

Water, Wastewater & Solid Waste Rate Increase

Consideration of water, wastewater and solid waste rates

April 2, 2014

Proposition 218 Process

- Must allow property owners and utility customers method to “protest” vote
- Applies to water, wastewater and solid waste fee increases (considered property related)
- Must mail notice 45 days before a public hearing
- Rate increase may not exceed cost of service and system maintenance

Schedule for Rate Increase

Date	Action
Wed, Mar 19	Council Information - Rate Adjustment Timeline Council Information - Water/Wastewater
Wed, Apr 2	Council Information - Solid Waste **Chose proposed water, wastewater & solid waste rates for FY 2014-15 to FY 2018-19**
Wed, Apr 16	**Council to approve Prop 218 Notice**
May	Water and Wastewater System Tour
Wed, Jun 18	**Public Hearing for Water, Wastewater and Solid Waste Rate Increase**
Mon, Sep 1	**Rate adjustments go in effect - Increases will show on October bills**

City of Monterey Park

Water Rates



Current Water Rates

Size of Meter	Meter Charge	Tier 1 $1.38/unit	Tier 2 $1.81/unit
5/8 or 3/4 inch	**$12.63**	**Over 6-20**	**above 20**
1 inch	$13.67	0-20	above 20
1 ¼ inch	$18.19	0-20	above 20
1 ½ inch	$21.53	0-20	above 20
2 inch	$27.71	0-20	above 20
3 inch	$55.48	0-20	above 20
4 inch	$91.72	0-20	above 20
6 inch	$280.07	0-20	above 20
8 inch	$700.44	0-20	above 20
10 inch	$1,480.32	0-20	above 20
+ water treatment charge – 37.5% of meter and consumption charges			

Current Water Rate Examples

Single Family Residential Monthly Bill 3/4” Meter, 12 units of water	
Meter Charge	$12.63
Consumption (0-6 units) Free	$0.00
Consumption (7-12 units) Tier 1 @ $1.38/unit	$8.28
Treatment Charge 37.5% of meter and consumption	$7.84
TOTAL WATER	**$28.75**

Restaurant Monthly Bill 1” Meter, 983 units of water	
Meter Charge	$13.67
Consumption (0-20) Tier 1 @$1.38/unit	$27.60
Consumption (21-983) Tier 2 @ $1.81/unit	$1,743.03
Treatment Charge 37.5% of meter and consumption	$669.11
TOTAL WATER	**$2,453.41**

1 unit of water = 748 gallons or 100 cubic feet of water
24 units = average volume to fill a swimming pool (18,000 gallons)

Cost of Water



Monterey Park Water Services = $0.003/gallon

Sparkletts Water = $1.35/gallon



Costco Delivery

= $1.57/gallon



Water Rate Comparison

- Average monthly water bill for single family residential accounts (5/8” and 3/4” with 12 units of water consumed)
- 5/8” and 3/4” meters make up 75% of total accounts

Current Charges By Agency	Monthly Bill
Monterey Park	**$28.82**
California Water Service Company	$53.52
Golden State Water Company	$54.05
San Gabriel Water Company	$55.31
City of Covina	$60.71
City of Alhambra	$46.36
City of South Pasadena	$61.79

Water System Concerns

- 72% of pipeline system built before 1960
- Increase of water main failures 25 to 36 and rising
- 18 miles of pipeline improvements for fire flow
- Over 50 miles of pipeline need replacement
- Water meters need to be replaced
- SCADA System – Supervisory Control and Acquisition
- Reservoir storage concrete re-enforced

$99.9 million Water CIP

- $16.7 million in projects at Delta Booster Station
- $5.4 million to replace Pinetree Reservoir 8
- $6.8 million to replace Well 1 & 3
- Replace 96,000 feet (18.2 miles) of pipe for fire flow improvements
- Program mitigates emergency repairs
- *Water System Financial Evaluation and Water Rate Recommendations*, 2012 (Page 7)

