



To: President and Commissioners
From: Executive Director
Meeting Date: June 22, 2021
Subject: PUBLIC HEARING – APPROVE WATER RATE INCREASES

Recommendation:

1. Approve a resolution for the revised Water Rates.

Fiscal Impact:

The Water Rate Study proposes annual rate increases of 10% beginning July 1, 2021 through July 1, 2025. These proposed water rate modifications, if approved, will result in additional revenues of approximately \$926,478 in year one (1), fiscal year (FY) 2021-22 and reach \$5,673,429 in year five (5), FY 2025-26, for a five-year cumulative total of \$15,927,864. The additional revenue will provide operational expenses, capital improvement projects including the Per- and Polyfluoroalkyl Substances (PFAS) treatment project, improvements to the north side water system, altitude valves, piping upgrades, new storage tanks and well improvements. The future rates are designed to establish fiscal stability, maintain our debt revenue requirements and fund for necessary capital improvements. If water rates are not adopted, an estimated \$24 million in projects will need to be deferred or cancelled until future funding is available. Additionally, this would further compromise the operating costs and service levels currently in place within the Water Authority Fund (550).

Discussion:

The Pico Rivera Water Authority (PRWA) serves 9,433 metered customers; 8,994 residential meters and 439 commercial meters, providing potable water to homes and businesses year-round. To do this, PRWA has an extensive and complex water system including eight (8) active groundwater wells, eight (8) booster pumps, three (3) storage tanks and approximately 98 miles of distribution pipes intended to provide a safe and reliable water supply. PRWA operates, maintains, and improves this water system through water rate revenues. Water rates should be designed to meet anticipated ongoing maintenance and operation costs and provide sufficient funding for water system upgrades and replacement projects. Additionally, the Water Authority has two (2) outstanding bond issues (1999 and 2001) that need to maintain a required debt service coverage ratio of 1.25.

The last water rate study was completed in 2012 and included a phased five-year rate increase ending in FY 2016-17. Since the 2017 water rate increase, many changes necessitated a review of the rate design and system needs, primarily the PFAS treatment project. The design of the rates in 2012 included a large portion of necessary operational and capital funding coming from revenue collected through the water usage charge.

In December of 2019, the City of Pico Rivera (City) contracted with IMEG Corp. (IMEG) to prepare a Water Master Plan (WMP) update. The City's last water master plan was prepared over 10 years ago in 2009. The IMEG team developed a Capital Improvement Plan (CIP) as part of the master planning efforts. The final CIP document identified over \$117 million in PRWA capital improvements. Additionally, the WMP found that \$37,815,347 in essential projects must be implemented over the next five (5) years to increase water system reliability, provide emergency backup and to address deficient infrastructure. Projects included in the first five (5) years include \$14 million towards the PFAS Treatment System, \$13 million for Altitude Valves and Piping Upgrades, \$6.6 million towards New Storage Tanks and \$3.5 million towards the AMR Meter Replacement (Table 1).

Table 1 – Five-Year Water Authority Capital Improvement Plan

Capital Project Category	Year Scheduled for Capital Outlay						Total
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	
AMR Meter Replacement		\$3,500,000					\$3,500,000
North Side Water System Improvements	250,000						250,000
PFAS Treatment System	3,500,000	10,519,755					14,019,755
Altitude Valves and Piping Upgrades			1,168,762	4,110,481	4,208,075	3,463,088	12,950,405
New Storage Tanks (1.5 and 2 MG) with PAX Mixer				4,089,420	2,543,586		6,633,005
Well Improvements (Well #4 and Well #12)					462,180		462,180
Total Annual Capital Project Requirement:	\$3,750,000	\$14,019,755	\$1,168,762	\$8,199,900	\$7,213,841	\$3,463,088	\$37,815,347

It has become critical to begin addressing the systems infrastructure needs proposed in the 2021 WMP by IMEG. The water revenue is not sufficient to fund projects under the current water rate structure. The proposed water rates will provide adequate funding to implement these projects.

In 2020, IMEG engaged Raftelis to conduct a Financial Analysis of the Master Plan Updates for the City's Water and Storm Drain Systems. As part of the financial analysis, Raftelis completed a water rate study (Study) to establish water rates that are equitable and compliant with Proposition 218 (Article XIII D § 6 of the California Constitution [Prop. 218]) and the California Water Code (Water Code) for the PRWA.

