

AGENDA ITEM

- MEETING DATE:** November 08, 2016
- TITLE:** Introduction and first reading of an Ordinance amending Glendora Municipal Code Section 14.20 pertaining to water rates.
- PRESENTED BY:** David A. Davies, Public Works Director
- RECOMMENDATION:** Conduct the Public Hearing, accept evidence, testimony and protests, close the hearing and, in the absence of a majority protest, consider the following: 1) Adopt a Statutory Exemption from the California Environmental Quality Act pursuant to Section 15273 of the California Code of Regulations; and 2) Waive full reading, read by title only and introduce for first reading an Ordinance entitled, "AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GLENDORA, CALIFORNIA, AMENDING SECTIONS 14.20.070, 14.20.080 AND 14.20.085 OF THE MUNICIPAL CODE WITH RESPECT TO WATER RATES AND CHARGES."
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BACKGROUND:

In 2011, the City Council adopted a five year rate case for 2012 through 2016. Staff initiated a new five year rate case early this year. The Water Commission has reviewed the Water Division's expenses and revenues to ensure proper revenue is received through water rates to cover the operation and maintenance, capital improvement projects and debt service costs of the Water Division.

On July 20, 2016 and September 6, 2016, town hall meetings were held to inform and educate the public on the water rate structure and the proposed changes to the rates. On July 28, 2016 the water rate case was presented to the Water Commission as the first of two public discussions by the Commission. On August 16, 2016, the Water Commission held a formal public hearing and received public testimony and reviewed the recommended rates. The Commission voted unanimously to recommend the rates to the City Council. On September 12, 2016, the City Council adopted a Resolution of Intent, setting the Public Hearing and protest vote tabulation for tonight's meeting.

The drought and conservation reductions imposed by the State of California have significantly reduced our water revenues. While the conservation has permitted the City for the first time in decades to avoid purchasing treated water to supplement its pumping rights, the reduction in water sales has also meant that both the operational and capital needs have not been fully recovered. To maintain our established policy of recouping approximately \$5 million annually for the Capital Improvement Program, it is necessary to increase the water rates. Staff is recommending a five year rate case sufficient to meet established financial policies for capital improvements and operating expenses.

DISCUSSION:

The Water Division is considered an enterprise operation for accounting purposes. The funds generated can only be used to support the water production, distribution, conservation and capital improvement programs. These funds are segregated from all other funds and separately shown on all financial statements as independent. As an Enterprise Fund, it is expected that rates fully support the operational and capital costs as though it were a business enterprise.

Pursuant to Proposition 218, once the Public Hearing date was set, staff advertised the Public Hearing date and sent letters to all water customers explaining the rate structure and giving the opportunity to protest the increase. At the Public Hearing tonight, the Council will consider all protests against the proposed five year rate schedule. If written protests are presented by a majority (6715) of parcel owners of the parcels subject to water fees, the Council may not impose the new rates. A majority protest in this case is more than one half of the approximately 13,428 parcels served.

The schedule for the proposed rate case is as follows:

- 8/16/2016 Water Commission Public Hearing and recommendation to Council
- 9/12/16 Resolution of Intent setting the Public Hearing by City Council
- 9/12-11/8 Proposition 218 Notice Period
- 11/8/16 Public Hearing/Protest Hearing by City Council, Ordinance*
- 11/22/16 Second reading of the Ordinance by City Council*
- 1/1/17 Rates become effective*

*Contingent upon Prop 218 hearing and approval by Council.

The rate case is developed considering the cost to maintain and improve the infrastructure and to fund the daily operations of the Water Enterprise including costs for staff, equipment, electricity, regulatory fees, replenishment water, treated purchased water and conservation.

There are significant assumptions that must be made with each rate case. Drought conditions, rising costs for purchased water, conservation mandates, the stability of the aquifer, State regulations, the economy, technology, development, conservation, inflation, rain or the lack thereof, runoff and infiltration to name a few. Inaccurate rates can cause financial instability, the lack of needed funds for our Capital Improvement Program and costs not being recovered. Using historical averages and considering recent trends, staff and our consultant have prepared a five year scenario to address the diminishing revenue to ensure a reliable revenue source to maintain our capital program, while making the rates as fair as possible to our ratepayers, especially those that conserve.

The Readiness to Serve (RTS) charge includes fixed costs to maintain the system and to be able to work to provide water in case of a catastrophic event.

The consumption charges include variable costs including any costs associated with production and replenishment of water. Tier 1 includes costs to pump available groundwater from our wells. Tier 2 represents costs associated with the treated water we purchase from Metropolitan Water District.

Each tier partially funds the Capital Improvement Program with a representative share based on the amounts of water pumped and purchased. The rates have been calculated to impact those that conserve less than for those that use more water.

The energy charge represents the electrical power needed to run our wells, pump stations and booster stations in order to deliver water to our customers based on the elevation zones. This cost is a pass through cost from Southern California Edison and Azusa Light and Water.

