



## City Council Staff Report

DATE: July 2, 2014

AGENDA ITEM NO: **Public Hearing  
Agenda Item 4-B.**

**TO:** The Honorable Mayor and City Council  
**FROM:** Chu Thai, Management Services Director  
**SUBJECT:** Consideration of Ordinances Establishing Proposed Water, Wastewater and Solid Waste Rates and Setting the Lifeline Discount Rate.

### **RECOMMENDATION:**

It is recommended that the City Council:

1. Continue with the public hearing;
2. Introduce and waive first reading of Ordinance No. ##### – Setting the amount of Water Rates and Charges;
3. Introduce and waive first reading of Ordinance No. ##### – Setting the amount of Wastewater Rates and Charges;
4. Introduce and waive first reading of Ordinance No. ##### – Setting the amount of Solid Waste Rates and Charges;
5. Adopt Resolution No. ##### – Setting the discount rate for the lifeline rate established by Monterey Park Municipal Code § 14.12.185; and
6. Take such additional, related, action that may be desirable.

### **EXECUTIVE SUMMARY:**

The Public Hearing for Water, Wastewater and Solid Waste rate increase was continued from the June 18, 2014, City Council meeting. Staff was directed to provide additional water rate alternatives to help fund the \$99.9 million Water Capital Improvement Program and wastewater rate alternatives to fund the \$12.8 million wastewater capital improvement program.

If the City Council chooses to introduce the proposed ordinances, second reading and adoption would be scheduled for the next regular meeting on July 16, 2014. Should the ordinances be adopted at that time, they would become effective on September 1, 2014.

### **BACKGROUND:**

#### Proposed Water Rates

The 2012 *Water System Financial Evaluation and Water Rate Recommendations* report proposed several rate increase alternatives to support a \$99.9 million water capital improvement program. These alternatives would generate enough water revenues within 12-19 years, to pay for the desired water capital projects. At the April 2, 2014, regular meeting, Council directed staff to develop a 20 year program, which will set the

2014 rates at approximately \$50 per month for the average single family residential water account, and this new rate model should also increase gradually within the five years.

On April 16, 2014, the City Council approved Alternative CC, approved the Notice of Public Hearing for Water, Wastewater and Solid Waste Rate Increases, and set the public hearing date on June 18, 2014. Water rate alternative CC provides the City with \$26.3 million in water CIP resources within five years, while setting the typical single family residential monthly water bill to be \$50.20 after September 2014.

At the June 18, 2014, Public Hearing, the City Council proposed additional water rate models that would further reduce the impact to the typical water customer. Staff was directed calculate the new rate models' revenue generation and identify the fiscal impact to the water capital improvement program.

*Water Rate Alternatives – Potential Water CIP Resources (\$ Million)*

<b>Alternatives</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Total</b>
A) Alternative CC	1.1	3.4	5.6	7.4	8.7	<b>\$26.3</b>
B) 20% Reduction of Alternative CC Increase	1.0	3.2	5.4	7.2	8.4	<b>\$25.2</b>
C) 15% Increase from Existing Rates	0.0	1.3	3.0	5.0	7.2	<b>\$16.5</b>
D) 20% Reduction of Alternative CC for Year 1, then 15% increases for Years 2-5	1.0	2.5	4.4	6.5	9.1	<b>\$23.5</b>

The existing water rates have been unchanged since October 1, 2009. Revenue from these rates does not support the financial needs of the water fund operations and capital improvement program. It is recommended that the City Council choose a rate model alternative and adopt the attached ordinances and resolutions.

Proposed Wastewater Rates

A January 2014 engineering study titled "Wastewater Collection System Master Plan Update" provided the City with a comprehensive assessment of Monterey Park's wastewater system. Staff proposes completing \$12.8 million in wastewater CIP within five years to address 35% of the sewer system. Part of the sewer capital program includes video inspection of the remaining 65% of sewer pipelines. The additional inspection will likely identify additional problems within the system. Aside from repairing the identified problems in the system, the City should have financial reserves set aside to prepare for future repairs.

At the June 18, 2014, Public Hearing, the City Council directed staff to develop alternative wastewater rate models that further reduce the impact to the typical single family resident, and to identify the fiscal impact to the wastewater capital improvement program. Monterey Park's average monthly sewer charge of \$1.86 would increase to

\$6.15 or \$7.69 per month, depending on which wastewater rate model the City Council selects.

*Wastewater Rate Alternatives – Potential Wastewater CIP Resources (\$ Million)*

Alternatives	Year 1	Year 2	Year 3	Year 4	Year 5	Total
A) Proposed Wastewater Rate	1.3	2.0	2.7	3.2	6.6	<b>\$12.8</b>
B) 20% Reduction of Proposed Wastewater Rate	0.8	1.4	1.9	2.3	2.7	<b>\$9.1</b>
C) 20% Reduction of Proposed Wastewater Rate, then 15% increases for Years 2-5	0.8	1.1	1.4	1.7	2.1	<b>\$7.0</b>

Impact on Water & Wastewater Capital Improvement Program

As directed by the City Council, staff have provided to the general public a detailed list of \$26.3 million in water CIPs and \$12.8 million in wastewater CIPs (Attachment 7). The new rate alternatives could reduce the five year water CIP to \$16.5 million and five year wastewater CIP to \$7.0 million.

With some rate alternatives, capital projects are postponed a year or two due to the lack of funding in the beginning years. Projects may also be reprioritized or reconfigured.

Proposed Solid Waste Rates

The Fiscal Year 2013-14 Mid Year Review Report presented by staff projects FY 2014-15 refuse fund revenues at \$5.8 million and operating expenses at \$6.8 million. This \$1 million net shortfall in the refuse fund demonstrates the need to increase solid waste rates by 15%. Existing solid waste rates have been unchanged since October 1, 2009.

For informational purposes, the chart below compares Monterey Park's current and proposed monthly solid waste bills for residential accounts with one 96 gallon trash and one 96 gallon recycle containers.

*Monterey Park Solid Waste Rate - Residential*

Agency	Existing Bill	Sept 2014	Sept 2015	Sept 2016	Sept 2017	Sept 2018
<b>City of Monterey Park</b>	\$22.68	<b>\$26.08</b>	<b>\$26.86</b>	<b>\$27.66</b>	<b>\$28.50</b>	<b>\$29.35</b>

Lifeline Rate Program

There are 486 utility customers who meet established income guidelines and participate in the current lifeline rate program. The 50% discount to the water meter charge, 100% discount of the sewer charge and 50% discount to solid waste saves the lifeline program participant on average \$19 per month, at a cost of \$110,000 per year to the City.

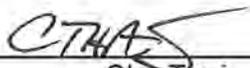
A resolution is attached updating the lifeline rate program. It proposes a 45% discount to the proposed water meter charge, sewer charge and solid waste charge, effective September 2014. It will save lifeline participants approximately \$22 per month, or close to \$260 per year. This program will cost the City a cumulative \$125,000 per year.

Please note, that the City cannot shift the burden of providing services from one class of ratepayers (e.g., low-income households) to another (e.g., all other ratepayers).<sup>1</sup> Consequently, the utility enterprise funds themselves cannot subsidize a discounted rate for low-income households; a subsidy must be funded from a different, unrestricted, source, e.g., late fees associated with the utility services or general fund revenue. About \$80,000 in interest earnings and \$58,000 in late fees collected annually are proposed to be used to subsidize the lifeline program. This program will be evaluated annually and the discount rate offered to participants will not exceed the total unrestricted revenues available.

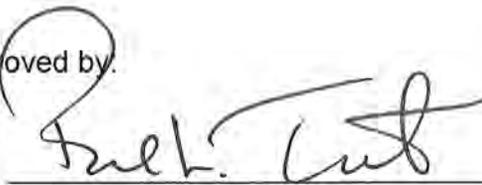
**FISCAL IMPACT:**

The various rate models will, within five years, generate between \$16.5 million and \$26.3 million in revenues for the water capital improvement program and \$7.0 to \$12.8 million for the sewer capital improvement program. The lifeline rate will cost the City approximately \$125,000 for the 2014-2015 fiscal year.

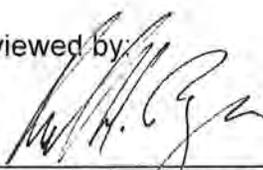
Respectfully submitted by:

  
\_\_\_\_\_  
Chu Thai  
Director of Management Services

Approved by:

  
\_\_\_\_\_  
Paul L. Talbot  
City Manager

Reviewed by:

  
\_\_\_\_\_  
Karl H. Berger  
Assistant City Attorney

<sup>1</sup> *Howard Jarvis Taxpayers Assn. v. City of Fresno* (2005) 127 Cal.App.4<sup>th</sup> 914; *Howard Jarvis Taxpayers Assn. v. City of Roseville* (2002) 97 Cal.App.4<sup>th</sup> 637.