Water Rate Recommendations

The proposed water rates were developed by a comprehensive cost-of-service analysis and are designed to meet the Water Authority's revenue needs over the next five (5)

years. These are proposed modifications to the Water Authority's existing water rate structure in order to more closely reflect the Water Utility's actual cost structure. In addition to reflecting the Water Authority's cost of providing service, the proposed rate structure will provide more equity to the rate payers by providing a structure that allocates the cost to provide the service at a more proportional rate than the current structure as required by Prop. 218 and the Water Code.

Rates need to be adequate to recover the expenses, while ensuring that costs are equitably allocated, so that rates are fair and in proportion to the services received by the various customer classes. The rate study modeled the costs of operating and maintaining the water system for the next 10 years. Current operating costs are based on recent actual and budgeted expenditures and those costs were inflated in order to forecast operating costs for future years. Capital expenditures were forecasted based on the City's capital spending forecast, as identified in IMEG's WMP and CIP. Based upon the analyses and proposed rate structure modifications, Raftelis provided three (3) different alternatives as possible rate structures:

Table 2 – Volumetric Rate Alternative 1 - Uniform Rate

Commodity - Uniform for All Customers						
	Current	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Base Volumetric Charge	\$3.22	\$3.56	\$3.92	\$4.31	\$4.74	\$5.21
WRD Power Pass-Thru	\$0.52	\$0.56	\$0.56	\$0.56	\$0.56	\$0.56
Electric Power Pass-Thru	\$0.17	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20
Total	\$3.91	\$4.32	\$4.68	\$5.07	\$5.50	\$5.97

Alternative 1 includes rate increases of 10% per year with one (1) uniform rate for all customers. As shown in the Raftelis Water Rate Study Final Report (Enclosure 1, p. 38), approximately 66.3% of projected FY 2021-22 annual demand is associated with Single-Family Residential customers with a calculated FY 2021-22 volumetric cost of service of \$4.33 per hundred cubic feet (hcf) (including pass-through adjustments). This is within less than 1% of the calculated FY 2021-22 system wide average volumetric cost of service of \$4.32 per hcf. Similarly, approximately 20.8% of the projected FY 2021-22 annual demand is associated with commercial customers with a calculated FY 2021-22 volumetric cost of service of \$4.28 per hcf (including pass-through adjustments). This is also within 1% of the calculated FY 2021-22 system-wide average volumetric cost of service of \$4.32 per hcf. Thus, approximately 87.1% of total demand on the system imposes costs that approximate the system-wide average, as shown in Table 2A below.

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Table 2A – FY 2021-22 Volumetric Rates by Customer Type vs. System Average (Uniform Rate)

Customer Class (A)	FY 2022 Billed Consumption (B)	% of Total Billed Consumption (C)	Base Commodity per hcf (D)	Water Replenishment per hcf (E)	Electric Power per hcf (F)	Rate per hcf (G=D+E+F)
Single Family Residential	1,092,780	66.3%	\$3.57	\$0.56	\$0.20	\$4.33
Multi-Family Residential	123,593	7.5%	\$3.49	\$0.56	\$0.20	\$4.25
Commercial	343,527	20.8%	\$3.51	\$0.56	\$0.20	\$4.28
Industrial	12,225	0.7%	\$3.43	\$0.56	\$0.20	\$4.19
City	45,107	2.7%	\$3.72	\$0.56	\$0.20	\$4.48
City Irrigation	9,265	0.6%	\$3.71	\$0.56	\$0.20	\$4.47
Irrigation	1,771	0.1%	\$3.74	\$0.56	\$0.20	\$4.50
Institutional	17,758	1.1%	\$3.71	\$0.56	\$0.20	\$4.47
Fire Service	2,430	0.1%	\$5.69	\$0.56	\$0.20	\$6.45
Total	1,648,455	100.0%	\$3.56	\$0.56	\$0.20	\$4.32

In short, continuing with the Uniform Rate structure, and implementing rate increases of 10% annually, would provide the PRWA adequate revenues and cash flow to properly fund for the operations and capital projects, including state regulated improvements, such as PFAS, identified previously in this report. Implementing these rates will also help with future rate stability. Staff thereby agrees with this alternative provided by Raffelis and recommends PRWA implement a 10% rate increase based on Alternative 1 – Uniform Rate.

