



# Notice of Proposed Water and Sewer Rate Change

COMMERCIAL / INDUSTRIAL / PUBLIC AUTHORITY / NONRESIDENTIAL MIXED USE

Irvine Ranch Water District is a public agency that provides water and sewer service. Our rates are based on the actual cost to provide water and sewer service to our customers and are based on the expenses included in IRWD's budget. The IRWD Board of Directors adopted a two-year budget on March 24, 2025. The basis for the proposed rates is detailed in the Cost of Service Study, which is available at [IRWD.com/services/proposed-rates](http://IRWD.com/services/proposed-rates). **The proposed rates for the two years, if adopted, will be effective June 23, 2025, and will be implemented on July 1, 2025, and July 1, 2026, respectively.**

A critical IRWD objective is to keep costs, and therefore rates, as low as possible for our customers. Even with the proposed increase, when compared with other agencies providing similar services in Orange County, IRWD's rates are consistently among the lowest.

## Proposed water rates in 2025 and 2026

IRWD is proposing an increase in water rates in 2025 and 2026. The increase is due primarily to uncontrollable pass-through cost increases from regional agencies that supply water, regional sewage, or energy services to IRWD, as well as inflation and increases in costs associated with continuing to provide the current high level of water and sewer service our customers expect.

The Base rate for potable and recycled water is for usage within the customer's monthly water budget. The Wasteful tier is for potable and recycled water usage that exceeds the customer's monthly water budget. Temporary and untreated water customers are charged at a flat rate because construction timelines and water usage can vary project by project and cannot be estimated on a monthly basis.

| Summary of proposed potable water commercial commodity rates |  |                        |   |   |
|--|--|------------------------|---|---|
| Tier   | Percentage use of monthly water budget | Current rates per CCF* | Proposed rates per CCF beginning July 1, 2025 | Proposed rates per CCF beginning July 1, 2026 |
| Base   | 0 - 100%                               | \$2.65                 | \$2.72  | \$2.92  |
| Wasteful   | 101%+                                  | \$16.46                | \$18.60                                       | \$19.32                                       |

| Summary of proposed recycled water commercial commodity rates |  |                       |   |   |
|---|--|-----------------------|---|---|
| Tier  | Percentage use of monthly water budget | Current rates per CCF | Proposed rates per CCF beginning July 1, 2025 | Proposed rates per CCF beginning July 1, 2026 |
| Base  | 0 - 100%                               | \$2.47                | \$2.39  | \$2.37  |
| Wasteful  | 101%+                                  | \$9.27                | \$9.93  | \$10.46                                       |

| Temporary (construction) commodity rates |                       |   |   |
|--|-----------------------|---|---|
| Component                                | Current rates per CCF | Proposed rates per CCF beginning July 1, 2025 | Proposed rates per CCF beginning July 1, 2026 |
| Potable                                  | \$3.25                | \$3.41  | \$3.64  |
| Recycled                                 | \$1.75                | \$1.98  | \$2.08  |

| Untreated water commercial commodity rates |   |   |
|--|---|---|
| Current rates per CCF                      | Proposed rates per CCF beginning July 1, 2025 | Proposed rates per CCF beginning July 1, 2026 |
| \$2.23                                     | \$2.05  | \$2.23  |

\*1 CCF = 100 cubic feet or 748 gallons

## Understanding your water bill

Your water bill has two basic components:

- **Variable water usage charges** are for the amount of water you use inside and outside each month. These charges are based on the cost of local and imported water and other costs of providing service that vary based on usage. Some customers may also incur a pumping surcharge to cover additional pumping costs to serve their properties.
- **Service charges** are to recover the fixed expenses of operating and maintaining IRWD's infrastructure. There are separate service charges for water and sewer service. These monthly fixed costs fluctuate depending on the number of days in a billing cycle.

## How your water budget is calculated

Each customer is assigned a monthly water usage budget, which represents an efficient volume of water to meet your specific water use needs and uses. IRWD establishes an individualized water budget for each Commercial, Industrial, and Institutional (CII) customer based on an analysis of the indoor and outdoor water use needs. This may include an on-site assessment.

