



AGENDA STAFF REPORT

Control: 26001031

MEETING DATE: 05/19/2026

LEGAL ENTITY TAKING ACTION: Board of Supervisors

BOARD OF SUPERVISORS DISTRICT(S): District 2

SUBMITTING AGENCY/DEPARTMENT: OC Public Works

DEPARTMENT CONTACT PERSON(S): Joseph Seybold, 714-667-4921
Robert Shipp, 714-667-1636

SUBJECT: Approve Revised Rates for Electricity, Chilled Water and Steam

CEO CONCUR Concur	COUNTY COUNSEL REVIEW No Legal Objection	CLERK OF THE BOARD DISCUSSION 3 Votes Board Majority
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Budgeted: N/A	Current Year Cost: See Financial Impact Section	Annual Cost: See Financial Impact Section
Staffing Impact: No	Funding Source: See Financial Impact Section	Sole Source: N/A
Current Fiscal Year Revenue: See Financial Impact Section	Funding Source: See Financial Impact Section	County Audit in Last 3 years: No
Levine Act Review Completed? N/A		

Prior Board Action: 4/22/2025 #31, 12/20/2022 #21, 2/23/2021 #8, 12/8/2009 #39

RECOMMENDED ACTION(S):

1. Find that the approval of revised rates for electricity, chilled water and steam is statutorily exempt from the provisions of CEQA pursuant to Section 21080(b)(8) of the Public Resources Code and Section 15273 of the CEQA Guidelines as the establishment or modification, structuring, restructuring or approval of rates, tolls, fares and other charges by a public agency that are for the purpose of meeting operating expenses, including employee wage rates and fringe benefits; purchasing or leasing supplies, equipment or materials as set forth herein.
2. Approve revised rates for FY 2026-27, FY 2027-28 and FY 2028-29 electricity, chilled water and steam produced by the Central Utility Facility for heating and cooling, effective July 1 of each fiscal year.
3. Authorize the Director of OC Public Works or designee to notify and bill or credit the billable entities for actual cost increases or decreases in an amount not to exceed full cost recovery and revise the rates on an annual basis to ensure full cost recovery.

SUMMARY:

Approval of the revised billing rates for FY 2026-27, FY 2027-28 and FY 2028-29 for electricity, chilled water and steam produced by the Central Utility Facility for Civic Center facilities will ensure full cost recovery from billable entities on an annual basis.

BACKGROUND INFORMATION:

The Central Utility Facility (CUF) operates on an independent utility grid to provide reliable electricity, chilled water and steam (Services) to buildings across the Civic Center Campus (Campus), supporting heating and cooling for facilities operated by the City of Santa Ana (City), County of Orange (County) and federal agencies. CUF customers receive uninterrupted Services 24 hours a day, 365 days a year, supporting the continued operation of critical government services on the Campus.

The CUF was constructed in 1968. In November 2009, the facility was expanded with the addition of the Cogeneration Plant (Cogen). The CUF includes two 5.2-megawatt combustion turbine generators coupled with Heat Recovery Steam Generators that produce electricity and steam for the Campus while also supporting chilled water production within the CUF. Southern California Edison (SCE) maintains an alternate live electrical feed to provide power redundancy.

On December 8, 2009, the Board of Supervisors (Board) approved Transfer Agreements designating the Judicial Council of California, Administrative Office of the Courts (Court) as the party responsible for certain facilities, while the County remained the provider of Services. The CUF Cogen provides Services to the Central Justice Center, which transferred in April 2010, and provides electricity to Court facilities, which transferred in March 2010.

Infrastructure upgrades to the chilled water plant began in 2015 and were completed in 2018. The upgrades to the CUF reduced its carbon intensity by 30 percent, improved plant efficiency and reduced operational costs by an average of 9.5 percent. Additional system improvements have continued in recent years to maintain reliability and operational efficiency of the CUF. These include completion of a Generation Control Switchgear modernization project in 2026 and a steam condensate waste-heat recovery project scheduled for 2027.

Billing Rate Adjustment

On February 23, 2021, the Board established CUF billing rates (Rates). On December 20, 2022, the Board adopted revised Rates with a provision requiring OC Public Works to conduct an annual review to ensure full cost recovery. The review allows OC Public Works to adjust the Rates annually to incorporate cost increases or decreases. The Board last adopted revised Rates on April 22, 2025.

