

City of Sierra Madre Agenda Report

Joe Mosca, Mayor John Buchanan, Mayor Pro Tem MaryAnn MacGillivray, Council Member

Joshua Moran, Council Member Nancy Walsh, Council Member

Nancy Shollenberger, City Clerk George Enyedi, City Treasurer

TO:

Honorable Mayor Mosca and Members of the City Council

FROM:

Elaine I. Aguilar, City Manager

INITIATED BY: Bruce Inman, Director of Public Works

Karin Schnaider, Director of Administrative Services

DATE:

January 11, 2011

SUBJECT:

SECOND READING AND ADOPTION OF ORDINANCE 1312, AN ORDINANCE OF THE CITY OF SIERRA MADRE, CALIFORNIA AMENDING SECTION 13.04.060 OF THE SIERRA MADRE MUNICIPAL CODE REGARDING WATER RATES AND

ADOPTING A WATER RATE SCHEDULE

SUMMARY

On November 9th, the City Council directed staff to return to Council with a water rate proposal crafted from the proposal reviewed that evening that provided revenue to meet bond coverage requirements in the second year of the study period. The resulting proposal (in the form of Exhibit A to Ordinance 1312) was presented at November 23rd and a Public Hearing was held regarding the matter. Staff recommends that the City Council read by title only and adopt Ordinance 1312.

ANALYSIS

As described in the November 23rd report, the proposed water rate increase provides two years of equal increases of 7.54% with the 1.20 bond covenant requirement satisfied in year two. Establishment of the different tiers requires an initial increase of 10.06% from the current rate to reach Tier 2 and an initial increase of 11.73% to reach Tier 3. Once the tiers are established the annual increases are equal across all tiers.

The rate increase for the proposed tiers and the most common meter sizes is illustrated in Table A below. The full rate increase including low income discount rates and additional meter sizes is shown on Exhibit A to Ordinance 1312.

AGENDA ITEM#_ X 4

This rate increase proposal results in a cumulative four-year increase of 32.40% - 36.87% depending on the customer's consumption tier.

Table A - Proposed Water Rate Adjustment

	Current	FY 2011- 12	FY 2012- 13	FY 2013- 14	FY 2014- 15
Tier 1	\$1.79	\$1.92	\$2.06	\$2.21	\$2.37
% increase		7.54%	7.54%	7.54%	7.24%
Tier 2	\$1.79	\$1.97	\$2.12	\$2.27	\$2.43
% increase		10.06%	7.54%	7.54%	7.04%
Tier 3	\$1.79	\$2.00	\$2.15	\$2.30	\$2.45
% increase	91, 2.4, 24.1	11.73%	7.54%	6.97%	6.52%
Meter charge 5/8"	\$40.00	\$43.02	\$46.26	\$49.75	\$53.13
& 3/4"		7.54%	7.54%	7.54%	6.79%
Meter charge 1"	\$46.68	\$50.20	\$53.99	\$58.06	\$62.00
		\$7.54%	7.54%	7.54%	6.79%

Under the tiered rate structure as proposed the commodity component of the bill is calculated as follows. The first 35 units consumed per billing cycle are charged at the Tier 1 rate. Units 36 through 66 (31 units) per billing cycle are charged at the Tier 2 rate, and units 67 and above are charged at the Tier 3 rate. Thus, a customer using 68 units per billing cycle under the proposed rate structure would calculate the commodity portion of the bill in this manner:

1) Units 1-35 x Tier 1 rate = 35 x \$1.92 = \$67.20 2) Units 36-66 x Tier 2 rate = 31 x \$1.97 = \$61.07 3) Units 67 - 68 x Tier 3 rate = 2 x \$2.00 = \$4.00 \$132.27

Table B, attached as Exhibit A illustrates the effect of the proposed water rate increase on the average customer's bill. The commodity charges are based on the findings of the Consultant in a review of the citywide consumption records for 2006 and 2007. Actual billing amounts will vary depending on the amount of water consumed (Commodity Charge.) The Consultant found consumption to vary to vary per meter size as follows:

For 5/8"meter, average consumption was 38 units per billing cycle For 3/4" meter, average consumption was 50 units per billing cycle For 1" meter, average consumption was 68 units per billing cycle

Provisions of Ordinance 1312

Ordinance 1312 amends Section 13.04.060 of the Sierra Madre Municipal Code regarding water rates and adopting a water rate schedule. Additionally, the Ordinance provides for the following:

Annual Rate Review

The City Council will review the water rates annually for each of the proposed increases and determine whether current funding levels allow a reduction in the amount of the increase shown on Exhibit A to the Ordinance. The listed increases are intended as caps on the amount of the increase each year.

The Utility Users Tax

The Council has previously discussed their desire to adjust the Utility Users Tax rate on water utility bills, so that the City's UUT revenues collected from the water utility remain at current year levels. This is so that an increase in water customer rates, does not result in an increase in the City UUT revenues from the water utility. Assuming the currently proposed increase in water rates is implemented, the UUT rate would be 9%, instead of 10% on water only. The draft Ordinance that is attached permits the Council to annually review not only the annual water rate increase, but also the UUT rate on the water utility.

Low Income Discount

The Water System Program Plan (both the May 2010 Plan and the revised November 2010 Plan), discusses a Low Income discount on water meter charges. The City currently has a Low-Income UUT exemption process and it is recommended that the same application process and annual review process be used for both the UUT exemption and the discount on water meter charges. However, it should be noted that unlike the annual UUT exemption process, recipients of the water meter discount have not previously been required to annually certify that they continue to meet the requirements for the discount. For example, to meet the Low-Income requirement, the guidelines are established by the U.S. Department of Housing and Urban Development's annual survey of income limits for the Public Housing and Section 8 Programs. It should be noted that while technically there is no change in providing a Low-Income discount, in practice, it is possible that some seniors currently receiving a discount, may not qualify as "Low Income" and may cease receiving a discount.

Upon the effective date of the water rate increase Ordinance, the same application and annual review process will be used for the Low Income Discount on water meter charges, as the current Low Income Utility Users Tax exemption. (In fact, Staff has already begun processing both applications simultaneously.) The draft Ordinance that is attached permits the continuance of the Low Income discount on water meter charges and specifies that the discount will be processed in the same manner as the Low Income Utility Users Tax Exemption. This will make both review processes consistent and ensure that eligible households receive both the UUT exemption and the reduced meter charge.

FINANCIAL REVIEW

The Revenue and Expense calculation for this option is illustrated on Appendix C-1 of the revised Bucknam report. The current unaudited Water Fund Balance of approximately \$2,500,000 would increase over the four year study period to \$2,997,082 for a net gain of \$497,082. In Year 1, this Option would dip into reserves by \$139,069. By Year 2, revenue would exceed expenses by slightly less than one percent and net revenue before debt service (Line w) would exceed debt payment (Line x) by the required factor of 1.2 (Line y). Fund balance would be decreased Year 1 and Year 2, increasing beyond the current level during Year 3.

ALTERNATIVES

1.) Adopt Ordinance 1312 as proposed, to be effective July 1, 2011

- 2.) Adopt Ordinance 1312 as proposed, to be effective February 1, 2011. Although the effect of this alternative has not been calculated, it is estimated that earlier implementation of the rate increase would slightly decrease the estimated impacts on the water fund and would add slightly to the amount of water fund reserves at the end of the study period.
- 3.) Give staff further direction for modification to the current rate proposal.

4.) Take no action.

PUBLIC NOTICE PROCESS

This item has been noticed through the regular agenda notification process. Copies of this report are available at the City Hall public counter and the Sierra Madre Public Library.

STAFF RECOMMENDATION

Staff recommends that the City Council read by title only and adopt Ordinance 1312.