Usage up to 100% of the water budget is billed at the Base rate. Usage above a customer’s water budget is billed at a higher Wasteful rate because IRWD must use more expensive water to meet Wasteful demands.

Visit [IRWD.com/services/proposed-rates](http://IRWD.com/services/proposed-rates) for information on the potable Base and Wasteful CII rates and all other CII rates. For information on your property’s monthly water budget, contact Customer Service at **949-453-5300**.

## Variable water usage charges

How much you pay for each CCF of water per month depends on whether you stay within your assigned water usage budget.

IRWD allocates its lowest-cost water supplies for customers’ usage within their monthly water budget. Higher-cost water is used to meet demands of customers’ water use above their budgets.

## Tier-based rates

Potable rates are broken into two tiers. Each tier is assigned a rate based on the actual cost of serving customers within each tier. Cost of service includes both the cost of water based on the source of water and other variable costs as detailed below.

The Base rate tier is for water used within each commercial, industrial, public authority, or nonresidential mixed use customer’s (CII) budget, which is sourced primarily from lower-cost groundwater and supplemented with imported water. The majority of imported water costs are allocated to the Wasteful tier. Expenses for districtwide conservation programs that educate customers on ways to conserve water and assist customers with conservation are included in both tiers.

Additional costs associated with targeted conservation programs, urban runoff treatment, and water banking are paid only by customers with usage in the Wasteful tier because their higher usage: (i) requires individualized conservation assistance, (ii) leads to urban runoff that requires costly treatment, and/or (iii) requires greater water reserves through water banking to provide reliable water supplies during a drought or other water shortage.

Costs are allocated to the Wasteful tier based on their share of costs to run these programs. Information about the costs included in the recycled water tiers can be found in the Cost of Service Study at [IRWD.com/services/proposed-rates](http://IRWD.com/services/proposed-rates).

| Proposed variable potable water rates per CCF beginning July 1, 2025                                 |               |               |
|--|---------------|---------------|
| Service  | Base tier     | Wasteful tier |
| Total water cost   | \$2.60        | \$5.21        |
| Districtwide conservation programs   | \$0.12        | \$0.12        |
| Conservation programs targeted to over-budget customers, urban runoff costs, and water banking costs | \$0           | \$13.27       |
| Total cost per CCF per tier proposed beginning July 2025   | \$2.72        | \$18.60       |
| Current rates  | \$2.65        | \$16.46       |
| <b>Change</b>  | <b>\$0.07</b> | <b>\$2.14</b> |

| Proposed variable potable water rates per CCF beginning July 1, 2026                                 |               |               |
|--|---------------|---------------|
| Service  | Base tier     | Wasteful tier |
| Total water cost   | \$2.80        | \$5.43        |
| Districtwide conservation programs   | \$0.12        | \$0.12        |
| Conservation programs targeted to over-budget customers, urban runoff costs, and water banking costs | \$0           | \$13.77       |
| Total cost per CCF per tier proposed beginning July 2026   | \$2.92        | \$19.32       |
| Proposed FY 2025–26 rates  | \$2.72        | \$18.60       |
| <b>Change</b>  | <b>\$0.20</b> | <b>\$0.72</b> |



### Pumping surcharges

A pumping surcharge will be added to the variable water usage charge for customers in locations that cause IRWD to incur additional pumping costs to supply their water. The surcharge is based on IRWD’s prevailing energy costs and varies depending upon the cost to pump water to the area served.

If you are located in an area affected by a pumping surcharge, the charge is itemized on your monthly bill. IRWD is proposing changes to the pumping surcharge areas.

