



CITY OF
ARCADIA

PROPOSED ADJUSTMENTS TO WATER AND SEWER RATES



Scan for
Rate Study

Tuesday, December 2, 2025, 7:00 p.m.
City of Arcadia, Council Chambers
240 West Huntington Drive, Arcadia, CA 91007



**NOTICE OF PUBLIC
HEARING TO
CONSIDER PROPOSED
ADJUSTMENTS
TO WATER AND
SEWER RATES**

Tuesday, December 2, 2025,
7:00 p.m.

City of Arcadia
Council Chambers

240 West Huntington Drive,
Arcadia, CA 91007

NOTICE TO PROPERTY OWNERS AND CUSTOMERS

This Notice is provided by the City of Arcadia in accordance with Article XIII D, Section 6 of the California Constitution (Proposition 218), which requires the City to notify property owners of record with City water and/or sewer connections of proposed water and sewer rate adjustments and their right to protest.

The Arcadia City Council will conduct a Public Hearing on **Tuesday, December 2, 2025, at 7:00 p.m., or soon thereafter as practicable, in the City Council Chambers, located at 240 West Huntington Drive, Arcadia, CA 91007**, to consider adopting proposed rate adjustments to the City's current water and sewer service charges.

All interested persons are invited to attend the Public Hearing. The City Council will hear and consider all oral testimony and written materials submitted regarding the proposed rate adjustments at the Public Hearing. In the absence of a majority protest, the City Council has the authority to adjust the proposed water and/or sewer rates in response to oral testimony and written materials submitted for consideration, provided adjustments do not increase rates beyond those proposed in this Notice. If adopted by the City Council, the proposed rate adjustments will become effective on January 1, 2026, with annual rate adjustments on January 1 of each year from 2027 through 2030.

ABOUT YOUR WATER SYSTEM

Water is essential for everything from quenching our thirst and maintaining hygiene to supporting agriculture, industry, and vibrant communities, yet its true value lies in its scarcity and the need for sustainable management to ensure future generations can thrive.

In the City of Arcadia, our robust water and sewer systems proudly serve over 56,000 residents through approximately 15,000 service connections, drawing from 10 active potable water wells and storing supplies in 15 reservoirs connected by 168 miles of water mainline, and 135 miles of gravity sewer mainline. Committed to quality and safety, we operate one advanced Perfluorooctane Sulfonic Acid/Polyfluoroalkyl Substance ("PFOS/PFAS") removal treatment facility to deliver clean, reliable water, reminding us all to conserve this precious resource wisely for a healthier, more resilient tomorrow.

REASONS FOR PROPOSED RATE ADJUSTMENTS

The City is committed to providing safe and reliable water and sewer services, now and in the future. Effective financial management of our water and sewer systems is essential for long-term resilience and maintaining the high quality of life we have come to expect in Arcadia. However, aging infrastructure, rising costs for water

INFORMATION SESSIONS

The City is hosting several community information sessions to address questions about proposed rates, how they were determined, what's driving the need to increase rates, and how your bills may be impacted beginning in 2026. The same content will be covered in each session.

In-Person Community Information Sessions

MEETING 1

Date and Time

Wednesday, October 22, 2025
7:00 p.m.

Location

Arcadia City Council Chambers
240 West Huntington Drive
Arcadia, CA 91007

MEETING 2

Date and Time

Thursday, November 6, 2025
5:00 p.m.

Location

Arcadia Library
Cay Mortenson Auditorium
20 West Duarte Road
Arcadia, CA 91006

supplies, evolving regulations, and inflation pose financial and operational challenges. Costs incurred by the City to operate, maintain, repair, and replace water and sewer infrastructure such as pipes, pumps, and other essential facilities continue to increase.

Most funds required to operate and invest in our water and sewer systems come directly from the rates customers pay for service. Revenues from current rates are no longer adequate to support operations and fund the much-needed system improvements and maintenance planned over the next five years. Per state law, revenues generated from rate increases must only be used to fund the costs to provide the service including operations and maintenance, capital improvements, the cost of debt to finance capital equipment and maintaining cash and emergency reserves.

The City enlisted utility finance experts to examine our costs to operate each system. The study looked at operating and capital costs and revenue needed to ensure the financial stability of water and sewer services in the years to come, including funding reserves to manage financial risks. Regulatory reserves help address challenges such as drought conditions, emergency repairs, natural disasters, increased costs for purchasing water, and aging infrastructure that is at or near the end of its useful life, all while continuing to provide high-quality service.