The proposed five year rate case includes reductions in the Water Division budget based on our conservation efforts that have significantly reduced our need to purchase water.

CEQA (CALIFORNIA ENVIRONMENTAL QUALITY ACT):

A Statutory Exemption is attached for Council approval.

FISCAL IMPACT:

The proposed five year rate case represents an approximate annual increase of 3.5% - 5%, depending on consumption. Should the rates not be implemented, operations, the capital improvement program and our ability to purchase water would be impacted. The capital improvement projects would be substantially reduced to emergency actions only and we would have limited funds available to purchase treated water and replenishment water. The catastrophic reserve could easily be absorbed without replacement. The impact upon the Water Enterprise Fund will be determined upon the final action of the City Council at the conclusion of the public input process.

Rates are being recommended for adjustment to close the gap between likely costs that have been impacted by decreased revenue caused by the drought and State mandates, increases in MWD purchased water rates and increases in electricity costs. Any further rate adjustments will need to be approved by our water customers consistent with Proposition 218 guidelines.

Respectfully submitted,

Dave Davies

Dave Davies
Public Works Director

Director <i>Dave Davies</i>	Finance <i>Jane Overholt</i>	CEQA <i>Not Required</i>	Attorney <i>Not Required</i>	City Manager <i>Chris Jeffers</i>
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ATTACHMENTS:

- ATTACHMENT A: Ordinance
- ATTACHMENT B: Rates

ATTACHMENT C: Revenue Requirement
ATTACHMENT D: Notice of Exemption.pdf
ATTACHMENT E: Public Hearing Notice

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GLENDORA, CALIFORNIA, AMENDING SECTIONS 14.20.070, 14.20.080 AND 14.20.085 OF THE GLENDORA MUNICIPAL CODE WITH RESPECT TO WATER RATES AND CHARGES

**THE CITY COUNCIL
City of Glendora, California**

WHEREAS, pursuant to Section 14.20.010 of the Municipal Code and Section 5470 *et seq.* of the California Health & Safety Code, the City Council establishes rates and charges for water service; and

WHEREAS, the City mailed notice of a proposed increase of such rates and charges pursuant to Article XIID, Section 6 of the California Constitution; and

WHEREAS, such notice indicated that the City Council would hold a public hearing with respect to the proposed rates and charges on November 8, 2016 at 7:00 PM in the City Council Chambers; and

WHEREAS, at the appointed time and place, the City Council held a full and fair public hearing at which any interested person could provide oral or written testimony on the proposed rates and charges; and

WHEREAS, a majority protest, as defined in Article XIID, Section 6(a)(2) of the California Constitution, does not exist with respect to the proposed rates and charges; and

WHEREAS, the City Council desires to increase the rates and charges.

THE CITY COUNCIL OF THE CITY OF GLENDORA DOES HEREBY ORDAIN AS FOLLOWS:

Section 1. The foregoing recitals are true and correct.

Section 2. The City Council hereby finds that there is not a majority protest vote cast by property owners in accordance with Article XIID, Section 6(a)(2) of the California Constitution to the rates and charges enacted by this Ordinance.

Section 3. Section 14.20.070 of the Glendora Municipal Code is hereby deleted and repealed in its entirety.

Section 4. A new section 14.20.070 of the Glendora Municipal Code is hereby added to read as follows:

“14.20.070 Readiness to Serve Charge

Effective January 1, 2017, and subject to adjustment as set forth in Section 14.20.085, the bimonthly base charge for each metered connection within the city of Glendora’s service boundaries shall be as follows:

Meter Size	Bimonthly Base Charge
< 1 inch	\$ 79.29
1 inch	\$103.08
1-1/2 inch	\$171.17
2 inch	\$245.81
3 inch	\$364.75
4 inch	\$555.09
6 inch	\$967.44
8 inch	\$1,363.91

Section 5. Section 14.20.080 of the Glendora Municipal Code is hereby deleted and repealed in its entirety.

Section 6. A new section 14.20.080 of the Glendora Municipal Code is hereby added to read as follows:

“14.20.080 Quantity Rates for Water Used.

- (a) In addition to the bimonthly base charge established by Section 14.20.070 of this Code, each customer shall pay a charge, calculated as set forth in this Section, for each unit of 100 cubic feet of water consumed at his or her connection during a bimonthly billing period.
- (b) Each water connection is assigned a “baseline” consumption allowance, in units of 100 cubic feet of water, based upon the size of the water meter for that connection. The baseline allocations shall be as follows:

Meter Size	Bi-monthly baseline allocation, Units
< 1 inch	38
1 inch	67
1-1/2 inch	134
2 inch	220
3 inch	838
4 inch	1,316
6 inch	4,682
8 inch	4,682

Each unit of water consumed at a connection during a bi-monthly billing period, other than a unit in excess of the baseline allocation for that connection, shall be deemed a “Tier 1 Unit.” Each unit in excess of the baseline allocation shall be deemed a “Tier 2 Unit.”