Attachments:

Exhibit A

Table B – Effect on Average Customer's Bill

Current Proposal

Exhibit B

Ordinance 1312

Exhibit C

Water Rates, FY's 2011-2015

Exhibit D

Revised Bucknam Report, Water System Program

<u>Plan</u>

Exhibit A

			Tabl	o B			
	D' 41-1-	Dill N/-1-			idential Uni	te with Motor	e of 1"
Average	Bimonthly	Bill per Mete	er for Single e (FV's 2010	-2011 & 201	iuenuai Oni I1₌12\	is with Meter	5011
Meter	Ri Mont	hly Meter	\	ty Charge		(Total Bill)	Incr.
Size		arge	Odminodi	ty Charge	COMBINE	(101012)	
SIZE	Current	Proposed	Current	Proposed	Current	Proposed	
5/8"	\$40.00	\$43.02	\$68.02	\$73.11	\$108.02	\$116.13	\$8.11
3/4"	\$40.00	\$43.02	\$89.50	\$96.75	\$129.50	\$139.77	\$10.27
1"	\$46.68	\$50.20	\$121.72	\$132.27	\$168.40	\$182.47	\$14.07
	Dimonthly	Bill per Mete	or for Single				
Average	Bimonuny	Dill her Mere	r Lee (FV's	2012-2013	Nachwar Offi Y	to with motor	0011
Meter	Ri Mont	hly Meter		ity Charge		(Total Bill)	Incr.
Size	1	arge	Commod	ity Onlarge	Combined	(Total Bill)	
SIZE	Current	Proposed	Current	Proposed	Current	Proposed	
5/8"	\$43.02	\$46.26	\$73.11	\$78.46	\$116.13	\$124.72	\$8.59
3/4"	\$43.02	\$46.26	\$96.75	\$103.90	\$139.77	\$150.16	\$10.39
3/4 1"	\$50.20	\$53.99	\$132.27	\$142.12	\$182.47	\$196.11	\$13.64
	Pimonthly	Bill per Mete					
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Meter	Ri- Mont	thly Meter		ity Charge		l (Total Bill)	Incr.
Size		arge		, G.I.G.		. (,	
OiZC	Current	Proposed	Current	Proposed	Current	Proposed	
5/8"	\$46.26	\$49.75	\$78.46	\$84.16	\$124.72	\$133.91	\$9.19
3/4"	\$46.26	\$49.75	\$103.90	\$111.40	\$150.16	\$161.15	\$10.99
1"	\$53.99	\$58.06	\$142.12	\$152.32	\$196.11	\$210.38	\$14.27
	- Rimonthly	Bill per Met				its with Mete	rs of 1"
Avoidge	5 Dillionary	Cin por mor	r Less (FY'	s 2014-2015	5)		
Meter	Bi- Mon	thly Meter		ity Charge		d (Total Bill)	Incr.
Size	1	arge		,		,	
0,20	Current	Proposed	Current	Proposed	Current	Proposed	
5/8"	\$49.75	\$53.13	\$84.16	\$90.24	\$133.91	\$143.37	\$9.46
3/4"	\$49.75	\$53.13	\$111.40	\$119.40	\$161.15	\$172.53	\$11.38
1"	\$58.06	\$62.00	\$152.32	\$163.18	\$210.38	\$225.18	\$14.80

For 5/8"meter, average consumption was 38 units per billing cycle For 3/4" meter, average consumption was 50 units per billing cycle For 1" meter, average consumption was 68 units per billing cycle

Exhibit A
Water Rates, FY's 2010-2015

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Tier 1 (<36ccf) % increase*	\$1.92	\$2.06	\$2.21	\$2.37
Tier 2 (36 - 66 ccf) % increase*	\$1.97	\$2.12	\$2.27	\$2.43
= Tier 3 (>66 ccf) % increase*	\$2.00	\$2.15	\$2.30	\$2.45
5/8" & ³ / ₄ " meters	\$43.02	\$46.26	\$49.75	\$53.13
5/8" & 3/4" Low Income Rate**	\$27.96	\$30.07	\$32.34	\$34.52
1" meter	\$50.20	\$53.99	\$58.06	\$62.00
1" meter Low Income Rate**	\$35.14	\$37.79	\$40.64	\$43.40
1-1/2" meter	\$64.53	\$69.40	\$74.63	\$79.70
2" meter	\$93.22	\$100.25	\$107.81	\$115.13
3" meter	\$172.07	\$185.05	\$199.01	\$212.52
4" meter	\$250.94	\$269.87	\$290.22	

^{*} For multi-family residential water consumption, tiers will be determined based on the amount of consumption per dwelling umit.

^{**} Low Income Discount rates apply to any customer who has established his or her qualification for the Low Income Utility Users' Tax Exemption created by City Council Resolution No. 08-35.

ORDINANCE NO. 1312

AN ORDINANCE OF THE CITY OF SIERRA MADRE, CALIFORNIA AMENDING SECTION 13.04.060 OF THE SIERRA MADRE MUNICIPAL CODE REGARDING WATER RATES AND ADOPTING A WATER RATE SCHEDULE

WHEREAS, the City provides water service pursuant to Chapter 13.04 of the Sierra Madre Municipal Code,

WHEREAS, by prior action, the City Council proposed to increase the rates charged for water service;

WHEREAS, notice of the proposed rate increase, and of a hearing thereon, was mailed pursuant to Article XIIID, Section 6 of the California Constitution;

WHEREAS, a full and fair public hearing was held on July 13, 2010, at which all interested persons were permitted to present oral and written testimony with respect to the proposed increased rates;

WHEREAS, following the public input portion of the public hearing, written protests against the proposed increased rates were tabulated in accordance with the procedures previously adopted by the City Council;

WHEREAS, a majority protest against the proposed increased rates does not exist; and

WHEREAS, in response to public input, the City Council desires to adopt rates that are lower than previously proposed, none of which exceed the proposed rates;

THE CITY COUNCIL OF THE CITY OF SIERRA MADRE, CALIFORNIA DOES HEREBY ORDAIN AND RESOLVE AS FOLLOWS:

Section 1. Section 13.04.060 is hereby amended to read as follows:

"13.04.060 Water Rates

The City Council shall adopt a schedule of water rates pursuant to Article XIIID, Section 6 of the California Constitution."

<u>Section 2</u>. The rate schedule set forth in Exhibit "A" to this Ordinance is hereby approved as the schedule of water rates for the City.

<u>Section 3</u>. The City Council may annually consider the rates set forth in Exhibit A and may, by Ordinance, reduce or delay the effectiveness of any scheduled rate.

Section 4. The City Council directs that the Water Users Tax imposed by Section 3.36.090 shall be collected at the rate of 9%, beginning with the effective date of the water rates increase. The Council may, by ordinance, resolution, or order, rescind this direction effective as of any date subsequent to the adoption of that ordinance, resolution, or order. Such rescission shall not be interpreted as an increase of the rate of the Water Users Tax for purposes of Articles XIIIA or XIIIC of the California Constitution. Notwithstanding any other provision of this Ordinance, the Council would not have adopted any portion of this Section if any other portion of this Section were invalid or unenforceable and the provisions of this Section are not intended to be severable from each other.

Section 5. The City Council finds as follows:

- A. The purpose of the City's water rates is to fund costs associated with providing water service to water customers in the City.
- B. Revenues derived from the water rates will not be used for any other purpose and will not exceed the funds required to provide water service.
- C. The amount of the rates, and of the Water Connection Fee (Bi-Monthly Meter Charge), imposed upon any customer does not exceed the proportional cost of the service attributable to the customer.

<u>Section 6.</u> If any section, subsection, subdivision, paragraph, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining

sections, subsections, subdivisions, paragraphs, sentences, clauses or phrases of this Ordinance. The City Council of the City of Sierra Madre hereby declares that it would have adopted each section, subsection, subdivision, paragraph, sentence, clause, or phrase hereof, irrespective of the fact that any one or more other sections, subsections, subdivisions, paragraphs, sentences, clauses, or phrases hereof be declared invalid or unenforceable. To the extent the provisions of the Sierra Madre Municipal Code as amended by this Ordinance are substantially the same as the provisions of that Code as they read immediately prior to the adoption of this Ordinance, then those provisions shall be construed as continuations of the earlier provisions and not as new enactments.

Section 7. This Ordinance shall take effect thirty days after its passage and adoption pursuant to California Government Code section 36937. The rates established by this ordinance for Fiscal Year 2010-11 shall be effective July 1, 2011. Rates for each subsequent fiscal year shall automatically take effect on July 1 of that fiscal year.

