

CITY OF ARCADIA NOTICE OF PUBLIC HEARING ON PROPOSED WATER AND SEWER RATES

This notice contains important information about proposed rate adjustments for water and sewer services.

有关水和下水道服务费调整建议的重要信息

***** REVISED NOTICE *****

This notice is intended to provide updated information for City of Arcadia water and sewer customers for the public hearing regarding proposed rate increases and to provide corrected proposed water service charges. The new information includes: 1) a revised public hearing date from the previous notice of Tuesday, December 15, 2020 to the new public hearing date of Tuesday, February 2, 2021; 2) correction of bimonthly meter charges for all customer classes; 3) correction of Single Family residential water rates; 4) correction of Multi-Family residential water rates; and 5) correction of Commercial water rates. No other changes were made to the previous notice. All valid written protests previously received by the City Clerk's Office will still be counted for the new public hearing date. For additional information visit ArcadiaCA.gov/utilityrates or contact the Public Works Services Department at (626) 254-2700 or PublicWorks@ArcadiaCA.gov.

***** REVISED NOTICE *****

NOTICE IS HEREBY GIVEN that the City of Arcadia (the City) will conduct a public hearing on Tuesday, February 2, 2021, at 7:00 p.m., or as soon thereafter as practicable, in the City Council Chambers, located at 240 West Huntington Drive, Arcadia, CA 91007, to consider adopting increases and adjustments to the rates of its water and sewer service fees. The new rates, if adopted, will become effective and operative for water use and bills sent after February 2, 2021, and will be increased as provided herein each January 1 thereafter, through and including January 1, 2025.

As part of the City of Arcadia's COVID-19 transmission mitigation efforts, Arcadia City Council Meetings are closed to the public. Pursuant to Executive Order N-25-20 and the Brown Act, the Arcadia City Council will meet virtually. The public is welcome to view City Council Meetings as they take place on the City's website at ArcadiaCA.gov/livegov or on ACTV (check your local listings). Please contact the City Clerk's Office at CityClerk@ArcadiaCA.gov or at (626) 574-5455 for more information.

Reasons for the Proposed Water Rate Increases. The City is committed to providing the highest quality services at the lowest possible rates for our customers. While the City continually strives for cost reductions and better utilization of the assets it holds, it also needs to keep pace with inflation, drinking water and sewer discharge regulations, and other cost increases, many of which it cannot control. The City hired an independent rate consultant to determine how best to recover these projected cost increases over a five-year period. Based on this evaluation, and as described herein, the City has determined that rate increases are necessary to enable it to: recover current and projected increases in the costs of operations and maintenance, including, water supply costs, wastewater discharge costs, and capital infrastructure improvements; comply with State and Federal mandated regulatory requirements; avoid operational deficits and depletion of reserves; and operate the utilities in a financially prudent manner.

**** REVISED ** CITY OF ARCADIA NOTICE OF PUBLIC HEARING – FEBRUARY 2, 2021**

The City's water and sewer rates are among the lowest in the area and will remain so, even with the proposed rate adjustments.

Water Utility Cost Increases. The increases in the rates for water service fees are primarily due to increases in water supply costs. In recent years, all of the water provided by the City has been pumped from three ground water basins that underlie or are adjacent to the City: the Main San Gabriel Basin, East Raymond Basin, and West Raymond Basin. Additionally, the City maintains a potable water connection to the Metropolitan Water District of Southern California to provide service, if needed. The Main San Gabriel Basin is the City's primary source of ground water; historically, approximately 65 percent of the water produced by the City has been sourced from the basin. More recently, supply driven reductions in pumping from the East and West Raymond Basins have increased the share of water pumped from the Main San Gabriel Basin to over 75 percent of total water production. The Main San Gabriel Basin (Watermaster) manages pumping activities from the basin, which includes setting the basin's annual operating safe yield, setting annual allotments for each pumper, managing water replenishment operations, and managing the administration of the basin. The City's annual pumping allotment from the Main San Gabriel Basin has significantly dropped in recent years as the previous drought has affected the amount of water stored in the basin. The Main Basin operating safe yield is the maximum amount of water that can be pumped from the basin without requiring costly purchase of Replenishment Water from outside sources (State and Colorado River Water Projects). Additionally, the Main Basin water levels have not recovered to where they once were before the drought. In response, the Main Basin adopted a Drought Management Plan that includes a Resource Development Assessment ("RDA"), which is a pass-through fee based on each individual producer's annual amount of water pumped from the Main Basin. The purpose of the RDA is to restore ground water levels by purchasing imported water from the State and Colorado River Water Project, separate from the purchase of Replacement Water. To date the City has paid over \$6 million dollars in RDA that has continued to increase annually and is anticipated to cost the City over \$2 million dollars in Fiscal Year 2021-22 through 2024-25.