- (c) The rate for each Tier 1 Unit consumed shall be the sum of the “Energy Component Rate”, and the “Other Costs Component (T1) Rate” set forth in this Section. The rate for each Tier 2 Unit consumed shall be the sum of the “Purchased Water Component Rate”, the “Energy Component Rate”, and the “Other Costs Component (T2) Rate” set forth in this Section.
- (d) Beginning January 1, 2017, and subject to adjustment as set forth in Section 14.20.085, the “Purchased Water Component Rate” shall be \$1.91 per unit of water consumed.
- (e) Beginning January 1, 2017, and subject to adjustment as set forth in Section 14.20.085, the “Energy Component Rate” shall be \$0.23 per unit of water consumed at a connection located in Pressure Zone 1, \$0.35 per unit of water consumed at a connection located in Pressure Zone 2, \$0.56 per unit of water consumed at a connection located in Pressure Zone 3, and \$1.36 per unit of water consumed at a connection located in any other pressure zone. The pressure zone in which a connection is located shall be determined by reference to the 2012 Water Master Plan, which is on file in the Office of the City Clerk and available for public inspection.
- (f) Beginning January 1, 2017, the “Other Costs Component (T1) Rate” shall be \$1.90 per unit of water consumed.
Beginning January 1, 2018, and subject to adjustment as set forth in Section 14.20.085, the “Other Costs Component (T1) Rate” shall be \$2.07 per unit of water consumed.
Beginning January 1, 2019, and subject to adjustment as set forth in Section 14.20.085, the “Other Costs Component (T1) Rate” shall be \$2.26 per unit of water consumed.
Beginning January 1, 2020, and subject to adjustment as set forth in Section 14.20.085, the “Other Costs Component (T1) Rate” shall be \$2.46 per unit of water consumed.
Beginning January 1, 2021, and subject to adjustment as set forth in Section 14.20.085, the “Other Costs Component (T1) Rate” shall be \$2.67 per unit of water consumed.
- (g) Beginning January 1, 2017, “Other Costs Component (T2) Rate” shall be \$1.67 per unit of water consumed.
Beginning January 1, 2018, and subject to adjustment as set forth in Section 14.20.085, the “Other Costs Component (T2) Rate” shall be \$1.83 per unit of water consumed.
Beginning January 1, 2019, and subject to adjustment as set forth in Section 14.20.085, the “Other Costs Component (T2) Rate” shall be \$2.00 per unit of water consumed.
Beginning January 1, 2020, and subject to adjustment as set forth in Section 14.20.085, the “Other Costs Component (T2) Rate” shall be \$2.19 per unit of water consumed.
Beginning January 1, 2021, and subject to adjustment as set forth in Section 14.20.085, the “Other Costs Component (T2) Rate” shall be \$2.40 per unit of water consumed.”

Section 7. Section 14.20.085 of the Glendora Municipal Code is hereby deleted and repealed in its entirety.

Section 8. A new section 14.20.085 of the Glendora Municipal Code is hereby added to read as follows:

“14.20.085 Automatic Rate Adjustments.

- (a) No later than December 1 of each year, beginning in 2017, the Director of Public Works shall file with the City Clerk a schedule of revised rates, calculated pursuant to this Section, to be effective on the first billing cycle of the following year. At least 30 days prior to implementing revised rates, the Director of Public Works shall notify all customers regarding the rate revisions.
- (b) Unless the City Council takes action, by ordinance or resolution, to cause such revised rates to not become effective, the revised rates shall take effect automatically, and shall be deemed to have been approved and imposed by the City Council pursuant to the Ordinance that codified this Section.
- (c) The Purchased Water Component Rate, imposed pursuant to Section 14.20.080(d) of this Chapter shall be calculated by adjusting that rate (including any previous adjustments made pursuant to this Section) by the percentage change between the previous year and the year for which the rate is being calculated, of the cost of water if purchased by the City from Three Valley’s Municipal Water District at the District’s published rates applicable to the City.
- (d) Each Energy Component Rate imposed pursuant to Section 14.20.080(e) of this Chapter shall be calculated by adjusting that rate (including any previous adjustments made pursuant to this Section) by the percentage change between the previous year and the year for which the rate is being calculated, of the sum of the published rate for a kilowatt hour of electricity provided to the City by Azusa Power and the tariffed rate for a kilowatt hour of electricity provided to the City by Southern California Edison.
- (e) Each rate set forth in Sections 14.20.070, 14.20.080(f) and 14.20.080(g) of this Chapter shall be calculated by adjusting that rate by the percentage change in the consumer price index for all urban consumers for Los Angeles-Anaheim-Riverside published by the US Department of Labor between October 1, 2016 and the most recently published index as of October of the year prior to the date on which the adjustment will go into effect, but not to exceed a total increase of 5% for each year since 2017.”

