



Agenda Item #: _____

Staff Report

City of Manhattan Beach

TO: Honorable Mayor Cohen and Members of the City Council

THROUGH: Geoff Dolan, City Manager

FROM: Jim Arndt, Public Works Director
Steve Finton, City Engineer

DATE: July 28, 2009

SUBJECT: Review of Water and Sewer Revenue Needs

RECOMMENDATION:

Staff recommends that Council give direction to: develop a tiered rate for water; select from one of the tiered rate options presented; prepare new rates for five years, incorporating capital spending for sewer at \$2.5m/year by FY 2013/2014 and for water at \$4.0m/year by FY 2013/2014.

FISCAL IMPLICATION:

To accomplish staff recommendations, current monthly residential median water rates could increase between \$1.94/mo. to \$4.65/mo. (Attachment A, Scenario 5) and current sewer rates could increase between \$5.04/mo. to \$6.57mo. (Attachment B), depending on meter size.

BACKGROUND:

The City of Manhattan Beach has an aging infrastructure system that requires a significant investment in infrastructure to assure sustainability for future users. As noted in the AKM report, a great percentage of both the water and sewer system exceed 55 years in age. The City has “used up” approximately \$250,000,000 of an estimated \$500,000,000 in replacement costs of the system. The recommended rate increases would allow an approximate reinvestment of \$130,000,000 in the system over the next 20 years.

On February 17, 2009 the City Council awarded a Professional services contract to FCS Group to perform a Water and Sewer Rate Analysis. Rates were to be evaluated to ensure that all operations, infrastructure, and reserves were funded to provide sustainability for the Utilities.

The Water Utility has several significant issues that place demands on future water rates. Water rates are impacted by the increase in water cost imposed by West Basin Municipal Water District (WBMWD) beginning in July, 2009 and likely to continue with successive similar rate increases of 20% for several years. In an initial review of impacts to rates of increased infrastructure reinvestment, annual infrastructure replacement was increased from the current \$500,000/year to \$2,500,000/year for water. Finally, implementation of new fiscal policies will require establishing a

Rate Stabilization Reserve to help buffer fluctuations in rate revenue, as well as an Operating Reserve for cash flow of the utility.

Water rates also would be increased automatically to match any WBMWD increases that exceed those assumed in the five year rates. Additionally, tier levels would be decreased over five years to reflect the City's goal of a 20% reduction in consumption.

The Sewer Utility has issues impacting rates including a current revenue-to-expense deficiency; an infrastructure deficiency similar to the water deficiency, with replacement costs estimated to increase from the current \$350,000/year to \$2,500,000/year along with a \$10,000,000 bond issue in 2011; and implementation of new fiscal policies similar to water.

The City's Finance Committee reviewed preliminary rate impacts based on the above estimated replacement needs of water and sewer. The impacts on the rates are shown in Attachment A, Scenarios 1-4 for Water, and Attachment B for Sewer.

DISCUSSION:

Since the Finance Committee review, AKM has provided recommendations for infrastructure replacements in both water and sewer (reviewed in AKM portion of this agenda item). While it does not seem practical to reach the limits of replacement recommended by AKM, staff asked FCS to provide a rate Scenario #5 that incorporates adjustments to the infrastructure funding reviewed by the Finance Committee. Specifically, the water CIP was raised to \$4,000,000/year (progresses from \$861,000 in FY 2010/2011 to \$4,000,000 in FY 2013/2014), and the sewer remains at \$2,500,000/year (progressing from \$0 in FY 2009/2010 to \$2,500,000 in FY 2013/2014), but eliminates the \$10,000,000 sewer bond issue. Scenario #5, Attachment A, reflects water rate impacts. There are no changes to the sewer rate.

The current water rate structure is shown in Attachment C. Various tiered water rates are presented in attachments D and E. The tiered rates illustrate rates for different customer classes, with increasing costs in higher tiers. Scenario 1 is the basic structure, establishing an average user with base costs. Scenarios 2 and 3 have customers that use less water rewarded with a lower tier charge. The Environmental Task Force Water subcommittee strongly recommended a tiered rate structure to incent water conservation through pricing.