The rate study revealed a revenue shortfall and the need for continued annual rate increases. This Notice summarizes the rate study findings and proposed rate adjustments that the Arcadia City Council will consider to the City's water and sewer service charges over the next five years. The proposed changes to water and sewer rates and charges are necessary to:

- Address rising costs of water supply, utilities, chemicals, and supplies.
 - The City primarily sources its water from local groundwater basins (about 80% from the Main San Gabriel Basin and 20% from the Raymond Basin), with annual purchases of replacement water from the Metropolitan Water District of Southern California via the Upper San Gabriel Valley Municipal Water District.
 - Water is getting more expensive every year; Main San Gabriel Basin over-allotment water supply costs are projected to increase \$100 per acre-foot per year, and within-allotment supply costs are projected to increase at least 7% each year into the foreseeable future.
 - Replace and modernize our aging infrastructure to prevent breaks and service disruptions and improve system resiliency. Close to \$25 million in water and sewer capital projects are planned over the five-year rate-setting period.
- Meet minimum debt service requirements and fund emergency/unplanned expenses.
- Maintain financial sustainability while addressing reduced revenues from mandated and responsible conservation. When customers use less water, which happens in drought

years and during periods of abundant rainfall, it leads to lower revenues. Lower revenues are a challenge because most of the costs associated with operating and maintaining our water and sewer systems do not decrease proportionately with lower water use.

What happens if the City does not raise rates?

The City of Arcadia's water and sewer enterprises face significant financial risks without rate adjustments, as detailed in the independent rate study. Maintaining current rates would eventually deplete reserves, violate required debt coverage ratios, and compromise the city's ability to fund essential operations, maintenance, and capital improvements. Overall, inaction risks inadequate funding for aging infrastructure repairs, regulatory compliance, and emergency reserves, which could result in service disruptions, increased long-term costs for ratepayers, and reduced system reliability.

How did the City determine the proposed rates and charges?

The proposed rates will ensure the City collects sufficient revenue to cover operating and capital expenses to maintain high-quality, reliable water, and sewer services that customers rely on. The proposed

rates were determined based on the projected revenue needed to fund:

- **Operations and Maintenance**, such as purchased water, supplies, chemicals, electricity, etc.
- **Capital Improvements**, large projects including the Orange Grove Well Treatment, annual well inspection and rehabilitation, annual water and sewer main replacements, and other projects.
- **Reserves** to meet minimum debt service requirements and fund emergency or unplanned expenses.

If approved, how will typical water and sewer bills compare to those in neighboring communities?

Water and sewer bills in Arcadia will remain very competitive when compared to neighboring communities, as shown in Figures A-D. Residential bill comparisons assume 3/4" or 5/8" meter and 12 hundred cubic feet per month (approx. 8,976 gallons) of water use. Commercial bill comparisons assume the same water use, but with a 1" meter.



The reasons for the proposed rate adjustments, the basis upon which they were calculated, and the amount of the proposed rates are described in more detail in the Rate Study Report posted at www.ArcadiaCA.gov/WaterandSewer and available for review at the City Clerk's office, 240 West Huntington Drive, Arcadia, CA 91007 and the Arcadia Library at 20 West Duarte Road, Arcadia, CA 91006. **Scan the code to find the Water and Sewer Rate Study on our city website.**



FIGURE A: Typical Single Family Residential Water Bills

Single family residential water bills will continue to compare favorably with those in nearby communities as shown below.