Section 9. The Director of Public Works is authorized to provide to any water customer, at their request, the special service of water manual meter reading. The fee for this service shall be \$45.86 per bimonthly billing period. This fee shall only be charged if the Department of Public Works has installed (or offered to install) an advanced meter capable of automatically measuring water consumption at the customer’s connection point. The purpose of this fee is to offset the City’s actual cost of providing and billing a manual meter read to a single customer located in an area where the installation of advanced meters by the City has eliminated the need to provide such manual

meter reads as a part of basic water service. If the customer gives the City permission to install and utilize an advanced meter, this fee shall be waived for any manual meter reads that occur after the date such permission is given. This fee is not a fee for basic water service, but a fee for an optional additional service that is not required for the provision of basic water service to the premises. This fee may be changed, reduced, or eliminated by resolution or ordinance of the City Council.

Section 10. The automatic rate adjustment provisions set forth in Section 14.20.085 of the Municipal Code were approved by the City Council following a public hearing that was noticed and conducted pursuant to Section 6 of Article XIID of the California Constitution, the Proposition 218 Omnibus Implementation Act (Section 53750 et seq. of the California Government Code), and applicable law. Consequently, so long the revised rates are calculated pursuant to Section 14.20.085, such revision shall not constitute an “increase” of the rate. The action of the Director of Public Works required by Section 14.20.085 is ministerial and neither requires, nor is subject to, the discretion of the Director of Public Works.

Section 11. The rates set forth in this Ordinance shall be effective January 1, 2017. Prior to that date the rates calculated pursuant to Sections 14.20.070, 14.20.080, and 14.20.085 of the Municipal Code as they existed prior to the adoption of this Ordinance shall continue to apply.

Section 12. The City Council finds and declares as follows:

(a) Revenues derived from water rates and charges, as imposed pursuant to this Ordinance, will not exceed the funds required to provide water service to the parcels subject to the rates and charges.

(b) Revenues derived from water rates and charges, as imposed pursuant to this Ordinance, shall not be used for any purpose other than providing water service.

(c) The amount of the water rates and charges upon each parcel does not exceed the proportional cost of water service attributable to that parcel.

(d) The water rates and charges are only imposed upon parcels that are actually connected to the water system, and which therefore either use, or have immediate ability to use, water service.

(e) Water service is not a general governmental service as that term is used in Article XIID, Section 6(b)(5) of the California Constitution.

Section 13. Pursuant to Government Code Section 54999.1, et seq, the capital facilities fee component, as defined in Government Code Section 54999.1, of the rate increases provided in this Ordinance shall comply with the applicable requirements of Government Code Section 54999, et seq, including but not limited to Government Code Section 54999.3.

Section 14. Severability. If any court of competent jurisdiction holds any section, sub-section, sentence, clause or portion of this Ordinance invalid or unconstitutional, such determination shall not affect the validity of the remaining portions of this Ordinance. The City Council declares that it would have enacted this Ordinance and each section, sub-section, sentence, clause or phrase hereof irrespective of any determination of invalidity.

Section 15. The Mayor shall sign this Ordinance and the City Clerk shall attest and certify to the passage and adoption thereof and cause same to be published at least once in the San Gabriel Valley Examiner, a weekly newspaper of general circulation, published in the City of Glendora, which newspaper is hereby designated for that purpose; and thereupon, and thirty (30) days after its passage, this ordinance shall take effect and be in force.

PASSED, APPROVED and ADOPTED this __ day of ____, 2016.

City Council of Glendora, California

BY: _____
GENE MURABITO, Mayor

APPROVED AS TO FORM:

D. WAYNE LEECH, City Attorney

I, Kathleen R. Sessman, City Clerk of the City of Glendora, California, DO HEREBY CERTIFY that the foregoing Ordinance was introduced for first reading on _____, 2016 by the following roll call vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS
ABSENT: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:

Thereafter, said Ordinance was duly approved and adopted at a Regular Meeting of the City Council on _____, by the following roll call vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS
ABSENT: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:

I further certify that said Ordinance was published as required by law in a newspaper of general circulation in the City of Glendora, California on the ____ day of _____, 2016.

Dated: _____
KATHLEEN R. SESSMAN, City Clerk

**TABLE 11
CITY OF GLENDORA WATER DIVISION
PROPOSED RATE INCREASES**

Rates for 2016

QUANTITY WATER RATES				
Zone	1	2	3	4 and above
Purchased Potable Water Component (a)	\$ 2.05	\$ 2.05	\$ 2.05	\$ 2.05
Energy Component (b)	\$ 0.27	\$ 0.42	\$ 0.58	\$ 1.40
Other Costs Component (T1) (c)	\$ 1.75	\$ 1.75	\$ 1.75	\$ 1.75
Other Costs Component (T2) (d)	\$ 1.17	\$ 1.17	\$ 1.17	\$ 1.17
Quantity Rate, Tier 1 (b+c)	\$ 2.02	\$ 2.18	\$ 2.33	\$ 3.15
Quantity Rate, Tier 2 (a+b+d)	\$ 3.50	\$ 3.65	\$ 3.80	\$ 4.63