<u>Section 6</u>. The City Clerk shall certify to the passage and adoption of this Ordinance and shall cause the same to be published according to law.

ATTEST:	Mayor Joe Mosca
ATTEST.	
Nancy Shollenberger, City Clerk	· <u> </u>
APPROVED AS TO FORM:	
	
certify that Ordinance No. 1312 was Council on , 2011, and v	as introduced at the regular meeting of the was thereafter adopted and passed at the reg
I, NANCY SHOLLENBERGER, CIT certify that Ordinance No. 1312 was Council on , 2011, and v	Y CLERK of the City of Sierra Madre, do her as introduced at the regular meeting of the was thereafter adopted and passed at the reg, 2011, by the following votes:
I, NANCY SHOLLENBERGER, CIT certify that Ordinance No. 1312 was Council on, 2011, and was meeting of the City Council held on	as introduced at the regular meeting of the was thereafter adopted and passed at the reg
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Exhibit A
Water Rates, FY's 2010-2015

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Tier 1 (<36ccf) % increase*	\$1.92	\$2.06	\$2.21	\$2.37
Tier 2 (36 - 66 ccf) % increase*	\$1.97	\$2.12	\$2.27	\$2.43
= Tier 3 (>66 ccf) % increase*	\$2.00	\$2.15	\$2.30	\$2.45
5/8" & 3/4" meters	\$43.02	\$46.26	\$49.75	\$53.13
5/8" & 3/4" Low Income Rate**	\$27.96	\$30.07	\$32.34	\$34.52
1" meter	\$50.20	\$53.99	\$58.06	\$62.00
1" meter Low Income Rate**	\$35.14	\$37.79	\$40.64	\$43,40
1-1/2" meter	\$64.53	\$69.40	\$74.63	\$79.70
2" meter	\$93.22	\$100.25	\$107.81	\$115.13
3" meter	\$172.07	\$185.05	\$199.01	\$212.52
4" meter	\$250.94	\$269.87	\$290.22	\$309.94

^{*} For multi-family residential water consumption, tiers will be determined based on the amount of consumption per dwelling unit.

^{**} Low Income Discount rates apply to any customer who has established his or her qualification for the Low Income Utility Users' Tax Exemption created by City Council Resolution No. 08-35.

Exhibit C
Water Rates, FY's 2011-2015

	Current	FY 2011- 12	FY 2012- 13	FY 2013- 14	FY 2014- 15
Tier 1 (<36ccf)	\$1.79	\$1.92	\$2.06	\$2.21	\$2.37
% increase*		7.54%	7.54%	7.54%	7.24%
Tier 2 (36 - 66 ccf)	\$1.79	\$1.97	\$2.12	\$2.27	\$2.43
% increase*		10.06%	7.54%	7.54%	7.04%
= Tier 3 (>66 ccf)	\$1.79	\$2.00	\$2.15	\$2.30	\$2.45
% increase*		11.73%	7.54%	6.97%	6.52%
5 (0) 0 2 (1)	\$40.00	\$43.02	\$46.26	\$49.75	\$53.13
5/8" & ¾" meters		7.54%	7.54%	7.54%	6.79%
5/8" & 3/4" meters	\$26.00	\$27.96	\$30.07	\$32.34	\$34.32
Low Income Rate		7.54%	7.54%	7.54%	\$6.12%
	\$46.68	\$50.20	\$53.99	\$58.06	\$62.00
1" meter		7.54%	7.54%	7.54%	6.79%
1" Meter	\$32.68	\$35.14	37.79	\$40.64	\$43.40
Low Income Rate		7.54%	7.54%	7.54%	6.79%
	\$60.00	\$64.53	\$69.40	\$74.63	\$79.70
1-1/2" meter		7.54%	7.54%	7.54%	6.79%
	\$86.68	\$93.22	\$100.25	\$107.81	\$115.13
2" meter		7.54%	7.54%	7.54%	6.79%
	\$160.00	\$172.07	\$185.05	\$199.01	\$212.52
3" meter		7.54%	7.54%	7.54%	6.79%
*	\$233.34	\$250.94	\$269.87	\$290.22	\$309.94
4" meter		7.54%	7.54%	7.54%	6.79%
	\$26.00	\$27.96	\$30.07	\$32.34	\$34.53
5/8" meter		7.54%	7.54%	7.55%	6.77%
	\$26.00	\$27.96	\$30.07	\$32.34	\$34.53
³¼" meter		7.54%	7.54%	7.55%	6.77%
	\$32.68	\$35.14	\$37.79	\$40.64	\$43.41
1" meter		7.54%	7.54%	7.54%	6.82%

CITY OF SIERRA MADRE WATER SYSTEM PROGRAM PLAN



May 2010 Revised November 2010

BUCKNAM & ASSOCIATES INC.

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City of Sierra Madre Water System Program Plan

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Bucknam and Associates, Inc. was commissioned by the City of Sierra Madre ("City") to prepare a revised Water System Program Plan to review the adequacy of the City's existing rate structure and to make recommendations to fund its operational, administrative and capital programs over a five year planning horizon. This revised report reflects the direction to City staff, by the City Council, following their review and assessment of the recommendations contained in the May 2010, "Water System Program Plan," report.

I. OVERVIEW

This Water System Program Plan addresses the need to reassess the City's existing rate structure covering operational, maintenance and capital expenditures over a five-year planning horizon encompassing Fiscal Years 2010/11 through 2014/15. These projected expenditures include system administration, operation and maintenance of the water system's primary elements including, wells, water mains, pumping facilities, and basins.

The City provides water to of the 11,000 residents living within its three square mile land area. The City serves 3,867 meters, of which 3,318 are single family residential units, 354 are multiunit residential, 155 are commercial and institutional, 28 are landscape irrigation, and 12 are industrial units. Data from 2005 to 2007 suggests increased demand for water. Increased water demand, along with the current regulatory and natural droughts and increased costs of imported water*, and the need for capital improvements to the aging water system, has necessitated a review of water rates and charges at this juncture. A rate comparison analysis was also conducted to determine where the City's existing and proposed rates stand in comparison to nearby water purveyors.

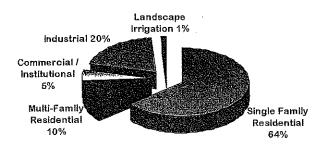
II. WATER SYSTEM CHARACTERISTICS

A. Water Service Connections

The majority of water connections are 5/8" and 3/4" meters, which combined, represent about 75% of water users. Single family and multi-family residential units represent about the same percentage of water users, which is expected as these customer classes ordinarily have 5/8" and 3/4" meter sizes. Thus the proposed rate structure will focus more on encouraging efficient residential use. Large meters greater than 1" account for only 7% of the total customers served. Data confirms that about 75% of customers are single family and multi-family residential units as shown in Figure 1.

*Sierra Madre imports water infrequently, through its membership in the State Water Project via the San Gabriel Valley Municipal Water District. Water is imported via a system interconnection with the City of Arcadia. Annual operational costs include an allowance to cover potential water imports.

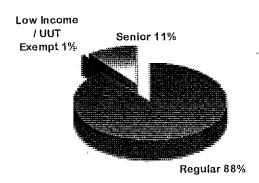
FIGURE 1. WATER USAGE BY CLASS



B. Water Connection Makeup by Income Category

Billing data reveals that seniors represent approximately 11% of the customer demographic and 1% qualify for low income/UUT exemption on meter charges; the remainder, or 88%, of the ratepayers fall neither into senior nor low income/UUT exempt category (labeled in Figure 2 below as "regular" customers). Meter charges for low income/UUT exempt customers and seniors are the same at \$26.00/bimonthly for 5/8" and 3/4" meters and \$32.68/bimonthly for a 1" meter. City staff indicated that there is no current Council Resolution or formal approval by the City placing seniors in their own category and therefore receiving the same discounted meter charges as those customers who qualify for low income/UUT exempt meter pricing.

FIGURE 2. RATEPAYER TYPE



There are approximately 403 meters that qualify for senior meter pricing and approximately 28 meters that qualify for low income/UUT exempt meter pricing; the remaining 3,404 meters are in neither senior nor low/income exempt categories.