**ATTACHMENTS:**

1. Ordinance No. ##### – Setting the amount of Water Rates and Charges
2. Ordinance No. ##### – Setting the amount of Wastewater Rates and Charges
3. Ordinance No. ##### – Setting the amount of Solid Waste Rates and Charges
4. Resolution No. ##### – Setting the Lifeline Discount Rate
5. Alternative Water Rate Models
6. Alternative Wastewater Rate Models
7. Proposed Solid Waste Rates
8. Proposed 5 Year Water CIP and 5 Year Wastewater CIP
9. June 18, 2014 Water, Wastewater and Solid Waste Rate Increase Council Report

**ATTACHMENT 1**

Ordinance No. ##### – Setting the amount of  
Water Rates and Charges

ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE SETTING THE AMOUNT OF WATER RATES  
PURSUANT TO HEALTH AND SAFETY CODE § 5471 AND  
MONTEREY PARK MUNICIPAL CODE CHAPTER 14.12.**

The City Council of the City of Monterey Park does ordain as follows:

SECTION 1. The City Council finds and declares as follows:

A. The City of Monterey Park requires a reliable supply of water meeting current and anticipated water quality standards to protect the public general welfare, health and safety.

B. The purpose of water rates and charges is to protect the public health, safety and general welfare by providing a reliable and adequate supply of water meeting current and anticipated water quality standards for the residents of the City of Monterey Park and to pay for the cost of providing such service.

C. There is a reasonable relationship between the amount of the rates and charges and the cost of services and facilities necessary to deliver water service to the residents and non-residential development of the City.

D. Notice regarding the water rates included in this ordinance was provided in accordance with California Constitution Article XIID, § 6(c) and Government Code § 54354.5.

E. On June 18, 2014, the City Council held a public hearing to consider the results of the protest proceeding and to consider whether to increase the water rates as proposed.

F. This Ordinance was adopted to comply with the California Supreme Court decision in *Bighorn-Desert View Water Agency v. Verjil* (2006) 39 Cal.4<sup>th</sup> 205.

G. This Ordinance is exempt from review under the California Environmental Quality Act (Cal. Pub. Res. Code §§ 21000, *et seq.*; "CEQA") and CEQA regulations (Cal. Code Regs. tit. 14, §§ 15000, *et seq.*) because it establishes, modifies, structures, restructures, and approves rates and charges for meeting operating expenses; purchasing supplies, equipment, and materials; meeting financial requirements; and obtaining funds for capital projects needed to maintain service within existing service areas. This Ordinance, therefore, is categorically exempt from further CEQA review under Cal. Code Regs. tit. 14, § 15273.

H. This ordinance is adopted in accordance with Health and Safety Code § 5471 and Monterey Park Municipal Code ("MPMC") Chapter 14.12 to establish the City's current water rates.

I. The City Council has considered the evidence and testimony presented at the public hearing. Based in part upon that evidence, and the staff reports presented to the Council regarding this issue, the City Council believes that it is in the public interest to adopt this Ordinance.

SECTION 2. AMOUNT OF RATES. Pursuant to MPMC Chapter 14.12, the City Council establishes amount of water rates as set forth in attached Exhibit "A," which is incorporated by reference ("Rates").

SECTION 3. SUSPENSION OR REDUCTION OF RATES. The City Council may adopt a resolution to suspend or reduce Rates established by this Ordinance.

SECTION 4. COST ESTIMATES. The City Manager, or designee, will periodically, but not less than annually, review the Rates to determine whether revenues from such Rates are meeting actual cost of services and facilities needed to deliver water service to the residents and non-residential developments within the City. If the City Manager determines that revenues do not adequately meet costs, the City Manager will recommend to the City Council a revised rate schedule to be adopted by this City Council by ordinance.

SECTION 5. PREVIOUS RATES. This Ordinance establishes the Rates only; it does not affect any previously established charges or other administrative fees. To the extent any provision of this Ordinance supersedes previously established Rates, such replacement does not affect any other charge, fee, penalty, forfeiture, or liability incurred before, or preclude prosecution and imposition of penalties for any violation occurring before, this Ordinance's effective date. Any such part of previous approvals remain in full force and effect.

SECTION 6. If any part of this Ordinance or its application is deemed invalid by a court of competent jurisdiction, the City Council intends that such invalidity will not affect the effectiveness of the remaining provisions or applications and, to this end, the provisions of this Ordinance are severable.

SECTION 7. The City Clerk is directed to certify the passage and adoption of this Ordinance; cause it to be entered into the City of Monterey Park's book of original ordinances; make a note of the passage and adoption in the records of this meeting; and, within fifteen (15) days after the passage and adoption of this Ordinance, cause it to be published or posted in accordance with California law.

SECTION 8. This Ordinance will become effective on the thirty-first (31st) day following its passage and adoption.

PASSED AND ADOPTED this \_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Anthony Wong, Mayor

**ATTEST:**

STATE OF CALIFORNIA            )  
COUNTY OF LOS ANGELES    )    SS  
CITY OF MONTEREY PARK        )

I, Vincent D. Chang, City Clerk of the City of Monterey Park, California, do hereby certify that the whole number of members of the City Council of said City is five; that the foregoing Ordinance No. \_\_\_\_\_ was duly introduced by said City Council at a regular meeting held on the \_\_\_\_\_ day of \_\_\_\_\_, 2014, and was duly passed and adopted by said City Council, approved and signed by the Mayor, and attested to by the City Clerk, all at a regular meeting of said Council held on the \_\_\_\_\_ day of \_\_\_\_\_, 2014, and the same was so passed and adopted by the following vote:

AYES:

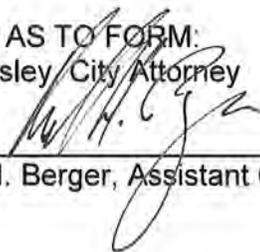
NOES:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
Vincent D. Chang, City Clerk

APPROVED AS TO FORM:  
Mark D. Hensley, City Attorney

By:   
\_\_\_\_\_  
Karl H. Berger, Assistant City Attorney

## **ATTACHMENT 2**

Ordinance No. ##### – Setting the amount of  
Wastewater Rates and Charges

**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE SETTING THE AMOUNT OF WASTEWATER RATES PURSUANT TO HEALTH AND SAFETY CODE § 5471.**

The City Council of the City of Monterey Park does ordain as follows:

**SECTION 1.** The City Council finds and declares as follows:

A. The City of Monterey Park requires a reliable wastewater discharge system meeting current and anticipated wastewater quality standards to protect the public general welfare, health and safety.

B. The purpose of wastewater rates and charges is to protect the public health, safety and general welfare by providing a reliable and safe wastewater discharge system that meets current and anticipated wastewater quality standards for the residents of the City of Monterey Park and to pay for the cost of providing such service.

C. Based upon the record, there is a reasonable relationship between the amount of the rates and charges and the cost of services and facilities necessary to deliver wastewater service to the residents and non-residential development of the City.

D. Notice regarding the wastewater rates included in this ordinance was provided in accordance with California Constitution Article XIID, § 6(c) and Government Code § 54354.5.

E. On June 18, 2014, the City Council held a public hearing to consider the results of the protest proceeding and to consider whether to adjust the wastewater rates as proposed.

F. This Ordinance was adopted to comply with the California Supreme Court decision in *Bighorn-Desert View Water Agency v. Verjil* (2006) 39 Cal.4<sup>th</sup> 205.

G. This Ordinance is exempt from review under the California Environmental Quality Act (Cal. Pub. Res. Code §§ 21000, *et seq.*; "CEQA") and CEQA regulations (Cal. Code Regs. tit. 14, §§ 15000, *et seq.*) because it establishes, modifies, structures, restructures, and approves rates and charges for meeting operating expenses; purchasing supplies, equipment, and materials; meeting financial requirements; and obtaining funds for capital projects needed to maintain service within existing service areas. This Ordinance, therefore, is categorically exempt from further CEQA review under Cal. Code Regs. Tit. 14, § 15273.

H. This Ordinance is adopted in accordance with Health and Safety Code § 5471 to establish the City's current wastewater rates and charges.

I. The City Council has considered the evidence and testimony presented at the public hearing. Based in part upon that evidence, and the agenda reports presented to the Council regarding this issue, the City Council believes that it is in the public interest to adopt this Ordinance.

SECTION 2. AMOUNT OF RATES AND CHARGES. The City Council establishes amount of wastewater rates as set forth in attached Exhibit "A," which is incorporated by reference ("Rates.")

SECTION 3. SUSPENSION OR REDUCTION OF RATES. The City Council may adopt a resolution to suspend or reduce Rates established by this Ordinance.

SECTION 4. COST ESTIMATES. The City Manager, or designee, will periodically, but not less than annually, review the Rates to determine whether revenues from such Rates are meeting actual cost of services and facilities needed to deliver wastewater service to the residents and non-residential developments within the City. If the City Manager determines that revenues do not adequately meet costs, the City Manager will recommend to the City Council a revised rate schedule to be adopted by this City Council by ordinance.

SECTION 5. PREVIOUS RATES. This Ordinance establishes the Rates only; it does not affect any previously established charges or other administrative fees. To the extent any provision of this Ordinance supersedes previously established Rates, such replacement does not affect any other charge, fee, penalty, forfeiture, or liability incurred before, or preclude prosecution and imposition of penalties for any violation occurring before, this Ordinance's effective date. Any such part of previous approvals remain in full force and effect.

SECTION 6. If any part of this Ordinance or its application is deemed invalid by a court of competent jurisdiction, the City Council intends that such invalidity will not affect the effectiveness of the remaining provisions or applications and, to this end, the provisions of this Ordinance are severable.