Rates shown in Attachment A are recommended to be implemented January 1, 2010. All water rate scenarios, 1-5, are compared to other jurisdictions and shown in Attachment F. Attachment G shows comparative sewer rates for other jurisdictions. Attachment H shows current water and sewer rates (2009) and rates for Scenario 1 and 5 through 2014.

CONCLUSION:

It is recommended that the City increase water and sewer rates in order that all operating expenses may be covered and System Reinvestment can be increased to replace aging infrastructure. Direction is requested of Council in determining the amount of increased revenue to be raised and the rate structure to be used.

Once the appropriate water and wastewater rates are determined by the City Council, the process of officially setting the rates will commence. The proposed increases are subject to Proposition

218 protest vote procedures (Government Code section 53753.5). This process requires a mailed notice to each prospective rate payer of the proposed rate increase, followed by a public hearing within forty-five days of the mailing. Unless protests are received from a majority of rate payers, the City Council may then adopt the rate increases by a majority vote.

Attachments: Attachment A – Water Bill Impacts – Scenarios 1-5
Attachment B – Current and Proposed Sewer Rates and Sample Bill Impacts
Attachment C – Current Rates
Attachment D – Water Rate Scenarios 1, 2, 3 & 4
Attachment E – Water Rate Scenario 5
Attachment F – Neighboring Communities Water Rate Comparison
Attachment G – Neighboring Communities Sewer Rate Comparison
Attachment H – Combined Water and Sewer Rate Impacts