C. Water Demand

The City has 3,867 service connections and 1,404 multi-unit add-on service connections. The City has maintained an antiquated one-tiered rate structure that does not encourage water conservation at a time of increasing water demand, persistent regulatory and natural droughts, and continued cost increases in imported and replenished water and distribution. The City experienced an increase in customer water demand from 2005 to 2007 as shown in Figure 3.

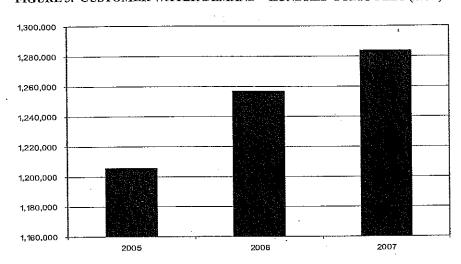


FIGURE 3. CUSTOMER WATER DEMAND - HUNDRED CUBIC FEET (HCF)

1 hcf equals 748 gallons 2005 Customer Water Demand: 1,205,785 hcf 2007 Customer Water Demand: 1,283,184 hcf % Change 2005 - 2007: +6.4%

D. Water Rates Comparison

Both commodity rates and service charges to customers were evaluated on the basis of the average bi-monthly cost of water service to typical residential customers. The typical water consumption of a residential unit with a 5/8" meter in the City's service area is approximately 38 units bi-monthly (where 1 billing unit equals 1 hcf or 748 gallons). The agencies surveyed and their rates are listed in Appendix A-1 (Table RS1 – Water Rate survey for surrounding small communities and private water companies) and Appendix A-2 (Table RS2 – Water Rate survey for surrounding large cities) in the appendix.

III. WATER RATE ANALYSIS ASSUMPTIONS

An evaluation of the City's current water budget was conducted incorporating direction received from City Council. It was determined to be inadequate to fund budgeted costs of operations and maintenance, would provide no funds for the planned capital programs identified in the WSIP. The proposed WSIP cannot be implemented at this writing without additional water rate increases over the planning horizon through Fiscal Year 2014/15.

The following is an overview of assumptions used in the analysis:

A. Rates & Charges

The City has not been immune to inflationary pressures and increasing costs to maintain the system. In order to generate revenue required to finance future capital improvements and maintain the overall health of the water system, a rate increase is necessary. The current rate structure is one-tiered and the commodity rate is \$1.79 per unit. The City requested a preparation of a three-tiered water rate structure analysis to encourage water conservation as the current one-tiered rate structure does not differentiate high water consumption users and users who may be efficiently using larger quantities of water. Data from 2006 and 2007 reveal that at least 75% of water users consume in the range of 18 to 33 units per month. For the first year of the five (5) year planning period, the water rate analysis assumes that water commodity rates is increased at a minimum by 7.54 %, for the recommended first tier of 35 units or less bi-monthly; 10.06% for the recommended second tier of 36 to 66 units bi-monthly; and, 11.73% for the recommended third tier for those users consuming over 66 units bi-monthly. It is assumed that residential customers will reduce water consumption by conservation to reduce the economic impact of rate increases.

B. Water Consumption

Water consumption is assumed to decrease by 10.0% beginning FY 2010/11 as customers respond to increase in rates.

C. Annual Rate Increases

In order to cover operating expenses, pay debt service, finance needed maintenance and repair improvements to the aging system and, at a minimum adjust for inflation, it is recommended the City implement a series of rate increases starting at 7.54% in Fiscal Year 2011/12, 7.54% in Fiscal Year 2012/13, 7.54% in in Fiscal Year 2013/14 and 7.24% in Fiscal Year 2014/15 as detailed in Appendix A-1, "Revenues and Expenditures Option 3A." Consideration should be given to adopting a policy of reviewing water rates annually to determine the fiscal health of the system and verify revenues are covering costs. Annual review of and adjustments to rates and charges may reduce the need for significant increases in future years.



D. Water System Improvement Plan

A Water System Improvement Plan (WSIP) covering a five-year planning period from FY 2010/11 through FY 2014/15 identifies the need for \$16.7M in capital improvements to the water system. The required improvements include construction of a new well, debris basin rehabilitation, and distribution systems. The improvements are intended to maintain water supply reliability and production and enhance seismic reliability. A copy of the WSIP spreadsheet is attached as Appendix B.

E. Cost Shares

Financial projections incorporate estimated federal cost share, San Gabriel Valley Municipal Water District loans and grants and LACPW contributions for the five-year planning horizon through Fiscal Year 2014/15. The 2010 WSIP estimates federal cost share totaling to \$12.5 million and SGVMWD grants and loans and LACPW funding totaling \$3.3 million through Fiscal Year 2014/15. These funds contribute significantly to water system improvements and obtaining these funds is critical and necessary to alleviate financial stress on the water budget. These funds are essential to carrying out the City's needed capital improvements to the system and much more significant rate and meter charge increases would be necessary without these funds. As noted above, without additional rate increases over the planning horizon, the WSIP program cannot be funded.

IV. WATER RATE RECOMMENDATIONS

A. Comparison of 2005 WSPP and 2010 WSPP

The 2005 WSPP recommended a 3.0% inflation rate adjustment commencing in Fiscal Year 2006/07. In the 2005 WSPP recommendation, the current one-tiered rate structure was preserved and financial projections were prepared. If the 2005 WSPP recommendation were applied to the one-tiered rate structure at \$1.79 per unit in FY 2006/07 and increased by 3.0% year-over-year beginning Fiscal Year 2006/07, the one-tier rate would be \$2.01 per unit in Fiscal Year 2010/11. Figure 4 below shows this gradual commodity rate increase.

Commodity Rate (3.0% Annual Increase) 2005 WSPP Recomendation

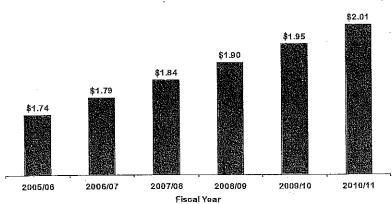


FIGURE 4. RECOMMENDED COMMODITY RATES (2005 WSPP)

If the 2005 WSPP had been implemented, the current commodity rate would be \$1.95 per unit with an increase in Fiscal Year 2010/11 to \$2.01 per unit; and, hence, the recommended percentage increases in water rates for Fiscal Year 2010/11 would be lower.

B. Typical Residential Monthly Water Rates and Charges

In order to generate the revenue required to finance its operations and maintenance, the water utility will need to implement a series of rate increases, beginning in Fiscal Year 2011/2012. Water commodity rates and charges would then be increased every year until Fiscal Year 2014/15. The proposed rates and charges are shown in Appendix C-1.

	TABLE 1		
- Current and Proposed			rges
(1 unit equals	UU/CUDIC-ICCI ==/	/48 gauons) 2011/12	
Commodity Rates	Current Rates	Proposed Rates	% Increase
35 units or less bi-monthly	\$1.79	\$1.92	7.54%
36-66 units bi-monthly	\$1.79	\$1.97	10.06%
67 units and above bi-monthly	\$1.79	\$2.00	11.73%
Meter Charges ^(a)			
Regular Meter	\$40.00	\$43.02	7.54%
Low Income/UUT Exempt	\$26:00	\$27.96	7.54%
(a) Refer to Appendix A-1 for the ac	tual charges by mete	er size.	

When the rate and meter charge increases are applied to the average bimonthly water consumption (where fractional water usage is rounded up to the nearest whole number reflecting the operation of water meters), the average bimonthly bill can be estimated. Table 2 below reflects the average bimonthly bill per meter that may be generated for residential units with 5/8",

3/4", and 1" meters under current rates and proposed rates for Fiscal Year 2011/12 with a 10.0% decrease in water consumption.

40.00			ABLE 2			
Estimated Avera	ige Bimonthl	y Bill Per M	ter for Resid	lential Units	with 12 Mete	rs or Less ^(a)
	Meter	Charge -	Comp	aodity	Com	bined 💮
-		2011/12Pr	2009/10	2011/12	2009/10	2011/12
	Current	oposed	Current	Proposed	Current	Proposed
Meter Size	Charges	Charges	Rates	Rates	Rates	Rates
5/8"	\$40.00	\$43.02	\$68.02	\$73.11	\$108.02	\$116.13
3/4"	40.00	43.02	89.50	73.11	129.50	116.13
1"	46.68	50.20	121.72	78.90	168.40	123,31

⁽a) Average bills shown are estimates and may significantly vary depending on water consumption. The combined average bill shown does not include charges for those units that are charged an additional Multi-Unit Add-on fee.