Visit [IRWD.com/services/proposed-rates](http://IRWD.com/services/proposed-rates) to see the proposed map and charges by area.

| Proposed changes to pumping surcharge |  |  |  |
|---------------------------------------|--|--|--|
| Component                             | Current rates<br><i>(rates vary by pumping surcharge area)</i> | Proposed rates beginning July 1, 2025<br><i>(rates vary by pumping surcharge area)</i> | Proposed rates beginning July 1, 2026<br><i>(rates vary by pumping surcharge area)</i> |
| Potable                               | \$0.41 to \$1.88/CCF   | \$0.44 to \$2.03/CCF   | \$0.48 to \$2.19/CCF   |
| Recycled                              | \$0.25 to \$0.58/CCF   | \$0.27 to \$0.63/CCF   | \$0.29 to \$0.68/CCF   |

### Fixed water and sewer service charges

In addition to the water usage charges that you control based on the amount of water you use, your bill contains fixed charges for water service and sewer service.

Fixed water service charges are based on the size of your water meter providing water flow to your property. These charges are assessed whether or not you use water that month and may increase or decrease based on the number of days in the billing period.

Monthly service charges are fixed charges that cover IRWD’s cost of operations, maintenance, and infrastructure, and do not change based on the amount of a customer’s monthly water or sewer use.

Monthly service charges are based on a 30-day calendar month, so billing cycles that are longer or shorter than 30 days are billed based on the proportional number of days.

The fixed charge includes an amount set aside for the future inevitable repair and replacement of infrastructure such as pipes, pumping stations, and treatment facilities. This way, IRWD can avoid significant one-time rate spikes when the repairs and replacements are made.

These charges are not used to pay for facilities that extend service to new development.

### Fixed water service charges

The fixed monthly water service charges for CII customers are used to pay for operations and maintenance costs, including inevitable water infrastructure enhancements and replacements.

The charge is based on the size of your meter. Your meter size and amount appear on your bill.

| Proposed changes to fixed monthly water service charges for system operation and maintenance |                     |                                       |                                       |
|--|---------------------|---------------------------------------|---------------------------------------|
| Meter size   | Current meter rates | Proposed rates beginning July 1, 2025 | Proposed rates beginning July 1, 2026 |
| 5/8"x3/4" disc   | \$13.20             | \$14.90                               | \$15.60                               |
| 3/4" disc  | \$19.80             | \$22.35                               | \$23.40                               |
| 1" disc  | \$33                | \$37.25                               | \$39                                  |
| 1 1/2" disc  | \$79.20             | \$89.40                               | \$93.60                               |
| 2" disc  | \$105.60            | \$119.20                              | \$124.80                              |
| 2" turbo   | \$165               | \$186.25                              | \$195                                 |
| 3" turbo   | \$429               | \$484.25                              | \$507                                 |
| 4" turbo   | \$825               | \$931.25                              | \$975                                 |
| 6" turbo   | \$1,650             | \$1,862.50                            | \$1,950                               |
| 8" turbo   | \$2,310             | \$2,607.50                            | \$2,730                               |
| 10" turbo  | \$4,620             | \$5,215                               | \$5,460                               |
| 6" magnetic meter  | \$1,848             | \$2,153.80                            | \$2,255                               |
| 8" magnetic meter  | \$3,282.85          | \$3,705.65                            | \$3,879.70                            |
| 4" omni F-2  | \$825               | \$745                                 | \$780                                 |
| 6" omni F-2  | \$1,320             | \$1,490                               | \$1,560                               |
| 8" omni F-2  | \$2,310             | \$2,607.50                            | \$2,730                               |
| 1 1/2" single jet  | \$66                | \$74.50                               | \$78                                  |
| 2" single jet  | \$105.60            | \$119.20                              | \$124.80                              |
| 3" turbo temporary construction meter with backflow  | N/A                 | \$514.65                              | \$538.85                              |



### Fixed sewer service charges

Fixed monthly sewer service charges are used to pay for operations and maintenance costs associated with providing sewer service, including inevitable sewer infrastructure enhancements and replacements of infrastructure such as pipes, pumping stations, and treatment facilities.

