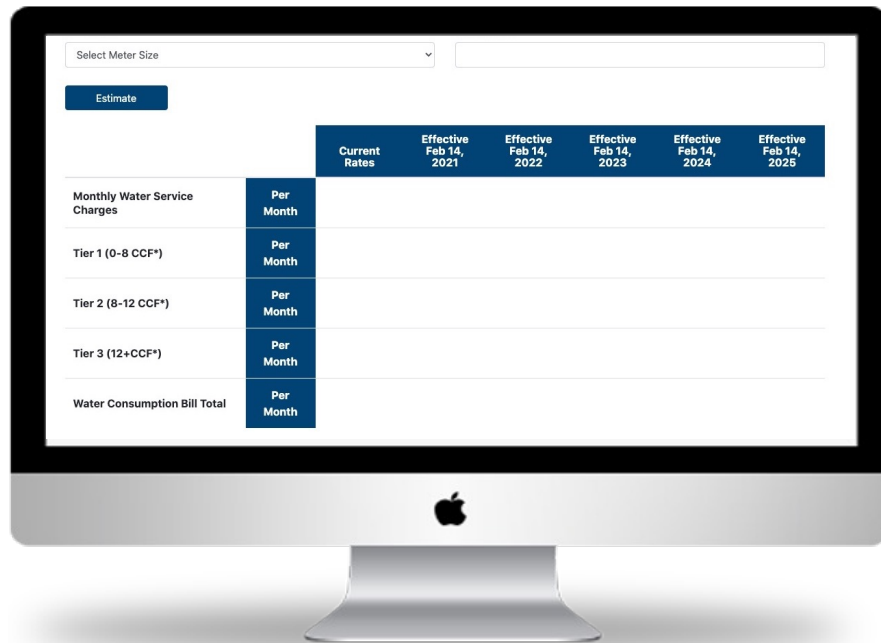
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Pico Water District Proposition 218 Notice December 22, 2023

Pico Water District Proposition 218 Notice December 22, 2023 prowaterdistrict.net

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How would these rates impact you?



- Use the online bill estimator at <http://www.picowaterdistrict.net/billestimator>
- Get personalized help from Pico Water District Staff by calling **(562) 692-3756**

Public Hearing

February 15, 2024, at 5:30 p.m.

What takes place:

- Board of Directors hears proposal
- Public comments
- Input reviewed
- Vote on proposed rates



Public Hearing

IN-PERSON MEETING:

February 15, 2024, at 5:30 p.m.

Pico Park Community Center
9528 Beverly Blvd.
Pico Rivera, CA 90660-2102



Public Hearing

LIVE ZOOM MEETING:

February 15, 2024, at 5:30 p.m.

<https://us06web.zoom.us/j/9521779948?pwd=dGNxcXh3YitEc2NlVVdrUzVvNm4rZz09>

Meeting ID: 952 177 9948

Passcode: 421745

Or listen in using this information and dialing (669) 900-6833





Questions

Contact: **Joe Basulto**, General Manager
(562) 692-3756
jbasulto@picowaterdistrict.net

Pico Water District
4843 S. Church Street
Pico Rivera, CA 90660-2102
www.PicoWaterDistrict.net