Water Bill Impacts – Scenario 1-5

		Water Bill Impacts																			
		Scenario 1 - (Tier 0-11)				Scenario 2 - (Tier 0-7)			Scenario 3 - (Tier 0-4)			Scenario 4 - (Cliff Tier 0-7)			Scenario 5 - (Tier 0-11)						
Usage (ccf)	Monthly Bills Under Current Rates	Monthly Bills Under Scenario 1 Rates	Scenario 1 Monthly Bill Increase (Decrease)		Scenario 1 Monthly Bill Increase (%)	Monthly Bills Under Scenario 2 Rates	Scenario 2 Monthly Bill Increase (Decrease)		Scenario 2 Monthly Bill Increase (%)	Monthly Bills Under Scenario 3 Rates	Scenario 3 Monthly Bill Increase (Decrease)		Scenario 3 Monthly Bill Increase (%)	Monthly Bills Under Scenario 4 Rates	Scenario 4 Monthly Bill Increase (Decrease)		Scenario 4 Monthly Bill Increase (%)	Monthly Bills Under Scenario 5 Rates	Scenario 5 Monthly Bill Increase (Decrease)		Scenario 5 Monthly Bill Increase (%)
			Scenario 1 Monthly Bill Increase (Decrease)	Scenario 1 Monthly Bill Increase (%)			Scenario 2 Monthly Bill Increase (Decrease)	Scenario 2 Monthly Bill Increase (%)			Scenario 3 Monthly Bill Increase (Decrease)	Scenario 3 Monthly Bill Increase (%)			Scenario 4 Monthly Bill Increase (Decrease)	Scenario 4 Monthly Bill Increase (%)			Scenario 5 Monthly Bill Increase (Decrease)	Scenario 5 Monthly Bill Increase (%)	
5/8"	25%	4	\$ 18.05	\$ 18.84	\$ 0.79	4.4%	\$ 18.84	\$ 0.79	4.4%	\$ 18.16	\$ 0.11	0.6%	\$ 18.16	\$ 0.11	0.6%	\$ 19.30	\$ 1.25	6.9%			
		7	\$ 23.54	\$ 24.82	\$ 1.28	5.5%	\$ 24.82	\$ 1.28	5.5%	\$ 25.58	\$ 2.04	8.7%	\$ 26.91	\$ 3.37	14.3%	\$ 25.30	\$ 1.76	7.5%			
	Median	8	\$ 25.37	\$ 26.82	\$ 1.45	5.7%	\$ 27.37	\$ 2.00	7.9%	\$ 28.05	\$ 2.68	10.6%	\$ 29.20	\$ 3.83	15.1%	\$ 27.31	\$ 1.94	7.6%			
	Average	11	\$ 30.86	\$ 32.81	\$ 1.95	6.3%	\$ 35.02	\$ 4.16	13.5%	\$ 35.46	\$ 4.60	14.9%	\$ 36.08	\$ 5.22	16.9%	\$ 33.31	\$ 2.45	7.9%			
		12	\$ 32.69	\$ 35.68	\$ 2.99	9.2%	\$ 37.56	\$ 4.87	14.9%	\$ 37.94	\$ 5.25	16.0%	\$ 38.37	\$ 5.68	17.4%	\$ 36.52	\$ 3.83	11.7%			
		13	\$ 34.52	\$ 38.56	\$ 4.04	11.7%	\$ 40.11	\$ 5.59	16.2%	\$ 40.41	\$ 5.89	17.1%	\$ 40.66	\$ 6.14	17.8%	\$ 39.73	\$ 5.21	15.1%			
		14	\$ 36.35	\$ 41.43	\$ 5.08	14.0%	\$ 42.66	\$ 6.31	17.4%	\$ 42.88	\$ 6.53	18.0%	\$ 42.96	\$ 6.61	18.2%	\$ 42.94	\$ 6.59	18.1%			
		16	\$ 40.01	\$ 47.18	\$ 7.17	17.9%	\$ 47.75	\$ 7.74	19.4%	\$ 47.82	\$ 7.81	19.5%	\$ 47.54	\$ 7.53	18.8%	\$ 49.36	\$ 9.35	23.4%			
		18	\$ 43.67	\$ 52.93	\$ 9.26	21.2%	\$ 52.85	\$ 9.18	21.0%	\$ 52.77	\$ 9.10	20.8%	\$ 52.13	\$ 8.46	19.4%	\$ 55.77	\$ 12.10	27.7%			
		90%	21	\$ 49.16	\$ 61.55	\$ 12.39	25.2%	\$ 60.49	\$ 11.33	23.0%	\$ 60.18	\$ 11.02	22.4%	\$ 59.01	\$ 9.85	20.0%	\$ 65.40	\$ 16.24	33.0%		
			26	\$ 58.31	\$ 75.93	\$ 17.62	30.2%	\$ 73.23	\$ 14.92	25.6%	\$ 72.54	\$ 14.23	24.4%	\$ 70.48	\$ 12.17	20.9%	\$ 81.45	\$ 23.14	39.7%		
30			\$ 65.63	\$ 87.43	\$ 21.80	33.2%	\$ 83.42	\$ 17.79	27.1%	\$ 82.42	\$ 16.79	25.6%	\$ 79.65	\$ 14.02	21.4%	\$ 94.28	\$ 28.65	43.7%			
31	\$ 67.46		\$ 91.78	\$ 24.32	36.0%	\$ 87.77	\$ 20.31	30.1%	\$ 86.77	\$ 19.31	28.6%	\$ 84.00	\$ 16.54	24.5%	\$ 98.76	\$ 31.30	46.4%				
3/4"	25%	4	\$ 18.05	\$ 18.84	\$ 0.79	4.4%	\$ 18.84	\$ 0.79	4.4%	\$ 18.16	\$ 0.11	0.6%	\$ 18.16	\$ 0.11	0.6%	\$ 19.30	\$ 1.25	6.9%			
		7	\$ 23.54	\$ 24.82	\$ 1.28	5.5%	\$ 24.82	\$ 1.28	5.5%	\$ 25.58	\$ 2.04	8.7%	\$ 26.91	\$ 3.37	14.3%	\$ 25.30	\$ 1.76	7.5%			