Each customer’s use of IRWD sewer service derives from the customer’s use of water from IRWD. Additional fixed monthly charges for the operation and maintenance of the system are based on the customers’ indoor usage exceeding 10 CCF per month. The proposed fixed and variable monthly charges are presented at right.

| Proposed changes to fixed monthly sewer service charges for collection and treatment |                                      |                                       |                                       |
|--|--------------------------------------|---------------------------------------|---------------------------------------|
| Average monthly water usage  | Current monthly rates                | Proposed rates beginning July 1, 2025 | Proposed rates beginning July 1, 2026 |
| ≤10 CCF per month  | \$36.79                              | \$43.45                               | \$44.60                               |
| Quantity service charge (beyond 10 CCF)  | \$3.07/CCF                           | \$3.94/CCF                            | \$3.99/CCF                            |
| OC San special purpose permit discharge rate (if applicable)                         | Up to \$1,754.41 per million gallons | Up to \$1,836.37 per million gallons  | Up to \$1,922.17 per million gallons  |

| Proposed changes for areas receiving collection service or treatment service only |                       |                                       |                                       |
|---|-----------------------|---------------------------------------|---------------------------------------|
| Monthly usage   | Current monthly rates | Proposed rates beginning July 1, 2025 | Proposed rates beginning July 1, 2026 |
| Collection service charge (≤10 CCF per month)                                     | \$11.55               | \$13.05                               | \$13.65                               |
| Collection service charge (beyond 10 CCF per month)                               | N/A                   | \$1.06                                | \$1.08                                |
| Treatment service charge (≤10 CCF per month)                                      | \$20.50               | \$23.95                               | \$24.45                               |
| Treatment service charge (beyond 10 CCF per month)                                | N/A                   | \$2.88                                | \$2.91                                |

### Private fireline service charges

Private firelines provide water to sprinkler systems for fire suppression on private property. These include fire protection systems, such as fire protection sprinklers that are not part of, but are connected to, the public water service.

Costs are billed to the customers owning the private fire protection systems and are based upon the size of the fireline. Firelines will be allocated one CCF of water usage to allow for routine testing. Any use beyond fire suppression and one CCF for routine testing will be charged the variable water use charge within the Wasteful tier.

| Proposed changes to monthly fireline service charges |                       |                                       |                                       |
|--|-----------------------|---------------------------------------|---------------------------------------|
| Private fireline size                                | Current monthly rates | Proposed rates beginning July 1, 2025 | Proposed rates beginning July 1, 2026 |
| 1"   | \$7.65                | \$8.10                                | \$8.50                                |
| 2"   | \$10.15               | \$10.20                               | \$10.85                               |
| 3"   | \$15.80               | \$14.95                               | \$16.25                               |
| 4"   | \$25.50               | \$23.15                               | \$25.50                               |
| 6"   | \$60.35               | \$52.60                               | \$58.80                               |
| 8"   | \$120.50              | \$103.35                              | \$116.20                              |
| 10"  | \$210.95              | \$179.75                              | \$202.60                              |
| 11"  | \$268.95              | \$228.75                              | \$258                                 |
| 12"  | \$336.30              | \$285.60                              | \$322.30                              |

### New account charges, reconnection service charges, truck dispatch charges, and backflow testing charges

IRWD also charges for setting up new accounts for a property already connected to IRWD’s service system, reconnecting water service after it has been shut off, dispatching a truck for services, and backflow testing.

| Proposed changes to fees for new accounts, reconnection services, truck dispatch services, and backflow testing |               |                                       |                                       |
|---|---------------|---------------------------------------|---------------------------------------|
| Component   | Current rates | Proposed rates beginning July 1, 2025 | Proposed rates beginning July 1, 2026 |
| One-time setup fee for new accounts   | \$25          | \$30                                  | \$31                                  |
| Reconnection fees   | \$55–\$75     | \$57–\$78                             | \$59–\$81                             |
| After-hours reconnection fees   | \$165–\$200   | \$172–\$208                           | \$179–\$216                           |
| Dispatch charge   | \$75          | \$78                                  | \$81                                  |
| After-hours dispatch charge   | \$200         | \$208                                 | \$216                                 |
| One-time fee for backflow testing   | N/A           | \$100                                 | \$104                                 |



