

(748 gallons) used to \$0.67 per HCF. None of the other rate components will be increased. Under this adjustment, the average residential customer's water bill will increase by approximately \$1.20 per month (assuming a 5/8 x 3/4-inch meter and 15 HCF of water use), or \$2.40 per every bi-monthly bill. The increased Water Commodity Adjustment Charge will go into effect on January 1, 2015.

Pursuant to Ordinance No. 2809, the water rates (other than the WCAC) are also annually adjusted for inflation on July 1, based on the percentage of increase in construction costs during the previous one-year period (March 1 through February 28). The percentage of increase is based on the Engineering News Record Construction Costs Index - Los Angeles Area ("ENR"). However, the 4.4% increase authorized to begin on July 1, 2014, was not implemented.

FINANCIAL IMPACT

There is no impact to the General Fund. The WCAC pass-through adjustment will allow for the Water Enterprise Fund to continue meeting its financial obligations and carry out its capital improvement and replacement programs.

RECOMMENDATION

It is recommended that the City Council:

- Receive and file the Automatic Pass-Through Adjustment to the Water Commodity Adjustment Charges Report.


WILLIAM E. MURRAY, P.E.
Public Works Director


By: Katie Victoria
Administrative Analyst

Recommended for Approval


Matthew Fernal
City Manager

Attachment: Current and Projected Water Commodity Costs FY 2014-15

**CURRENT AND PROJECTED WATER COMMODITY COSTS
FY 2014-15**

City Water Production	
Projected Retail Demand	26,009 AF
Basin Production Percentage (BPP) *	72.00%
Projected Groundwater Production	18,664 AF
Projected Imported Demand	5,393 AF
Conjunctive Use Program	1,953 AF

Number of City's Service Connections 34,117

Commodity Charges	Unit	Per Unit Cost	SUB TOTALS
	af	\$/af	\$
MET/MWDOC Imported Water Charge - \$/af (July-Dec)	3,715	890.50	\$3,307,762.25
MET/MWDOC Imported Water Charge - \$/af (Jan-June)	1,678	923.50	\$1,549,725.35
OCWD RA: Pumped Water - \$/af	18,664	294.00	\$5,487,245.40
Conjunctive Use Program - \$/af (July-Dec)	1,464.5	791.25	\$1,158,785.63
Conjunctive Use Program - \$/af (Jan-June)	488.0	821.50	\$400,892.00
Additional Fixed Costs Charged	connections	\$/unit	

MET/MWDOC Readiness to Serve Charge	N/A	881,106.00	\$881,106.00
MET/MWDOC Connection Charge	34,117	10.50	\$358,228.50

TOTAL IMPORTED WATER COSTS **\$13,143,745.13**

FY 14/15 Cost of Water - \$/af
 LESS FY 13/14 Cost of Water - \$/af
 Increase in Cost of Water - \$/af
 Increase in Cost of Water - \$/ccf **

\$505.35
 (\$470.10)
 \$35.25
 \$0.08

* **Basin Production Percentage (BPP)** - The percentage of an Orange County Water District member agency's total potable water demand that can be produced from the basin without subjecting that member agency to additional fees.

** $\$0.08 = (\$35.25) \times \frac{(AF)}{(43,560 \text{ FT}^3)} \times (100 \text{ FT}^3)$ (CCF)

Increase in Cost of Water (\$/ccf) - Very large quantities of water purchased from regional suppliers are dealt with in units of AF due to large volumes involved. Local retailers charge water in smaller units equivalent to one hundred cubic feet, which is consistent with water meter manufacturer standards.