Meter Size	Readiness -to-Serve Charge	monthly Baseline allocation
< 1 inch	\$ 75.24	42
1 inch	\$ 97.82	71
1-1/2 inch	\$ 162.44	144
2 inch	\$ 233.26	290
3 inch	\$ 346.13	2,000
4 inch	\$ 526.76	2,500
6 inch	\$ 918.07	4,000
8 inch	\$ 1,294.30	4,500

Average Customer Billing (@ 38 Units as Baseline)	20 Units	38 Units	58 Units
RTS	\$ 75.24	\$ 75.24	\$ 75.24
Purchased Water	-	-	41.07
Energy Base	5.44	10.34	15.78
Uniform Base	35.03	66.55	89.97
Total	\$ 115.71	\$ 152.13	\$ 222.06

Rates for 2017

QUANTITY WATER RATES				
Zone	1	2	3	4 and above
Purchased Potable Water Component (a)	\$ 1.91	\$ 1.91	\$ 1.91	\$ 1.91
Energy Component (b)	\$ 0.23	\$ 0.35	\$ 0.56	\$ 1.36
Other Costs Component (T1) (c)	\$ 1.90	\$ 1.90	\$ 1.90	\$ 1.90
Other Costs Component (T2) (d)	\$ 1.67	\$ 1.67	\$ 1.67	\$ 1.67
Quantity Rate, Tier 1 (b+c)	\$ 2.13	\$ 2.25	\$ 2.46	\$ 3.26
Quantity Rate, Tier 2 (a+b+d)	\$ 3.81	\$ 3.93	\$ 4.14	\$ 4.94

Meter Size	Readiness -to-Serve Charge	monthly Baseline allocation
< 1 inch	\$ 79.29	38
1 inch	\$ 103.08	67
1-1/2 inch	\$ 171.17	134
2 inch	\$ 245.81	220
3 inch	\$ 364.75	838
4 inch	\$ 555.09	1,316
6 inch	\$ 967.44	4,682
8 inch	\$ 1,363.91	4,682

Average Customer Billing (@ 38 Units as Baseline)	20 Units	38 Units	58 Units
RTS	\$ 79.29	\$ 79.29	\$ 79.29
Purchased Water	-	-	38.20
Energy Base	4.60	8.74	13.34
Uniform Base	38.00	72.20	105.60
Total	\$ 121.89	\$ 160.23	\$ 236.43

% Increase from 2016 5.3% 5.3% 6.5%

Rates for 2018

QUANTITY WATER RATES				
Zone	1	2	3	4 and above
Purchased Potable Water Component (a)	\$ 1.91	\$ 1.91	\$ 1.91	\$ 1.91
Energy Component (b)	\$ 0.23	\$ 0.35	\$ 0.56	\$ 1.36
Other Costs Component (T1) (c)	\$ 2.07	\$ 2.07	\$ 2.07	\$ 2.07
Other Costs Component (T2) (d)	\$ 1.83	\$ 1.83	\$ 1.83	\$ 1.83
Quantity Rate, Tier 1 (b+c)	\$ 2.30	\$ 2.42	\$ 2.63	\$ 3.43
Quantity Rate, Tier 2 (a+b+d)	\$ 3.97	\$ 4.09	\$ 4.30	\$ 5.10

Meter Size	Readiness -to-Serve Charge	monthly Baseline allocation
< 1 inch	\$ 79.29	38
1 inch	\$ 103.08	67
1-1/2 inch	\$ 171.17	134
2 inch	\$ 245.81	220
3 inch	\$ 364.75	838
4 inch	\$ 555.09	1,316
6 inch	\$ 967.44	4,682
8 inch	\$ 1,363.91	4,682

Average Customer Billing (@ 38 Units as Baseline)	20 Units	38 Units	58 Units
RTS	\$ 79.29	\$ 79.29	\$ 79.29
Purchased Water	-	-	38.20
Energy Base	4.60	8.74	13.34
Uniform Base	41.40	78.66	115.26
Total	\$ 125.29	\$ 166.69	\$ 246.09

% Increase from 2017 2.8% 4.0% 4.1%

Rates for 2019

QUANTITY WATER RATES				
Zone	1	2	3	4 and above
Purchased Potable Water Component (a)	\$ 1.91	\$ 1.91	\$ 1.91	\$ 1.91
Energy Component (b)	\$ 0.23	\$ 0.35	\$ 0.56	\$ 1.36
Other Costs Component (T1) (c)	\$ 2.26	\$ 2.26	\$ 2.26	\$ 2.26
Other Costs Component (T2) (d)	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00
Quantity Rate, Tier 1 (b+c)	\$ 2.49	\$ 2.61	\$ 2.82	\$ 3.62
Quantity Rate, Tier 2 (a+b+d)	\$ 4.14	\$ 4.26	\$ 4.47	\$ 5.27