## Water Shortage Contingency Plan (WSCP)

IRWD is required by the California Water Code Section 10632 to prepare and adopt a Water Shortage Contingency Plan (WSCP) as part of its Urban Water Management Plan. The WSCP, adopted by IRWD on June 28, 2021, includes plans to implement locally appropriate water shortage response actions for six standard water shortage levels. For a detailed explanation of the District’s water shortage responses, please refer to the District’s WSCP at [bit.ly/wscp-2021](https://bit.ly/wscp-2021). An overview of the supply shortage response actions considered for each level of water shortage is on Page 33, Table 3-3 of the WSCP.

The table below shows the rates proposed as a potential response action for each water shortage level. These rates are based on the actual cost to provide service to our customers in times of water shortage. The table below includes the target potable water use reduction for each level, the minimum potable water budget provided at each level, and the steps necessary to meet the water shortage at each level. The District has invested in water supply reliability and is not projecting any shortages over the next two years.

| Minimum potable water budgets at each level of water shortage |                  |  |   |           |   |
|---|------------------|--|---|-----------|---|
| Water Shortage Contingency Plan level                         | Target reduction | Messaging and outreach                   | Outdoor potable water landscape plant assumption<br><i>(includes residential, dedicated irrigation, nonagricultural, and CII outdoor)</i> | ET factor | Potable, Commercial, Industrial, and Institutional (CII) percent indoor reduction |
| Normal water budget<br>No shortage                            | 0%               | Water efficiency programs and outreach   | 40% drought-tolerant plants   | .75       | 0%  |
| Level 1<br>0 – 10%  | 10%              | Expanded messaging and targeted outreach | 40% drought-tolerant plants   | .75       | 0%  |
| Level 2<br>11 – 20%   | 20%              | Expanded messaging and targeted outreach | No turf; 100% drought-tolerant plants   | .625      | 0%  |
| Level 3<br>21 – 30%   | 30%              | Expanded messaging and targeted outreach | No turf; 25% drought-tolerant plants; 75% native plants; tree health affected   | .35       | 0%  |
| Level 4<br>31 – 40%   | 40%              | Expanded messaging and targeted outreach | No turf; 100% native plants only; tree health affected  | .25       | 10%   |
| Level 5<br>41 – 50%   | 50%              | Expanded messaging and targeted outreach | No landscape  | 0         | 20%   |
| Level 6<br>51%+   | 60%              | Expanded messaging and targeted outreach | No landscape  | 0         | 30%   |

### How a water shortage could affect rates

If IRWD experiences a water shortage, IRWD may be required to implement water shortage response actions that would include possible water rate increases due to changes in costs to provide customers with water during a shortage. The water rates at each water shortage level are shown in the below tables. The IRWD Board of Directors will consider adopting these rates concurrently with the water and sewer rates discussed prior. The water shortage contingency rates would only be charged to potable customers depending on the level and duration of the water shortage as defined in the WSCP, and only when conditions declared by IRWD’s Board are met. Customers will receive communication of when these conditions have been met and when the water shortage contingency rates are being charged. For more information regarding how the monthly water budget is calculated for each of these rates, contact Customer Service at [949-453-5300](tel:949-453-5300).

| Proposed potable water shortage contingency rates per CCF beginning July 1, 2025 |         |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|---------|
| Rate tier  | Level 1 | Level 2 | Level 3 | Level 4 | Level 5 | Level 6 |
| Base   | \$2.78  | \$2.87  | \$2.93  | \$3.05  | \$3.26  | \$3.50  |
| Wasteful   | \$19.42 | \$20.25 | \$21.20 | \$22.53 | \$24.96 | \$28.36 |

| Proposed potable water shortage contingency rates per CCF beginning July 1, 2026 |         |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|---------|
| Rate tier  | Level 1 | Level 2 | Level 3 | Level 4 | Level 5 | Level 6 |
| Base   | \$2.98  | \$3.08  | \$3.14  | \$3.27  | \$3.48  | \$3.72  |
| Wasteful   | \$20.17 | \$21.03 | \$22.01 | \$23.15 | \$25.59 | \$29    |