SECTION 7. The City Clerk is directed to certify the passage and adoption of this Ordinance; cause it to be entered into the City of Monterey Park's book of original ordinances; make a note of the passage and adoption in the records of this meeting; and, within fifteen (15) days after the passage and adoption of this Ordinance, cause it to be published or posted in accordance with California law.

SECTION 8. This Ordinance will take effect on the 31st day following its final passage and adoption.

PASSED AND ADOPTED this \_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Anthony Wong, Mayor

**ATTEST:**

STATE OF CALIFORNIA        )  
COUNTY OF LOS ANGELES    )    SS  
CITY OF MONTEREY PARK      )

I, Vincent D. Chang, City Clerk of the City of Monterey Park, California, do hereby certify that the whole number of members of the City Council of said City is five; that the foregoing Ordinance No. \_\_\_\_\_ was duly introduced by said City Council at a regular meeting held on the \_\_\_\_\_ day of \_\_\_\_\_, 2014, and was duly passed and adopted by said City Council, approved and signed by the Mayor, and attested to by the City Clerk, all at a regular meeting of said Council held on the \_\_\_\_\_ day of \_\_\_\_\_, 2014, and the same was so passed and adopted by the following vote:

AYES:

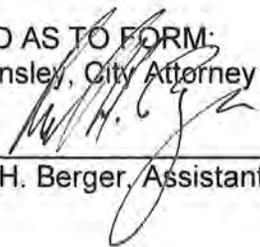
NOES:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
Vincent D. Chang, City Clerk

APPROVED AS TO FORM:  
Mark D. Hensley, City Attorney

By:   
\_\_\_\_\_  
Karl H. Berger, Assistant City Attorney

## **ATTACHMENT 3**

Ordinance No. ##### – Setting the amount of  
Solid Waste Rates and Charges

**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE SETTING THE AMOUNT OF SOLID WASTE RATES PURSUANT TO HEALTH AND SAFETY CODE § 5471.**

The City Council of the city of Monterey Park does ordain as follows:

SECTION 1. The City Council finds and declares as follows:

A. The purpose of solid waste rates and charges is to protect the public health, safety and general welfare by providing a reliable and safe solid waste disposal system that meets current and anticipated solid waste removal quality standards for the residents of the city of Monterey Park and to pay for the cost of providing such service.

B. Based upon the record, there is a reasonable relationship between the amount of the rates and charges and the cost of services and facilities necessary to deliver solid waste service to the residents and non-residential development of the City.

C. This ordinance is adopted in accordance with Health and Safety Code § 5471 to establish the City's current solid waste rates and charges.

D. Notice regarding the solid waste rates included in this ordinance was provided in accordance with Government Code § 54354.5 and a public hearing was held by the City Council on June 18, 2014.

E. This Ordinance was adopted to comply with the California Supreme Court decision in *Bighorn-Desert View Water Agency v. Verjil* (2006) 39 Cal.4<sup>th</sup> 205.

F. This Ordinance is exempt from review under the California Environmental Quality Act (Cal. Pub. Res. Code §§ 21000, *et seq.*; "CEQA") and CEQA regulations (Cal. Code Regs. tit. 14, §§ 15000, *et seq.*) because it establishes, modifies, structures, restructures, and approves rates and charges for meeting operating expenses; purchasing supplies, equipment, and materials; meeting financial requirements; and obtaining funds for capital projects needed to maintain service within existing service areas. This Ordinance, therefore, is categorically exempt from further CEQA review under Cal. Code Regs. tit. 14, § 15273.

G. The City Council has considered the evidence and testimony presented at the public hearing. Based in part upon that evidence, and the agenda reports presented to the Council regarding this issue, the City Council believes that it is in the public interest to adopt this Ordinance.

SECTION 2. AMOUNT OF RATES AND CHARGES. The City Council establishes amount of solid waste rates as set forth in attached Exhibit "A," which is incorporated by reference ("Rates.")

SECTION 3. SUSPENSION OR REDUCTION OF RATES. The City Council may adopt a resolution to suspend or reduce Rates established by this Ordinance.

SECTION 4. COST ESTIMATES. The City Manager, or designee, will periodically, but not less than annually, review the Rates to determine whether revenues from such Rates are meeting actual cost of services and facilities needed to deliver solid waste service to the residents and non-residential developments within the City. If the City Manager determines that revenues do not adequately meet costs, the City Manager will recommend to the City Council a revised rate schedule to be adopted by this City Council by ordinance.

SECTION 5. PREVIOUS RATES. This Ordinance establishes the Rates only; it does not affect any previously established charges or other administrative fees. To the extent any provision of this Ordinance supersedes previously established Rates, such replacement does not affect any other charge, fee, penalty, forfeiture, or liability incurred before, or preclude prosecution and imposition of penalties for any violation occurring before, this Ordinance's effective date. Any such part of previous approvals remain in full force and effect.

SECTION 6. If any part of this Ordinance or its application is deemed invalid by a court of competent jurisdiction, the City Council intends that such invalidity will not affect the effectiveness of the remaining provisions or applications and, to this end, the provisions of this Ordinance are severable.

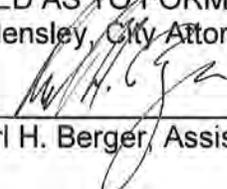
SECTION 7. The City Clerk is directed to certify the passage and adoption of this Ordinance; cause it to be entered into the city of Monterey Park's book of original ordinances; make a note of the passage and adoption in the records of this meeting; and, within fifteen (15) days after the passage and adoption of this Ordinance, cause it to be published or posted in accordance with California law.

SECTION 8. This Ordinance will take effect on the 31st day following its final passage and adoption.

PASSED AND ADOPTED this \_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Anthony Wong, Mayor

APPROVED AS TO FORM:  
Mark D. Hensley, City Attorney

By:   
Karl H. Berger, Assistant City Attorney

STATE OF CALIFORNIA            }  
COUNTY OF LOS ANGELES    } ss  
CITY OF MONTEREY PARK       }

I, Vincent D. Chang, City Clerk of the City of Monterey Park, do hereby certify that the above and foregoing Ordinance No. \_\_\_\_\_ was duly passed and adopted by the City Council of the City of Monterey Park at a regular meeting thereof held on \_\_\_\_\_, 2014, by the following vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City this \_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Vincent D. Chang,  
City Clerk

**ATTACHMENT 4**  
Resolution No. ##### – Setting the  
Lifeline Discount Rate

**RESOLUTION NO. \_\_\_**

**A RESOLUTION SETTING THE DISCOUNT RATE FOR THE LIFELINE RATE ESTABLISHED BY MONTEREY PARK MUNICIPAL CODE § 14.12.185.**

The City Council of the city of Monterey Park does resolve as follows:

**SECTION 1:** The City Council finds and declares as follows:

- A. The City Council recognizes that the City must improve various water, wastewater and solid waste operations and infrastructure facilities over the next several years. As a result, water, wastewater and solid waste rates will be increased to pay for such operations and improvement projects within the City's service area;
- B. According to reports filed by Southern California Edison ("SCE") with the California Public Utilities Commission ("CPUC") for April 2014, more than 1.4 million people were enrolled in the California Alternate Rates for Energy ("CARE") within the urbanized areas of Los Angeles County;
- C. Information from the City's Finance Department shows that there are 10,430 residential utility customers. While the City does not track demographic data regarding such customers, public comment during the City's public meetings demonstrate that at least some of these customers live in low-income households;
- D. It is in the public interest for the City to assist persons who already struggle to pay for the cost of living and, in making this determination, the City Council takes particular note of *Koire v. Metro Car Wash* (1985) 40 Cal.3d 24 and *Starkman v. Mann Theatres Corp.* (1991) 227 Cal.App.3d 1491. Accordingly, based upon the findings set forth above, the City Council believes that it has a substantial public interest in adopting this Resolution to give some relief to low-income households;
- E. The City Council has reviewed the proposed final Operating Budget ("Budget") for fiscal years 2014-2015. A review of the Budget shows that the water, wastewater and solid waste enterprise funds project interest revenues of \$81,000 and late fee income of \$58,000 for FY 2014-2015.
- F. Based upon the projected interest and late fee revenues and the number of persons who may be qualified to receive a discount, it appears that a lifeline rate, offering a 45% discount to the water meter charge for domestic water customers residing in single family dwelling, single family wastewater customers and residential solid waste customers is reasonable. It is estimated that this lifeline rate discount would result in a cost of \$125,000 per year which is an amount within the total available (i.e., non-rate payer) revenue projected for the water enterprise fund.

- G. On an annual basis, the City Council may determine by resolution whether to make a lifeline rate available to persons who qualify for such a discounted rate pursuant to this section. Nothing in this section creates, or is intended to create, a property right for qualified persons to a lifeline rate as described by this section. Rather, establishing a lifeline rate is a discretionary determination made by the City Council annually that is dependent, among other things, on projected interest and late fee revenues derived from the city's water, wastewater and solid waste enterprise funds.
- H. The water, wastewater and solid waste rates are established by City ordinance. The most current rates will be utilized to determine the feasibility and discount amount for the lifeline rate.

