



# Alternative Water and Wastewater Rates

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Public Works Director

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City Council Meeting  
July 2, 2014



# Continuation of Public Hearing

- ⦿ Continued from June 18, 2014  
City Council Meeting
- ⦿ Council considering additional water and wastewater rate alternatives
- ⦿ Looking for balance between capital improvement program and financial impact to community
- ⦿ Council approved rates must not exceed Noticed rates presented mailed out households



# Necessary Rate Increases

- ⦿ Issue been going on for years
- ⦿ Rates not increased since 2009
- ⦿ Not keeping up with inflation
- ⦿ No comprehensive study in 20 years
- ⦿ March 19 – Made available to the public current water, wastewater and solid waste studies
- ⦿ April 4 – Evaluated original rate alternatives
- ⦿ April 16 – Selected proposed rates and mailed out Notices of Public Hearing
- ⦿ June 18 – Direction to consider more rate alternatives



# 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 (sent out with Notice)	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>



# Wastewater Rate Alternatives

## *Potential Sewer 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>
E) Proposed Wastewater Rate	1.3	2.0	2.7	3.2	6.6	<b>\$12.8</b>
F) 20% Reduction of Proposed Wastewater Rate	0.8	1.4	1.9	2.3	2.7	<b>\$9.1</b>
F) 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>

# Sewer Improvements



*Sewer Lining*



*Sewer Line Replacement*



# Proposed Solid Waste Rates

Budget (in \$ Millions)	Existing Year	Sept 2014	Sept 2015	Sept 2016	Sept 2017	Sept 2018
Total Revenues	5.8	6.7	6.9	7.1	7.3	7.5
Total Expenses	6.8	6.9	7.0	7.2	7.4	7.5
REV – EXP	<b>-1.0</b>	0.0	0.0	0.0	0.0	0.0

96 Gallon Trash & 96 Gallon Recycle	Existing Bill	Sept 2014	Sept 2015	Sept 2016	Sept 2017	Sept 2018
Monthly Charge	\$21.81	\$25.08	\$25.83	\$26.61	\$27.41	\$28.23



# Lifeline Program

- Provide subsidy to qualified low-income water, sewer and refuse customers. Currently 486 customers
- \$138,000 of unrestricted use of interest earnings and late fees
- Qualification: Household income must be within HUD limits. Savings and assets must not exceed \$20,000
- Proposed 45% lifeline discount will increase current subsidy from \$19/mo to \$22/mo
- \$125,000 impact to City
- Program evaluated annually to determine available unrestricted funds and
- SCE offers 30% discount. So Cal Gas = 20% discount



# Lifeline Program Qualifications

A. **Eligibility Criteria: Savings account and personal property excluding the occupied structure (home) and one vehicle do not exceed \$20,000.**

B. A single family dwelling:

<u>Household</u>	<u>Maximum Income</u>	<u>Household</u>	<u>Maximum Income</u>
1	\$46,400.00	5	\$71,550.00
2	\$53,000.00	6	\$76,850.00
3	\$59,650.00	7	\$82,150.00
4	\$66,250.00	8	\$87,450.00

C. **Please provide the following:**

1. Current copy of each utility bills (telephone, gas, and Edison)
2. Copy of Federal Income Tax Returns for **all** household members, including **W-2 forms**. Proof of **all** income (foreign or domestic, taxable or not) for **all** household members.



# Water Rate Analysis & Recommendation



*Newly installed water main*



# Staff's Recommendation

- ◎ Recommend "15% Increase from Existing Rate" with modification. This rate model treats 3/4" and 1" meter charges more similarly. It also collects the least from customers
- ◎ Phase out subsidized water in the second year. First year, 5/8" and 3/4" metered customers will receive 3 units/month subsidy. Second year, these customers pay for all water consumption. (Fiscal impact is \$825,000 in Year 1)
- ◎ Adjust Tier 2 Consumption to \$1.73/unit. Creates proper tiering of water rates, and encourages water conservation



# Benefits of “15% Increase” Alternative

- ◎ 15% Increase from Existing Rate – Page 206
- ◎ Only \$1.20/month meter charge difference between 3/4” and 1”. Not industry standard but acceptable. More residential properties now have larger meters
- ◎ 15% increase for each of five years is predictable and manageable
- ◎ \$16.5 Million in Water CIP is acceptable considering current water reserve balances