Table 3 – Alternative 2 - Creation of Four (4) New Customer Classes

Commodity - by Class		Current	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Single Family Residential	Base Volumetric Charge	\$3.22	\$3.57	\$3.92	\$4.32	\$4.75	\$5.22
	WRD Power Pass-Thru	\$0.52	\$0.56	\$0.56	\$0.56	\$0.56	\$0.56
	Electric Power Pass-Thru	\$0.17	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20
	Total	\$3.91	\$4.33	\$4.68	\$5.08	\$5.51	\$5.98
Multi-Family Residential	Base Volumetric Charge	\$3.22	\$3.49	\$3.84	\$4.22	\$4.64	\$5.11
	WRD Power Pass-Thru	\$0.52	\$0.56	\$0.56	\$0.56	\$0.56	\$0.56
	Electric Power Pass-Thru	\$0.17	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20
	Total	\$3.91	\$4.25	\$4.60	\$4.98	\$5.40	\$5.87
Non-Residential	Base Volumetric Charge	\$3.22	\$3.55	\$3.91	\$4.30	\$4.73	\$5.20
	WRD Power Pass-Thru	\$0.52	\$0.56	\$0.56	\$0.56	\$0.56	\$0.56
	Electric Power Pass-Thru	\$0.17	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20
	Total	\$3.91	\$4.31	\$4.67	\$5.06	\$5.49	\$5.96
Irrigation	Base Volumetric Charge	\$3.22	\$3.71	\$4.08	\$4.49	\$4.94	\$5.43
	WRD Power Pass-Thru	\$0.52	\$0.56	\$0.56	\$0.56	\$0.56	\$0.56
	Electric Power Pass-Thru	\$0.17	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20
	Total	\$3.91	\$4.47	\$4.84	\$5.25	\$5.70	\$6.19

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Alternative 2 includes rate increases of 10% per year, based on four (4) customer classes. Volumetric rate Alternative 2 requires the City to create four (4) new customer classes within its billing system: 1) Single-Family Residential, 2) Multi-Family Residential, 3) Non-Residential, and 4) Irrigation. In contrast to the uniform volumetric rate presented Alternative 1, the creation of customer classes would allow the City to charge volumetric rates that are even more closely correlated to the costs different types of customers impose on the water utility system.

The City's billing system does not currently identify customer classes. Raftelis estimated customer classes using County Assessor data and corroborating with City staff. Raftelis recommends that the City conduct a detailed analysis of its own to finalize customer classes prior to implementing any class-based rates. Regardless of the PRWA's volumetric rate structure alternative ultimately implemented by the City, Raftelis recommends that the City begin formally tracking customers based on their specific class within its billing system. In the upcoming fiscal year, City staff will begin conducting the analysis recommended by Raftelis to ensure a class-based rate structure that can be implemented when the next water rate study is conducted.

Because of the short period of time, staff would have to classify the existing 9,433 customer accounts; however, the Raftelis group does not recommend this option. Additionally, Raftelis noted that because over 66% of all existing accounts are estimated to be "Single-Family Residential" customer accounts, the calculated recommended rate differences under Alternatives 1 and 2 are not considered significant enough to warrant recommending this Alternative.

Table 4 – Volumetric Rate Alternative 3: Two-Tiered Single Family Residential Class

Commodity - By Tier		Current	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Single Family Tier 1	Base Volumetric Charge	\$3.22	\$2.10	\$2.31	\$2.54	\$2.80	\$3.08
	WRD Power Pass-Thru	\$0.52	\$0.56	\$0.56	\$0.56	\$0.56	\$0.56
	Electric Power Pass-Thru	\$0.17	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20
	Total	\$3.91	\$2.86	\$3.07	\$3.30	\$3.56	\$3.84
Single Family Tier 2	Base Volumetric Charge	\$3.22	\$5.60	\$6.16	\$6.78	\$7.46	\$8.20
	WRD Power Pass-Thru	\$0.52	\$0.56	\$0.56	\$0.56	\$0.56	\$0.56
	Electric Power Pass-Thru	\$0.17	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20
	Total	\$3.91	\$6.36	\$6.92	\$7.54	\$8.22	\$8.96
Multi-Family Residential (All Consumption)	Base Volumetric Charge	\$3.22	\$3.49	\$3.84	\$4.22	\$4.64	\$5.11
	WRD Power Pass-Thru	\$0.52	\$0.56	\$0.56	\$0.56	\$0.56	\$0.56
	Electric Power Pass-Thru	\$0.17	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20
	Total	\$3.91	\$4.25	\$4.60	\$4.98	\$5.40	\$5.87
Non-Residential (All Consumption)	Base Volumetric Charge	\$3.22	\$3.55	\$3.91	\$4.30	\$4.73	\$5.20
	WRD Power Pass-Thru	\$0.52	\$0.56	\$0.56	\$0.56	\$0.56	\$0.56
	Electric Power Pass-Thru	\$0.17	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20
	Total	\$3.91	\$4.31	\$4.67	\$5.06	\$5.49	\$5.96
Irrigation (All Consumption)	Base Volumetric Charge	\$3.22	\$3.71	\$4.08	\$4.49	\$4.94	\$5.43
	WRD Power Pass-Thru	\$0.52	\$0.56	\$0.56	\$0.56	\$0.56	\$0.56
	Electric Power Pass-Thru	\$0.17	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20
	Total	\$3.91	\$4.47	\$4.84	\$5.25	\$5.70	\$6.19