The northern half of the City overlies the East and West Raymond Basins. Historically, approximately 35 percent the City's annual water production has been pumped from the Raymond Basins. The City's pumping rights were reduced 27 percent from 2014 in the East Raymond Basin due to historic low water levels. Additionally, pumping rights for the West Raymond Basin were reduced 30 percent in order to help falling ground water levels. As a consequence, the City will have to purchase more expensive imported water from the Metropolitan Water District of Southern California (MWD) to meet annual water demands. Critically dry conditions and the reduction in water moving from Northern California to Southern California has caused MWD to increase its rates for imported treated surface water and replenishment water significantly. Since 2008, the cost of replenishment water has increased from \$252 an acre foot to \$958 an acre foot, an increase of 280 percent.

There are numerous other expenses that increase each year that have to be accounted for, including water lab testing, insurance, permitting, chemicals, parts, equipment, and personnel expenses. The proposed rates are designed to recover these cost increases and afford financial stability for five years.

Sewer Utility Cost Increases. Funding of the sewer utility's capital improvement program and system replacement projects is the primary driver of the need for sewer rate increases. Current funding levels only allow for a 300-year system replacement cycle. The proposed revenue increases would allow the City to achieve a 75-year replacement cycle for its aging sewer system. The increases will also support inflationary increases in operating and maintenance costs, including wastewater lab testing, insurance, permitting, chemicals, inventory and equipment, repairs, and personnel expenses.

Basis upon Which the Water Rates are Calculated. The rate structure for the City's bi-monthly water service fees is comprised of two components—(1) a fixed service charge (the "Meter Charge"), determined based on the size of the meter serving the property; and, (2) a variable water commodity charge (the "Commodity Charge"). The City also imposes a Fire Line Service Charge for properties with a private fire line, which is determined based on the size of the private fire service line serving the property. While the rate for the Fire Line Service Charge is included in this notice, it is not proposed to increase.

The Commodity Charge includes four customer classes - (1) Single Family Residential; (2) Multi-Family Residential; (3) Commercial; and (4) Governmental, Institutional, and Irrigation (collectively "Institutional"). The Meter Charge is a fixed charge established on the basis of the size of the water meter (in inches) serving a property and is calculated to recover most of the water utility's annual fixed costs of providing water service, such as utilities, equipment, materials, billing, collections, customer service, meter reading, and meter maintenance. For Single Family Residential and Multi-Family Residential customers, the current rate for the Commodity Charge consists of tiers which impose higher rates per unit of water as the level of consumption increases, with one unit equal to one hundred cubic feet ("HCF") or 748 gallons of water.

Additionally, the amount of water allotted to each tier for Single Family Residential customers changes depending on when the water is used—winter (November through April) or summer (May through October)—and the size of the water meter serving a property. For Commercial and Institutional customers, the rates for the Commodity Charge are uniform, but the amount of the charge imposed varies based on the number of units of water delivered to a property. This difference in structure is generally implemented as non-residential demands vary significantly from customer to customer, whereas residential demands are relatively homogenous. Together, the two components of the rates are designed to proportionately recover the costs of providing water service among the various customer classes and on a parcel basis.

Proposed Water Rates. The City is proposing increasing the rates for its water service fees for five years. If approved, the new rates will become effective and operative for water use and bills sent after February 2, 2021 and will be increased each January 1 thereafter, through and including January 1, 2025, as set forth in the following tables. The rates that may be implemented beginning January 1, 2021, and each January 1 thereafter, including January 1, 2025, are the maximum rates that may be imposed by the City in each of those years. Prior to implementing the rates, however, the City Council will review its projected costs for each year to determine if the full amount of any rate increases is necessary.

