



Water, Wastewater & Solid Waste Rate Increase

Notice of Public Hearing for Water,
Wastewater and Solid Waste Rates

April 16, 2014



Proposition 218 Process

- ⦿ Rate increases needed to support water & wastewater repairs
- ⦿ Rate increases must allow property owners and utility customers method to “protest” vote
- ⦿ Rate increase may not exceed cost of service and system maintenance
- ⦿ Must mail notice 45 days before June 18, 2014 Public Hearing
- ⦿ 16,359 parcels in Monterey Park and 8,180 valid protest needed



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





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



Water Rate Alternatives

◎ Alternative 1

- \$100 million CIP in 12 years (\$42.5 million first 5 years)
- Revenues increase to \$20.1 million (\$8.8 million increase) first year. Increase by inflation next four years

◎ Alternative 2

- \$100 million CIP in 19 years (\$26.5 million first 5 years)
- Revenues increase to \$16.9 million (\$5.6 million increase) first year. Increase by inflation next four years

◎ **Alternative CC**

- Spread Alternative 2's rate increase among five years
- \$26.3 million of CIP funds in five years
- \$100 million in 20 years



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 18/19
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	13.2
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

\$26.5 million in five years of Capital Projects

Alternative CC – Spread Rate Increase



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 18/19
Total Revenues	11.3	13.0	15.6	18.3	20.5	22.1
Operating Expenses	11.1	11.8	12.1	12.5	12.9	13.2
Capital Projects	3.5	1.1	3.4	5.6	7.5	8.7
Total Expenses	14.6	12.9	15.5	18.1	20.4	21.9
REV – EXP	-3.3	0.1	0.1	0.1	0.1	0.1
Average SFR Water Bill (in Dollars)	\$28.82	\$50.24	\$60.29	\$70.54	\$79.01	\$85.33

\$26.3 million in five years of Capital Projects



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
MPK Alternative CC	\$28.82	\$50.24	\$60.29	\$70.54	\$79.01	\$85.33	\$26.3 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 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			



Proposed Water Rates

Meter Charge	Sept 2014
5/8" or 3/4"	\$15.63
1"	\$26.05
1 1/2"	\$52.11
2"	\$83.37
3"	\$156.32
4"	\$260.52
6"	\$521.05
8"	\$833.68

Consumption Charge	Sept 2014
<u>Single Family Residential</u>	
Tier 1 (units 0-6)	\$1.66
Tier 2 (units 7-12)	\$1.82
Tier 3 (above 12 units)	\$1.85
<u>All Other Accounts</u>	
All Units	\$1.81

Water Treatment Charge
37.5% (meter + consumption)



Current vs Alternative CC (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 CC – SFR Monthly Bill 3/4” Meter, 12 units of water	
Meter Charge	\$15.63
Consumption (0-6) Tier 1 @\$1.66/unit	\$9.96
Consumption (7-12) Tier 2 @\$1.82/unit	\$10.92
Treatment Charge 37.5% of meter and consumption	\$13.69
TOTAL WATER	\$50.20

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 Alternative CC (Restaurant)

Current – Restaurant 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% meter and consumption	\$669.11
TOTAL WATER	\$2,453.41

Alternative CC – Restaurant 1” Meter, 983 units of water	
Meter Charge	\$26.05
Consumption (0-6) Tier 1 @\$1.81/unit	\$10.86
Consumption (7-12) Tier 2 @ \$1.81/unit	\$10.86
Consumption (13-983) Tier 3 @ \$1.81/unit	\$1,757.51
Treatment Charge 37.5% meter and consumption	\$676.98
TOTAL WATER	\$2,482.26

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

Alternative CC – Non SFR Accounts



Type of Business	Current Bill	Sept '14 Estimate	Sept '15 Estimate	Sept '16 Estimate	Sept '17 Estimate	Sept '18 Estimate
Restaurant 1", 983 units	\$2,453.41	\$2,482.26	\$2,976.01	\$3,483.41	\$3,894.94	\$4,210.32
Church 1 1/2", 114 units	\$313.32	\$355.37	\$426.13	\$498.74	\$557.84	\$602.91
Supermarket 1 1/2", 212 units	\$557.22	\$599.27	\$718.53	\$841.01	\$940.53	\$1,016.59
Hotel 2", 242 units	\$640.38	\$716.91	\$859.62	\$1,006.13	\$1,125.27	\$1,216.23
Apartment 4", 852 units	\$2,246.53	\$2,478.63	\$2,972.01	\$3,778.54	\$3,890.34	\$4,204.85
Estates HOA 4", 2523 units	\$6,405.23	\$6,637.33	\$7,957.85	\$9,314.51	\$10,415.60	\$11,258.56

5 Year Capital Improvement Program

\$26.3 million Water CIP

- \$4.1 million – Treatment Facility
- \$10.6 million – Water Main Replacements
- \$6.1 million – Reservoir Construction
- \$5.5 million – Booster Pump Upgrade

\$12.8 million Wastewater CIP

- \$5.0 million – Sewer Main Replacements
- \$0.4 million – Sewer Videotaping
- \$ 1.5 million – Spot Repairs
- \$ 3.9 million – Pipe Relining
- \$2.0 million – Regulatory Requirements (SSMP)

**Projects and costs may vary within the five years,
as new information arise**



Notice of Public Hearing

- Draft provided to City Council
- English as primary language, with Chinese and Spanish translation summarizing the notice
- Notice includes protest ballot to be completed and returned to City Clerk's Office
- Approximately 30,000 notices will be mailed out shortly



Council Action

- ⦿ Approve proposed Prop 218 Notice of Public Hearing
- ⦿ Set a Public Hearing Date on June 18, 2014

Questions?