Table 3 below shows the recommended commodity rates and charges for meter sizes 5/8" to 1" for Fiscal Years 2011/12 through 2014/15. Appendices C-1 and C-2 show the complete table including meters larger than 1".

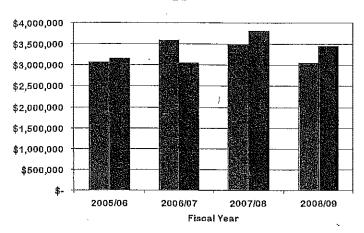
	TABLE	3						
Proposed Commodity Rates and Bimonthly Meter Charges								
Commodity Rates:		,						
Fiscal Year	2011/12	2012/13	2013/14	2014/15				
Tier / Rate Increase	7.54%	7.54%	7.54%	7.24%				
35 units or less bi-monthly	\$1.92	\$2.06	\$2.21	\$2.37				
36-66 units bi-monthly	1.97	2.12	2.27	2.43				
Over 66 units bi-monthly	2.00	2,15	2.30	2.45				
Bimonthly Meter Charges:		·						
Meter Size								
5/8"	\$43.02	\$46.26	\$49.75	\$53.13				
3/4"	43.02	46.26	49.75	53.13				
1"	50.20	53.99	58.06	62.00				

C. Revenue and Expense Projections

Using the number of meters by user class and monthly water consumption, revenue and expense projections were prepared using the recommended tiered rate structure. The revised analysis includes a five-year projection of revenues and expenses from Fiscal Years 2010/11 to 2014/15. Details of the Revenue and Expenditure Projections for Fiscal Years 2010/11 to 2014/15 are shown in Appendix C-1. The recommended rate increase is estimated to maintain a positive net income for the water division and avoid a potential substantial negative impact on the fund balance in the future.

Expenses, which include operating expenses and debt service payments exceeded service charge revenues for Fiscal Years of 2007/08, 2008/09, 2009/2010 and projected for 2010/2011. Figure 5 below does not include capital improvement expenditures. The City made \$3.1 million in capital improvements in Fiscal Year 2007/08 and audited financial statements reveal that there were no capital improvements made in Fiscal Year 2008/09 or 2009/2010.

FIGURE 5. SERVICE CHARGE REVENUES VS OPERATING EXPENSES & DS



- M Service Charge Revenues
- Expenses (Operating Expenses & Debt Service P&I)

Expenditures in the major expense categories – cost of sales and services, general and administrative, debt service payments, and capital improvements – varied year to year. However, historically, cost of sales and service represent on average about 45% of total cost expenditures, general and administrative about 20%, debt service payments about 31% and capital improvements about 4%.

Implementation of the rate increase is critical in achieving the minimum 120% debt service coverage required under the 2003 Water Revenue Parity Bonds test.

The financial analysis show that the City had 72% debt service coverage in Fiscal Year 2008/09 and an estimated 104% debt service coverage in Fiscal Year 2009/10; this is below the required minimum debt service coverage of 120%. Rate increases in Fiscal Year 2011/12 and 2012/13 are necessary to bring the City into agreement with its debt covenant.

V. FINANCIAL IMPLEMENTATION PLAN RECOMMENDATIONS

Recommended Key Program Objectives (KPO), are set forth below for the City's consideration in implementing the 2010 Water System Program Plan (WSPP) to provide adequate funding resources for its water system. The following is a brief synopsis of the KPO's:

KPO A – Recommended Rate Structure

The budget discussed in this section is recommended for the City's consideration. It is recommended that the City shift to a three-tiered water rate structure and increase meter charges by 7.54% in Fiscal Year 2011/2012; commodity rates and meter charges would then be increased as shown in Table 3 above, through Fiscal Year 2014/15. It is important to note that if the 2005 WSPP had been implemented, the recommended percentage increases in water rates and charges for Fiscal Year 2011/2012would be lower. It is recommended that the City implement the recommended rates for Fiscal Year 2011/2012to reduce the negative impact on the water



enterprise budget. Furthermore, it is recommended that a re-evaluation of the rates and charges be conducted on a yearly basis. An annual review of water rates is recommended to ensure recovery of costs and financial stability for the water enterprise.

Meter Charges for Seniors

City staff indicated that there is no formal City Council Resolution that designates a meter charge category for seniors. Because meter charges for low income/UUT exempt water users are the same as meter charges for seniors, one recommendation is that City Council adopt a Resolution permitting discounted meter charges for those who qualify. The City may continue to exercise the current qualification criteria it is using for individuals requesting to be in the senior category. A scheduled periodic verification would be necessary to ensure compliance. However, the assumption that seniors automatically fall in the low-income bracket is inaccurate. A more prudent billing practice would be to eliminate the senior category entirely and transition those ratepayers already in the senior category to the low income/UUT exempt category by requesting proof of low income status.

KPO B - Fenced Account for Federal/LACPW Funds

It is recommended that funds obtained from Federal/LACPW be set aside specifically for capital improvements. It is essential that the City achieve federal cost sharing for the anticipated capital improvements to the water system. As stated previously, without cost sharing, the commodity rate and fixed charge increases would be higher than those recommended for Fiscal Year 2011/2012. City Council may adopt a Resolution to ensure these funds are applied for their intended use.

KPO C - Possible Funding Sources

If the City anticipates a deficit in the budget for capital improvements, the City could explore possible funding sources such as the State Infrastructure Bank and/or issuing revenue bonds. The State Infrastructure Bank offers a below market interest loan. If a below market interest loan is not desired or obtained, then a water revenue bond can be considered after revenues and expenses have stabilized following the recommended rate increases. The amount of capital improvement projects included in the WSIP would need to be adjusted to the available bond proceeds.

KPO D - Annual Budget and Rate Review

It is recommended that water rates and charges are reviewed when the City conducts its annual review of the water budget. The last water rate adjustment occurred in 2005. Annual budget and rate reviews are recommended, commencing in Fiscal Year 2012/13, following the adoption of the FY 2011/2012 rate increases. Annual review of and adjustments to rates and charges may reduce the need for significant increases.



KPO E - Deferral of San Gabriel Valley Municipal Water District Loan Payments

It is recommended that consideration be given to requesting that the San Gabriel Valley Municipal Water District's (SGVMWD) annual loan payments be deferred for FY 2012/13. Consideration should be given, during each subsequent budget year to evaluate the need to requested deferral in subsequent fiscal years.

Appendix A-1

Table RS1 - Water Rate Survey for Surrounding Small Communities and Private Water Companies

City	Meter Charge	Units Used	Commodity Rate	Commodity Cost	Total Bill
Sierra Madre Current Rate (5/8" & 3/4" Meter)	\$40.00	38	\$1.79	\$68.02	\$108.02
Sierra Madre Current Rate (1" Meter)	\$46.68	38	\$1.79	\$68.02	\$114.70
Sierra Madre Option 3A Proposed Rate (5/8" & 3/4" Meter)	\$43.02	38	1-35 Tier 1 @ \$1.92 36-66 Tier 2 @ \$1.97 67+ Tier 3 @ \$2.00	\$73.11	\$116.13
Sierra Madre Option 3A Proposed Rate (1" meter)	\$50.20	38	1-35 Tier 1 @ \$1.92 36-66 Tier 2 @ \$1.97 67+ Tier 3 @ \$2.00	\$73.11	\$123.31
Sierra Madre May 11 Proposed Rate (5/8" & 3/4" Meter)	\$46.03	38	1-35 Tier 1 @ \$2.072 36-66 Tier 2 @ \$2.126 67+ Tier 3 @ \$2.148	\$78.90	\$124.93
Sierra Madre May 11 Proposed Rate (1" meter)	\$54.03	38	1-35 Tier 1 @ \$2.072 36-66 Tier 2 @ \$2.126 67+ Tier 3 @ \$2.148	\$78.90	\$132.93
Duarte (CAW Co.) Residential – Winter 5/8" meter	\$6.44	38	1-13 Tier 1 @ \$2.5737 14-33 Tier 2 @ \$2.7023 34+ Tier 3 @ \$2.8310	\$101.66	\$108.10
Duarte (CAW Co.) Commercial – Winter 5/8" meter	\$6.44	38	\$2.59	\$98.42	\$104.86
Duarte (CAW Co.) Residential – Winter ¾" meter	\$9.66	38	1-13 Tier 1 @ \$2.5737 14-33 Tier 2 @ \$2.7023 34+ Tier 3 @ \$2.8310	\$101.66	\$111.32

