

# Recycled Water Rate Adjustments

## Responsible Planning for the Future

San Elijo Joint Power Authority (SEJPA) recently completed a comprehensive Rate Study to evaluate its wholesale recycled water rates for service to the Santa Fe Irrigation District (SFID), San Dieguito Water District (SDWD), Olivenhain Municipal Water District (OMWD), and the City of Del Mar.

Rates are periodically reviewed and adjusted to ensure sufficient revenue is available to maintain safe and reliable service. Results of the 2021 Recycled Water Rate Study demonstrated that a 3.9% annual increase is needed for the next five years (FY 2022-FY 2026) to operate and maintain the existing recycled water system, support forward-looking capital improvement projects, and responsibly plan for the future.

SEPJA worked collaboratively with financial experts, partner water agencies, and the Board of Directors to ensure rates remain affordable, support the Utility's financial viability, and align industry best practices, State law, and local policies.

## Frequently Asked Questions:

### 1. Why are rate adjustments needed now?

Rate increases are needed to:

**Ensure safe and reliable service:** As the cost of labor, materials, chemicals, and energy continue to increase, SEPJA must adjust rates to generate sufficient revenue to maintain and operate its recycled water system.

**Invest in forward-looking projects:** Over the next 5 years, SEJPA has approximately \$7.2 million in planned capital improvement projects to expand the use of recycled water, replace and repair aging infrastructure, upgrade treatment facilities, and enhance water storage capacity.

**Prepare for uncertainty:** SEJPA is proactively investing in emergency cash reserves to prepare for unexpected events or circumstances that could impact the agency's revenue or costs. The Board of Directors has agreed to reduce the proposed rate increase on or after July 1, 2024, should certain reserve targets be achieved, thus balancing water affordability with financial resiliency.

### 2. What was the public process for establishing new rates?

- In October 2020, Carollo Engineers was hired to conduct SEJPA's 2021 Recycled Water Rate Study.
- In March 2021, a public workshop was held to review the 10-year Capital Improvement Program, Formal Reserve Policy, and receive policy direction from SEJPA's Board of Directors.
- In April 2021, the Board of Directors reviewed a Draft Rate Study and the Recycled Water Reserve Policy.
- In May 2021, the Board approved the proposed rate increase, effective July 1, 2021.

- Throughout the Rate Study, SEJPA held multiple meetings with water purveyors to discuss rate adjustments and anticipated impacts.

**3. When will new rates go into effect?**

Beginning July 1, 2021, SEJPA wholesale recycled water rates will increase by 3.9% to Santa Fe Irrigation District (SFID), San Dieguito Water District (SDWD); Olivenhain Municipal Water District (OMWD), and the City of Del Mar.

**4. When was the last time SEJPA adjusted rates?**

In 2016 and 2018, SEPJA completed a rate study that resulted in a 4% and 3.8% annual increases, respectively. This year's 3.9% annual increase is consistent with national trends and historical adjustments for the agency.

Resources:

- [2021 Recycled Water Rate Study](#)

Questions:

For questions regarding the Recycled Water Wholesale Rate Increase, contact us at [contactus@sejpa.org](mailto:contactus@sejpa.org)