

# Rate Program Summary 2023-2028

**Presented by:**

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Manager

**Board of  
Directors**  
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**OC SAN**  
ORANGE COUNTY SANITATION DISTRICT

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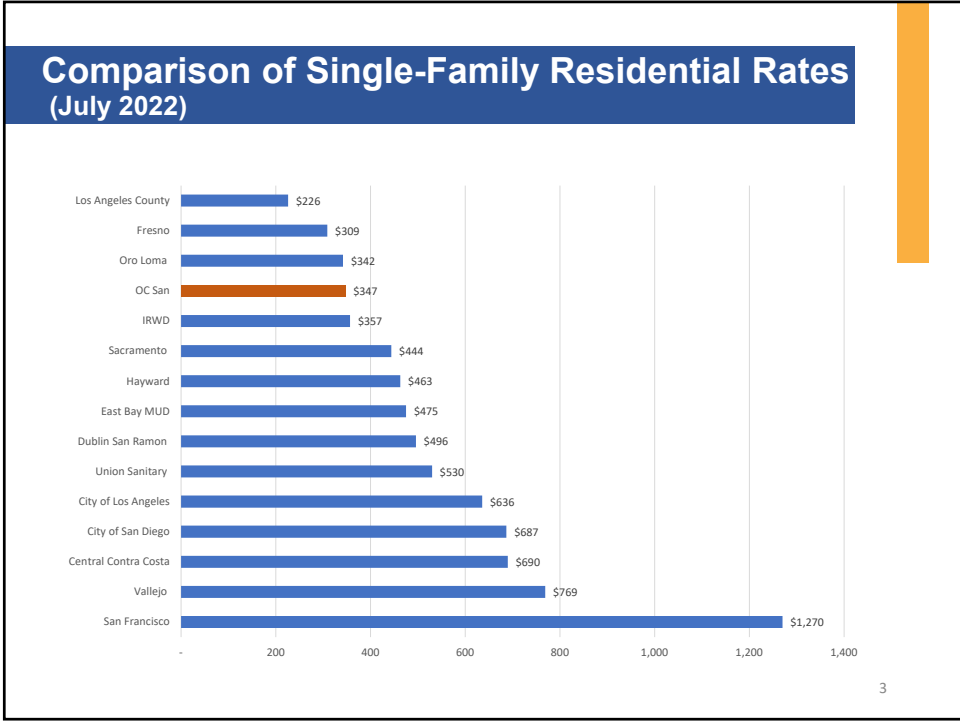
## General User Fees (69% of total revenue)

**Staff recommends an average annual increase of 3.5%**

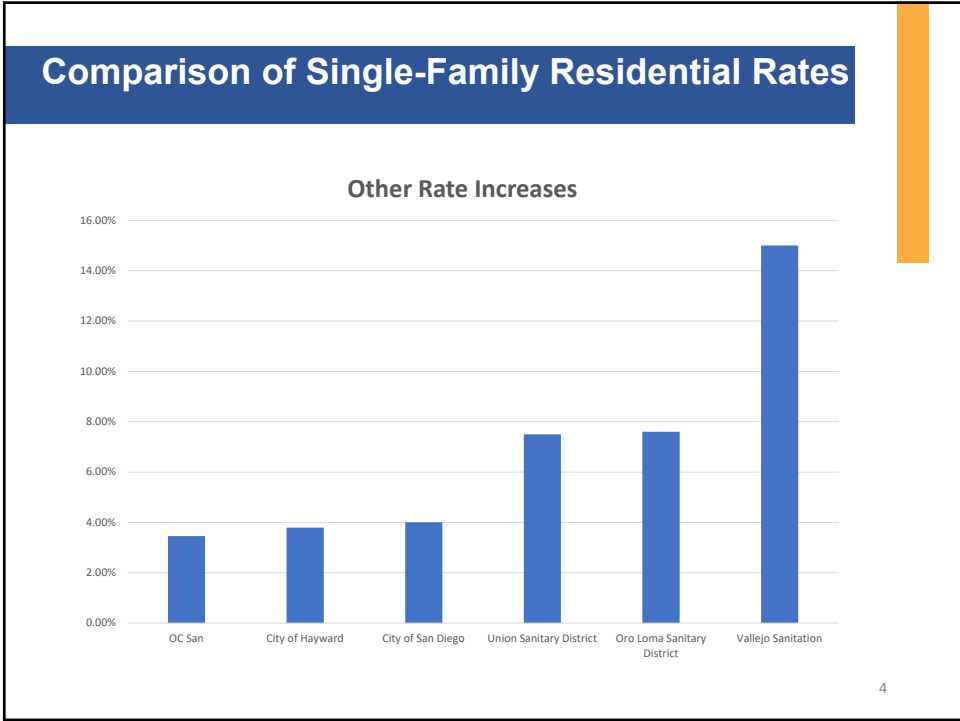
Year	Proposed Rates	Proposed Increase
2022 (Current)	\$347	N/A
2023	\$358	3.17%
2024	\$371	3.63%
2025	\$384	3.50%
2026	\$397	3.39%
2027	\$411	3.53%