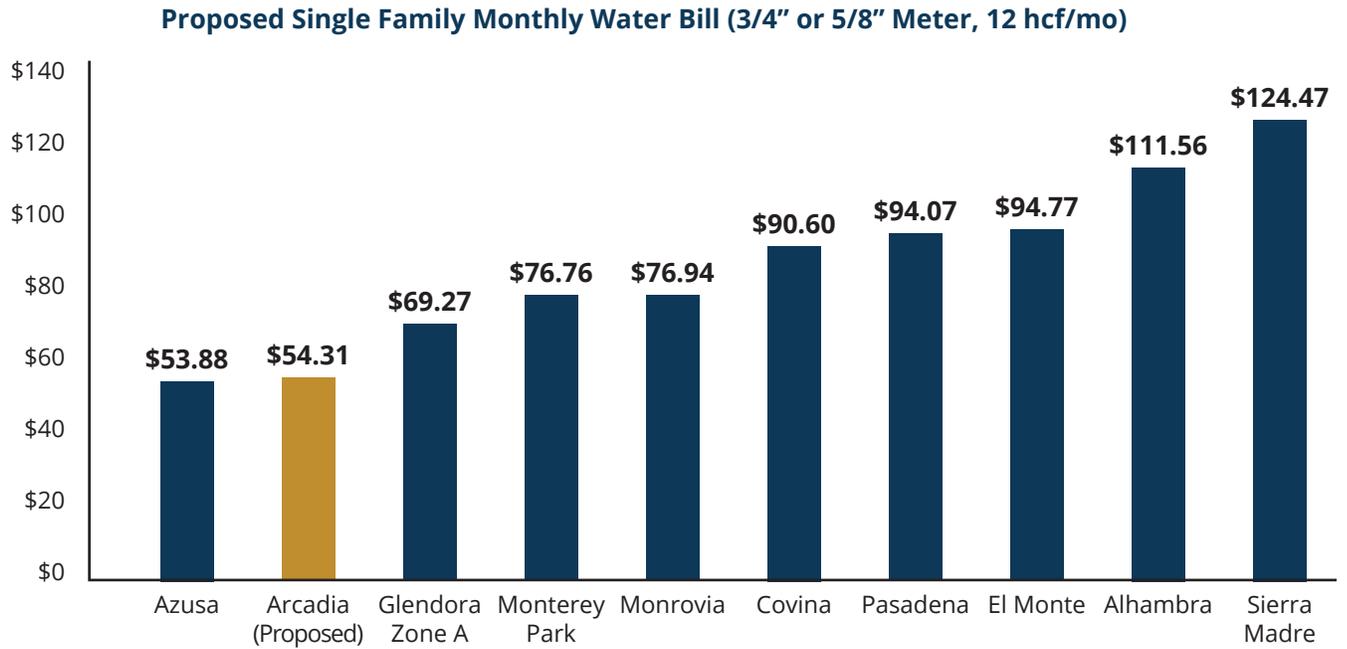


FIGURE B: Typical Single Family Residential Sewer Bills

Single family residential sewer bills will continue to compare favorably with those in nearby communities as shown below:

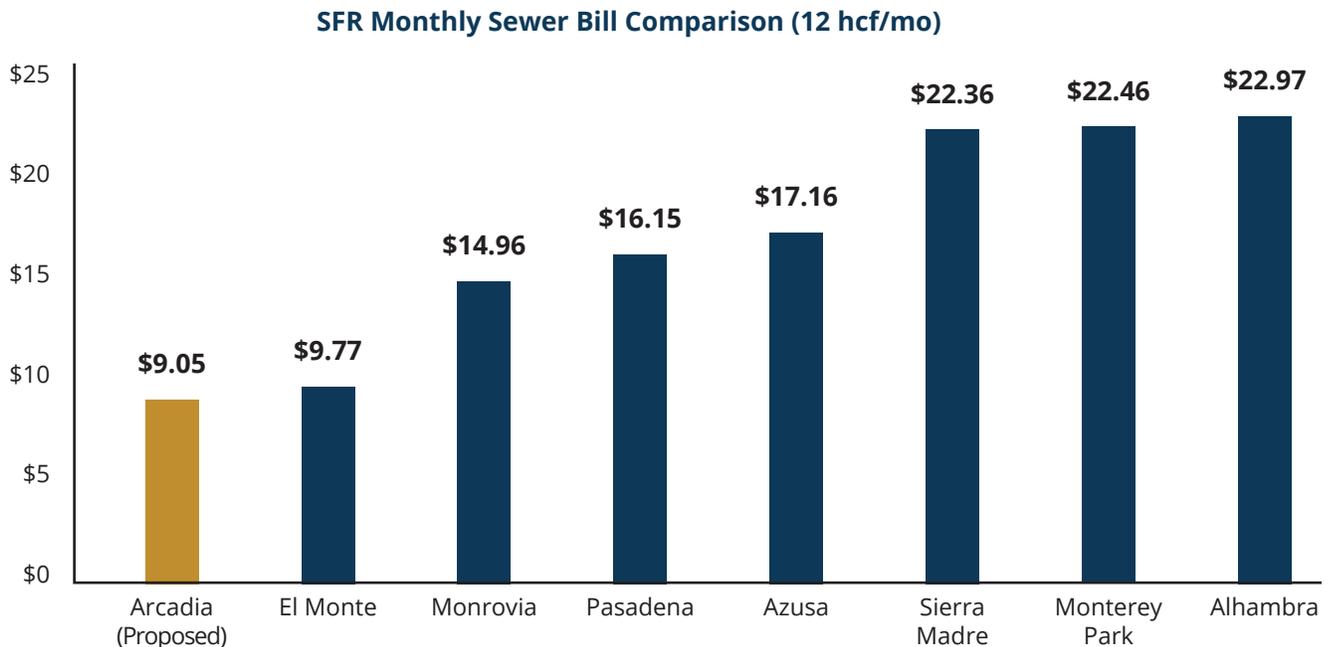


FIGURE C: Typical Commercial Water Bills

Commercial customer class water bills will continue to compare favorably with those in nearby communities as shown below:

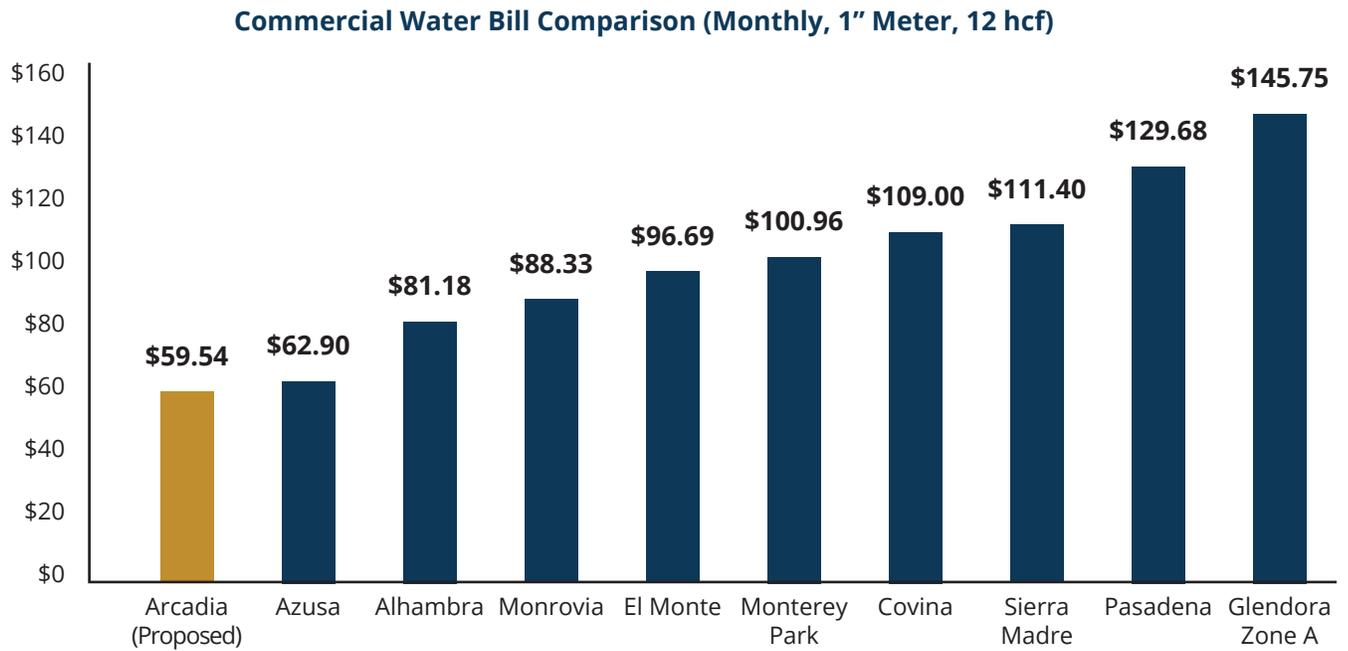
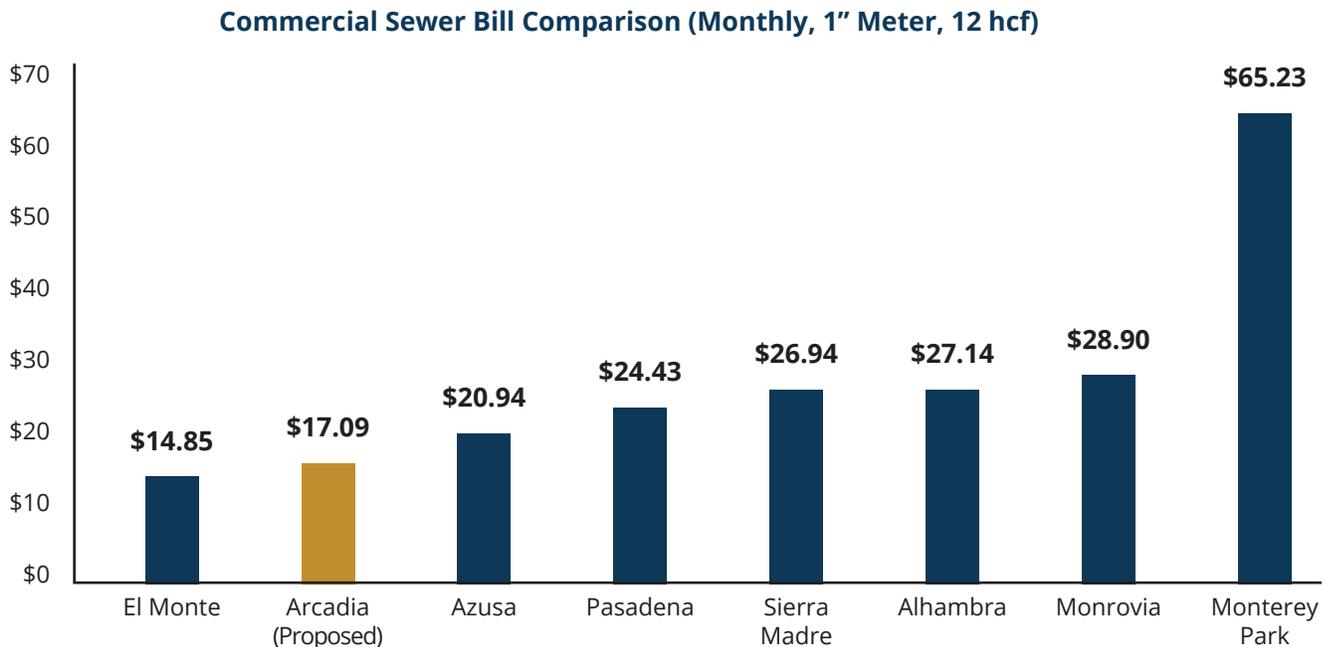