Alternative 3 includes rate increases of 10% per year, based on four (4) customer classes, with the Single-Family Customer Class broken out into two (2) Tiers. Raftelis does not recommend Alternative 3 because of the potential for significantly higher customer bills during the summer irrigation season. City staff considered this alternative and agrees with Raftelis. Implementing annual rate increases of 10% with an additional tiered structure for high consumption could result in total bill increases of over 100%.

Proposition 218

To increase the water rates, the City must comply with Prop. 218 rules. Notification of the proposed rates must be distributed to all affected, recorded property owners a minimum of 45-days prior to the public hearing. Three (3) separate notifications were published in the Los Cerritos Community News, as evidenced in Enclosure 2:

- First Publication April 30, 2021
- Second Publication May 21, 2021
- Third Publication June 11, 2021

The property owners have the right to submit written protests. The written protests must be submitted to the City Clerk's Office no later than the conclusion of the public hearing. If 50% plus one (1) written protests are received, the City cannot implement the proposed water rates.

If the water rates are approved, the revenue will not exceed the cost of providing water and will be proportional to the cost of water service attributed to the property. The revenue will only be used for the purpose for which the water rate is imposed, as required by Prop. 218 and the Water Code.

Without the proposed water rate increase, the Water Authority will not meet its bond debt coverage requirement and needed improvements to the water system infrastructure will be delayed.

Conclusion:

Staff has reviewed the IMEG Water Master Plan and the Raftelis Water Rate Study Final Report. Based on these two (2) documents, staff recommends continuing with the Uniform Rate structure, and implementing rate increases of 10% annually, which would provide the PRWA adequate revenues and cash flow to adequately fund the operations and capital projects identified previously in this report. As such, staff agrees with this alternative and recommends PRWA implement a 10% rate increase based on Alternative 1 – Uniform Rate.

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Furthermore, after the fifth year, proposed water rates will include additional automatic increases for consumer price index (CPI) to be effective annually beginning on July 1, 2026.

If water rates are not adopted, an estimated \$24 million in projects as listed in Table 1-1 will need to be deferred or cancelled until future funding is available. Additionally, without the proposed water rate increase, the Water Authority will not meet its debt coverage requirement.



Steve Carmona

SC:AG:ep

- Enclosures:
- 1) Resolution
 - 2) Publication of Water Rate Increase
 - 3) Water Rate Study Final Report by Raftelis

RESOLUTION NO. _____

**A RESOLUTION OF THE PICO RIVERA WATER AUTHORITY
ESTABLISHING A REVISED SCHEDULE OF WATER SERVICE RATES
AND CHARGES**

WHEREAS, Proposition 218, the "Right To Vote On Taxes Act," was passed by California voters in 1996, adding Articles XIII C and D to the California Constitution; and

WHEREAS, increases in property-related fees and charges, including water, are subject to the requirements of Article XIII D, Section 6 of the California Constitution; and

WHEREAS, the Pico Rivera Water Authority is following Article XIII D, Section 6 of the California Constitution to establish new water rates and allow for the appropriate protest procedures related to the same; and

WHEREAS, a water rate increase is necessary to fund operations and maintenance costs, to replace critical/aging infrastructure, and to meet debt services coverage requirements; and

WHEREAS, in accordance with Proposition 218 and Government Code section 53755, public notice of the public hearing on the revised schedule for water rates and charges was published 45 days prior to the public hearing in the Los Cerritos Daily News on April 30, May 21, and June 11, 2021, and distributed by U.S. mail to all affected property owners; and

WHEREAS, a properly noticed public hearing was held on June 22, 2021 concerning this Resolution, as required by law; and

WHEREAS, written protests regarding the revised schedule for water service charges were accepted from the public and considered before the close of the public hearing; and

WHEREAS, a tally of the written protests against the revised schedule of water charges shows that less than a majority of the customers-of-record have submitted, protests against the revised schedule of water rates and charges..