*Newly installed water main*



# Existing Rate – Low Consumption

2 Month Utility Bill	Slide A			
	12 units - 3/4" Meter		12 units - 1" Meter	
Meter Charge	3/4"	25.26	1"	27.34
Consumption				
Tier 1 5/8" & 3/4"	12	-	0	-
Tier 1 Others (\$1.38)	0	-	12	16.56
Tier 2 (\$1.81)	0	-	0	-
Treatment		9.47		16.46
<b>Water Bill</b>		<b>\$ 34.73</b>		<b>\$ 60.36</b>
Sewer Bill		0.97		0.97
Trash Bill		46.18		46.18
<b>TOTAL BILL</b>		<b>\$ 81.88</b>		<b>\$ 107.51</b>

Same consumption, but 1" meter pays  
\$25.63 more for water



# Existing Rate – Mid Consumption

<i>2 Month Utility Bill</i>	<i>Slide B</i>	
	<b>30 units - 3/4" Meter</b>	<b>30 units - 1" Meter</b>
Meter Charge	3/4" 25.26	1" 27.34
Consumption		
Tier 1 5/8" & 3/4"	12 -	0 -
Tier 1 Others (\$1.38)	18 24.84	30 41.40
Tier 2 (\$1.81)	0 -	0 -
Treatment	18.79	25.78
<b>Water Bill</b>	<b>\$ 68.89</b>	<b>\$ 94.52</b>
Sewer Bill	2.43	2.43
Trash Bill	46.18	46.18
<b>TOTAL BILL</b>	<b>\$ 117.50</b>	<b>\$ 143.13</b>

Again, same consumption, but 1" meter pays \$25.63 more for water



# Existing Rate – High Consumption

2 Month Utility Bill	Slide C			
	60 units - 3/4" Meter		60 units - 1" Meter	
Meter Charge	3/4"	25.26	1"	27.34
Consumption				
Tier 1 5/8" & 3/4"	12	-	0	-
Tier 1 Others (\$1.38)	28	38.64	40	55.20
Tier 2 (\$1.81)	20	36.20	20	36.20
Treatment		37.54		44.53
<b>Water Bill</b>		<b>\$ 137.64</b>		<b>\$ 163.27</b>
Sewer Bill		4.86		4.86
Trash Bill		46.18		46.18
<b>TOTAL BILL</b>		<b>\$ 188.68</b>		<b>\$ 214.31</b>

1" meter continues to pay \$25.63 more than 3/4" meter



# 15% Increase Rate Model - Low

## 2 Month Utility Bill

### Slide D

	12 units - 3/4" Meter		12 units - 1" Meter	
Meter Charge	3/4"	29.00	1"	31.40
Consumption				
Tier 1 (\$1.59)	12	19.08	12	19.08
Tier 2 (\$1.59)	0	-	0	-
Tier 3 (\$1.85)	0	-	0	-
Treatment		18.03		18.93
<b>Water Bill</b>		<b>\$ 66.11</b>		<b>\$ 69.41</b>
Sewer Bill		15.38		18.78
Trash Bill		52.17		52.17
<b>TOTAL BILL</b>		<b>\$ 133.66</b>		<b>\$ 140.36</b>
<i>Water Bill Change %</i>		<i>90%</i>		<i>15%</i>
<i>Total Bill Change %</i>		<i>63%</i>		<i>31%</i>
<i>Total Bill Change \$</i>		<i>\$ 51.77</i>		<i>\$ 32.84</i>

Less price difference between meter sizes. No subsidized water makes 3/4" customer water bill increase by 90%



# 15% Increase Rate Model - Mid

## 2 Month Utility Bill

### Slide E

	30 units - 3/4" Meter		30 units - 1" Meter	
Meter Charge	3/4"	29.00	1"	31.40
Consumption				
Tier 1 (\$1.59)	12	19.08	12	19.08
Tier 2 (\$1.59)	12	19.08	12	19.08
Tier 3 (\$1.85)	6	11.10	6	11.10
Treatment		29.35		30.25
<b>Water Bill</b>		<b>\$ 107.61</b>		<b>\$ 110.91</b>
Sewer Bill		15.38		18.78
Trash Bill		52.17		52.17
<b>TOTAL BILL</b>		<b>\$ 175.15</b>		<b>\$ 181.85</b>
<i>Water Bill Change %</i>		<i>56%</i>		<i>17%</i>
<i>Total Bill Change %</i>		<i>49%</i>		<i>27%</i>
<i>Total Bill Change \$</i>		<i>\$ 57.66</i>		<i>\$ 38.73</i>