**SECTION 2: ADOPTION.** Pursuant to MPMC § 14.12.185, the City Council sets the lifeline rate at 45% discount to the meter charge for domestic water customers residing in single family dwellings, 45% discount to the single family wastewater rate and 45% discount to the residential solid waste rate.

**SECTION 3:** The City Clerk is directed to certify the adoption of this Resolution; record this Resolution in the book of the City's original resolutions; and make a minute of the adoption of the Resolution in the City Council's records and the minutes of this meeting.

**SECTION 4:** This Resolution will take effect concurrently with ordinances setting water, wastewater and solid waste rates for 2014, and will remain effective until repealed or superseded.

PASSED AND ADOPTED June \_\_\_\_, 2014.

\_\_\_\_\_  
Anthony Wong, Mayor

ATTEST:

\_\_\_\_\_  
Vincent D. Chang, City Clerk

APPROVED AS TO FORM:  
Mark D. Hensley, City Attorney

By: \_\_\_\_\_  
Karl H. Berger, Assistant City Attorney

**ATTACHMENT 5**  
Alternative Water Rate Models

City of Monterey Park  
**A) Water Alternative CC**

**Monthly Water Meter Charge**

<i>Meter Size</i>	Existing Rate	Sept 2014	Sept 2015	Sept 2016	Sept 2017	Sept 2018
5/8 or 3/4"	\$12.63	\$15.63	\$18.76	\$21.95	\$24.58	\$26.55
1"	\$13.67	\$26.05	\$31.26	\$36.57	\$40.96	\$44.24
1 1/2"	\$21.53	\$52.11	\$62.53	\$73.16	\$81.94	\$88.50
2"	\$27.71	\$83.37	\$100.04	\$117.05	\$131.10	\$141.59
3"	\$55.48	\$156.32	\$187.58	\$219.47	\$245.81	\$265.47
4"	\$91.72	\$260.52	\$312.62	\$365.77	\$409.66	\$442.43
6"	\$280.07	\$521.05	\$625.26	\$731.55	\$819.34	\$884.89
8"	\$700.44	\$833.68	\$1,000.42	\$1,170.49	\$1,310.95	\$1,415.83

**Monthly Water Consumption Charge (per unit)**

	Existing Rate	Sept 2014	Sept 2015	Sept 2016	Sept 2017	Sept 2018
<b>Current (All Users)</b>						
Tier 1 5/8" or 3/4" (units 6-20)	\$1.38					
Tier 1 All other (units 0-20)	\$1.38					
Tier 2 (above 20 units)	\$1.81					
<b>Proposed Single Family Residential</b>						
Tier 1 (units 0-6)		\$1.66	\$1.99	\$2.33	\$2.61	\$2.82
Tier 2 (units 7-12)		\$1.82	\$2.18	\$2.55	\$2.86	\$3.09
Tier 3 (above 12 units)		\$1.85	\$2.22	\$2.60	\$2.91	\$3.14
<b>Proposed All Other</b>						
All Units of Consumption		\$1.81	\$2.17	\$2.54	\$2.84	\$3.07

**Water Treatment Charge**

% (meter + consumption)	37.5%	37.5%	37.5%	37.5%	37.5%	37.5%
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One Unit = 748 gallons of water

**A) Water Alternative CC**

<b>Budget Projections</b>	Year 1 FY 14/15	Year 2 FY 15/16	Year 3 FY 16/17	Year 4 FY 17/18	Year 5 FY 18/19
<b>Revenues</b>					
Meter Charge	3,256,900	3,908,700	4,573,200	5,121,600	5,531,800
Consumption	6,146,700	7,376,000	8,629,900	9,665,500	10,438,800
Treatment	3,526,400	4,231,800	4,951,200	5,545,200	5,989,000
<b>Total Revenues</b>	<b>12,930,000</b>	<b>15,516,500</b>	<b>18,154,300</b>	<b>20,332,300</b>	<b>21,959,600</b>
<b>Expenditures</b>					
Operating	11,791,000	12,144,730	12,509,072	12,884,344	13,270,874
<b>Available CIP = \$26.3 Million</b>	<b>1,139,000</b>	<b>3,371,770</b>	<b>5,645,228</b>	<b>7,447,956</b>	<b>8,688,726</b>

City of Monterey Park

**B) Water 20% Reduction of Alternative CC Increase**

<b>Monthly Water Meter Charge</b>						
<i>Meter Size</i>	Existing Rate	Sept 2014	Sept 2015	Sept 2016	Sept 2017	Sept 2018
5/8 or 3/4"	\$12.63	\$15.05	\$18.05	\$21.10	\$23.65	\$25.55
1"	\$13.67	\$23.55	\$28.25	\$33.05	\$37.00	\$39.95
1 1/2"	\$21.53	\$46.00	\$55.20	\$64.60	\$72.35	\$78.15
2"	\$27.71	\$72.25	\$86.70	\$101.45	\$113.60	\$122.70
3"	\$55.48	\$136.15	\$163.40	\$191.20	\$214.15	\$231.30
4"	\$91.72	\$226.75	\$272.10	\$318.35	\$356.55	\$385.05
6"	\$280.07	\$472.85	\$567.40	\$663.85	\$743.50	\$803.00
8"	\$700.44	\$807.05	\$968.45	\$1,133.10	\$1,269.05	\$1,370.55
<b>Monthly Water Consumption Charge (per unit)</b>						
	Existing Rate	Sept 2014	Sept 2015	Sept 2016	Sept 2017	Sept 2018
<b>Current (All Users)</b>						
Tier 1 5/8" or 3/4" (units 6-20)	\$1.38					
Tier 1 All other (units 0-20)	\$1.38					
Tier 2 (above 20 units)	\$1.81					
<b>Proposed Single Family Residential</b>						
Tier 1 (units 0-6)		\$1.60	\$1.92	\$2.25	\$2.52	\$2.72
Tier 2 (units 7-12)		\$1.73	\$2.08	\$2.43	\$2.72	\$2.94
Tier 3 (above 12 units)		\$1.84	\$2.21	\$2.59	\$2.90	\$3.13
<b>Proposed All Other</b>						
All Units of Consumption		\$1.81	\$2.17	\$2.54	\$2.84	\$3.07
<b>Water Treatment Charge</b>						
% (meter + consumption)	37.5%	37.5%	37.5%	37.5%	37.5%	37.5%

One Unit = 748 gallons of water

**B) Water 20% Reduction of Alternative CC Increase**

<b>Budget Projections</b>	Year 1 FY 14/15	Year 2 FY 15/16	Year 3 FY 16/17	Year 4 FY 17/18	Year 5 FY 18/19
<b>Revenues</b>					
Meter Charge	3,024,200	3,627,700	4,242,400	4,753,000	5,133,900
Consumption	6,267,800	7,521,400	8,800,000	9,856,100	10,644,500
Treatment	3,484,500	4,180,900	4,890,900	5,478,400	5,916,900
<b>Total Revenues</b>	<b>12,776,500</b>	<b>15,330,000</b>	<b>17,933,300</b>	<b>20,087,500</b>	<b>21,695,300</b>
<b>Expenditures</b>					
Operating	11,791,000	12,144,700	12,509,100	12,884,300	13,270,900
<b>Available CIP = \$25.2 Million</b>	<b>985,500</b>	<b>3,185,300</b>	<b>5,424,200</b>	<b>7,203,200</b>	<b>8,424,400</b>

City of Monterey Park

**C) Water 15% Increase from Existing Rates**

<b>Monthly Water Meter Charge</b>						
<i>Meter Size</i>	Existing Rate	Sept 2014	Sept 2015	Sept 2016	Sept 2017	Sept 2018
5/8 or 3/4"	\$12.63	\$14.50	\$16.70	\$19.20	\$22.10	\$25.40
1"	\$13.67	\$15.70	\$18.05	\$20.75	\$23.85	\$27.45
1 1/2"	\$21.53	\$24.75	\$28.45	\$32.70	\$37.60	\$43.25
2"	\$27.71	\$31.85	\$36.65	\$42.15	\$48.45	\$55.70
3"	\$55.48	\$63.80	\$73.35	\$84.35	\$97.00	\$111.55
4"	\$91.72	\$105.50	\$121.35	\$139.55	\$160.50	\$184.60
6"	\$280.07	\$322.10	\$370.40	\$425.95	\$489.85	\$563.35
8"	\$700.44	\$805.50	\$926.35	\$1,065.30	\$1,225.10	\$1,408.85
<b>Monthly Water Consumption Charge (per unit)</b>						
	Existing Rate	Sept 2014	Sept 2015	Sept 2016	Sept 2017	Sept 2018
<b>Current (All Users)</b>						
Tier 1 5/8" or 3/4" (units 6-20)	\$1.38					
Tier 1 All other (units 0-20)	\$1.38					
Tier 2 (above 20 units)	\$1.81					
<b>Proposed Single Family Residential</b>						
Tier 1 (units 0-6)		\$1.59	\$1.83	\$2.10	\$2.42	\$2.78
Tier 2 (units 7-12)		\$1.59	\$1.83	\$2.10	\$2.42	\$2.78
Tier 3 (above 12 units)		\$1.85	\$2.13	\$2.45	\$2.82	\$3.24
<b>Proposed All Other</b>						
All Units of Consumption		\$1.81	\$2.08	\$2.39	\$2.75	\$3.16
<b>Water Treatment Charge</b>						
% (meter + consumption)	37.5%	37.5%	37.5%	37.5%	37.5%	37.5%