Water Rate Alternatives

- **Alternative 1**
  - $8.3 million CIP per year for 12 years
  - Revenues increase to $20.1 million ($8.8 million increase) first year. Increase by inflation next four years
  - Average resident monthly bill increases from $28.82 to $75.01
- **Alternative 2**
  - $5.3 million CIP per year for 19 years
  - Revenues increase to $16.9 million ($5.6 million increase) first year. Increase by inflation next four years
  - Average resident monthly bill increases from $28.82 to $65.25

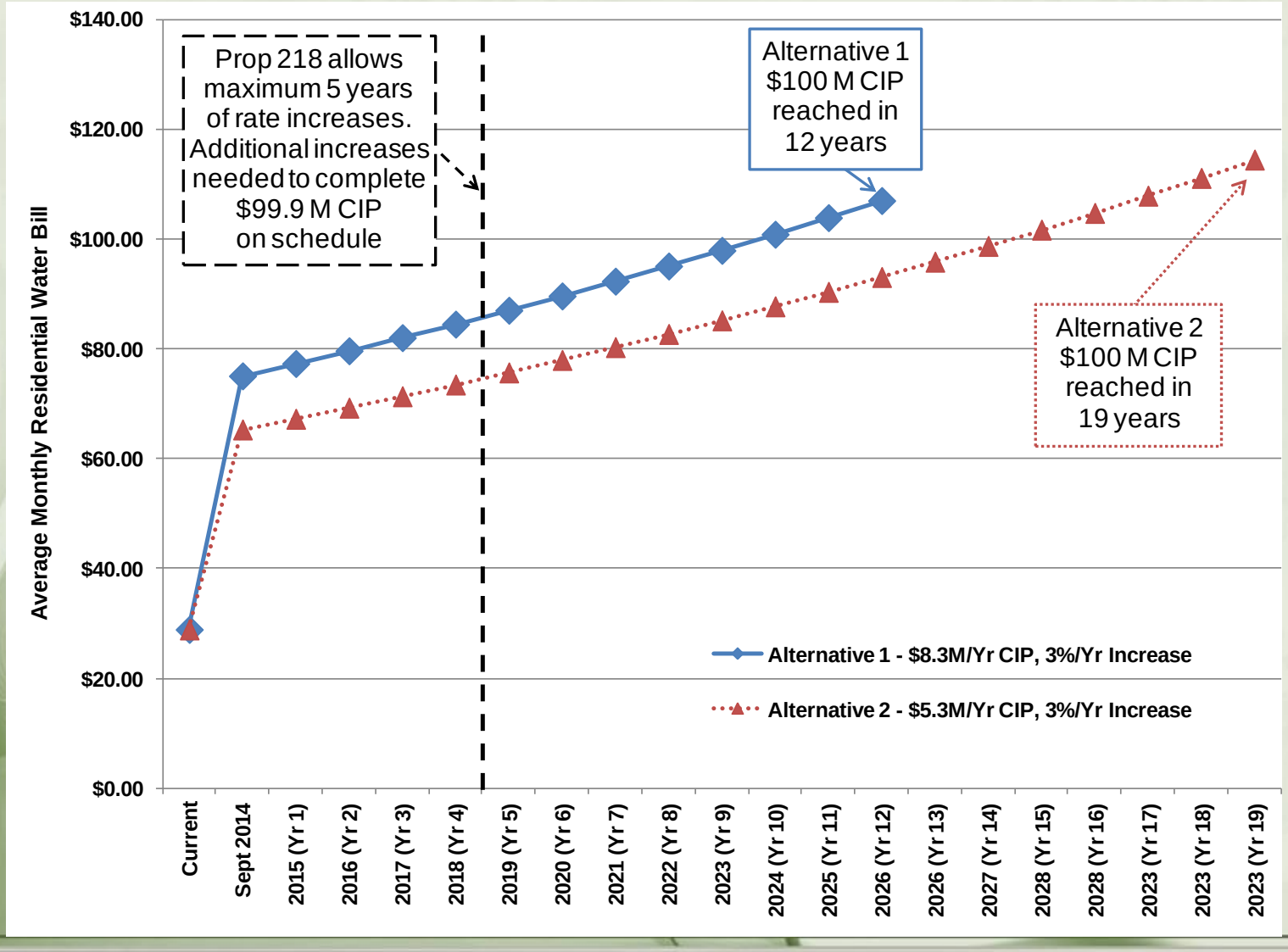
Alternative 1 – $8.3 M / 12 Yrs

Budget (in $ Millions)	Current FY 13/14	Year 1 FY 14/15	Year 2 FY 15/16	Year 3 FY 16/17	Year 4 FY 17/18	Year 5 FY 14/15
Total Revenues	**11.3**	**20.1**	**20.7**	**21.3**	**22.0**	**22.6**
Operating Expenses	11.1	11.8	12.2	12.5	12.9	13.8
Capital Projects	3.5	8.0	8.2	8.5	8.7	9.0
Total Expenses	**14.6**	**19.8**	**20.4**	**21.0**	**21.6**	**22.3**
REV – EXP	**-3.3**	**0.3**	**0.3**	**0.3**	**0.4**	**0.3**
Average SFR Water Bill (in Dollars)	$28.82	$75.01	$77.26	$79.58	$81.97	$84.43

Alternative 2 – $5.3 M / 19 Yrs

Budget (in $ Millions)	Current FY 13/14	Year 1 FY 14/15	Year 2 FY 15/16	Year 3 FY 16/17	Year 4 FY 17/18	Year 5 FY 14/15
Total Revenues	**11.3**	**16.9**	**17.4**	**17.9**	**18.5**	**19.0**
Operating Expenses	11.1	11.8	12.1	12.5	12.9	13.8
Capital Projects	3.5	5.0	5.2	5.3	5.5	5.6
Total Expenses	**14.6**	**16.8**	**17.3**	**17.8**	**18.3**	**18.9**