FIGURE D: Typical Commercial Sewer Bills

Commercial class customer bills will continue to compare favorably with those in nearby communities as shown below:



PROPOSED WATER RATES

The City's rate structure includes a fixed charge and a volumetric rate shown in Tables 1 and 2. Table 1 shows current and proposed water fixed charges that all customers pay based on meter size.

TABLE 1: Proposed 5-Year Schedule of Monthly Water Fixed Charges

Table 1 shows the proposed monthly water service charge by meter size over the next five years. Most city water customers have a 5/8-inch to 1-inch metered connection.

MONTHLY SERVICE CHARGE, \$/mo

Effective Date		Jan 1, 2026	Jan 1, 2027	Jan 1, 2028	Jan 1, 2029	Jan 1, 2030
Meter Size	Current	2026	2027	2028	2029	2030
5/8"	\$19.90	\$21.31	\$23.87	\$26.26	\$27.84	\$29.52
3/4"	\$21.26	\$21.31	\$23.87	\$26.26	\$27.84	\$29.52
1"	\$23.98	\$26.54	\$29.73	\$32.71	\$34.68	\$36.77
1-1/2"	\$30.78	\$39.61	\$44.37	\$48.81	\$51.74	\$54.85
2"	\$38.94	\$55.30	\$61.94	\$68.14	\$72.23	\$76.57
3"	\$57.98	\$91.91	\$102.94	\$113.24	\$120.04	\$127.25
4"	\$85.19	\$144.21	\$161.52	\$177.68	\$188.35	\$199.66
6"	\$166.80	\$274.96	\$307.96	\$338.76	\$359.09	\$380.64
8"	\$262.01	\$431.86	\$483.69	\$532.06	\$563.99	\$597.83
10"	\$398.04	\$641.06	\$717.99	\$789.79	\$837.18	\$887.42



TABLE 2: Proposed 5-Year Schedule of Monthly Water Volumetric Rates

Table 2 shows the water consumption charge, which is the amount each customer pays per hundred cubic feet (hcf) of water used. One hcf equals 748 gallons.

VOLUMETRIC CHARGE, \$/hcf

Effective Date	Jan 1, 2026	Jan 1, 2027	Jan 1, 2028	Jan 1, 2029	Jan 1, 2030		
Customer	Current	Proposed	2026	2027	2028	2029	2030
Residential*							
Tier 1	\$2.39	Tier 1: 0-8	\$2.61	\$2.93	\$3.23	\$3.43	\$3.64
Tier 2	\$2.98	Tier 2: 9-26	\$3.03	\$3.40	\$3.74	\$3.97	\$4.21
Tier 3	\$3.07	Tier 3: >26	\$3.53	\$3.96	\$4.36	\$4.63	\$4.91
Tier 4	\$3.83						
MultiFamily							
12 hcf/du/bi-mo	\$2.18	6 hcf/du/mo	\$2.59	\$2.91	\$3.21	\$3.41	\$3.62
>12 hcf/du/bi-mo	\$2.43	>6 hcf/du/mo	\$2.93	\$3.29	\$3.62	\$3.84	\$4.08
Governmental, Institution & Irrigation							
All	\$2.83	All	\$3.18	\$3.57	\$3.93	\$4.17	\$4.43
Commercial							
All	\$2.32	All	\$2.75	\$3.08	\$3.39	\$3.60	\$3.82

*Current tier breakpoints vary by meter size and season.