One Unit = 748 gallons of water

**C) Water 15% Increase from Existing Rates**

<b>Budget Projections</b>	Year 1 FY 14/15	Year 2 FY 15/16	Year 3 FY 16/17	Year 4 FY 17/18	Year 5 FY 18/19
<b>Revenues</b>					
Meter Charge	2,394,300	2,756,000	3,168,600	3,645,700	4,191,400
Consumption	6,135,100	7,055,400	8,113,700	9,330,700	10,730,300
Treatment	3,198,500	3,679,300	4,230,800	4,866,100	5,595,700
<b>Total Revenues</b>	<b>11,727,900</b>	<b>13,490,700</b>	<b>15,513,100</b>	<b>17,842,500</b>	<b>20,517,400</b>
<b>Expenditures</b>					
Operating	11,791,000	12,144,700	12,509,100	12,884,300	13,270,900
<b>Available CIP = \$16.5 Million</b>	<b>(63,100)</b>	<b>1,346,000</b>	<b>3,004,000</b>	<b>4,958,200</b>	<b>7,246,500</b>

City of Monterey Park

**D) Water 20% Alternative CC Reduction then 15% Increase for Years 2-5**

<b>Monthly Water Meter Charge</b>						
<i>Meter Size</i>	Existing Rate	Sept 2014	Sept 2015	Sept 2016	Sept 2017	Sept 2018
5/8 or 3/4"	\$12.63	\$15.05	\$17.30	\$19.90	\$22.90	\$26.35
1"	\$13.67	\$23.55	\$27.10	\$31.15	\$35.80	\$41.15
1 1/2"	\$21.53	\$46.00	\$52.90	\$60.85	\$70.00	\$80.50
2"	\$27.71	\$72.25	\$83.10	\$95.55	\$109.90	\$126.40
3"	\$55.48	\$136.15	\$156.55	\$180.05	\$207.05	\$238.10
4"	\$91.72	\$226.75	\$260.75	\$299.85	\$344.85	\$396.60
6"	\$280.07	\$472.85	\$543.80	\$625.35	\$719.15	\$827.00
8"	\$700.44	\$807.05	\$928.10	\$1,067.30	\$1,227.40	\$1,411.50
<b>Monthly Water Consumption Charge (per unit)</b>						
	Existing Rate	Sept 2014	Sept 2015	Sept 2016	Sept 2017	Sept 2018
<b>Current (All Users)</b>						
Tier 1 5/8" or 3/4" (units 6-20)	\$1.38					
Tier 1 All other (units 0-20)	\$1.38					
Tier 2 (above 20 units)	\$1.81					
<b>Proposed Single Family Residential</b>						
Tier 1 (units 0-6)		\$1.60	\$1.84	\$2.12	\$2.44	\$2.81
Tier 2 (units 7-12)		\$1.73	\$1.99	\$2.29	\$2.63	\$3.02
Tier 3 (above 12 units)		\$1.84	\$2.12	\$2.44	\$2.81	\$3.23
<b>Proposed All Other</b>						
All Units of Consumption		\$1.81	\$2.08	\$2.39	\$2.75	\$3.16
<b>Water Treatment Charge</b>						
% (meter + consumption)	37.5%	37.5%	37.5%	37.5%	37.5%	37.5%

One Unit = 748 gallons of water

**D) Water 20% Alternative CC Reduction then 15% Increase for Years 2-5**

<b>Budget Projections</b>	Year 1 FY 14/15	Year 2 FY 15/16	Year 3 FY 16/17	Year 4 FY 17/18	Year 5 FY 18/19
<b>Revenues</b>					
Meter Charge	3,024,200	3,477,500	3,999,300	4,600,500	5,291,700
Consumption	6,267,800	7,208,000	8,289,200	9,532,600	10,962,500
Treatment	3,484,500	4,007,100	4,608,200	5,299,900	6,095,300
<b>Total Revenues</b>	<b>12,776,500</b>	<b>14,692,600</b>	<b>16,896,700</b>	<b>19,433,000</b>	<b>22,349,500</b>
<b>Expenditures</b>					
Operating	11,791,000	12,144,700	12,509,100	12,884,300	13,270,900
<b>Available CIP = \$23.5 Million</b>	<b>985,500</b>	<b>2,547,900</b>	<b>4,387,600</b>	<b>6,548,700</b>	<b>9,078,600</b>

**ATTACHMENT 6**  
Alternative Wastewater Rate Models

City of Monterey Park						
E) Wastewater Proposed Rate						
	Existing Rate	Sept 2014	Sept 2015	Sept 2016	Sept 2017	Sept 2018
<b>Existing Rate - Based on Units of Water</b>						
All Customers	\$0.081/unit of water					
<b>Proposed Rate - Based on Meter Size &amp; Customer Type (flat fee)</b>						
Single Family						
5/8" & 3/4"		\$7.69	\$10.00	\$12.50	\$14.00	\$15.68
1"		\$9.39	\$12.21	\$15.26	\$17.09	\$19.14
1 1/2" & 2"		\$9.72	\$12.64	\$15.80	\$17.70	\$19.82
Multi-Family						
3/4"		\$21.94	\$28.52	\$35.65	\$39.93	\$44.72
1"		\$26.29	\$34.18	\$42.73	\$47.86	\$53.60
1 1/4"		\$43.29	\$56.28	\$70.35	\$78.79	\$88.24
1 1/2"		\$63.63	\$82.72	\$103.40	\$115.81	\$129.71
2"		\$121.90	\$158.47	\$198.09	\$221.86	\$248.48
3"		\$312.30	\$405.99	\$507.49	\$568.39	\$636.60
4"		\$404.01	\$525.21	\$656.51	\$735.29	\$823.52
Commercial						
3/4"		\$20.49	\$26.64	\$33.30	\$37.30	\$41.78
1"		\$30.76	\$39.99	\$49.99	\$55.99	\$62.71
1 1/4"		\$30.76	\$39.99	\$49.99	\$55.99	\$62.71
1 1/2"		\$59.29	\$77.08	\$96.35	\$107.91	\$120.86
2"		\$150.45	\$195.59	\$244.49	\$273.83	\$306.69
3"		\$204.67	\$266.07	\$332.59	\$372.50	\$417.20
4"		\$292.39	\$380.11	\$475.14	\$532.16	\$596.02
6"		\$795.62	\$1,034.31	\$1,292.89	\$1,448.04	\$1,621.80
Institutional						
3/4"		\$35.00	\$45.50	\$56.88	\$63.71	\$71.36
2"		\$51.78	\$67.31	\$84.14	\$94.24	\$105.55
3"		\$55.42	\$72.05	\$90.06	\$100.87	\$112.97
4"		\$127.24	\$165.41	\$206.76	\$231.57	\$259.36

Wastewater Projections					
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Budget Projections</b>	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19
Wastewater Charges	2,392,250	3,110,313	3,887,895	4,354,468	4,876,984
Operating Expenditures	1,100,000	1,133,000	1,166,990	1,202,000	1,238,060
<b>Available CIP = \$12.8 Million</b>	<b>1,292,250</b>	<b>1,977,313</b>	<b>2,720,905</b>	<b>3,152,468</b>	<b>3,638,924</b>

City of Monterey Park						
F) Wastewater 20% Reduction from Proposed						
	Existing Rate	Sept 2014	Sept 2015	Sept 2016	Sept 2017	Sept 2018
<b>Existing Rate - Based on Units of Water</b>						
All Customers	\$0.081/unit of water					
<b>Proposed Rate - Based on Meter Size &amp; Customer Type (flat fee)</b>						
Single Family						
5/8" & 3/4"		\$6.15	\$8.00	\$10.00	\$11.20	\$12.55
1"		\$7.50	\$9.75	\$12.20	\$13.65	\$15.30
1 1/2" & 2"		\$7.80	\$10.15	\$12.70	\$14.20	\$15.90
Multi-Family						
3/4"		\$17.55	\$22.80	\$28.50	\$31.90	\$35.75
1"		\$21.05	\$27.35	\$34.20	\$38.30	\$42.90
1 1/4"		\$34.65	\$45.05	\$56.30	\$63.05	\$70.60
1 1/2"		\$50.90	\$66.15	\$82.70	\$92.60	\$103.70
2"		\$97.50	\$126.75	\$158.45	\$177.45	\$198.75
3"		\$249.85	\$324.80	\$406.00	\$454.70	\$509.25
4"		\$323.20	\$420.15	\$525.20	\$588.20	\$658.80
Commercial						
3/4"		\$16.40	\$21.30	\$26.65	\$29.85	\$33.45
1"		\$24.60	\$32.00	\$40.00	\$44.80	\$50.20
1 1/4"		\$24.60	\$32.00	\$40.00	\$44.80	\$50.20
1 1/2"		\$47.45	\$61.70	\$77.15	\$86.40	\$96.75
2"		\$120.35	\$156.45	\$195.55	\$219.00	\$245.30
3"		\$163.75	\$212.90	\$266.15	\$298.10	\$333.85
4"		\$233.90	\$304.05	\$380.05	\$425.65	\$476.75
6"		\$636.50	\$827.45	\$1,034.30	\$1,158.40	\$1,297.40
Institutional						
3/4"		\$28.00	\$36.40	\$45.50	\$50.95	\$57.05
2"		\$41.40	\$53.80	\$67.25	\$75.30	\$84.35
3"		\$44.35	\$57.65	\$72.05	\$80.70	\$90.40
4"		\$101.80	\$132.35	\$165.45	\$185.30	\$207.55