REV – EXP	**-3.3**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**
Average SFR Water Bill (in Dollars)	$28.82	$65.25	$67.21	$69.22	$71.30	$73.44

Water Rate Alternatives



Water Rate Comparison

Water Agency	Existing Bill	Sept 2014	Sept 2015	Sept 2016	Sept 2017	Sept 2018	5 Year CIP
MPK Alternative 1 $8.3 M/yr CIP	$28.82	**$75.01**	**$77.26**	**$79.58**	**$81.97**	**$84.42**	$42.5 Million
MPK Alternative 2 $5.3 M/yr CIP	$28.82	**$66.25**	**$67.21**	**$69.22**	**$71.30**	**$73.44**	$26.5 Million
California Water Service Company	$53.52						
Golden State Water Company	$54.05						
San Gabriel Water Company	$55.31						
City of Covina	$60.71						
City of Alhambra	$46.36						
City of South Pasadena	$61.79						

The chart above 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)

Current vs Proposed (Residential)

Current – SFR Monthly Bill 3/4” Meter, 12 units of water	
Meter Charge	$12.63
Consumption (0-6 units) Free	$0.00
Consumption (7-12 units) Tier 1 @ $1.38/unit	$8.28
Treatment Charge 37.5% of meter and consumption	$7.84
TOTAL WATER	**$28.75**

Alternative 1 – SFR Monthly Bill 3/4” Meter, 12 units of water	
Meter Charge	$20.30
Consumption (0-6) Tier 1 @$2.75/unit	$16.50
Consumption (7-12) Tier 2 @ $2.95/unit	$17.70
Treatment Charge 37.5% of meter and consumption	$20.44
TOTAL WATER	**$74.94**

1 unit of water = 748 gallons or 100 cubic feet of water
24 units = average volume to fill a swimming pool (18,000 gallons)