	8	\$ 25.37	\$ 26.82	\$ 1.45	5.7%	\$ 27.37	\$ 2.00	7.9%	\$ 28.05	\$ 2.68	10.6%	\$ 29.20	\$ 3.83	15.1%	\$ 27.31	\$ 1.94	7.6%				
	11	\$ 30.86	\$ 32.81	\$ 1.95	6.3%	\$ 35.02	\$ 4.16	13.5%	\$ 35.46	\$ 4.60	14.9%	\$ 36.08	\$ 5.22	16.9%	\$ 33.31	\$ 2.45	7.9%				
	Median	12	\$ 32.69	\$ 35.68	\$ 2.99	9.2%	\$ 37.56	\$ 4.87	14.9%	\$ 37.94	\$ 5.25	16.0%	\$ 38.37	\$ 5.68	17.4%	\$ 36.52	\$ 3.83	11.7%			
	Average	13	\$ 34.52	\$ 38.56	\$ 4.04	11.7%	\$ 40.11	\$ 5.59	16.2%	\$ 40.41	\$ 5.89	17.1%	\$ 40.66	\$ 6.14	17.8%	\$ 39.73	\$ 5.21	15.1%			
		14	\$ 36.35	\$ 41.43	\$ 5.08	14.0%	\$ 42.66	\$ 6.31	17.4%	\$ 42.88	\$ 6.53	18.0%	\$ 42.96	\$ 6.61	18.2%	\$ 42.94	\$ 6.59	18.1%			
		16	\$ 40.01	\$ 47.18	\$ 7.17	17.9%	\$ 47.75	\$ 7.74	19.4%	\$ 47.82	\$ 7.81	19.5%	\$ 47.54	\$ 7.53	18.8%	\$ 49.36	\$ 9.35	23.4%			
		18	\$ 43.67	\$ 52.93	\$ 9.26	21.2%	\$ 52.85	\$ 9.18	21.0%	\$ 52.77	\$ 9.10	20.8%	\$ 52.13	\$ 8.46	19.4%	\$ 55.77	\$ 12.10	27.7%			
		21	\$ 49.16	\$ 61.55	\$ 12.39	25.2%	\$ 60.49	\$ 11.33	23.0%	\$ 60.18	\$ 11.02	22.4%	\$ 59.01	\$ 9.85	20.0%	\$ 65.40	\$ 16.24	33.0%			
		90%	26	\$ 58.31	\$ 75.93	\$ 17.62	30.2%	\$ 73.23	\$ 14.92	25.6%	\$ 72.54	\$ 14.23	24.4%	\$ 70.48	\$ 12.17	20.9%	\$ 81.45	\$ 23.14	39.7%		
30			\$ 65.63	\$ 87.43	\$ 21.80	33.2%	\$ 83.42	\$ 17.79	27.1%	\$ 82.42	\$ 16.79	25.6%	\$ 79.65	\$ 14.02	21.4%	\$ 94.28	\$ 28.65	43.7%			
31			\$ 67.46	\$ 91.78	\$ 24.32	36.0%	\$ 87.77	\$ 20.31	30.1%	\$ 86.77	\$ 19.31	28.6%	\$ 84.00	\$ 16.54	24.5%	\$ 98.76	\$ 31.30	46.4%			
1"			25%	4	\$ 28.78	\$ 29.44	\$ 0.66	2.3%	\$ 29.44	\$ 0.66	2.3%	\$ 28.77	\$ (0.01)	0.0%	\$ 28.77	\$ (0.01)	0.0%	\$ 29.47	\$ 0.69	2.4%	
	7	\$ 34.27		\$ 35.43	\$ 1.16	3.4%	\$ 35.43	\$ 1.16	3.4%	\$ 36.19	\$ 1.92	5.6%	\$ 37.51	\$ 3.24	9.5%	\$ 35.48	\$ 1.21	3.5%			
	8	\$ 36.10	\$ 37.43	\$ 1.33	3.7%	\$ 37.98	\$ 1.88	5.2%	\$ 38.66	\$ 2.56	7.1%	\$ 39.81	\$ 3.71	10.3%	\$ 37.48	\$ 1.38	3.8%				
	11	\$ 41.59	\$ 43.42	\$ 1.83	4.4%	\$ 45.62	\$ 4.03	9.7%	\$ 46.07	\$ 4.48	10.8%	\$ 46.69	\$ 5.10	12.3%	\$ 43.49	\$ 1.90	4.6%				
	12	\$ 43.42	\$ 46.29	\$ 2.87	6.6%	\$ 48.17	\$ 4.75	10.9%	\$ 48.54	\$ 5.12	11.8%	\$ 48.98	\$ 5.56	12.8%	\$ 46.70	\$ 3.28	7.5%				
	Median	13	\$ 45.25	\$ 49.17	\$ 3.92	8.7%	\$ 50.72	\$ 5.47	12.1%	\$ 51.02	\$ 5.77	12.7%	\$ 51.27	\$ 6.02	13.3%	\$ 49.90	\$ 4.65	10.3%			
	Average	14	\$ 47.08	\$ 52.04	\$ 4.96	10.5%	\$ 53.27	\$ 6.19	13.1%	\$ 53.49	\$ 6.41	13.6%	\$ 53.57	\$ 6.49	13.8%	\$ 53.11	\$ 6.03	12.8%			
		16	\$ 50.74	\$ 57.79	\$ 7.05	13.9%	\$ 58.36	\$ 7.62	15.0%	\$ 58.43	\$ 7.69	15.2%	\$ 58.15	\$ 7.41	14.6%	\$ 59.53	\$ 8.79	17.3%			
		18	\$ 54.40	\$ 63.54	\$ 9.14	16.8%	\$ 63.46	\$ 9.06	16.6%	\$ 63.37	\$ 8.97	16.5%	\$ 62.74	\$ 8.34	15.3%	\$ 65.95	\$ 11.55	21.2%			
		21	\$ 59.89	\$ 72.16	\$ 12.27	20.5%	\$ 71.10	\$ 11.21	18.7%	\$ 70.79	\$ 10.90	18.2%	\$ 69.62	\$ 9.73	16.2%	\$ 75.58	\$ 15.69	26.2%			
		26	\$ 69.04	\$ 86.53	\$ 17.49	25.3%	\$ 83.84	\$ 14.80	21.4%	\$ 83.15	\$ 14.11	20.4%	\$ 81.08	\$ 12.04	17.4%	\$ 91.62	\$ 22.58	32.7%			
90%		30	\$ 76.36	\$ 98.03	\$ 21.67	28.4%	\$ 94.03	\$ 17.67	23.1%	\$ 93.03	\$ 16.67	21.8%	\$ 90.26	\$ 13.90	18.2%	\$ 104.45	\$ 28.09	36.8%			
		31	\$ 78.19	\$ 102.38	\$ 24.19	30.9%	\$ 98.38	\$ 20.19	25.8%	\$ 97.38	\$ 19.19	24.5%	\$ 94.61	\$ 16.42	21.0%	\$ 108.93	\$ 30.74	39.3%			