F) Wastewater 20% Reduction from Proposed					
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Budget Projections</b>	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19
Wastewater Charges	1,913,482	2,487,775	3,110,191	3,482,872	3,901,793
Operating Expenditures	1,100,000	1,133,000	1,166,990	1,202,000	1,238,060
<b>Available CIP = \$9.1 Million</b>	<b>813,482</b>	<b>1,354,775</b>	<b>1,943,201</b>	<b>2,280,872</b>	<b>2,663,733</b>

City of Monterey Park						
<b>G) Wastewater 20% Reduction, then 15% Increase Years 2-5</b>						
	Existing Rate	Sept 2014	Sept 2015	Sept 2016	Sept 2017	Sept 2018
<b>Existing Rate - Based on Units of Water</b>						
All Customers	\$0.081/unit of water					
<b>Proposed Rate - Based on Meter Size &amp; Customer Type (flat fee)</b>						
Single Family						
5/8" & 3/4"	\$6.15	\$7.05	\$8.10	\$9.30	\$10.70	
1"	\$7.50	\$8.65	\$9.95	\$11.45	\$13.15	
1 1/2" & 2"	\$7.80	\$8.95	\$10.30	\$11.85	\$13.65	
Multi-Family						
3/4"	\$17.55	\$20.20	\$23.25	\$26.75	\$30.75	
1"	\$21.05	\$24.20	\$27.85	\$32.05	\$36.85	
1 1/4"	\$34.65	\$39.85	\$45.85	\$52.75	\$60.65	
1 1/2"	\$50.90	\$58.55	\$67.35	\$77.45	\$89.05	
2"	\$97.50	\$112.15	\$128.95	\$148.30	\$170.55	
3"	\$249.85	\$287.35	\$330.45	\$380.00	\$437.00	
4"	\$323.20	\$371.70	\$427.45	\$491.55	\$565.30	
Commercial						
3/4"	\$16.40	\$18.85	\$21.70	\$24.95	\$28.70	
1"	\$24.60	\$28.30	\$32.55	\$37.45	\$43.05	
1 1/4"	\$24.60	\$28.30	\$32.55	\$37.45	\$43.05	
1 1/2"	\$47.45	\$54.55	\$62.75	\$72.15	\$82.95	
2"	\$120.35	\$138.40	\$159.15	\$183.00	\$210.45	
3"	\$163.75	\$188.30	\$216.55	\$249.05	\$286.40	
4"	\$233.90	\$269.00	\$309.35	\$355.75	\$409.10	
6"	\$636.50	\$732.00	\$841.80	\$968.05	\$1,113.25	
Institutional						
3/4"	\$28.00	\$32.20	\$37.05	\$42.60	\$49.00	
2"	\$41.40	\$47.60	\$54.75	\$62.95	\$72.40	
3"	\$44.35	\$51.00	\$58.65	\$67.45	\$77.55	
4"	\$101.80	\$117.05	\$134.60	\$154.80	\$178.00	

<b>G) Wastewater 20% Reduction, then 15% Increase Years 2-5</b>					
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Budget Projections</b>	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19
Wastewater Charges	1,913,482	2,198,842	2,528,333	2,906,417	3,342,334
Operating Expenditures	1,100,000	1,133,000	1,166,990	1,202,000	1,238,060
<b>Available CIP = \$7.0 Million</b>	<b>813,482</b>	<b>1,065,842</b>	<b>1,361,343</b>	<b>1,704,418</b>	<b>2,104,274</b>

**ATTACHMENT 7**  
Proposed Solid Waste Rates

City of Monterey Park

**Proposed Solid Waste Rate Schedule**

	<b>Existing Rate</b>	<b>Sept 2014</b>	<b>Sept 2015</b>	<b>Sept 2016</b>	<b>Sept 2017</b>	<b>Sept 2018</b>
<u>Residential</u>						
96 black / 96 green	21.81	<b>25.08</b>	<b>25.83</b>	<b>26.60</b>	<b>27.40</b>	<b>28.22</b>
96 black / 64 green	21.12	<b>24.29</b>	<b>25.02</b>	<b>25.77</b>	<b>26.54</b>	<b>27.34</b>
64 black / 96 green	20.35	<b>23.40</b>	<b>24.10</b>	<b>24.82</b>	<b>25.56</b>	<b>26.33</b>
64 black / 64 green	19.78	<b>22.75</b>	<b>23.43</b>	<b>24.13</b>	<b>24.85</b>	<b>25.60</b>
Extra Black	5.53	<b>6.36</b>	<b>6.55</b>	<b>6.75</b>	<b>6.95</b>	<b>7.16</b>
extra Green	3.72	<b>4.28</b>	<b>4.41</b>	<b>4.54</b>	<b>4.68</b>	<b>4.82</b>
Roll-out	17.35	<b>19.95</b>	<b>20.55</b>	<b>21.17</b>	<b>21.81</b>	<b>22.46</b>
Extra Exchange	28.83	<b>33.15</b>	<b>34.14</b>	<b>35.16</b>	<b>36.21</b>	<b>37.30</b>
<u>Multi-Family Bins</u>						
1 X per Week	181.83	<b>209.10</b>	<b>215.37</b>	<b>221.83</b>	<b>228.48</b>	<b>235.33</b>
2 X per Week	260.84	<b>299.97</b>	<b>308.97</b>	<b>318.24</b>	<b>327.79</b>	<b>337.62</b>
3 X per Week	368.58	<b>423.87</b>	<b>436.59</b>	<b>449.69</b>	<b>463.18</b>	<b>477.08</b>
4 X per Week	467.88	<b>538.06</b>	<b>554.20</b>	<b>570.83</b>	<b>587.95</b>	<b>605.59</b>
5 X per Week	562.01	<b>646.31</b>	<b>665.70</b>	<b>685.67</b>	<b>706.24</b>	<b>727.43</b>
Special Services	80.17	<b>92.20</b>	<b>94.97</b>	<b>97.82</b>	<b>100.75</b>	<b>103.77</b>
Waste Mgmt Fee	4.0%	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>

**ATTACHMENT 8**  
5 Year Water Capital Improvement Program &  
5 Year Wastewater Capital Improvement Program

City of Monterey Park  
Public Works Department

**5-Year, \$26.3 million Water System  
Capital Improvement Program**

Fiscal Year 2014-2015

• Mainline Replacement – Hellman from Garfield to New	\$750,200
• Mainline Replacement – Emerson from Garfield to New	\$950,400
• Mainline Replacement – Garvey from Garfield to New	\$1,451,000
• Mainline Replacement – Garfield from Garvey to Hellman	\$910,000
• Mainline Replacement – Lincoln from Garvey to Hellman	<u>\$726,100</u>
<b>Total FY 2014-15:</b>	<b>\$4,787,700</b>

Fiscal Year 2015-2016

• Mainline Replacement – Nicholson from Garvey to Hellman	\$783,700
• Mainline Replacement – Alhambra from Garvey to Hellman	\$798,300
• Mainline Replacement – Sierra Vista from Garvey to Hellman	\$649,800
• Mainline Replacement – Rural from Garvey to Hellman	\$639,300

• Mainline Replacement – Orange from Garvey to Hellman	\$610,400
• Mainline Replacement – Gladys from Garvey to Alley	\$326,100
• Mainline Replacement – Florence from Garvey to Alley	\$327,100
• Mainline Replacement – Elizabeth from Garvey to Alley	\$386,000
• Mainline Replacement – Hershey from Orange to New	\$312,000
• Mainline Replacement – New from Garvey to Hellman	<u>\$740,800</u>
<b>Total FY 2015-16:</b>	<b>\$5,573,500</b>

Fiscal Year 2016-2017

• Mainline Replacement – Milam from Wilcox to South End	\$120,800
• Mainline Replacement – Triana from Fotini to Ynez	\$146,100
• Expansion of Air Stripper at Well 5, or Construction of Advanced Oxidation Treatment System at Delta Plant	<u>\$4,050,000</u>
<b>Total FY 2016-17:</b>	<b>\$4,316,900</b>

Fiscal Year 2017-2018

• Replace Delta Plant Settling Tanks	<u>\$6,075,000</u>
<b>Total FY 2017-18:</b>	<b>\$6,075,000</b>

Fiscal Year 2018-2019

- Replace Delta Plant Booster Pump Station \$5,500,000

**Total FY 2018-19: \$5,500,000**

**Total FY 2014-15 to 2018-19: \$26,253,100**

Additional Projects (Unfunded)

- Mainline Replacement – Garfield from Graves to Coral View \$1,219,600
- Mainline Replacement – Kingsford from Cadiz to Montechico \$750,000
- Mainline Replacement – De La Fuente from Cadiz to Montechico \$860,000

Note: All projects listed above are subject to change pending any additional assessments, analysis or findings.