Current vs Proposed (Restaurant)

Current – Restaurant Monthly Bill 1” Meter, 983 units of water	
Meter Charge	$13.67
Consumption (0-20) Tier 1 @$1.38/unit	$27.60
Consumption (21-983) Tier 2 @ $1.81/unit	$1,743.03
Treatment Charge 37.5% of meter and consumption	$669.11
TOTAL WATER	**$2,453.41**

Alternative 1 – Restaurant Monthly Bill 1” Meter, 983 units of water	
Meter Charge	$33.83
Consumption (0-6) Tier 1 @$3.05/unit	$18.30
Consumption (7-12) Tier 2 @ $3.05/unit	$18.30
Consumption (13-983) Tier 3 @ $3.05/unit	$2,961.55
Treatment Charge 37.5% of meter and consumption	$1,136.99
TOTAL WATER	**$4,168.97**

1 unit of water = 748 gallons or 100 cubic feet of water
24 units = average volume to fill a swimming pool (18,000 gallons)

Cost of Water



Monterey Park Water Services

$0.003/gallon = Current

$0.008/gallon = Alt 1 residential

$0.006/gallon = Alt 1 restaurant



Sparkletts Water = $1.35/gallon

Costco Delivery = $1.57/gallon



Average Cable TV bill = $90

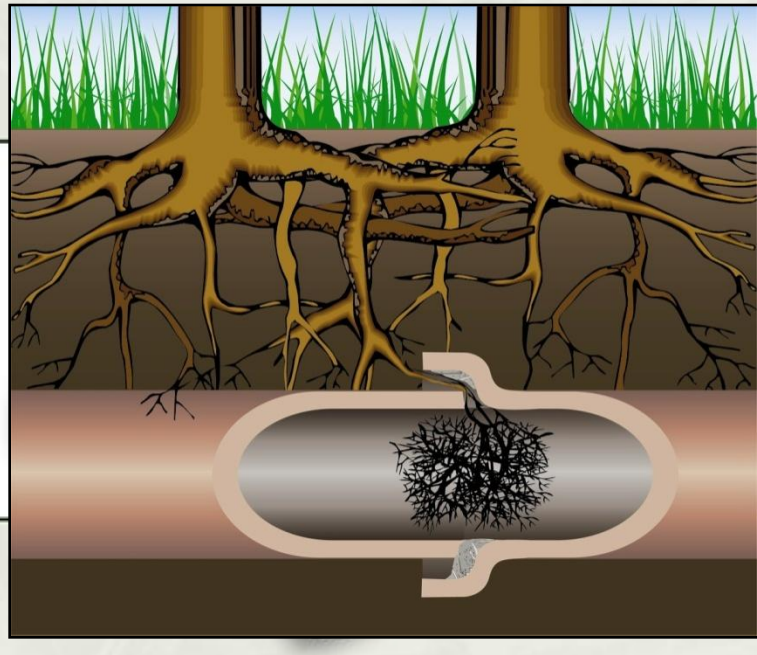
Small cup of Starbucks coffee = $2.05

20 gallons of gas = $80

Emergency repair of broken pipeline = $375,000

City of Monterey Park

Wastewater Rates



Wastewater System Concerns

- 65% of the system needs inspection
- Sewer mains over 100 years in service
- Grease and root intrusion problematic
- Staffing levels inadequate and equipment needed
- Inspection of system must be aggressive
- Accountable sewage to L.A County Sanitation
- Public outreach F.O.G. Program

$12.8 million Wastewater CIP

- With only 35% of collection system reviewed, CIP is already $12.8 million. Video inspection of remaining 65% will increase Wastewater CIP
- Annual sewer video inspection program
- $4.2 million pipeline replacements
- $1.5 million spot repairs
- $3.9 million cured in place pipe installation
- $3.2 million to meet Sewer System Management Program requirements