Current and Proposed Sewer Rates & Sample Bill Impacts

Current Sewer Rates	
	Monthly Fixed Charge
5/8" or 3/4"	\$ 1.66
1"	\$ 3.32
1 1/2"	\$ 4.98
2"	\$ 6.64
3"	\$ 16.60
4"	\$ 21.07
6"	\$ 31.69
8"	\$ 43.81
10"	\$ 58.07
Volume (per ccf)	\$ 0.40

Proposed Sewer Rates: Jan. 1, 2010	
	Monthly Fixed Charge
5/8" or 3/4"	\$ 3.50
1"	\$ 4.90
1 1/2"	\$ 7.23
2"	\$ 10.03
3"	\$ 17.49
4"	\$ 25.88
6"	\$ 49.19
8"	\$ 77.17
10"	\$ 109.80
Volume (per ccf)	\$ 0.80

	Sewer Bill Impacts							
		Usage (ccf)	Monthly Bills Under Current Rates	Monthly Bills Under Proposed 2010 Rates	Monthly Bill Increase (Decrease)	Bill Increase (%)	Number of Customers	% of Total
5/8"	25%	4	\$ 3.26	\$ 6.70	\$ 3.44	105.5%	2934	22.5%
	Median	8	\$ 4.86	\$ 9.90	\$ 5.04	103.6%		
	Average	11	\$ 5.86	\$ 11.89	\$ 6.03	103.0%		
	90%	21	\$ 10.06	\$ 20.28	\$ 10.22	101.6%		
3/4"	25%	7	\$ 4.46	\$ 9.10	\$ 4.64	104.0%	6073	46.5%
	Median	12	\$ 6.46	\$ 13.09	\$ 6.63	102.7%		
	Average	14	\$ 7.26	\$ 14.69	\$ 7.43	102.3%		
	90%	26	\$ 11.86	\$ 23.88	\$ 12.02	101.3%		
1"	25%	7	\$ 5.92	\$ 10.10	\$ 4.18	70.5%	3485	26.7%
	Median	13	\$ 8.32	\$ 14.89	\$ 6.57	79.0%		
	Average	16	\$ 9.52	\$ 17.29	\$ 7.77	81.6%		
	90%	30	\$ 15.12	\$ 28.47	\$ 13.35	88.3%		