NOW, THEREFORE, BE IT RESOLVED by the Pico Rivera Water Authority, pursuant to Article XIID, Section 6 of the constitution of the State of California does hereby resolve as follows:

SECTION 1. After consideration of the, staff presentation, reports, discussion, testimony provided at the public hearing, written protests submitted, and other evidence presented, the Pico Rivera Water Authority hereby finds and declares that the foregoing recitals are true and correct and incorporate them herein.

SECTION 2. Regarding the revised rates and charges for water service adopted Resolution, the Pico Rivera Water Authority Board of Directors finds that:

- a. Revenue from the increase in water rate will not exceed the cost of the water.
- b. The increased water rate imposed will not exceed the proportional cost service attributable to the parcel.
- c. Revenue derived from the increased water rate will be used only for the purpose for which the water rate is imposed.
- d. The Authority will impose the increased water rate only if water service actually used by, or immediately available to, the customer-of-record.
- e. The Authority will not raise water rates for the purpose of general government services.

SECTION 3. The revised water rate schedule consists of annual rate increases of 10% beginning July 1, 2021 through July 1, 2025. Thereafter, the proposed water rates above will include additional automatic annual increases for consumer price index (CPI) to be effective beginning July 1, 2026 through July 1, 2030 in accordance with annual CPI for Los Angeles, CA area for the twelve-month (12-month) average for April of each year.

SECTION 4. If any Section of this Resolution or any portion thereof is held to be unconstitutional, invalid, or unenforceable by any court of competent jurisdiction, said ruling shall negate only the applicable Section or portion thereof, and the balance of this Resolution shall stand as written and shall remain in full force and effect.

SECTION 5. The City Clerk shall attest to the passage of this resolution and it shall thereupon be in full force and effect.

APPROVED AND PASSED this 22nd day of June, 2021.

Raul Elias, Mayor

ATTEST:

APPROVED AS TO FORM:

Anna M. Jerome, City Clerk

Arnold M. Alvarez-Glasman, City Attorney

RESOLUTION NO. _____

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AYES:

NOES:

ABSENT:

ABSTAIN:

(2015.5 C.C.
Los Cerritos Community News
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COUNTY OF LOS ANGELES

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foregoing is true and correct.
DATED AT CERRITOS, CALIFORNIA

This 30th day of APRIL, 2021

Signature

Brian Hev

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To advertise

City of Pico Rivera Municipal Water System NOTICE OF WATER RATE INCREASE April 30, 2021

Notice is hereby given that at a public meeting the Pico Rivera City Council will hold a public hearing on Tuesday, June 22, 2021 at 6:00 p.m. at City Hall, 6615 Passons Blvd, Pico Rivera, California, to consider proposed increases to the water rates and charges applicable to the City's Municipal Water System, the Pico Rivera Water Authority (PRWA).

As a public agency, the revenues collected from rates must adequately fund PRWA operations, maintenance, capital improvement projects, and compliance with existing or new State of California regulations; mitigate droughts; and meet environmental standards. The immediate needs over the next five years include:

- Ensure Safe Drinking Water: PRWA needs to continue investing in water treatment and testing techniques to ensure drinking water remains safe for current and future customers.
- Rebuild an Aging Water System: Upgrade operational efficiencies with approximately 112 specific projects, such as upgrading water wells, water pipes, and altitude valves.

PUBLIC NOTICE REQUIREMENT. California State Law requires the mailing of notices to record property owners (no less than 45 days in advance of a hearing) of a proposed modification to water rates.

PROPOSED CHARGES

The City of Pico Rivera is your water service provider. The present charges have been in effect since June 30, 2018. The City proposes to increase the charges beginning July 1, 2021.

ACTUAL CHARGE FOR YOUR SERVICE ADDRESS. Using a 5/8 inch water meter as an example (which represents 86.4% of all meters), the service charge imposed will increase from \$37.06 bi-monthly to \$37.76 bi-monthly, and the commodity charge imposed will increase from \$3.91 per 100 cubic feet of water used to \$4.32 per 100 cubic feet (hcf) of water used, for the first 10% increase starting July 1, 2021. The actual total charge which will be imposed through the bill for water service is calculated by adding the service charge to the amount of the commodity charge multiplied by the amount of water used at your property. The net increase to your water bill is estimated to be \$6.42 monthly, \$12.83 bi-monthly, or \$153.98 per year, based on 12 hcf.