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## General Information

- \$500M in annual revenues & expenditures
- \$3B Capital Improvement Program (CIP)
- AAA Debt Rating
- No New Debt
- No Unfunded Pension Liability
- Low Rates

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## Capital Facilities Capacity Charge

**CFCC**  
**One-Time Connection Charge**  
**Represents \$12.9M (2.5% of total revenue)**

- Residential Capacity Charges will remain flat for 2023-24 and increase annually by the Engineering News Record (ENR) Construction Cost Index.
- Non-residential Capacity Charges will decrease by approximately 33% in 2023-24 and then increase annually by the ENR Construction Cost Index.

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## Industrial O&M Fees

**Industrial User O&M Fee  
High Strength Dischargers  
Represents \$12.5M (2.4% of total revenue)**

- Staff recommends annual increases of 4.7%-5.6% over a five-year period for high strength dischargers.

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## Supplemental Capital Facilities Capacity Charge

**SCFCC  
Annual charge for exceeding established baselines  
Represents \$4.3M (.8% of total revenue)**

- The SCFCC is charged to high strength industrial users who exceed standard discharge amounts.
- Currently, there are 45 industrial dischargers who are charged the SCFCC for one or more constituents.
- These users would see increases on average of 6.3%.

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## Rebates and Refunds

- OC San processes over 2000 rebate/refund requests annually with an additional 1200 customers locked into a reduced charge.
- Staff and our consultant evaluated our current rebate program
- Staff recommends redesigning the program and modeling it after LA County Sanitation Districts tiered rebate program and moving from a 3-year lock-in to a 5-year lock-in to better serve our customers:

Average Flow divided by Assumed Discharge	Customer Reduction
90% or Greater	0%
70% - 89%	20%
50% - 69%	30%
30% - 49%	60%
29% or less	80%

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## Preparation and Analysis

- Staff engaged a qualified independent consulting firm, HDR Engineering, to conduct a comprehensive cost of service rate study to validate financial assumptions.
- HDR performed the revenue analysis to develop cost based Regional Sewer Service Fees, Capacity Charges and ancillary charges as well as cost allocation amongst customer classes.
- HDR also evaluated the current rebate program and recommended changes for better efficiency and to simplify the process for both the customer and OC San.

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## Schedule for Adoption

- 1) November Steering Committee – Rate Plan Overview
- 2) December Operations Committee – Rate Plan Overview
- 3) December Admin Committee – Rate Study and Prop. 218 Notices
- 4) December Board – Rate Study and Prop. 218 Notices
- 5) February 2023 – Mail Prop. 218 Notices
- 6) February Board – First Reading of the Ordinances
- 7) March Board – Public Hearing, Second Reading and Adoption
- 8) July 1, 2023 – New rate schedules go into effect

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## Questions



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