City of Monterey Park  
Public Works Department

**5-Year, \$12.8 million Sewer System  
Capital Improvement Program**

Fiscal Year 2014-2015

- Pipeline Replacement – Gladys from Emerson to End of Street \$228,400
- Pipeline Replacement – Briarcliff Way \$67,000
- Pipeline Replacement – Alpine Terrace \$96,700
- Annual CCTV Sewer Videotaping \$221,800
- Spot Repairs – Various Locations (Barranca, Crest Vista, Ridge Crest, Highland, Rolling Hills, Lunar, Windover, Grand Vista, Ridgeside, East Crest, Wandering, Dell, Moonbeam) \$377,400
- Cured-in-Place Pipe Relining – Various Locations (Barranca, Crest Vista, Highland, Windover, West Crest, Crest Haven, Briarcliff, Chalet, Whitney, Sunrise, Electric, De La Fuente, Alley near De La Fuente, Hillside) \$569,300
- FOG Program Expansion \$115,000
- CCTV System Expansion (New van and two staff members to perform video inspections) \$345,000
- Update Emergency Overflow Response Plan \$17,300

- Allowance for Regular "Hot Spot" Maintenance \$230,000

**Total FY 2014-15: \$2,268,100**

Fiscal Year 2015-2016

- Pipeline Replacement – Grandridge from Alley east of Isabella to Arlight \$333,600
- Annual CCTV Sewer Videotaping \$221,800
- Spot Repairs – Various Locations (Sunrise, Branham, Electric, Newmark, Mabel, Kingsford, De La Fuente, Hermosa, Ridgecrest, Hillside, Longhill, North Ridge, Star Ridge, Stone Gate, Stonewell, Pebbledon, Pebble Hurst, Solar, Valley Vista, Brightwood) \$365,000
- Cured-in-Place Pipe Relining – Various Locations (Sunnyhill, Longhill, Star Ridge, Stone Gate, Pebbledon, Bluffhill, Pebble, Pebble Hurst, Brightwood, Rock View, Rock Haven, Woods) \$570,400
- Upgrade Field Equipment (CCTV software, electronic maps, laptops in field trucks) \$57,500
- Staff Training (CMMS and GIS) \$11,500
- Allowance for Regular "Hot Spot" Maintenance \$230,000

• Annual Allowance for Pipeline Repairs found by Annual CCTV work	<u>\$810,000</u>
<b>Total FY 2015-16:</b>	<b>\$2,599,800</b>

Fiscal Year 2016-2017

• Pipeline Replacement – Chandler from Harding to 300' north	\$115,600
• Annual CCTV Sewer Videotaping	\$221,800
• Spot Repairs – Various Locations (College View, Lightview, Rockview, Bleakwood, Woods, Vancouver, Westcott, Dorner, Bluffhill, First, Floral, Alley near College View, Easement east of Greylock, Sherbrook, Casitas, Arbolis, Vagabond, Barnum, Abajo, Arriba, Verde Vista, Bonita, Sombrero, Copa, Ladera, Grandeza, Cerco Alta, Sierra Alta)	\$385,700
• Cured-in-Place Pipe Relining – Various Locations (Garfield, Pebble Vale, College View, Lightview, Bleakwood, Vancouver, Dorner, Vagabond, Alley between Cadiz and Loma Verde, Baltimore)	\$567,700
• Develop Sewer Atlas Map Book	\$115,000

- Allowance for Regular “Hot Spot” Maintenance \$230,000
  - Annual Allowance for Pipeline Repairs found by Annual CCTV work \$810,000
- Total FY 2016-17: \$2,445,800**

Fiscal Year 2017-2018

- Pipeline Replacement – Emerson from New to Elizabeth and Orange to Alhambra \$474,000
  - Annual CCTV Sewer Videotaping \$221,800
  - Spot Repairs – Various Locations (Garfield, Monterey Pass, Corporate Center, Garvey, Potrero Grande, Pomona, South, Atlantic, Mabel, Whitney, Branham, Hellman, Emerson, Divina Vista, New, Pomelo, Baltimore) \$373,300
  - Cured-in-Place Pipe Relining – Various Locations (Garvey Avenue) \$794,600
  - Allowance for Regular “Hot Spot” Maintenance \$230,000
  - Annual Allowance for Pipeline Repairs found by Annual CCTV work \$810,000
- Total FY 2017-18: \$2,903,700**

Fiscal Year 2018-2019

• Pipeline Replacement – Easement from Cipriano to Alley west of El Mercado, Alley from Easement to El Portal	\$247,900
• Pipeline Replacement – Emerson from Nicholson to Lincoln	\$176,800
• Annual CCTV Sewer Videotaping	\$221,800
• Cured-in-Place Pipe Relining – Various Locations (Abajo, Sombrero, Copa, Ladera, Grandeza, Cerco Alta, Barranca, Durango, First, Nicholson, Atlantic, Garfield, Monterey Pass)	\$732,400
• Geographic Positioning Survey to inventory sewer system components	\$115,000
• Allowance for Regular “Hot Spot” Maintenance	\$230,000
• Annual Allowance for Pipeline Repairs found by Annual CCTV work	<u>\$810,000</u>
<b>Total FY 2018-19:</b>	<b>\$2,533,900</b>

**Total FY 2014-15 to 2018-19: \$12,751,300**

Note: All project areas listed above are subject to change pending any additional assessments, analysis or findings.

**ATTACHMENT 9**

June 18, 2014, Water, Wastewater and Solid  
Waste Rate Increase Council Report



## City Council Staff Report

DATE: June 18, 2014

AGENDA ITEM NO: **Public Hearing  
Agenda Item 4-A.**

**TO:** The Honorable Mayor and City Council  
**FROM:** Chu Thai, Management Services Director  
**SUBJECT:** Consideration and possible action to introduce and waive first reading of ordinances establishing proposed water, wastewater and solid waste rates and adopting a lifeline discount rate by resolution.

### **RECOMMENDATION:**

It is recommended that the City Council:

1. Open the public hearing;
2. Receive all written and verbal testimony regarding the proposed rate increases;
3. Determine whether there is a majority protest against the proposed rate increases;
4. If no majority protest exists, that the City Council introduce and waive first reading of Ordinance No. ##### – Setting the amount of Water Rates and Charges (Attachment 1);
5. If no majority protest exists, that the City Council introduce and waive first reading of Ordinance No. ##### – Setting the amount of Wastewater Rates and Charges (Attachment 2);
6. If no majority protest exists, that the City Council introduce and waive first reading of Ordinance No. ##### – Setting the amount of Solid Waste Rates and Charges (Attachment 3);
7. Adopt Resolution No. ##### – Setting the discount rate for the lifeline rate established by Monterey Park Municipal Code § 14.12.185 (Attachment 4); and
8. Take such additional, related, action that may be desirable.

### **EXECUTIVE SUMMARY:**

A review of the City's essential utility services – water, wastewater, and solid waste – shows that additional revenue is needed for operations and infrastructure improvements/maintenance. A combination of deferred maintenance, aging facilities, and increased operations costs makes the proposed rate increases necessary to continue providing these utility services. City Management Services and Public Works staff reviewed the existing water, wastewater and solid waste rates. The attached recommended adjustments were made following that review in accordance with the Monterey Park Municipal Code ("MPMC") in order to better recover the City's costs incurred for providing for these services. Below are brief highlights of the

recommendation. The revenues generated within five years will support \$26.3 million in water capital improvement programs, \$12.8 million in sewer capital improvement programs and make the trash service cost neutral for the City (Attachment 6).

**BACKGROUND:**

Proposition 218 Process

Article XIID of the California Constitution (Proposition 218) requires that notification regarding the proposed increase to these rates be sent "to the record owner of each identified parcel upon which the fee ... is proposed for imposition...." The Constitution does not define "record owner." However, the Proposition 218 Omnibus Implementation Bill defines record owner as "the owner of a parcel whose name and address appears on the last equalized secured property tax assessment roll...." This also means that generally only property owners, not tenants, are eligible to vote on the proposed fees (unless the tenants are directly responsible for paying the utility bill). In some instances, therefore, persons who are the City's customers may not be eligible to participate in the assessment ballot proceedings since they are not property owners. However, the City is only required to count one protest per parcel. Accordingly, even if both the owner and tenant file a protest, only one protest will be counted for purposes of determining whether there is a "majority protest."

On April 29, 2014, in compliance with Proposition 218, 28,888 copies of the Notice of a Proposed Rate Increase and of Public Hearing (Attachment 5) were mailed out to Monterey Park property owners and utility customers. The notice included the Schedule of Proposed Water, Wastewater and Solid Waste Rate Adjustments and a Rate Increase Protest Form. The Notice was provided in English, Chinese and Spanish and contained instructions on how, where, and when the Notice was to be returned should the recipient wish to protest. The Notice also contained detailed instructions that only written protests received before the close of the June 18, 2014 public hearing would be considered.

Out of the 16,359 parcels in Monterey Park, 8,180 valid protests are needed to stop the rate increase by the voters. To date, less than 1,000 ballots have been received at the City Clerk's office. Based upon this response, it is recommended that the City Council find that fewer than 8,180 protests were submitted without the need for further validation by the City Clerk.