BI-MONTHLY RATES FOR METER CHARGE (\$/SIZE OF METER) – ALL CUSTOMER CLASSES						
Meter Size	Current Rates	Proposed Rates & Effective Dates				
		2/2/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025
5/8"	\$30.33	\$31.82	\$33.41	\$35.41	\$37.54	\$39.79
3/4"	\$32.40	\$33.99	\$35.69	\$37.83	\$40.10	\$42.51
1"	\$36.55	\$38.34	\$40.26	\$42.67	\$45.24	\$47.95
1 1/2"	\$46.93	\$49.22	\$51.68	\$54.78	\$58.07	\$61.55
2"	\$59.39	\$62.27	\$65.38	\$69.31	\$73.47	\$77.87
3"	\$88.45	\$92.73	\$97.36	\$103.20	\$109.40	\$115.96
4"	\$129.97	\$136.23	\$143.05	\$151.63	\$160.72	\$170.37
6"	\$254.53	\$266.75	\$280.09	\$296.90	\$314.71	\$333.59
8"	\$399.85	\$419.03	\$439.98	\$466.38	\$494.36	\$524.02
10"	\$607.45	\$636.57	\$668.39	\$708.50	\$751.01	\$796.07

Single-Family Residential Water Rates (\$/HCF) & Tier Allotments

SINGLE FAMILY RESIDENTIAL BI-MONTHLY TIER ALLOTMENTS (IN HCF) WINTER WATER USAGE (NOVEMBER - APRIL)					
Meter Size	5/8"	3/4"	1"	1 1/2"	2"
Tier 1	0 – 22	0 – 22	0 – 22	0 – 22	0 – 22
Tier 2	23 – 32	23 – 34	23 – 42	23 – 48	23 – 60
Tier 3	33 – 42	35 – 44	43 – 58	49 – 70	61 – 90
Tier 4	43+	45+	59+	71+	91+

SINGLE FAMILY RESIDENTIAL BI-MONTHLY TIER ALLOTMENTS (IN HCF) SUMMER WATER USAGE (MAY - OCTOBER)					
Meter Size	5/8"	3/4"	1"	1 1/2"	2"
Tier 1	0 – 22	0 - 22	0 - 22	0 - 22	0 - 22
Tier 2	23 – 34	23 - 42	23 - 60	23 - 70	23 - 94
Tier 3	35 – 44	43 - 58	61 - 92	71 - 112	95 - 148
Tier 4	45+	59+	93+	113+	149+

SINGLE FAMILY RESIDENTIAL WATER RATES (\$/HCF)

Tier	Current Rates	Proposed Rates & Effective Dates				
		2/2/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025
1	\$1.82	\$1.91	\$2.01	\$2.13	\$2.25	\$2.39
2	\$2.23	\$2.38	\$2.50	\$2.65	\$2.81	\$2.98
3	\$2.53	\$2.46	\$2.58	\$2.73	\$2.90	\$3.07
4	\$2.72	\$3.06	\$3.21	\$3.41	\$3.61	\$3.83

Multi-Family Residential Rates (\$/HCF) & Tier Allotments. For Multi-Family Residential customers, tiered rate structures are typically developed based on allotments per dwelling unit rather than allotments per account.

MULTI-FAMILY RESIDENTIAL BI-MONTHLY TIER ALLOTMENTS

Tier	(HCF) x Per Dwelling Unit
1	12
2	13+

MULTI-FAMILY RESIDENTIAL WATER RATES (\$/HCF)

Tier	Current Rates	Proposed Rates & Effective Dates				
		2/2/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025
1	\$1.69	\$1.75	\$1.83	\$1.94	\$2.06	\$2.18
2	\$1.97	\$1.95	\$2.04	\$2.17	\$2.30	\$2.43

Commercial & Institutional Rates (\$/HCF). Institutional customers includes Governmental, Institutional, and Irrigation customers.

COMMERCIAL WATER RATES (\$/HCF)

Current Rate	Proposed Rates & Effective Dates				
	2/2/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025
\$1.81	\$1.86	\$1.95	\$2.07	\$2.19	\$2.32

INSTITUTIONAL WATER RATES (\$/HCF)

Current Rate	Proposed Rates & Effective Dates				
	2/2/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025
\$2.13	\$2.27	\$2.38	\$2.52	\$2.67	\$2.83

Private Fire Line Service Charge. While the rate for the Fire Line Service Charge is included in this notice, it is not proposed to increase.

PRIVATE FIRE LINE BI-MONTHLY SERVICE CHARGE

Meter Size	2"	4"	6"	8"	10"
Bi-monthly Service Charge	\$11.55	\$23.10	\$34.64	\$46.18	\$57.75

Basis upon which the Sewer Rates are Calculated. The proposed sewer service fees are comprised of a flat, bi-monthly rate with two customer classes - Residential and Commercial.