Meter Size	Readiness -to-Serve Charge	monthly Baseline allocation
< 1 inch	\$ 79.29	38
1 inch	\$ 103.08	67
1-1/2 inch	\$ 171.17	134
2 inch	\$ 245.81	220
3 inch	\$ 364.75	838
4 inch	\$ 555.09	1,316
6 inch	\$ 967.44	4,682
8 inch	\$ 1,363.91	4,682

Average Customer Billing (@ 38 Units as Baseline)	20 Units	38 Units	58 Units
RTS	\$ 79.29	\$ 79.29	\$ 79.29
Purchased Water	-	-	38.20
Energy Base	4.60	8.74	13.34
Uniform Base	45.20	85.88	125.88
Total	\$ 129.09	\$ 173.91	\$ 256.71

% Increase from 2018 3.0% 4.3% 4.3%

Rates for 2020

QUANTITY WATER RATES				
Zone	1	2	3	4 and above
Purchased Potable Water Component (a)	\$ 1.91	\$ 1.91	\$ 1.91	\$ 1.91
Energy Component (b)	\$ 0.23	\$ 0.35	\$ 0.56	\$ 1.36
Other Costs Component (T1) (c)	\$ 2.46	\$ 2.46	\$ 2.46	\$ 2.46
Other Costs Component (T2) (d)	\$ 2.19	\$ 2.19	\$ 2.19	\$ 2.19
Quantity Rate, Tier 1 (b+c)	\$ 2.69	\$ 2.81	\$ 3.02	\$ 3.82
Quantity Rate, Tier 2 (a+b+d)	\$ 4.33	\$ 4.45	\$ 4.66	\$ 5.46

Meter Size	Readiness -to-Serve Charge	monthly Baseline allocation
< 1 inch	\$ 79.29	38
1 inch	\$ 103.08	67
1-1/2 inch	\$ 171.17	134
2 inch	\$ 245.81	220
3 inch	\$ 364.75	838
4 inch	\$ 555.09	1,316
6 inch	\$ 967.44	4,682
8 inch	\$ 1,363.91	4,682

Average Customer Billing (@ 38 Units as Baseline)	20 Units	38 Units	58 Units
RTS	\$ 79.29	\$ 79.29	\$ 79.29
Purchased Water	-	-	38.20
Energy Base	4.60	8.74	13.34
Uniform Base	49.20	93.48	137.28
Total	\$ 133.09	\$ 181.51	\$ 268.11

% Increase from 2018 3.1% 4.4% 4.4%

Rates for 2021

QUANTITY WATER RATES				
Zone	1	2	3	4 and above
Purchased Potable Water Component (a)	\$ 1.91	\$ 1.91	\$ 1.91	\$ 1.91
Energy Component (b)	\$ 0.23	\$ 0.35	\$ 0.56	\$ 1.36
Other Costs Component (T1) (c)	\$ 2.67	\$ 2.67	\$ 2.67	\$ 2.67
Other Costs Component (T2) (d)	\$ 2.40	\$ 2.40	\$ 2.40	\$ 2.40
Quantity Rate, Tier 1 (b+c)	\$ 2.90	\$ 3.02	\$ 3.23	\$ 4.03
Quantity Rate, Tier 2 (a+b+d)	\$ 4.54	\$ 4.66	\$ 4.87	\$ 5.67

Meter Size	Readiness -to-Serve Charge	monthly Baseline allocation
< 1 inch	\$ 79.29	38
1 inch	\$ 103.08	67
1-1/2 inch	\$ 171.17	134
2 inch	\$ 245.81	220
3 inch	\$ 364.75	838
4 inch	\$ 555.09	1,316
6 inch	\$ 967.44	4,682
8 inch	\$ 1,363.91	4,682

Average Customer Billing (@ 38 Units as Baseline)	20 Units	38 Units	58 Units
RTS	\$ 79.29	\$ 79.29	\$ 79.29
Purchased Water	-	-	38.20
Energy Base	4.60	8.74	13.34
Uniform Base	53.40	101.46	149.46
Total	\$ 137.29	\$ 189.49	\$ 280.29

% Increase from 2020 3.2% 4.4% 4.5%

City of Glendora Water Division
Tiered Breakeven Projection
2017-2021 (5 year case)