Current Rates

Current Water Rates		
	Monthly Fixed Charge	
5/8" or 3/4"	\$	10.73
1"	\$	21.46
1 1/2"	\$	32.19
2"	\$	42.92
3"	\$	107.30
4"	\$	136.26
6"	\$	204.95
8"	\$	283.25
10"	\$	375.54
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Volume (per ccf)	\$	1.83

Proposed Reclaimed & Fireline Rates

Current Reclaimed Rate	
(per ccf)	\$ 0.85
Current Fireline Rates	
	Fireline
2"	\$ 10.00
3"	\$ 15.00
4"	\$ 20.00
6"	\$ 30.00
8"	\$ 40.00
10"	\$ 50.00
(per ccf)	\$ 1.94

Reclaimed Rate: Jan. 1, 2010	
(per ccf)	\$ 1.61
Fireline Rates: Jan 1, 2010	
	Fireline
2"	\$ 11.58
3"	\$ 15.93
4"	\$ 20.83
6"	\$ 34.43
8"	\$ 50.75
10"	\$ 69.80
(per ccf)	\$ 4.35

Scenario 1 – Water Rates (Tier 1: 0-11 ccf)

Scenario 1 Rates - Jan. 1, 2010 Monthly Thresholds (ccf)				
	Monthly Fixed Charge	Tier 1 0 - 11	Tier 2 12 - 30	Tier 3 31 +
5/8" or 3/4"	\$ 10.85	\$2.00	\$2.87	\$4.35
1"	\$ 21.46	\$2.00	\$2.87	\$4.35
1 1/2"	\$ 32.19	\$2.41	(All Usage)	
2"	\$ 42.92	\$2.41	(All Usage)	
3"	\$ 107.30	\$2.41	(All Usage)	
4"	\$ 136.26	\$2.41	(All Usage)	
6"	\$ 204.95	\$2.41	(All Usage)	
8"	\$ 297.41	\$2.41	(All Usage)	
10"	\$ 424.37	\$2.41	(All Usage)	

Scenario 3 – Water Rates (Tier 1: 0-4 ccf)

Scenario 3 Rates - Jan. 1, 2010 Monthly Thresholds (ccf)				
	Monthly Fixed Charge	Tier 1 0 - 4	Tier 2 5 - 30	Tier 3 31 +
5/8" or 3/4"	\$ 10.85	\$ 1.83	\$ 2.47	\$4.35
1"	\$ 21.46	\$ 1.83	\$ 2.47	\$4.35
1 1/2"	\$ 32.19	\$ 2.41	(All Usage)	
2"	\$ 42.92	\$ 2.41	(All Usage)	
3"	\$ 107.30	\$ 2.41	(All Usage)	
4"	\$ 136.26	\$ 2.41	(All Usage)	
6"	\$ 204.95	\$ 2.41	(All Usage)	
8"	\$ 297.41	\$ 2.41	(All Usage)	
10"	\$ 424.37	\$ 2.41	(All Usage)	

Scenario 2 – Water Rates (Tier 1: 0-7 ccf)

Proposed Rates - Jan. 1, 2010 Monthly Thresholds (ccf)				
	Monthly Fixed Charge	Tier 1 0 - 7	Tier 2 8 - 30	Tier 3 31 +
5/8" or 3/4"	\$ 10.85	\$ 2.00	\$ 2.55	\$4.35
1"	\$ 21.46	\$ 2.00	\$ 2.55	\$4.35
1 1/2"	\$ 32.19	\$ 2.41	(All Usage)	
2"	\$ 42.92	\$ 2.41	(All Usage)	
3"	\$ 107.30	\$ 2.41	(All Usage)	
4"	\$ 136.26	\$ 2.41	(All Usage)	
6"	\$ 204.95	\$ 2.41	(All Usage)	
8"	\$ 297.41	\$ 2.41	(All Usage)	
10"	\$ 424.37	\$ 2.41	(All Usage)	