Duarte (CAW	\$9.66	38	\$2.59	\$98.42	\$108.08
Co.)					
Commercial -					
Winter ¾" meter					
Duarte (CAW	\$16.10	38	1-13 Tier 1 @ \$2.5737	\$101.66	\$117.77
Co.)			14-33 Tier 2 @ \$2.7023		
Residential –			34+ Tier 3 @ \$2.8310	-	
Winter 1" meter					
Duarte (CAW	\$16.10	38	\$2.59	\$98.42	\$114.52
Co.)					
Commercial -					
Winter 1" meter					
South	\$51.00	38	\$1.06	\$40.28	\$91.28
Pasadena					
San Marino	\$6.44	38	1-13 Tier 1 @ \$2.5737	\$101.67	\$108.11
(CAW Co.)			14-33 Tier 2 @ \$2.7023	•	
Residential –			34+ Tier 3 @ \$2.8310		-
Winter 5/8"					
meter				400.10	* 10 1 00
San Marino	\$6.44	38	\$2.59	\$98.42	\$104.86
(CAW Co.)					
Commercial -					
Winter 5/8"					
meter			1 (2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	0404.07	644400
San Marino	\$9.66	38	1-13 Tier 1 @ \$2.5737	\$101.67	\$111.33
(CAW Co.)			14-33 Tier 2 @ \$2.7023		
Residential –			34+ Tier 3 @ \$2.8310		
Winter ¾" meter	40.00	0.0	40.50	* CO0 40	<u> </u>
San Marino	\$9.66	38	\$2.59	\$98.42	\$108.08
(CAW Co.)					
Commercial –					•
Winter ¾" meter	040.40		4.40 Tin-1.0 00 5707	\$404.67	\$117.77
San Marino	\$16.10	38	1-13 Tier 1 @ \$2.5737	\$101.67	φιιι
(CAW Co.)			14-33 Tier 2 @ \$2.7023 34+ Tier 3 @ \$2.8310	ļ	
Residential –		1	34+ Tier 3 @ \$2.8310		
Winter 1" meter	\$16.10	38	\$2.50	\$98.42	\$114.52
San Marino	\$10.10	30	\$2.59	φ30.4Z	Ψ114.02
(CAW Co.)					
Commercial –				Ç	
Winter 1" meter	¢6.44	38	1-13 Tier 1 @ \$2.5737	\$101.66	\$108.10
Bradbury (CAW	\$6.44	30	-	Ψ101.00	φισο, το
Co.)			14-33 Tier 2 @ \$2.7023 34+ Tier 3 @ \$2.8310		
Residential –			34 ⁺ Hel 3 @ φ2.03 10		
Winter 5/8"					
meter					

	00.44		фо г о	¢00.40	0404.00
Bradbury (CAW Co.) Commercial – Winter 5/8" meter	\$6.44	38	\$2.59	\$98.42	\$104.86
Bradbury (CAW Co.) Residential – Winter ¾" meter	\$9.66	38	1-13 Tier 1 @ \$2.5737 14-33 Tier 2 @ \$2.7023 34+ Tier 3 @ \$2.8310	\$101.66	\$111.32
Bradbury (CAW Co.) Commercial – Winter 3/4" meter	\$9.66	38	\$2.59	\$98.42	\$108.08
Bradbury (CAW Co.) Residential – Winter 1" meter	\$16.10	38	1-13 Tier 1 @ \$2.5737 14-33 Tier 2 @ \$2.7023 34+ Tier 3 @ \$2.8310	\$101.66	\$117.77
Bradbury (CAW Co.) Commercial – Winter 1" meter	\$16.10	38	\$2.59	\$98.42	\$114.52
Cresenta Valley Water District* (5/8 & 3/4" meters)	\$24.88	38	1-10 Tier 1 @ \$3.60 11-33 Tier 2 @ \$4.18 34-60 Tier 3 @ \$5.18 61+ Tier 4 @ \$6.68	\$158.04	\$182.92
Cresenta Valley Water District* (1" meters)	\$30.60	38	1-10 Tier 1 @ \$3.60 11-33 Tier 2 @ \$4.18 34-60 Tier 3 @ \$5.18 61+ Tier 4 @ \$6.68	\$158.04	\$188.64
La Canada Irrigation District* (5/8 & 3/4" meters)	\$40.00	38	1-100 Tier 1 @ \$2.46 101-150 Tier 2 @ \$2.65 151-200 Tier 3 @ \$2.92 201-250 Tier 4 @ \$3.22 251+ Tier 5 @ \$3.54	\$93.48	\$133.48
La Canada Irrigation District* (1" meters)	\$46.00	38	1-100 Tier 1 @ \$2.46 101-150 Tier 2 @ \$2.65 151-200 Tier 3 @ \$2.92 201-250 Tier 4 @ \$3.22 251+ Tier 5 @ \$3.54	\$93.48	\$139.48
Kinneloa Irrigation District*	\$98.00	38	\$2.75	\$104.50	\$202.50
Rubio Canon Land & Water	\$46.00	38	1-20 Tier 1 @ \$2.10 21+ Tier 2 @ \$2.35	\$84.30	\$130.30

Association* (5/8 & ¾" meters)						
Rubio Canon Land & Water Association* (1" meters)	\$52.00	38	1-20 21+	Tier 1 @ \$2.10 Tier 2 @ \$2.35	\$84.30	\$136.30

^{*} La Canada Flintridge, La Cresenta, Altadena, and portions of other foothill communities are served by a combination of Foothill Municipal Water District sub districts.

Appendix A-2

Table RS2 - Water Rate Survey for Surrounding Large Cities

City	Meter Charge	Units Used	Commodity Rate	Commodity Cost	Total Bill
Sierra Madre Current Rate (5/8" & 3/4" Meter)	\$40.00	38	\$1.79	\$68.02	\$108.02
Sierra Madre Current Rate (1" Meter)	\$46.68	38	\$1.79	\$68.02	\$114.70
Sierra Madre Option 3A Proposed Rate (5/8" & 3/4" Meter)	\$43.02	38	1-35 Tier 1 @ \$1.92 36-66 Tier 2 @ \$1.97 67+ Tier 3 @ \$2.00	\$73.11	\$116.13
Sierra Madre Option 3A Proposed Rate (1" meter)	\$50.20	38	1-35 Tier 1 @ \$1.92 36-66 Tier 2 @ \$1.97 67+ Tier 3 @ \$2.00	\$73.11	\$123.31
Sierra Madre May 11 Proposed Rate (5/8" & 3/4" Meter)	\$46.03	38	1-35 Tier 1 @ \$2.072 36-66 Tier 2 @ \$2.126 67+ Tier 3 @ \$2.148	\$78.90	\$124.93
Sierra Madre May 11 Proposed Rate (1" meter)	\$54.03	38	1-35 Tier 1 @ \$2.072 36-66 Tier 2 @ \$2.126 67+ Tier 3 @ \$2.148	\$78.90	\$132.93
Pasadena (Winter Rate, Inside City)	\$14.06	38	1-8 Block 1 @ \$0.9788 9-24 Block 2 @ \$2.5255 25-34 Block 3 @ \$3.0117 35+ Block 4 @ \$3.7408	9 ′1	\$107.38
Pasadena (Winter Rate, Outside City)	\$17.48	38	1-8 Block 1 @ \$1.3198 9-24 Block 2 @ \$3.2532 25-34 Block 3 @ \$3.8608 35+ Block 4 @ \$4.7723	23 88	\$137.79
Arcadia (Inside City) 5/8" meter	\$10.95	38	\$1.33	\$50.54	\$61.49