CURRENT AND PROPOSED CHARGES. The charge for water service has two components: a flat service charge and a commodity charge. The service charge applies to each service connection to cover costs connected with the ability to make water immediately available to your service address. The service charge covers utility costs, labor and the cost for equipment and materials, reading meters, preparing and mailing bills and notices, repair and maintenance to the water system, and other fixed costs of providing service. The commodity charge is the rate charged per 100 cubic feet and is directly related to the amount of water actually used. These are the current and proposed charges:

Meter Size	Meter Service		Commodity per 100 cubic feet	
	Current	Proposed	Current	Proposed
5/8"	\$37.06	\$37.76	\$3.91	\$4.32
3/4"	\$37.06	\$37.76	\$3.91	\$4.32
1"	\$49.47	\$59.04	\$3.91	\$4.32
1 1/2"	\$91.38	\$73.22	\$3.91	\$4.32
2"	\$138.40	\$144.14	\$3.91	\$4.32
3"	\$357.15	\$711.49	\$3.91	\$4.32
4"	\$901.82	\$1,420.68	\$3.91	\$4.32
6"	\$1,799.17	\$2,271.71	\$3.91	\$4.32
8"	\$2,696.53	\$3,973.76	\$3.91	\$4.32
10"	\$3,598.38	\$7,803.39	\$3.91	\$4.32

Private Fire Service				
Meter Size	Meter Service		Commodity Per 100 Cubic Feet	
	Current	Proposed	Current	Proposed
4"	\$66.97	\$19.60	\$3.91	\$4.32
6"	\$100.46	\$52.54	\$3.91	\$4.32
8"	\$133.94	\$109.35	\$3.91	\$4.32
10"	\$156.26	\$194.82	\$3.91	\$4.32

*8,110 of 9,385 meters are 5/8 inch size meters. The larger meters typically serve commercial properties and large multi-family residential buildings.

EFFECTIVE DATES OF WATER RATE INCREASES. The proposed water rate increases will be effective as follows:

July 1, 2021	10% increase
July 1, 2022	10% increase
July 1, 2023	10% increase
July 1, 2024	10% increase
July 1, 2025	10% increase

ADDITIONAL ANNUAL CPI WATER RATE INCREASES

The proposed water rates above will include additional automatic increases for consumer price index (CPI) to be effective as follows:

July 1, 2026	increase in accordance with CPI for Los Angeles, CA area
July 1, 2027	increase in accordance with CPI for Los Angeles, CA area
July 1, 2028	increase in accordance with CPI for Los Angeles, CA area
July 1, 2029	increase in accordance with CPI for Los Angeles, CA area
July 1, 2030	increase in accordance with CPI for Los Angeles, CA area

The above increases are required to achieve minimum cash flow needs to pay bondholders, capital improvements, inflation, and operational costs.

BASIS FOR THE CHARGES. The charges are based on the need to generate sufficient revenue to cover all of the actual costs of providing water service, including required repairs which the previous owner failed to make and upgrading of the water system needed to improve service. The charges are calculated on the basis that 30% of the revenue will be generated by the service charge and 70% by the commodity charge. The costs are made up of five components: (1) the operational costs incurred by the City to operate the water system such as the cost of purchasing water and operating pumps and wells, (2) the costs incurred directly by the City in operating the water system such as engineering costs to design improvements, (3) costs relating to bonds which were issued to pay for the required repairs and improvements, (4) costs to maintain an adequate cash reserve, and (5) costs for capital improvements which will not be paid for with bond proceeds.

REASON FOR THE CHARGES. The charges will permit the City to provide your property with water and to continue repairing and upgrading the water system. The revenue generated by the charges will be used only for the operation of the water system. The City is prohibited by law from using such revenue for any other purpose.

PROPOSITION 218 — WRITTEN PROTEST

A Public Hearing on the proposed water rate increase will be held on June 22, 2021, at 6:00 p.m. in the City Council Chambers at 6615 Passons Blvd, Pico Rivera, CA 90660. Members of the public may come to the Public Hearing and provide oral testimony regarding the proposed rates.

