



ADMINISTRATION COMMITTEE

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Agenda Report

File #: 2022-2681

Agenda Date: 12/15/2022

Agenda Item No: 22.

FROM: James D. Herberg, General Manager
Originator: Lorenzo Tyner, Assistant General Manager

SUBJECT:

ORANGE COUNTY SANITATION DISTRICT WASTEWATER REVENUE PROGRAM RATE STUDY

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

Receive and file the Orange County Sanitation District's 2022 Wastewater Rates, Fees, and Charges Study completed by HDR Engineering, Inc.

BACKGROUND

To ensure the appropriate allocation of costs and fees, the Orange County Sanitation District (OC San) engaged an engineering consulting firm, HDR Engineering, Inc., to provide an independent analysis of OC San's cash flow modeling and a comprehensive cost of service study. The study demonstrates that OC San's proposed fees are appropriate and reasonable and will support its projected capital and operating requirements.

RELEVANT STANDARDS

- Stable rates based on a validated cost structure which minimizes unforeseen rate increases

PROBLEM

OC San's Board of Directors approved a five-year rate schedule which expires at the end of the current fiscal year.

PROPOSED SOLUTION

Develop a new proposed five-year rate schedule based on the 2022 rate study completed by HDR Engineering, Inc.

TIMING CONCERNS

Based on the 2022 rate study, staff will be developing a proposed five-year rate schedule, beginning in July 2023, for Administration and Board consideration in February 2023.

RAMIFICATIONS OF NOT TAKING ACTION

Sewer service fees will be insufficient to support capital and operating requirements.

PRIOR COMMITTEE/BOARD ACTIONS

December 2017 - Received and filed the OC San 2017 Wastewater Revenue Program Rate Study completed by Carollo Engineers.

ADDITIONAL INFORMATION

Based on the results of the rate study completed by HDR Engineering, Inc., OC San staff is in the process of recommending a five-year revenue program which includes an increase on average of 3.5 percent annually for the next five years.

CEQA

N/A

FINANCIAL CONSIDERATIONS

This request complies with authority levels of OC San's Purchasing Ordinance. This item has been budgeted.

ATTACHMENT

The following attachment(s) may be viewed on-line at the OC San website (www.ocsan.gov) with the complete agenda package:

- Orange County Sanitation District Wastewater Rates, Fees, and Charges Study
- Presentation