Proposed Sewer Rates. The City is proposing increasing the rates for its sewer service fees for five years. The new rates, if adopted, will become effective and operative for water use and bills sent after February 2, 2021, and will be increased each January 1 thereafter, through and including January 1, 2025, as set forth in the tables below. The rates that may be implemented beginning January 1, 2021, and each January 1 thereafter, including January 1, 2025, are the maximum rates

that may be imposed by the City in each of those years. Prior to implementing the rates, however, the City Council will review its projected costs for each year to determine if the full amount of any rate increases is necessary.

PROPOSED SEWER RATES (\$/HCF)						
	Current Rates	Proposed Rates & Effective Dates				
		2/2/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025
Residential	\$16.97	\$17.35	\$17.70	\$18.05	\$18.41	\$18.78
Commercial	\$50.69 + \$0.28 Variable Per HCF Billed Water Usage	\$52.04 + \$0.28 Variable Per HCF Billed Water Usage	\$53.09 + \$0.29 Variable Per HCF Billed Water Usage	\$54.15 + \$0.29 Variable Per HCF Billed Water Usage	\$55.23 + \$0.30 Variable Per HCF Billed Water Usage	\$56.33 + \$0.31 Variable Per HCF Billed Water Usage

Public Hearing and Written Protests. Any record owner of a parcel upon which the water or sewer service fees are proposed to be imposed and any tenant directly liable for the payment of water and/or sewer service fees (i.e., a customer of record who is not a property owner) may submit a written protest to the proposed rate increases to the City’s water and/or sewer service fees; however, only one protest will be counted per identified parcel.

Any written protest must:

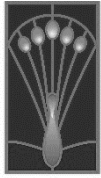
1. State that the identified property owner or tenant is opposed to the proposed water and/or sewer service fee rate increases;
2. Provide the location of the identified parcel (by street address, assessor’s parcel number, or customer account number); and
3. Include the name and signature of the property owner or tenant submitting the protest.

Written protests may be submitted by mail or in person to the Office of the City Clerk at 240 West Huntington Drive, P.O. Box 60021, Arcadia, CA 91066, so long as they are received prior to the close of the public input portion of the Public Hearing. Any protest submitted via e-mail or other electronic means will not be accepted as a valid written protest. Please indicate on the outside of any envelope mailed to the City Attention: **Office of the City Clerk - Rate Hearing**.

Additionally, in order to facilitate submittal of written protests, the City has set up a drop-box outside of the City Manager/City Clerk’s Office for property owners or customers of record to submit written protests. Protests placed in the drop-box outside of the City Manager/City Clerk’s Office will be accepted until the close of the public input portion of the Public Hearing, at which point the City will close the drop-box, collect all protests, provide such protests for consideration by the City Council, and tabulate valid protests for purpose of determining whether a majority protests exists.

The City Council will accept and consider all written protests and will hear and consider all oral comments to the proposed rate increases at the Public Hearing. Oral comments can be submitted through any of the means listed below. However, an oral comment will not count for purposes of determining whether a majority protest exists unless accompanied by a written protest:

1. Website: Use our online public comment form at **ArcadiaCA.gov/comment** at least 30 minutes prior to the posted meeting time. Your comments should be 300 words or less.
2. Email: Please submit your comments via email to **CityClerk@ArcadiaCA.gov** at least 30 minutes prior to the posted meeting time. Your email must be 300 words or less.



City of Arcadia
Public Works Services Department
11800 Goldring Road
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Arcadia, CA 91066-6021

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3. Phone: A conference line has been established for public comment. Your call will be recognized in the order it was received. Please keep your phone on MUTE until you are recognized for public comment.

Conference Line: (669) 224-3412
Access Code: 604-838-893#

Oral comments at the Public Hearing will not qualify as formal protests unless accompanied by a written protest. Upon the conclusion of the Public Hearing, the City Council will consider adoption of the proposed rate increases. If written protests against the proposed rates are not presented by a majority of the property owners or tenants of the identified parcels subject to the proposed rate increases, the City Council will be authorized to adopt the rate increases.

Details regarding the proposed water and sewer service fees are available by calling the Public Works Services Department at (626) 254-2700, or on the City's website at **ArcadiaCA.gov/utilityrates**. A translated version of this notice is also available in Spanish and Chinese at **ArcadiaCA.gov/utilityrates**.

本通知是有关用水及下水道服务费调整建议的重要信息。本通知的翻译副本可以从网站 **ArcadiaCA.gov/utilityrates** 获取或致电 (626) 254-2700。

Este aviso contiene información importante sobre los ajustes de tarifas propuestos para los servicios públicos. Una copia traducida de este aviso está disponible en **ArcadiaCA.gov/utilityrates** o marque (626) 254-2700 para obtener más información.