In recent years, the CUF has experienced inflationary pressures affecting fuel, labor, commodity and transportation costs required to operate and maintain the facility. To ensure full cost recovery, OC Public Works will continue conducting an annual review of the Rates based on fiscal year costs and utility consumption data collected from July through March. Utility customers will be notified of updated Rates by April. If revenues collected are lower than fiscal year costs, OC Public Works will issue additional invoices based on actual consumption from July through March. If the revenues exceed costs, the excess will be applied as credits to subsequent billing invoices within the fiscal year. Customers were notified of the FY 2025-26 revised rates on March 26, 2026.

The Rate adjustments reflect amortized capital costs and operational expenses required to generate and distribute utilities from the CUF to City, County and federal facilities on the Campus and are governed by existing customer agreements.

Proposed Billing Rate Comparison

Commodities	FY 2025-26 Board Approved Rate	FY 2025-26 Revised Rate	FY 2026-27 Proposed Rate	Variance from Revised to Proposed Rate	Variance from Revised to Proposed Rate %
Chilled Water per kTons-hr	\$554.38	\$615.64	\$647.77	\$32.13	5%

Steam per 1,000 pounds	\$53.10	\$65.52	\$71.01	\$5.49	8%
Cogen Electricity per kWh	\$0.22	\$0.24	\$0.26	\$0.02	8%

Commodities	FY 2026-27 Proposed Rate	FY 2027-28 Proposed Rate	Variance	Variance %
Chilled Water per kTons-hr	\$647.77	\$662.48	\$14.71	2%
Steam per 1,000 pounds	\$71.01	\$72.27	\$1.26	2%
Cogen Electricity per kWh	\$0.26	\$0.26	\$0.00	0%

Commodities	FY 2027-28 Proposed Rate	FY 2028-29 Proposed Rate	Variance	Variance %
Chilled Water per kTons-hr	\$662.48	\$663.13	\$0.65	0%
Steam per 1,000 pounds	\$72.27	\$72.41	\$0.14	0%
Cogen Electricity per kWh	\$0.26	\$0.27	\$0.01	4%

OC Public Works is recommending Board approval of revised Rates for electricity, chilled water and steam produced by the CUF for heating and cooling, effective July 1 of each fiscal year. Expected monthly Cogen system fuel costs, amortized capital costs and overhead were applied to actual FY 2024-25 consumption data to formulate the proposed Rates.

Electricity services charged to County and Court users include power generated by the Cogen plant and backup standby power supplied by SCE, ensuring continuity of Services to the jail, Court, federal, City and County facilities. In October 2025, SCE announced an electricity rate increase to \$0.302 per kWh. By comparison, the CUF proposed electricity rate of \$0.26 per kWh remains below SCE’s rate.

Compliance with CEQA: The subject activity is statutorily exempt from review under CEQA pursuant to Section 21080(b)(8) of the Public Resources Code and Section 15273 of the CEQA Guidelines as the establishment or modification of rates, fees and charges which are for the purpose of meeting operating expenses, including employee wage rates and fringe benefits; purchasing or leasing supplies, equipment, or materials.

FINANCIAL IMPACT:

Appropriations and revenues will be included in Budget Control 040, Utilities, FY 2026-27 Budget and in the budgeting process in future years.

Fiscal Year	Program Cost	Revenue for Billable Agencies & Non-County	General Fund Revenue for Non-Billable Agencies	Total Revenue	Cost Recovery %
FY 2024-25	\$21,109,353	7,308,759	\$12,244,118	\$19,552,877	92.63%
FY 2025-26 (Estimated)	\$22,155,027	\$7,791,642	\$13,668,883	\$21,460,526	96.87%
FY 2026-27 (Projected)	\$23,440,003	\$8,679,664	\$14,760,354	\$23,440,018	100.00%
FY 2027-28 (Projected)	\$23,779,101	\$8,793,136	\$14,962,155	\$23,755,291	99.90% (*)
FY 2028-29 (Projected)	\$24,074,692	\$8,923,909	\$15,150,796	\$24,074,705	100.00%

Note (*): Cost recovery below 100% due to rounding.

OC Public Works will continue to complete an annual reconciliation of actual costs incurred in each fiscal year to actual revenue collected through Rates, notify and bill or credit the billable entities for any actual cost increases or decreases in an amount not to exceed full cost recovery in that fiscal year.

STAFFING IMPACT:

N/A

REVIEWING AGENCIES/DEPARTMENTS:

N/A

ATTACHMENTS:

Attachment A - Fee Checklist

Attachment B - Public Resources Code Section 21080(b)(8)