Arcadia	\$16.43	38	\$1.97	\$74.86	\$91.29
(Outside					
City/Commercial)					
5/8" meter					
Arcadia	\$12.32	38	\$1.33	\$50.54	\$62.86
(Inside City)	,		·		
3/4" meter					
Arcadia -	\$18.48	38	\$1.97	\$74.86	\$93.34
(Outside	4 .5				·
City/Commercial)			,		
3/4" meter	i				
Arcadia	\$13.69	38	\$1.33	\$50.54	\$64.23
(Inside City)	ψισισσ		+	'	
1" meter					
Arcadia	\$20.53	38	\$1.97	\$74.86	\$95.39
(Outside	ψ <u>ε</u> υ. υ υ		1	, , , , ,	
City/Commercial)		•			
1" meter					VALUE OF THE PARTY
Monrovia (5/8 &	\$7.88	38	\$1.45	\$55.10	\$62.98
3/4 " meter)	Ψ1.00			+ +	,
Monrovia (1"	11,85	38	\$1.45	\$55.10	\$66.95
meter)	11.00		••	Ψ••••	T
South	\$51.00	38	\$1.06	\$40.28	\$91.28
Pasadena	φο1.00				'
Alhambra	\$17.53	38	1-12 Tier 1 @ \$2.04	\$81.98	\$99.51
Current (5/8"	Ψ11100		13-20 Tier 2 @ \$2.17	·	
meter)	A. C.		21+ Tier 3 @ \$2.23		
Alhambra	\$35.03	38	1-12 Tier 1 @ \$2.04	\$81.98	\$117.01
Current (1"	φου.σο		13-20 Tier 2 @ \$2.17		
meter)			21+ Tier 3 @ \$2.25		·
Alhambra	\$23.34	38	1-12 Tier 1 @ \$2.72	\$108.96	\$132.30
Approved	\$20.0 t		13-20 Tier 2 @ \$2.88	,	-
increase 12/13			21+ Tier 3 @ \$2.96	,	
(5/8" meter)					
Alhambra	\$46.62	38	1-12 Tier 1 @ \$2.72	\$108.96	\$155.58
Approved	Ψ.0.02		13-20 Tier 2 @ \$2.88		
increase 2012-			21+ Tier 3 @ \$2.96		
2013 (1" meter)					•
Azusa (5/8" & 3/4"	\$17.03	38	1-12 Tier 1 @ \$1.007	\$62.86	\$79.89
meter)	Ψ17.00		13+ Tier 2 @ \$1.953		•
Azusa (1" meter)	\$24.26	38	1-12 Tier 1 @ \$1.007	\$62.86	\$87.12
Mzusa (1 Illetei)	ΨΕΞΤΙΣΟ		13+ Tier 2 @ \$1.953	¥	
Azusa (5/8" & 3/4"	\$17.03	38	1-12 Tier 1 @ \$1.007	\$69.24	\$86.27
meter)	ψ17.00		13-36 Tier 2 @ \$2.129	¥ ·	•
1 '			36+ Tier 3 @ 3.031		
Emergency		<u> </u>	100 100 0 0,001		

Conservation Rate					
Azusa (1" meter) Emergency Conservation Rate	\$24.26	38	1-12 Tier 1 @ \$1.007 13-36 Tier 2 @ \$2.129 36+ Tier 3 @ 3.031	\$69.24	\$93.50
Monterey Park 5/8"or ¾")	\$12.63	38	6-20 Tier 1 @ \$1.38 (1 st 6 ccf free) 21+ Tier 2 @ \$1.81	\$51.90	\$64.59
Monterey Park (1" meter)	\$13.67	38	1-20 Tier 1 @ \$1.38 21+ Tier 2 @ \$1.81	\$60.18	\$73.85
Glendora (5/8 th or ³ / ₄ " meter)	\$56.73	38	Tier 1, Zone 1 @ \$1.50 Tier 2, Zone 1 @ \$1.95	\$57.00	\$113.73
01 /4 11.010.7			Tier 1, Zone 2 @ \$1.61 Tier 2, Zone 2 @ \$2.06	\$61.18	\$117.91
·			Tier 1, Zone 3 @ \$1.73 Tier 2, Zone 3 @ \$2.18	\$65.74	\$122.47
			Tier 1, Zone 4 @ \$2.39 Tier 2, Zone 4 @ \$2.84	\$90.82	\$147.55
Glendora (1" meter)	\$73.75	38	Tier 1, Zone 1 @ \$1.50 Tier 2, Zone 1 @ \$1.95	\$57.00	\$130.75
motory			Tier 1, Zone 2 @ \$1.61 Tier 2, Zone 2 @ \$2.06	\$61.18	\$134.93
			Tier 1, Zone 3 @ \$1.73 Tier 2, Zone 3 @ \$2.18	\$65.74	\$139.49
			Tier 1, Zone 4 @ \$2.39 Tier 2, Zone 4 @ \$2.84	\$90.82	\$164.57
Covina Current Single Family (5/8" and ¾" Meter)	\$28.48	38	1-16 Tier 1 @ \$2.25 17+ Tier 2 @ \$2.51	\$91.22	\$119.70
Covina Current Single Family (1" Meter)	\$41.94	38	1-16 Tier 1 @ \$2.25 17+ Tier 2 @ \$2.51	\$91.22	\$133.16
Covina Current Multi-Family (5/8" and 3/4" Meter)	\$28.48	38	1-12 Tier 1 @ \$2.25 13+ Tier 2 @ \$2.46	\$90.96	\$119.44
Covina Current Multi Family (1" Meter)	\$41.94	38	1-16 Tier 1 @ \$2.25 17+ Tier 2 @ \$2.46	\$90.96	\$132.90
Covina Current Commercial (5/8" and 3/4" Meter)	\$28.48	38	\$2.62	\$99.56	\$128.04
Covina Current	\$41.94	38	\$2.62	\$99.56	\$141.50

Commercial (1" Meter)			,	and a large	
Covina Approved 2015 Rates Single Family (5/8" and 3/4" Meter)	\$33.24	38	1-16 Tier 1 @ \$2.71 17+ Tier 2 @ \$3.02	\$109.80	\$143.04
Covina Approved 2015 Rates Single Family (1" Meter)	\$49.44	38	1-16 Tier 1 @ \$2.71 17+ Tier 2 @ \$3.02	\$109.80	\$159.24
Covina Approved 2015 Rates Multi- Family (5/8" and 3/4" Meter)	\$33.24	38	1-12 Tier 1 @ \$2.71 13+ Tier 2 @ \$2.96	\$109.48	\$142.72
Covina Approved 2015 Rates Multi Family (1" Meter)	\$49.44	38	1-16 Tier 1 @ \$2.71 17+ Tier 2 @ \$2.96	\$109.48	\$158.92
Covina Approved 2015 Rates Commercial (5/8" and 3/4" Meter)	\$33.24	38	\$3.16	\$120.08	\$153.32
Covina Approved 2015 Rates Commercial (1" Meter)	\$49.44	38	\$3.16	\$120.08	\$169.52
La Verne	\$28.60	28.42	Zone 1 @\$2.69/133cf Zone 2 @\$2.79/133cf Zone 3 @\$2.98/133cf Zone 4 @\$3.19/133cf Zone 5 @\$3.30/133cf Zone 6 @\$3.54/133cf	\$76.45 \$79.29 \$84.69 \$90.66 \$93.78 \$100.61	\$105.05 \$107.89 \$113.29 \$119.26 \$122.39 \$129.21
West Covina (Suburban Water Co. portion)	\$13.92	38	Tariff Area 1 @ \$1.5390 Tariff Area 2 @ \$1.6030 Tariff Area 3 @ \$1.6700	\$58.48 \$60.91 \$63.46	\$72.40 \$74.83 \$77.38
San Gabriel County Water District.	\$29.62*	38	1-30 Tier 1 @ \$1.65 31+ Tier 2 @ \$1.75	\$63.50	\$93.12
	harge, Rese	ervoir Fe	e, and City User Fee		