In addition, any property owner whose property will be subject to the new rates may submit a written protest. One written protest will be counted per identified parcel. The proposed rates will not be adopted if protests are received from more than fifty percent (50%) of affected properties. Written protests may be submitted by mail or in person to:

STATE OF CALIFORNIA,
COUNTY OF LOS ANGELES

se call 562-407-3873

MAY 21, 2021

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matter.

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the Superior Court of the County
of California, under the date of Se
Case Number V5005861 that the
annexed is a printed copy (set in t
nonpareil), has been published in
tire issue of said newspaper and n
thereof on the following dates, to

5/21/21

I certify (or declare) under penalty
foregoing is true and correct.
DATED AT CERRITOS, CALIFORNIA

This 21st day of MAY, 2021

Signature

Brian Hews

Los Cerritos Community
13047 Artesia Blvd. Suite C-102, Cerritos
562-407-3873
LCCN FORM 82180 F

City of Pico Rivera Municipal Water System
NOTICE OF WATER RATE INCREASE
April 30, 2021

Notice is hereby given that at a public meeting the Pico Rivera City Council will hold a public hearing on **Tuesday, June 22, 2021 at 6:00 p.m.** at City Hall, 6615 Passons Blvd, Pico Rivera, California, to consider **proposed increases to the water rates and charges** applicable to the City's Municipal Water System, the Pico Rivera Water Authority (PRWA).

As a public agency, the revenues collected from rates must adequately fund PRWA operations, maintenance, capital improvement projects, and compliance with existing or new State of California regulations; mitigate droughts; and meet environmental standards. The immediate needs over the next five years include:

- Ensure Safe Drinking Water: PRWA needs to continue investing in water treatment and testing techniques to ensure drinking water remains safe for current and future customers.
- Rebuild an Aging Water System: Upgrade operational efficiencies with approximately 112 specific projects, such as upgrading water wells, water pipes, and altitude valves.

PUBLIC NOTICE REQUIREMENT. California State Law requires the mailing of notices to record property owners (no less than 45 days in advance of a hearing) of a proposed modification to water rates.

PROPOSED CHARGES

The City of Pico Rivera is your water service provider. The present charges have been in effect since June 30, 2018. The City proposes to increase the charges beginning July 1, 2021.

ACTUAL CHARGE FOR YOUR SERVICE ADDRESS. Using a 5/8 inch water meter as an example (which represents 86.4% of all meters), the service charge imposed will increase from \$37.06 bi-monthly to \$37.76 bi-monthly, and the commodity charge imposed will increase from \$3.91 per 100 cubic feet of water used to \$4.32 per 100 cubic feet (hcf) of water used, for the first 10% increase starting July 1, 2021. The actual total charge which will be imposed through the bill for water service is calculated by adding the service charge to the amount of the commodity charge multiplied by the amount of water used at your property. **The net increase to your water bill is estimated to be \$6.42 monthly, \$12.83 bi-monthly, or \$153.98 per year, based on 12 hcf.**

CURRENT AND PROPOSED CHARGES. The charge for water service has two components: a flat service charge and a commodity charge. The service charge applies to each service connection to cover costs connected with the ability to make water immediately available to your service address. The service charge covers utility costs, labor and the cost for equipment and materials, reading meters, preparing and mailing bills and notices, repair and maintenance to the water system, and other fixed costs of providing service. The commodity charge is the rate charged per 100 cubic feet and is directly related to the amount of water actually used. These are the current and proposed charges:

Meter Size	Meter Service		Commodity per 100 cubic feet	
	Current	Proposed	Current	Proposed
5/8"	\$37.06	\$37.76	\$3.91	\$4.32
3/4"	\$37.06	\$37.76	\$3.91	\$4.32
1"	\$49.47	\$59.04	\$3.91	\$4.32
1 1/2"	\$91.38	\$73.22	\$3.91	\$4.32
2"	\$138.40	\$144.14	\$3.91	\$4.32
3"	\$357.15	\$711.49	\$3.91	\$4.32
4"	\$901.82	\$1,420.68	\$3.91	\$4.32
6"	\$1,799.17	\$2,271.71	\$3.91	\$4.32
8"	\$2,696.53	\$3,973.76	\$3.91	\$4.32
10"	\$3,598.38	\$7,803.39	\$3.91	\$4.32

Private Fire Service				
Meter Size	Meter Service		Commodity Per 100 Cubic Feet	
	Current	Proposed	Current	Proposed
4"	\$66.97	\$19.60	\$3.91	\$4.32
6"	\$100.46	\$52.54	\$3.91	\$4.32
8"	\$133.94	\$109.35	\$3.91	\$4.32
10"	\$156.26	\$194.82	\$3.91	\$4.32

*8,110 of 9,385 meters are 5/8 inch size meters. The larger meters typically serve commercial properties and large multi-family residential buildings.