No subsidized water makes 3/4" customer water bill increase by 56% versus 1" customers who increases by 17%



# 15% Increase Rate Model - High

## 2 Month Utility Bill

### Slide F

	60 units - 3/4" Meter		60 units - 1" Meter	
Meter Charge	3/4"	29.00	1"	31.40
Consumption				
Tier 1 (\$1.59)	12	19.08	12	19.08
Tier 2 (\$1.59)	12	19.08	12	19.08
Tier 3 (\$1.85)	36	66.60	36	66.60
Treatment		50.16		51.06
<b>Water Bill</b>		<b>\$ 183.92</b>		<b>\$ 187.22</b>
Sewer Bill		15.38		18.78
Trash Bill		52.17		52.17
<b>TOTAL BILL</b>		<b>\$ 251.47</b>		<b>\$ 258.17</b>
<i>Water Bill Change %</i>		<i>34%</i>		<i>15%</i>
<i>Total Bill Change %</i>		<i>33%</i>		<i>20%</i>
<i>Total Bill Change \$</i>		<i>\$ 62.79</i>		<i>\$ 43.86</i>

3/4" meter high consumers are less impacted (34%) versus low consumers (90%). This was due to subsidized water



# Possible Alternative - Low

<i>2 Month Utility Bill</i>	<i>Slide G</i>	
	<b>12 units - 3/4" Meter</b>	<b>12 units - 1" Meter</b>
Meter Charge	3/4" 29.00	1" 31.40
Consumption		
Tier 1 (\$1.59)	6 9.54	12 19.08
Tier 2 ( <b>\$1.73</b> )	0 -	0 -
Tier 3 (\$1.85)	0 -	0 -
Treatment	14.45	18.93
<b>Water Bill</b>	<b>\$ 52.99</b>	<b>\$ 69.41</b>
Sewer Bill	15.38	18.78
Trash Bill	52.17	52.17
<b>TOTAL BILL</b>	<b>\$ 120.54</b>	<b>\$ 140.36</b>
<i>Water Bill Change %</i>	<i>53%</i>	<i>15%</i>
<i>Total Bill Change %</i>	<i>47%</i>	<i>31%</i>
<i>Total Bill Change \$</i>	<i>\$ 38.65</i>	<i>\$ 32.84</i>

Year 1, 3/4" meters receive **3 unit free (\$7.63) each month.**

Total bill increases \$32-\$39 every two months



# Possible Alternative - Mid

<i>2 Month Utility Bill</i>	<i>Slide H</i>	
	<b>30 units - 3/4" Meter</b>	<b>30 units - 1" Meter</b>
Meter Charge	3/4" 29.00	1" 31.40
Consumption		
Tier 1 (\$1.59)	12 19.08	12 19.08
Tier 2 ( <b>\$1.73</b> )	12 20.76	12 20.76
Tier 3 (\$1.85)	0 -	6 11.10
Treatment	25.82	30.88
<b>Water Bill</b>	<b>\$ 94.66</b>	<b>\$ 113.22</b>
Sewer Bill	15.38	18.78
Trash Bill	52.17	52.17
<b>TOTAL BILL</b>	<b>\$ 162.20</b>	<b>\$ 184.16</b>
<i>Water Bill Change %</i>	<i>37%</i>	<i>20%</i>
<i>Total Bill Change %</i>	<i>38%</i>	<i>29%</i>
<i>Total Bill Change \$</i>	<i>\$ 44.70</i>	<i>\$ 41.04</i>

Year 1, 3/4" meters receive **3 unit free (\$7.63) each month.**

Total bill increases \$41-\$45 every two months



# Possible Alternative - High

<i>2 Month Utility Bill</i>	<i>Slide 1</i>	
	<b>60 units - 3/4" Meter</b>	<b>60 units - 1" Meter</b>
Meter Charge	3/4" 29.00	1" 31.40
Consumption		
Tier 1 (\$1.59)	12 19.08	12 19.08
Tier 2 ( <b>\$1.73</b> )	12 20.76	12 20.76
Tier 3 (\$1.85)	30 55.50	36 66.60
Treatment	46.63	51.69
<b>Water Bill</b>	<b>\$ 170.97</b>	<b>\$ 189.53</b>
Sewer Bill	15.38	18.78
Trash Bill	52.17	52.17
<b>TOTAL BILL</b>	<b>\$ 238.51</b>	<b>\$ 260.48</b>
<i>Water Bill Change %</i>	<i>24%</i>	<i>16%</i>
<i>Total Bill Change %</i>	<i>26%</i>	<i>22%</i>
<i>Total Bill Change \$</i>	<i>\$ 49.84</i>	<i>\$ 46.17</i>