It is recommended that the City Council introduce and waive first reading of the ordinances setting the amount of water, wastewater and solid waste rates and charges. In addition, it is recommended that the City Council consider adopting a resolution establishing the lifeline rate in accordance with the MPMC and applicable law.

Proposed Water Rates

The 2012 *Water System Financial Evaluation and Water Rate Recommendations* report proposed several rate increase alternatives to support a \$99.9 million water capital improvement program. These alternatives would generate enough water revenues within 12-19 years, to pay for the necessary water capital projects. At the April 2, 2014, regular meeting, Council directed staff to develop a 20 year program, which will set the 2014 rates at approximately \$50 per month for the average single family residential water account, and this new rate model should also increase gradually within the five years.

The existing water rates have been unchanged since October 1, 2009 and do not sufficiently support the financial needs of the water fund operations and capital improvement program. For informational purposes, the chart below compares the current and proposed average monthly water bills for single family residential accounts (5/8" and 3/4" meter with 12 units of water consumed each month).

*Municipal Water Rate Comparison - Residential*

Water Agency	Existing Bill	Sept 2014	Sept 2015	Sept 2016	Sept 2017	Sept 2018	5 Year CIP
<b>MPK Alternative 1</b>	\$28.82	\$75.01	\$77.26	\$79.58	\$81.97	\$84.42	\$42.5 Million
<b>MPK Alternative 2</b>	\$28.82	\$66.25	\$67.21	\$69.22	\$71.30	\$73.44	\$26.5 Million
<b>MPK Alternative CC</b>	<b>\$28.82</b>	<b>\$50.24</b>	<b>\$60.29</b>	<b>\$70.54</b>	<b>\$79.01</b>	<b>\$85.33</b>	<b>\$26.3 Million</b>
California Water Service (MPK Customers)	\$53.52						
Golden State Water (MPK Customers)	\$54.05						
San Gabriel Water Company	\$55.31						
City of Covina	\$60.71						
City of Alhambra	\$60.71						
City of South Pasadena	\$61.79						

Proposed Wastewater Rates

A January 2014 engineering study titled "Wastewater Collection System Master Plan Update" provided the City with a comprehensive assessment of Monterey Park's wastewater system. Staff proposes completing \$12.8 million in wastewater CIP within five years to address 35% of the sewer system. Part of the sewer capital program

includes video inspection of the remaining 65% of sewer pipelines. The additional inspection will likely identify additional problems within the system. Aside from repairing the identified problems in the system, the City should have financial reserves set aside to prepare for future repairs.

For informational purposes, the chart below compares the current average monthly sewer bills for a single family residential (5/8" and 3/4" meter) account. Monterey Park's current sewer charge is \$0.081 per unit of metered water used. Monterey Park's proposed sewer charge will be based on the type of customer and size of water meter used.

*Municipal Wastewater Rate Comparison - Residential*

Wastewater Charge	Existing Bill	Sept 2014	Sept 2015	Sept 2016	Sept 2017	Sept 2018	5 year CIP
<b>City of Monterey Park</b>	\$1.86	<b>\$7.69</b>	<b>\$10.00</b>	<b>\$12.50</b>	<b>\$14.00</b>	<b>\$15.68</b>	<b>\$12.8 million</b>
City of Alhambra	\$11.93						
City of South Pasadena	\$12.92						
City of Azusa	\$11.18						
City of Downey	\$7.08						
City of Whittier	\$7.06						

Proposed Solid Waste Rates

The Fiscal Year 2013-14 Mid Year Review Report presented by staff projects FY 2014-15 refuse fund revenues at \$5.8 million and operating expenses at \$6.8 million. This \$1 million net loss in the refuse fund supports the need to increase solid waste rates by 15%. Existing solid waste rates have been unchanged since October 1, 2009.

For informational purposes, the chart below compares the current and proposed monthly solid waste bills for residential accounts with one 96 gallon trash and one 96 gallon recycle containers.

*Municipal Solid Waste Rate Comparison - Residential*

Agency	Existing Bill	Sept 2014	Sept 2015	Sept 2016	Sept 2017	Sept 2018
<b>City of Monterey Park</b>	\$22.68	<b>\$26.08</b>	<b>\$26.86</b>	<b>\$27.66</b>	<b>\$28.50</b>	<b>\$29.35</b>
City of Alhambra	\$21.45					
City of South Pasadena	\$40.84					
City of Azusa	\$22.16					
City of Downey	\$17.27					
City of Whittier	\$21.92					

### Public Outreach

In addition to mailing the notices to all property owners and utility customers, staff presented the Water/Sewer Capital Improvement Plan to the general public in various ways:

- 5/10/14 - Community presentation and Water Tour at Delta Plant
- 5/15/14 - Community presentation at George Elder Park
- 5/22/14 - Presentation to Monterey Park Chamber of Commerce (Attachment 6)
- May 2014 Cascade article *City Plans to Repair Water and Sewer Systems*
- Articles in Pasadena Star News
- Web presence on [www.montereypark.ca.gov](http://www.montereypark.ca.gov)
- Display case within City Hall
- Presentations and Discussions at Council Meetings (March - June)

Through the public outreach, staff discussed the aging infrastructure, stated that emergency repairs of pipelines are commonly four times more costly than planned replacements, and outlined the \$26.3 million water CIP and \$12.8 million sewer CIP.

Management Services Department staff continues to answer questions by residents and utility customers about the water rates and the capital improvement plan. Through all conversations, residents continue to express a high desire to repair Monterey Park streets.

### Lifeline Rate Program

There are 486 utility customers who meet established income guidelines and participate in the current lifeline rate program. The 50% discount to the water meter charge, 100% discount of the sewer charge and 50% discount to solid waste saves the lifeline program participant on average \$19 per month, at a cost of \$110,000 per year to the City.

A resolution is attached updating the lifeline rate program. It proposes a 45% discount to the proposed water meter charge, sewer charge and solid waste charge, effective September 2014. It will save lifeline participants approximately \$22 per month, or close to \$260 per year. This program will cost the City a cumulative \$125,000 per year.

Please note, that the City cannot shift the burden of providing services from one class of ratepayers (e.g., low-income households) to another (e.g., all other ratepayers).<sup>1</sup> Consequently, the utility enterprise funds themselves cannot subsidize a discounted rate for low-income households; a subsidy must be funded from a different, unrestricted, source, e.g., late fees associated with the utility services or general fund revenue. About \$80,000 in interest earnings and \$58,000 in late fees collected annually are proposed to

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<sup>1</sup> *Howard Jarvis Taxpayers Assn. v. City of Fresno* (2005) 127 Cal.App.4<sup>th</sup> 914; *Howard Jarvis Taxpayers Assn. v. City of Roseville* (2002) 97 Cal.App.4<sup>th</sup> 637.

be used to subsidize the lifeline program. This program will be evaluated annually and the discount rate offered to participants will not exceed the total unrestricted revenues available.

### Monthly Utility Billing

Staff is prepared to transition from two-month utility bills to monthly billing. The Public Works Department will require two additional temporary staff to read meters and handle customer service requests. Public Work's increase in staff will be a pilot program for 18 months, until more efficient "drive-by" electronic water meters are installed. The Management Services Department requires one additional staff person to handle the increase utility billing calls and processing. This person will be permanent, as the amount of bills to process will double. Staff estimates the transition to monthly billing will cost \$150,000 for the first 18 months, and approximately \$50,000 per year after.

Monthly billing will benefit the City and utility customers in various ways.

- Improved revenue collection for the City
- Improved bill management by utility customers
- Improved leak detection
- Increased consumption monitoring
- Increased communications through bill inserts

### Water Conservation

With additional revenues in the water fund, staff can implement improved water conservation programs. New water meters, proposed by the Siemens program, will capture more accurate, hourly, consumption readings. Additional staffing will allow the City to perform consumption audits for residents and businesses, providing them with tips to conserve water. With additional water funds, the City may be able to implement more costly conservation programs such as conservation starter kits, toilet exchange programs, and turf removal incentives (Attachment 7).

### FISCAL IMPACT:

For the first year, the proposed rate increases are projected to generate \$13.0 million in water fund revenues, \$3.1 million in wastewater fund revenues and \$6.7 million in solid waste fund revenues. The lifeline rate will cost the City approximately \$125,000 for the 2014-2015 fiscal year.

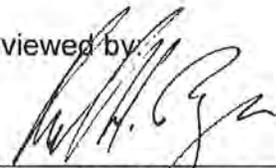
Respectfully submitted by:

  
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Chu Thai  
Director of Management Services

Approved by:

  
\_\_\_\_\_  
Paul L. Talbot  
City Manager

Reviewed by:

  
\_\_\_\_\_  
Karl H. Berger  
Assistant City Attorney

**ATTACHMENTS:**

1. Ordinance No. ##### – Setting the amount of Water Rates and Charges
2. Ordinance No. ##### – Setting the amount of Wastewater Rates and Charges
3. Ordinance No. ##### – Setting the amount of Solid Waste Rates and Charges
4. Resolution No. ##### – Setting the Lifeline Discount Rate
5. Notice of a Proposed Rate Increase and of Public Hearing
6. May 22, 2014 Presentation to the Monterey Park Chamber of Commerce
7. Sample Water Conservation Programs