EFFECTIVE DATES OF WATER RATE INCREASES. The proposed water rate increases will be effective as follows:

July 1, 2021	10% increase
July 1, 2022	10% increase
July 1, 2023	10% increase
July 1, 2024	10% increase
July 1, 2025	10% increase

ADDITIONAL ANNUAL CPI WATER RATE INCREASES.

The proposed water rates above will include additional automatic increases for consumer price index (CPI) to be effective as follows:

July 1, 2026	increase in accordance with CPI for Los Angeles, CA area
July 1, 2027	increase in accordance with CPI for Los Angeles, CA area
July 1, 2028	increase in accordance with CPI for Los Angeles, CA area
July 1, 2029	increase in accordance with CPI for Los Angeles, CA area
July 1, 2030	increase in accordance with CPI for Los Angeles, CA area

The above increases are required to achieve minimum cash flow needs to pay bondholders, capital improvements, inflation, and operational costs.

BASIS FOR THE CHARGES. The charges are based on the need to generate sufficient revenue to cover all of the actual costs of providing water service, including required repairs which the previous owner failed to make and upgrading of the water system needed to improve service. The charges are calculated on the basis that 30% of the revenue will be generated by the service charge and 70% by the commodity charge. The costs are made up of five components: (1) the operational costs incurred by the City to operate the water system such as the cost of purchasing water and operating pumps and wells, (2) the costs incurred directly by the City in operating the water system such as engineering costs to design improvements, (3) costs relating to bonds which were issued to pay for the required repairs and improvements, (4) costs to maintain an adequate cash reserve, and (5) costs for capital improvements which will not be paid for with bond proceeds.

REASON FOR THE CHARGES. The charges will permit the City to provide your property with water and to continue repairing and upgrading the water system. The revenue generated by the charges will be used only for the operation of the water system. The City is prohibited by law from using such revenue for any other purpose.

PROPOSITION 218 — WRITTEN PROTEST.

A Public Hearing on the proposed water rate increase will be held on June 22, 2021, at 6:00 p.m. in the City Council Chambers at 6615 Passons Blvd, Pico Rivera, CA 90660. Members of the public may come to the Public Hearing and provide oral testimony regarding the proposed rates.

PROOF OF PUBLICATION

(2015.5 C.C.P.)

Los Cerritos Community Newspaper Group

13017 Artesia Blvd., Suite C-102

Cerritos CA 90703

(562) 407-3873

STATE OF CALIFORNIA,
COUNTY OF LOS ANGELES

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interested in the above-entitled matter.

I am the principal clerk of the printer of the Los Cerritos Community News, a newspaper of general circulation, printed and published one time each week in the County of Los Angeles, and which newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of Los Angeles, State of California, under the date of September 9, 1996, in Case Number V5005861 that the notice, of which the annexed is a printed copy (set in type not smaller than nonpareil), has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to wit:

6/11/21

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

DATED AT CERRITOS, CALIFORNIA,

This 11th day of JUNE, 2021

Signature



Brian Hews

Los Cerritos Community News

13047 Artesia Blvd. Suite C-102, Cerritos, CA 90703

562-407-3873

LCCN FORM 82180 PROOF

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In addition, any property owner whose property will be subject to the new rates may submit a written protest. One written protest will be counted per identified parcel. The proposed rates will not be adopted if protests are received from more than fifty percent (50%) of affected properties. Written protests may be submitted by mail or in person to:

City Clerk, City of Pico Rivera, 6615 Passons Blvd, Pico Rivera, CA 90660

Protests may also be brought to the Public Hearing (date and time noted above) and must be received by the City Clerk prior to the conclusion of the Public Hearing. Any written protest must:

- (1) state that the identified property owner is in opposition to the proposed rate increase;
- (2) identify the affected property by its Assessor's Parcel Number or address;
- (3) identify the property owner; and
- (4) include the property owner's signature.

If the person protesting was not shown on the Los Angeles County's last equalized assessment roll as the property owner of record, provide written evidence that the person is the property owner (example: current copy of City Service Bill).

QUESTIONS & MORE INFORMATION. If you have questions or want more information, please call the City of Pico Rivera Finance Director at (562) 801-4391.