		Calendar Yr				Calendar Yr				Calendar Yr				Calendar Yr				Calendar Yr					
		FYE 2016	Ending 2017	Tier 1	Tier 2	RTS	Ending 2018	Tier 1	Tier 2	RTS	Ending 2019	Tier 1	Tier 2	RTS	Ending 2020	Tier 1	Tier 2	RTS	Ending 2021	Tier 1	Tier 2	RTS	
Colors indicate matching of revenues to costs																							
Revenue Requirement																							
Uniform Baseline	Note 1	4,745,185	5,217,990	5,217,990	-	-	5,759,140	5,759,140	-	-	6,318,752	6,318,752	-	-	6,925,632	6,925,632	-	-	7,563,588	7,563,588	-	-	
Uniform Discretionary	Note 1	1,702,789	1,644,951	-	1,644,951	-	1,811,615	-	1,811,615	-	1,982,278	-	1,982,278	-	2,169,473	-	2,169,473	-	2,367,786	-	2,367,786	-	
Purchased Water Charges		1,358,553	1,887,144	-	1,887,144	-	1,971,700	-	1,971,700	-	2,064,388	-	2,064,388	-	2,152,862	-	2,152,862	-	2,237,124	-	2,237,124	-	
Power Charges		1,073,875	1,350,000	985,500	364,500	-	1,409,400	1,028,862	380,538	-	1,471,414	1,074,132	397,282	-	1,536,156	1,121,394	414,762	-	1,603,747	1,170,735	433,012	-	
Other Income	Note 2	424,460	425,000	425,000	-	-	425,000	425,000	-	-	425,000	425,000	-	-	425,000	425,000	-	-	425,000	425,000	-	-	
RTS Fees - Debt Service	Note 3	-	2,128,462	-	-	2,128,462	2,128,462	-	-	2,128,462	2,128,462	-	-	2,128,462	2,128,462	-	-	2,128,462	2,128,462	-	-	2,128,462	
RTS Fees - Fixed O&M and Construction	Note 3	6,419,598	5,017,115	-	-	5,017,115	5,117,153	-	-	5,218,592	5,218,592	-	-	5,321,450	5,321,450	-	-	5,425,749	5,425,749	-	-	5,425,749	
Total Revenue		15,724,460	17,670,662	6,628,490	3,896,595	7,145,577	18,622,470	7,213,002	4,163,853	7,245,615	19,608,885	7,817,884	4,443,948	7,347,054	20,659,035	8,472,026	4,737,097	7,449,912	21,751,456	9,159,323	5,037,922	7,554,211	
Current bi-monthly rate @ 38 units		\$ 152.13																					
Revenue requirement increase		12.4%				5.4%				5.3%				5.4%				5.3%					
Rate increase for average consumer		\$ 160.23				\$ 166.69				\$ 173.91				\$ 181.51				\$ 189.49					
		5.3%				4.0%				4.3%				4.4%				4.4%					
Expenses Projected																							
Treated Water	Note 4	(1,220,998)	(1,887,144)	-	(1,887,144)	-	(1,971,700)	-	(1,971,700)	-	(2,064,388)	-	(2,064,388)	-	(2,152,862)	-	(2,152,862)	-	(2,237,124)	-	(2,237,124)	-	
Treated Water Capital Projects	Note 5	-	(550,000)	-	(550,000)	-	(557,700)	-	(557,700)	-	(565,508)	-	(565,508)	-	(573,425)	-	(573,425)	-	(581,453)	-	(581,453)	-	
Replenishment Water	Note 6	(841,492)	(1,352,646)	(1,352,646)	-	-	(1,413,255)	(1,413,255)	-	-	(1,479,690)	(1,479,690)	-	-	(1,543,105)	(1,543,105)	-	-	(1,603,500)	(1,603,500)	-	-	
Regulatory	Note 7	(379,878)	(587,028)	(587,028)	-	-	(614,618)	(614,618)	-	-	(643,505)	(643,505)	-	-	(673,750)	(673,750)	-	-	(705,416)	(705,416)	-	-	
Power	Note 8	(1,000,000)	(1,350,000)	(985,500)	(364,500)	-	(1,409,400)	(1,028,862)	(380,538)	-	(1,471,414)	(1,074,132)	(397,282)	-	(1,536,156)	(1,121,394)	(414,762)	-	(1,603,747)	(1,170,735)	(433,012)	-	
Variable O&M Costs	Note 9	(1,340,000)	(1,390,000)	(1,390,000)	-	-	(1,409,460)	(1,409,460)	-	-	(1,429,192)	(1,429,192)	-	-	(1,449,201)	(1,449,201)	-	-	(1,469,490)	(1,469,490)	-	-	
Conservation	Note 10	(1,125,767)	(129,805)	(97,354)	(32,451)	-	(515,660)	(386,745)	(128,915)	-	(667,080)	(500,310)	(166,770)	-	(1,009,193)	(756,895)	(252,298)	-	(1,395,333)	(1,046,500)	(348,833)	-	
Construction-Pumps, Reservoirs & Transmission	Note 11	(2,237,857)	(3,278,462)	(2,215,962)	(1,062,500)	-	(3,485,062)	(2,360,062)	(1,125,000)	-	(3,941,054)	(2,691,054)	(1,250,000)	-	(4,271,431)	(2,927,681)	(1,343,750)	-	(4,601,182)	(3,163,682)	(1,437,500)	-	
RTS - Construction - Distribution Repairs	Note 11	-	(971,538)	-	-	(971,538)	(1,014,938)	-	-	(1,014,938)	(1,058,946)	-	-	(1,058,946)	(1,103,569)	-	-	(1,103,569)	(1,148,818)	-	-	(1,148,818)	
RTS - Debt Service	Note 12	(2,089,169)	(2,128,462)	-	-	(2,128,462)	(2,128,462)	-	-	(2,128,462)	(2,128,462)	-	-	(2,128,462)	(2,128,462)	-	-	(2,128,462)	(2,128,462)	-	-	(2,128,462)	
RTS - Fixed O&M	Note 13	(5,079,598)	(4,045,577)	-	-	(4,045,577)	(4,102,215)	-	-	(4,102,215)	(4,159,646)	-	-	(4,159,646)	(4,217,881)	-	-	(4,217,881)	(4,276,931)	-	-	(4,276,931)	
Total Costs		(14,093,761)	(17,670,662)	(6,628,490)	(3,896,595)	(7,145,577)	(18,622,470)	(7,213,002)	(4,163,853)	(7,245,615)	(19,608,885)	(7,817,884)	(4,443,947)	(7,347,054)	(20,659,035)	(8,472,026)	(4,737,097)	(7,449,912)	(21,751,456)	(9,159,323)	(5,037,922)	(7,554,211)	