Proposed Wastewater Rates

Budget (in $ Millions)	Current FY 13/14	Year 1 FY 14/15	Year 2 FY 15/16	Year 3 FY 16/17	Year 4 FY 17/18	Year 5 FY 14/15
Total Revenues	**0.3**	**2.4**	**3.2**	**3.9**	**4.4**	**4.9**
Operating Expenses	0.5	1.0	1.0	1.1	1.1	1.1
Capital Projects	0.6	1.2	2.0	2.7	3.2	3.7
Total Expenses	**1.1**	**2.2**	**3.0**	**3.8**	**4.3**	**4.8**
REV – EXP	**-0.8**	**0.2**	**0.2**	**0.1**	**0.1**	**0.1**
Monthly SFR 5/8" or ¾" Sewer Bill (Dollars)	$1.86	$7.69	$10.00	$12.50	$14.00	$15.68

Engineering study recommends going from a charge of $0.081 per unit of water used to a fixed charge based on customer type and meter size

Wastewater Rate Comparison

Wastewater Charge	Existing Bill	Sept 2014	Sept 2015	Sept 2016	Sept 2017	Sept 2018	5 Year CIP
City of Monterey Park	$0.97	**$7.69**	**$10.00**	**$12.50**	**$14.00**	**$15.68**	$12.8 Million
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						

For informational purposes, the chart above 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.

City of Monterey Park

Solid Waste Rates



Solid Waste Concerns

- FY 2014-15 Operating Expenses exceed Revenues by $1.0 million
- Rates have not increased since 2009
- Athens Contract expires August 2017

Proposed Solid Waste Rates

Budget (in $ Millions)	Current FY 13/14	Year 1 FY 14/15	Year 2 FY 15/16	Year 3 FY 16/17	Year 4 FY 17/18	Year 5 FY 14/15
Total Revenues	**5.8**	**6.7**	**6.9**	**7.1**	**7.3**	**7.5**
Operating Expenses	1.7	1.7	1.8	1.8	1.9	1.9
Athens Contract	5.1	5.2	5.3	5.4	5.5	5.6
Total Expenses	**6.8**	**6.9**	**7.0**	**7.2**	**7.4**	**7.5**
REV – EXP	**-1.0**	**-0.2**	**-0.1**	**-0.1**	**0.0**	**0.0**
96 black/ 96 green	$21.81	**$25.08**	**$25.83**	**$26.61**	**$27.41**	**$28.23**

Solid Waste Rate Comparison

Wastewater Charge	Existing Bill	Sept 2014	Sept 2015	Sept 2016	Sept 2017	Sept 2018
City of Monterey Park	$21.81	**$25.08**	**$25.83**	**$26.61**	**$27.41**	**$28.23**
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					

For informational purposes, the chart above compares the current average monthly solid waste Bills for a single family residential account with a 96 gallon trash and 96 gallon recycling container

Combined Rates

Monthly Impact on Typical Single Family Residential Customer

Utility	Current Monthly Bill	Sept 2014 Estimated	Sept 2015 Estimated	Sept 2016 Estimated	Sept 2017 Estimated	Sept 2018 Estimated
Water	$28.82	$75.01	$77.26	$79.58	$81.97	$84.42
Wastewater	$1.86	$7.69	$10.00	$12.50	$14.00	$15.68
Solid Waste	$21.81	$25.08	$25.83	$26.61	$27.41	$28.23
TOTAL	$52.49	$107.78	$113.09	$118.69	$123.38	$128.33

Decision making consideration:

- Pay now or pay later
- Proactive or reactive
- Timing of implementation

Council Action

- Chose proposed Water Rates for FY 2014-15 to 2018-19
- Chose proposed Wastewater Rates
- Chose proposed Solid Waste Rates
- Review proposed Prop 218 Notice of Public Hearing
  - Contains complete rates for calculation and comparison
  - Will redesign to make easier to read
  - Please note corrected solid waste rates and water treatment rate

Questions?