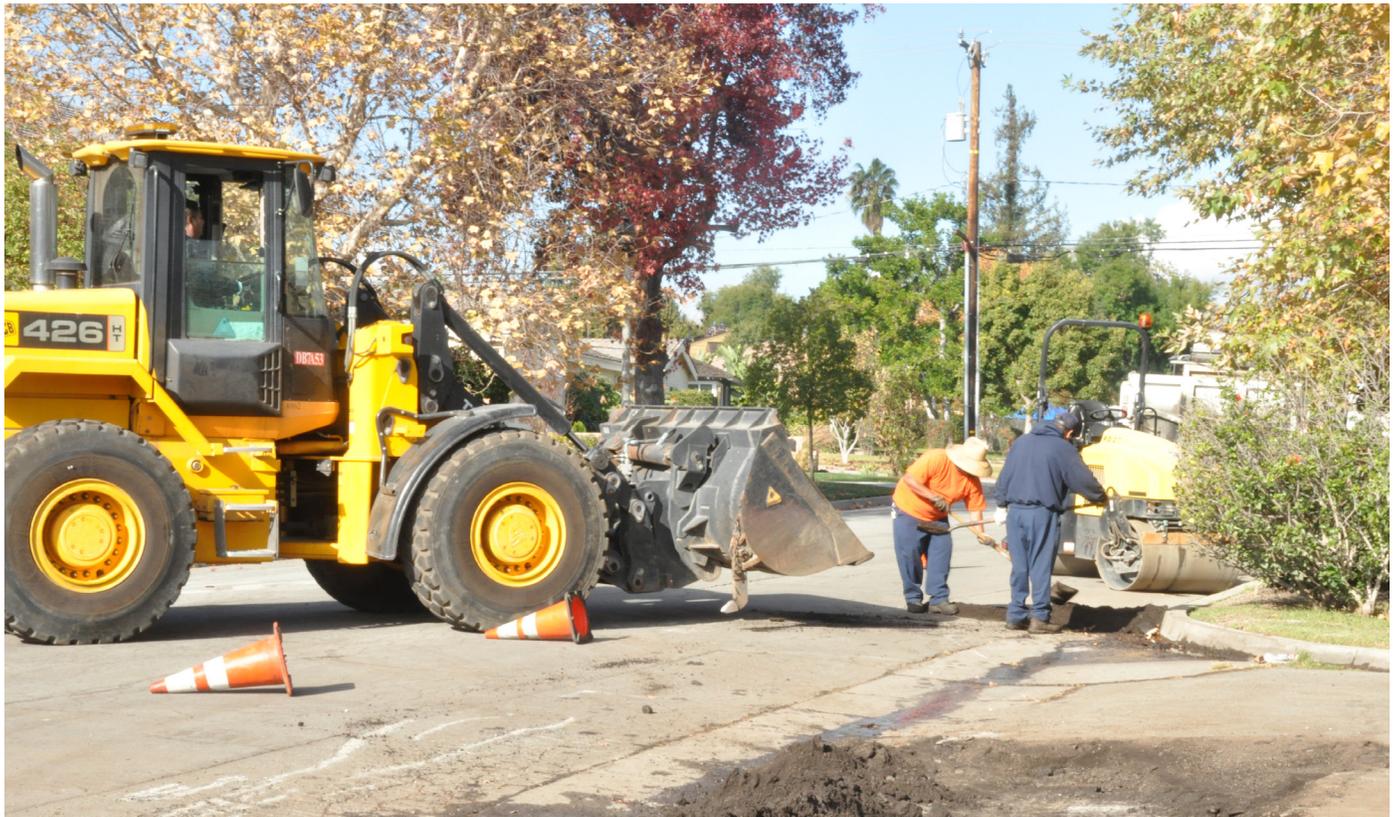


TABLE 3: Proposed 5-Year Schedule of Monthly Private Fire Line Charges

The private fire charges shown below in Table 3 are only applicable to those commercial accounts with private fire protection (this does not include single family homes).

MONTHLY PRIVATE FIRELINE CHARGE, \$/mo

Effective Date	Jan 1, 2026	Jan 1, 2027	Jan 1, 2028	Jan 1, 2029	Jan 1, 2030	
Line Size	Current	2026	2027	2028	2029	2030
5/8"	\$5.78	\$7.50	\$8.40	\$9.24	\$9.80	\$10.39
3/4"	\$5.78	\$7.50	\$8.40	\$9.24	\$9.80	\$10.39
1"	\$5.78	\$7.50	\$8.40	\$9.24	\$9.80	\$10.39
1-1/2"	\$5.78	\$7.50	\$8.40	\$9.24	\$9.80	\$10.39
2"	\$5.78	\$7.50	\$8.40	\$9.24	\$9.80	\$10.39
3"	\$0.00	\$16.66	\$18.66	\$20.53	\$21.77	\$23.08
4"	\$11.55	\$32.45	\$36.35	\$39.99	\$42.39	\$44.94
6"	\$17.32	\$89.13	\$99.83	\$109.82	\$116.41	\$123.40
8"	\$23.09	\$186.89	\$209.32	\$230.26	\$244.08	\$258.73
10"	\$28.88	\$333.93	\$374.01	\$411.42	\$436.11	\$462.28

Pass-Through Rates

Should the cost of over entitlement water increase at any time during 2026-2030, the water rate will be adjusted to reflect a direct pass-through of the increase over and above the increase projected in the rate model.