Year 1, 3/4" meters receive **3 unit free (\$7.63) each month.**

Total bill increases \$46-\$50 every two months



# Water Rate Alternatives – 2 Month Bill

Water Agency	Sept 2014	Sept 2015	Sept 2016	Sept 2017	Sept 2018	5 Year CIP
Existing Rate	\$57.50	\$57.50	\$57.50	\$57.50	\$57.50	-
Alternative 1 (\$100 Mill/8 Years)	\$149.88	\$154.37	\$159.00	\$163.77	\$168.69	\$42.5 Million
MPK Alternative 2 (\$100 Mill/19 Years)	\$130.41	\$134.32	\$138.35	\$142.50	\$146.77	\$26.5 Million
Alt CC - Noticed Rates (\$100 Mill/8 Years)	\$100.40	\$120.48	\$140.97	\$157.88	\$170.51	\$26.3 Million
20% Reduction of Alternative CC Increase	\$96.33	\$115.60	\$135.25	\$151.48	\$163.60	\$25.2 Million
15% Increase from Existing Rate	\$92.35	106.20	122.13	140.45	161.51	\$16.5 Million
20% Reduction of Alternative CC Increase, then 15% Increase Year 2-5	\$96.33	\$110.78	\$127.40	\$146.51	\$168.49	\$23.5 Million
15% Increase from Existing Rate, 3 Units Free Year 1	\$80.38	\$108.85	\$125.18	\$143.96	\$165.55	\$17.7 Million

The chart above compares average bimonthly water bills for single family residential accounts (5/8" and 3/4" meter with 22 units of water consumed each month)



# Staff's Recommendation Summary

- ◎ Recommend "15% Increase from Existing Rate."  
Use water fund balance to begin capital projects in Years 1 & 2.
- ◎ Phase out free water in two years. First year, 5/8" and 3/4" metered customers receive 3 units/month. Second year, customers pay for all consumption. \$825,000 impact to the water fund
- ◎ Adjust Tier 2 Consumption to \$1.73/unit. Creates proper tiering of water rates. Increases revenues for the City by \$172,700 per year

# Questions



*Advance Oxidation Treatment Plant*



City of Monterey Park

# Water System





# 5 Year **Water** CIP – \$26.3 Million

<b>Fiscal Year 2014-15 (Year 1)</b>	
Mainline Replacement – Hellman 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	\$726,100
<b>Total FY 2014-15</b>	<b>\$4,787,700</b>



# 5 Year Water CIP – \$26.3 Million (cont')

<b>Fiscal Year 2015-16 (Year 2)</b>	
Mainline Replacement – Nicholson from Garvey to Hellman	\$783,700
Mainline Replacement – Alhambra from Garvey to Hellman	\$798,300
Mainline Replacement – Sierra Vista, 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	\$740,800
<b>Total FY 2015-16</b>	<b>\$5,573,500</b>



# 5 Year Water CIP – \$26.3 Million (cont')

<b>Fiscal Year 2016-17 (Year 3)</b>	
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	\$4,050,000
<b>Total FY 2016-17</b>	<b>\$4,316,900</b>

<b>Fiscal Year 2017-18 (Year 4)</b>	
Replace Delta Plant Settling Tanks	\$6,075,000
<b>Total FY 2017-18</b>	<b>\$6,075,000</b>



# 5 Year Water CIP – \$26.3 Million (cont')

<b>Fiscal Year 2018-19 (Year 5)</b>	
Replace Delta Plant Booster Pump Station	\$5,500,000
<b>Total FY 2018-19</b>	<b>\$5,500,000</b>