Note 1: Rates adjusted to achieve breakeven in Tier 1 and Tier 2 respectively. Assume quantity billed equals average annual consumption.

Note 2: Based on average other income.

Note 3: RTS fees cover fixed O&M costs, debt service and construction related to distribution repairs.

Note 4: 2017 Based on 1,974 A/F of treated water (\$956 per A/F) - last 10 year average.

Note 5: Projected costs of treated water capital projects.

Note 6: 2017 Based on 2,031 A/F of replenishment production (\$666 per A/F) - last 10 year average.

Note 7: Based on average annual assessments over the last 5 years.

Note 8: Based on average annual cost FYE 2012-2014.

Note 9: Variable portion of budgeted O&M costs to be covered by uniform baseline charge.

Note 10: Includes recovery of water conservation program costs of \$3.7M over 5 years.

Note 11: Construction funding (including RTS portion) allows for transfers of \$5.75M by 2021.

Note 12: Two \$10M and one \$12M bonds being amortized over 25 years.

Note 13: Fixed portion of budgeted O&M costs to be covered by RTS.



CITY OF GLENDORA

116 East Foothill Boulevard, Glendora, California 91741

NOTICE OF EXEMPTION

Project Title: 2016 Water Rate Ordinance

Project Location: City of Glendora, County of Los Angeles

Project Sponsor: City of Glendora

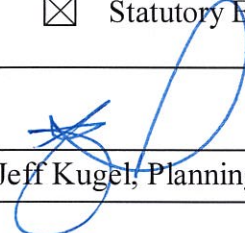
Mailing Address: 116 East Foothill Boulevard, Glendora, CA 91741

Project Description: Adoption of an ordinance setting fees, rates, and charges for water services

Surrounding Land Uses and Setting: N/A

The Planning Director recommends the following exempt status / findings:

- Ministerial (Sec. 15073)
- Declared Emergency (Sec. 15071(a))
- Emergency Project (Sec. 15071(b) and (c))
- Categorical Exemption
- Statutory Exemption. Code Number: Section 15273 (Rates, Tolls, Fares, and Charges

 _____ Jeff Kugel, Planning Director	Date: <u>10/19/16</u>
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Reasons why project is exempt: CEQA does not apply to the adoption of rates, tolls, fares, or charges where the proposed fees are necessary to meet operating expenses, purchase supplies and materials, meet financial reserve requirements, or obtain funds for capital projects necessary to maintain existing service. The proposed rate increase meets the qualifications of Title 14, Chapter 3, Section 15273 of the California Code of Regulations.

The above recommended exempt status and findings were adopted by the following body:

_____ on _____

_____ Date: _____

David A. Davies, Director of Public Works



NOTICE OF PUBLIC HEARING CITY COUNCIL

NOTICE IS HEREBY GIVEN that the Glendora City Council will hold a public hearing in the City Council Chamber of City Hall, 116 E. Foothill Boulevard, Glendora, California, on Tuesday, November 8, 2016 at 7:00 p.m. to receive and consider all evidence and reports relative to the adoption of the 2016 Water Rate Case.

All interested parties are invited to attend said hearing and express their views on this matter. Should you be unable to attend the public hearing, your comments must be made in writing and delivered to the City Clerk prior to the scheduled hearing date. Related documents are on file for public inspection and copying for the cost of duplication at the Office of the City Clerk, 116 E. Foothill Blvd, Glendora, California, between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, exclusive of holidays.

Further Information on the above application may be obtained or viewed at the Public Works Department, located at 116 E. Foothill Blvd. or by telephone at (626) 914-8246.

If you challenge this action(s) in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the City Council at, or prior to, the public hearing.

Kathleen R. Sessman, City Clerk

Published San Gabriel Valley Examiner: October 20, October 27