Drought Rates

In times of drought or emergency water shortage, the City Council may declare mandatory water use restrictions. During times of mandatory water use restrictions, surcharges for consumption over the prescribed allocation may be imposed, as detailed in Table 4 below:

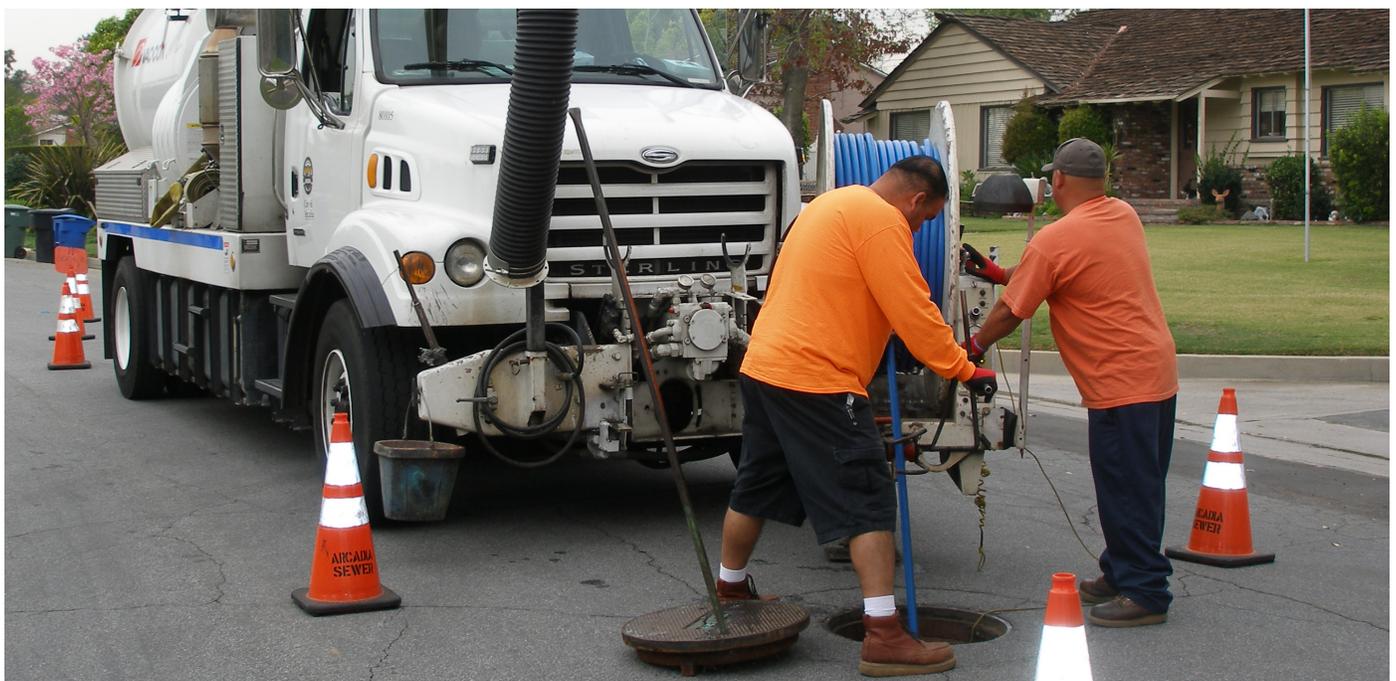


TABLE 4: Proposed Drought Rates Per Drought Stage

Drought Stage	1	2	3	4	5
Drought Reduction in Use	Up to 10%	Up to 20%	Up to 30%	Up to 40%	Up to 50%
% Increase on Monthly Volumetric Rates	0%	4%	10%	11%	18%

PROPOSED SEWER RATES

TABLE 5: Proposed 5-Year Schedule of Monthly Sewer Charges and Rates

Table 5 shows the current and proposed sewer charges and rates.

Effective Date	Jan 1, 2026	Jan 1, 2027	Jan 1, 2028	Jan 1, 2029	Jan 1, 2030	
Customer Class	Current	2026	2027	2028	2029	2030
Residential, \$/mo						
Single Family	\$9.39	\$9.05	\$9.60	\$10.18	\$10.80	\$11.45
Multi-Family Dwelling Units,	\$9.39	\$9.05	\$9.60	\$10.18	\$10.80	\$11.45
Residential Sewer Only	\$9.39	\$9.05	\$9.60	\$10.18	\$10.80	\$11.45
Non-Residential, \$/mo						
Commercial	\$28.17	\$9.05	\$9.60	\$10.18	\$10.80	\$11.45
Government	\$28.17	\$9.05	\$9.60	\$10.18	\$10.80	\$11.45
City Accounts	\$28.17	\$9.05	\$9.60	\$10.18	\$10.80	\$11.45
Volumetric, \$/hcf	\$0.31	\$0.67	\$0.72	\$0.77	\$0.82	\$0.87



HOW TO PROTEST THE PROPOSED RATE ADJUSTMENTS

The proposed water and sewer rate adjustments are subject to a majority protest process under Proposition 218. Any record owner of a property that receives water and/or sewer service from the City or occupant who is directly liable for payment of the City's water and/or sewer service charges (Customer of Record) may submit a written Protest against the proposed rate adjustments for water and/or sewer service. Owners of multiple parcels may file one Protest for each parcel owned within the City's service area. Only one written Protest against the proposed rate adjustments for the water or sewer service charges per parcel will be counted in determining whether a majority protest exists.