## Why did the cost of water and sewer service increase?

The main reasons for the change include uncontrollable cost increases to IRWD attributed to:

- Pass-through charges from Orange County Water District (OCWD) for pumping local groundwater, which is still the lowest-cost water source (3.4% increase in FY 2025–26 and 4.8% increase in FY 2026–27).
- Pass-through charges from Metropolitan Water District of Southern California (MWD) for imported water purchased through the regional wholesaler, the Municipal Water District of Orange County (MWDOC) (11% increase in FY 2025–26 and 11% increase in FY 2026–27).
- Increase in charges from Southern California Edison (SCE) for electricity used in IRWD service operations (8% increase in FY 2025–26 and 8% increase in FY 2026–27).
- Increases in costs associated with continuing to provide the current high level of water service our customers expect, including costs associated with repairs and maintenance related to maintaining the existing infrastructure (7.2% increase in FY 2025–26 and 3.5% increase in FY 2026–27).
- Inflation.

### Automatic pass-through adjustments and other surcharges

IRWD used its best available information to calculate proposed increases in the cost of imported water purchased from MWD through MWDOC, the replenishment charges paid to OCWD for pumping groundwater, and the cost for regional treatment of sewage paid to the Orange County Sanitation District (OC San).

IRWD has no control over the charges set by regional agencies (MWD, MWDOC, OCWD, OC San, etc.) or penalties, taxes, and fees assessed by the state, and must pass those costs through to IRWD customers. Should any of the regional agencies or the State of California adopt an additional increase or decrease in its charges, taxes, or fees (pass-through amount), IRWD may automatically recalculate its rates to include the pass-through amount.

If this occurs, the automatic IRWD rate adjustment will not require a public hearing or any additional action by the IRWD Board of Directors. At least 30 days before the effective date of the adjustment, IRWD will provide its customers with notice of the expected adjustment(s), which will generally be calculated as the total projected cost increase divided by the projected annual water consumption or annual total sewage flow as appropriate. This calculation will vary as necessary to reflect IRWD's different service areas and service classes.

If the State Water Resources Control Board (State Board) imposes fines on IRWD because of a violation(s) of a State Board regulation adopted to prevent the waste or unreasonable use of water, or to promote water conservation, to the extent such violation(s) are due to consumption of water in excess of customers' water usage budgets, IRWD may levy a surcharge on the volume of water used of up to \$3.51 per CCF.

If IRWD is fined by the State Board, at least 30 days before implementing a surcharge, IRWD will provide its customers with notice of the surcharge amount(s), which will generally be calculated as the total projected fine divided by the total water use in the Wasteful tier.

## Public hearing, protests, and legal objections

Any customer or property owner within the IRWD service area may (1) file a written protest to the proposed rate increases and/or (2) submit a written legal objection stating how the proposed rates do not comply with existing law. Written protests and legal objections should be sent to IRWD, P.O. Box 5149, Irvine, CA 92616. A valid protest or legal objection must include your name, the address at which you receive service from IRWD, a statement of protest or a statement that your letter constitutes a legal objection, and your original signature.

**Protests:** Any customer or property owner may submit a protest to be received by mail by June 23, 2025, and may appear at the June 23 hearing to make comments regarding the proposed rates. Protests may also be delivered in person and must be received prior to the conclusion of the June 23 public hearing.

**Legal objections:** To be considered sufficient, a legal objection must include a description of the nature of the legal objection with sufficient specificity to allow IRWD to respond in writing. Legal objections must be received by May 30, 2025. Pursuant to Government Code Section 53759.2, failure to submit a sufficient legal objection by May 30 will bar your right to challenge the proposed rates through a legal proceeding.

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.

## Additional information

For information on IRWD water efficiency programs and rebates, visit [IRWD.com](http://IRWD.com) or contact Customer Service at [949-453-5300](tel:949-453-5300).