Water System Improvement Plan 2010 -2015 Appendix B

Appendix B	ı	Į.							
Program & Project Descriptions	Zone	o Diit	Quantity	Justification	2010-11	2011-12	2012-13	2013-14	2014-15
System Improvements Summary									
A. Source of Supply	$\dagger \dagger$	1	П	Bakak Tunnala Claussell 8 FIO Sustan				-	
1 Renabilitation of Sierra Wadre Tumel System 2 SM Streading Rasins Rababilitation Desiro & Construction	7	000	7						
Т	-	Job		Replace Well, Increase Production					
Ì	-	Job	F. S.1	Replace Well, Increase Production					
5 Well No. 5 Replacement	-	Job		Replace Well, Increase Production					1
	,	용	7	Replace Well, Increase Production	007		000 7		
East Raymond Basin New Well No. 7	-	g .	1	New Production Well	400	00Z'L	0071	1 199	
7	- 1	8 5	1	Kenab, Pipeline, & Headworks Seismin Reliability Increase Spreading & Yield		85	pas	1,144	
4 O Ranta Arita SC Branchar Dumo Station	十	200	T	Seismic Reliability, Increase Spreading & Yield					1,000
10 Santa Auta Se Boustei Puni Station	\dagger	3 5	T	Supply Reliability	175				
Extraction Well - Signa Madre - Design & Construction	-	용	Γ	Supply Reliability					
1	-	Job		Maintain Spreading Efficiency	10		10		40
${}^{-}$	Н	dol		Supply Reliability					
15 Santa Anita Debris Basin Rehabilitation (Full)	ΝΑ	dol	٦	Supply Refability		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	700	5,425	5,000
16 SMSG Diversion Pipeline Inspection & Rehabilitation	\dashv	dob		Supply Reliability			15	186	
Subtotal Source of Sunply Projects	ŀ	+							
B. Reservoirs (Deferred past FY2014/15)	17 A C C C S N	4 4			i.				
1 Aubum Reservoirs-North & South Repl. (2.0MG)Design & Construction of:	8.00			Seismic Improvements, Increase Capacity					
2 Carter Tanks Replacement- Design & Construction	3	: qaf	8.1	Replace Tanks with Closed Pressure System					
	-			Replace Aging Reservoir, Seismic Reliability					
Subtotal Reservoir Projects		- ,							
۵	- 1								
- 1	1	000		Replace Aging PS, Seismic Reliability			-		
2 Zone 2 Booster Pump Station Arcadia's Santa Antia BPS (2000gpm)	7	00	2	Seismic Relieumy Dackup Supply					
Subtotal Pump Station Projects									
D T			-						
U. Hattsfriesion Fipermes (Deferred past rizon4) 13	,	12	8000 F	Seismic Reliability					
2 Design & Construction of 10" Zone 9 Dipaline in I ma Street		1.3	15	Seismic Reliability					
		-	П						
Subtotal Transmission Main Projects								•	
E. Distribution System (Deferred past FY2014/15)		3	1.						
1 Water Main Replacement Program			3	Seismic Reliability, Fire-Protection					
		+		Seismic Kellablirty, Fire Protection					
. 1	₹ ₹	, ar	valles + c	System Refability Revenue Accuracy					
4 Water Service Replacement Pogram	T.	3	v. 140	yalanı Nenduniy, revenue Awou acy					
Subtotal Distribution Main Projects									
		ŀ						,	
F. Pressure Regulating Stations (Deferred past FY2014/15)			.,						
1 PRS - Upgrade Program	281	m	E	Backup Connection, Seismic Reliability					
2 PRS - Upgrade Program	.382	3		Backup Connection, Seismic Reliability:			•		
١.		1 1 1 1				_			-
Subtotal Pressure Regulating Station Projects			20 65		4.				4.47
						Word Livery Control of the Control o			
G. Facility Improvements (Deferred past FY2014/15)	71	-							
- 1			2	T. L.S Kepair Tre Damage					
2 GIS Database	5 3		Ş .	Mapping & Records Computerization	<u>.</u>				
- 1	7	COC	(S)	- Mantan Facility	-				

	4 Computer Foundation		All	Job.	S	LS System Upgrading						
	5 Computer Software		₩	g	တ္ျ	Software Updating						
Ţ		***				(A)						
	Subtotal Facility Improvement Projects									-	-	
		1001										
Ξ	H. Capital Equipment (Deferred past FY2014/15)							100				
	1 Vehicles		∀I	Job	- LS	Maintain System						
	2 Other Capital Equipment		₹	qof	ST.	Maintain System					-	
L	1-		₹	dor	ST.	Maintain System						
	1		₹	Job	ST	Maintain System						
						,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,					
	Subtotal Canifal Fordoment											
									L			
L												
Sub	Subtotals							585	1285	2,291	6,743	6,010
Esti	Estimated Federal Cost Share			L				242		1,711	5,057	4,500
č	Other Funda: (See Note Below)							175		267	1,637	1,250
i Z	Net City Cost Share - Water Enferonise Funds							168	32.1	314	49	260
į												

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City of Sierra Madre Water Division Revenues and Expenditures Option 3A

	Appendix C-1			Base Year Projectéd		Year One Projected		Year Two Projected:		ear Three		Year Four Projected. ⇒
	Operating Revenues:	Fiscal Year		2010/11		2011/12	1	2012/13:		2013/14		2014/15:
(a) (b) (c) (d)	Water Sales Revenues Average Water Rate Increase 35 ccf or less per two month billing 36 to 66 ccf per two month billing 67 ccf and above per two month billing					7.54% 10.06% 11.73%		7.54% 7.54% 7.54% 7.54%		7.54% 7.54% 7.54% 6.97%		6.93% 7.24% 7.04% 6.52%
(e) (f) (g)	35 ccf or less per two month billing 36 to 66 ccf per two month billing 67 ccf and above per two month billing	ı	\$ \$ _\$	1.79 1.79 1.79	\$ \$	1,92 1,97 2,00	\$ \$	2.06 2.11 2.15	\$ \$	2.21 2.27 2.30	\$ \$	2.37 2.43 2.45
(h) (i)	Operating Revenue Federal Grants		\$	3,037,500	\$	3,192,878	\$	3,433,621	\$	3,685,992	\$	3,941,554
(j)	Total Revenues		\$	3,037,500	\$	3,192,878	\$.	3,433,621	\$	3,685,992	\$	3,941,554
(k) (i) (m) (n) (o) (p) (q)	Expenditures Utility Billing Water Personnel Purchased Supplies and Services Electricity Cost Allocation Capital Improvements Subtotal O&M		\$\$\$\$\$\$	133,095 589,523 372,077 500,000 525,535 100,000 2,220,230	\$ \$ \$ \$ \$ \$ \$ \$	135,091 598,366 385,100 525,000 543,929 100,000 2,287,486	\$\$\$\$\$\$	137,118 607,341 398,578 551,250 562,966 100,000 2,357,254	\$ \$ \$ \$ \$ \$ \$ \$	139,175 616,451 412,528 578,813 582,670 100,000 2,429,637	\$\$\$\$\$\$\$	141,262 625,698 426,967 607,753 603,064 100,000 2,504,744
(r) (s)	Annual Debt Service Water Revenue Bo Principal Payment - SGVMWD Loan	inds	\$ \$	898,773	\$ \$	898,773 145,688	\$ \$	898,773 145,688	\$ \$	898,773 145,688	\$ \$	898,773 145,688
(t)	Total Expenditures		\$	3,119,003	\$	3,331,946	\$	3,401,714	\$	3,474,097	\$	3,549,204
(u)	Change in Net Assets		\$	(81,503)	\$	(139,069)	\$	31,907	\$	211,894	\$	392,349
(w)	Net Revenue Before Debt Service		\$	817,270	\$	905,392	\$	1,076,367	\$	1,256,355	\$	1,436,810
(x)	Annual Debt Service Water Revenue Bond	is	\$	898,773	\$	898,773	\$	898,773	\$	898,773	\$	898,773
(y)	Debt Service Coverage			0.91		1.01		1.20		1.40		1.60
(z)	Beginning Fund Balance as of July 1		. \$	2,500,000	\$	2,360,931	\$	2,392,838	\$	2,604,732	\$	2,997,082
	Note: Calculations may differ because of r	ounding								•		