A **written Protest** must include all of the following to be counted in determining whether there is a majority protest:

- Clearly stated opposition to the proposed rate adjustments for the water service charges, sewer service charges, or both, as applicable;
- Name of the record property owner or account holder who is submitting the Protest;
- Identification by street address or other clear identification of the property for which the protest is made; and
- Signature and legibly printed name of the record property owner or customer who is submitting the Protest.

Written Protests may be delivered to the City Clerk during the Public Hearing. In advance of the Public Hearing, **written Protests may be mailed or personally delivered to the City Clerk at 240 West Huntington Drive, Arcadia, CA 91007 by 7:00 p.m. Tuesday, December 2, 2025. No e-mailed or faxed protests will be accepted, nor late postmarked Protests.**

At the Public Hearing, the City Council will accept and consider all written Protests and hear all oral comments on the proposed rate adjustments. However, oral comments will not be counted in determining the existence of a majority protest.

What is a Majority Protest?

The existence of a majority protest will be determined separately for proposed water rate adjustments and proposed sewer rate adjustments. A majority protest against the proposed water or sewer rate adjustments will exist if at the end of the Public Hearing there are written protests submitted and not withdrawn that represent a majority of the parcels (50% +1) that receive water or sewer service, as applicable. The City Council cannot adopt the proposed rate adjustments if a majority protest exists.

Exhaustion of Administrative Remedies - Written Objection

How do I preserve my ability to judicially challenge the Proposed Rates?

Pursuant to California Government Code Sections 53759.1 and 53759.2, a person or entity will be prohibited from bringing a judicial action or proceeding alleging that the proposed rates do not comply with Proposition 218 unless that person or entity has submitted a written Objection to the proposed rates. This is known as an Exhaustion of Administrative Remedies requirement and is separate from the Proposition 218 majority Protest process described above.

To exhaust your administrative remedies, your written Objection must include the specific grounds for alleging noncompliance of the proposed rates with Proposition 218.

Written Objections may be emailed at CityClerk@ArcadiaCA.gov, mailed, or personally delivered to the City Clerk at 240 West Huntington Drive, Arcadia, CA 91007, and **must be received by the City Clerk by 4 p.m., Monday, November 24, 2025.** Note that this deadline for submitting a written Objection is one week before the Public Hearing, whereas written Protests may be submitted until the Hearing is closed. The City will review each written Objection and respond in writing to all timely written submittals. **Please note, only written objections regarding administrative remedies may be emailed. Written protests regarding water and sewer rates will only be accepted in writing.**

A failure to timely Object to the proposed rate adjustments in writing bars any right to challenge the rate adjustments through a legal proceeding.

SUBMITTAL LOCATIONS

MAIL: City Clerk at 240 West Huntington Drive, Arcadia, CA 91007

EMAIL: CityClerk@ArcadiaCA.gov

IN PERSON: Arcadia City Hall, City Clerk's Office, 240 West Huntington Drive, Arcadia, CA 91007



City of Arcadia
240 West Huntington Drive
Arcadia, CA 91007

NOTICE OF PUBLIC HEARING

To Consider Proposed Adjustments to Water and Sewer Rates

STATUTE OF LIMITATIONS FOR CHALLENGING PROPOSED RATES

Please note that pursuant to California Government Code section 53759, there is a 120-day statute of limitations for judicially challenging all rates set forth in this Notice that runs from the date the Arcadia City Council adopts a Resolution approving the proposed rates.

Questions? Submit questions and comments via email to publicworks@arcadiaca.gov or call the Public Works Department at (626) 254-2700. For information, visit the Rate Study webpage by scanning the QR code or go to www.ArcadiaCA.gov/WaterandSewer and available for review at the City Clerk's office, 240 West Huntington Drive, Arcadia, CA 91007.

Este informe contiene información muy importante sobre su agua potable. Para más información ó traducción, favor de contactar the City of Arcadia, Public Works Services Department. **Telefono:** (626) 254-2700.

Scan the code to find the Water and Sewer
Rate Study on our city website.

Escanee el código para encontrar el Estudio de Tarifas de
Agua y Alcantarillado en nuestro sitio web de la ciudad.

扫描二维码, 访问我市网站查看供水和排水费率研究及相关翻译通知。