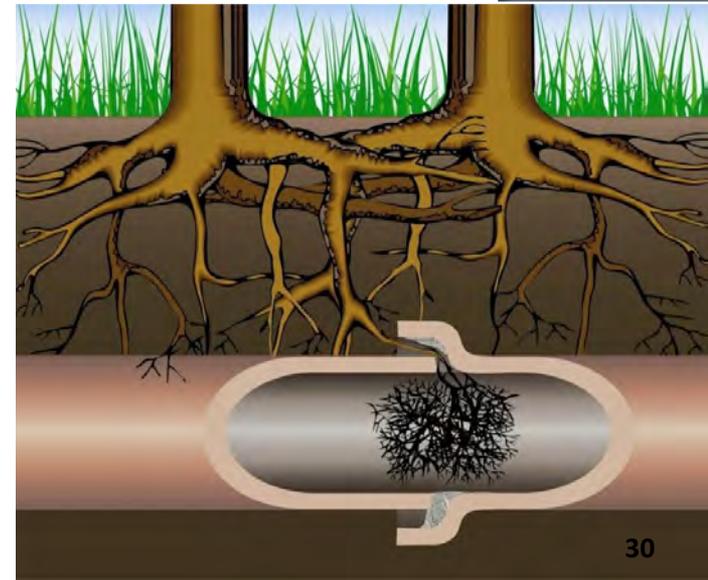
<b>Additional Projects (Unfunded)</b>	
Mainline Replacement – Garfield from Graves to Coral View	\$1,219,600
Mainline Replacement – Kingsford from Cadiz to Montechico	\$750,000
Mainline Replacement – De La Fuente from Cadiz to Montechico	\$860,000

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



City of Monterey Park

# Sewer System





# 5 Year Sewer CIP – \$12.8 Million

<b>Fiscal Year 2014-15 (Year 1)</b>	
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	\$377,400
Cured-in-Place Pipe Relining – Various Locations	\$569,300
FOG Program Expansion	\$115,000
CCTV System Expansion	\$345,000
Update Emergency Overflow Response Plan	\$17,300
Allowance for Regular “Hot Spot” Maintenance	\$230,000
<b>Total FY 2014-15</b>	<b>\$2,268,100</b>



# 5 Year Sewer CIP – \$12.8 Million (cont’)

<b>Fiscal Year 2015-16 (Year 2)</b>	
Pipeline Replacement – Grandridge	\$333,600
Annual CCTV Sewer Videotaping	\$221,800
Spot Repairs – Various Locations	\$365,000
Cured-in-Place Pipe Relining – Various Locations	\$570,400
Upgrade Field Equipment	\$57,500
Staff Training (CMMS and GIS)	\$11,500
Allowance for Regular “Hot Spot” Maintenance	\$230,000
Annual Allowance for Pipeline Repairs found by CCTV work	\$810,000
<b>Total FY 2015-16</b>	<b>\$2,599,800</b>



# 5 Year Sewer CIP – \$12.8 Million (cont')

<b>Fiscal Year 2016-17 (Year 3)</b>	
Pipeline Replacement – Chandler	\$115,600
Annual CCTV Sewer Videotaping	\$221,800
Spot Repairs – Various Locations	\$385,700
Cured-in-Place Pipe Relining – Various Locations	\$567,700
Develop Sewer Atlas Map Book	\$115,000
Allowance for Regular “Hot Spot” Maintenance	\$230,000
Annual Allowance for Pipeline Repairs found by CCTV work	\$810,000
<b>Total FY 2016-17</b>	<b>\$2,445,800</b>



# 5 Year Sewer CIP – \$12.8 Million (cont')

<b>Fiscal Year 2017-18 (Year 4)</b>	
Pipeline Replacement – Emerson	\$474,000
Annual CCTV Sewer Videotaping	\$221,800
Spot Repairs – Various Locations	\$373,300
Cured-in-Place Pipe Relining – Various Locations	\$794,600
Allowance for Regular “Hot Spot” Maintenance	\$230,000
Annual Allowance for Pipeline Repairs found by CCTV work	\$810,000
<b>Total FY 2017-18</b>	<b>\$2,903,700</b>



# 5 Year Sewer CIP – \$12.8 Million (cont')

<b>Fiscal Year 2018-19 (Year 5)</b>	
Pipeline Replacement – Easement	\$247,900
Pipeline Replacement – Emerson	\$176,800
Annual CCTV Sewer Videotaping	\$221,800
Cured-in-Place Pipe Relining – Various Locations	\$732,400
Geographic Positioning Survey	\$115,000
Allowance for Regular “Hot Spot” Maintenance	\$230,000
Annual Allowance for Pipeline Repairs found by CCTV work	\$810,000
<b>Total FY 2018-19</b>	<b>\$2,533,900</b>

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