Scenario 4 Water Rates (“Cliff” Tier 1: 0-4 ccf)

Scenario 4 Rates - Jan. 1, 2010 Monthly Thresholds (ccf)				
	Monthly Fixed Charge	Tier 1 - Only Bills < 4 ccf	Tier 2 5 - 30	Tier 3 31 +
5/8" or 3/4"	\$ 10.85	\$1.83	\$2.29	\$4.35
1"	\$ 21.46	\$1.83	\$2.29	\$4.35
1 1/2"	\$ 32.19	\$ 2.41	(All Usage)	
2"	\$ 42.92	\$ 2.41	(All Usage)	
3"	\$ 107.30	\$ 2.41	(All Usage)	
4"	\$ 136.26	\$ 2.41	(All Usage)	
6"	\$ 204.95	\$ 2.41	(All Usage)	
8"	\$ 297.41	\$ 2.41	(All Usage)	
10"	\$ 424.37	\$ 2.41	(All Usage)	

Scenario 5 – Water Rates (Tier 1: 0-11 ccf)

Scenario 5 Rates - Jan. 1, 2010 Monthly Thresholds (ccf)				
	Monthly Fixed Charge	Tier 1 0 - 11	Tier 2 12 - 30	Tier 3 31 +
5/8" or 3/4"	\$ 11.29	\$2.00	\$3.21	\$4.48
1"	\$ 21.46	\$2.00	\$3.21	\$4.48
1 1/2"	\$ 32.19	\$2.53	(All Usage)	
2"	\$ 42.92	\$2.53	(All Usage)	
3"	\$ 107.30	\$2.53	(All Usage)	
4"	\$ 136.26	\$2.53	(All Usage)	
6"	\$ 204.95	\$2.53	(All Usage)	
8"	\$ 309.31	\$2.53	(All Usage)	
10"	\$ 441.34	\$2.53	(All Usage)	

Attachment "E"

Neighboring Communities Water Rate Comparison

Community	Meter Size	Meter Charge	Monthly Consumption (ccf)	Tiers	Volume Charge	Monthly Bill
Manhattan Beach - Scenario 1	5/8" & 3/4"	\$ 10.85	12	Tier 1 (0-11 ccf) Tier 2 (12 - 30 ccf) Tier 3 (31+ ccf)	\$ 2.00 \$ 2.87 \$ 4.35	\$ 35.68
Manhattan Beach - Scenario 2	5/8" & 3/4"	\$ 10.85	12	Tier 1 (0-7 ccf) Tier 2 (8 - 30 ccf) Tier 3 (31+ ccf)	\$ 2.00 \$ 2.55 \$ 4.35	\$ 37.56
Manhattan Beach - Scenario 3	5/8" & 3/4"	\$ 10.85	12	Tier 1 (0-4 ccf) Tier 2 (5 - 30 ccf) Tier 3 (31+ ccf)	\$ 1.83 \$ 2.47 \$ 4.35	\$ 40.51
Manhattan Beach - Scenario 4	5/8" & 3/4"	\$ 10.85	12	"Cliff" Tier 1 (0-4 ccf) Tier 2 (5 - 30 ccf) Tier 3 (31+ ccf)	\$ 1.83 \$ 2.29 \$ 4.35	\$ 38.37
Manhattan Beach - Scenario 5	5/8" & 3/4"	\$ 11.29	12	Tier 1 (0-11 ccf) Tier 2 (12 - 30 ccf) Tier 3 (31+ ccf)	\$ 2.00 \$ 3.21 \$ 4.48	\$ 36.52
El Segundo	5/8" x 3/4"	\$ 11.26	12	Tier 1 (2 ccf) Tier 2 (3-5 ccf) Tier 3 (6-10 ccf) Tier 4 (11+ ccf)	\$ 1.51 \$ 1.67 \$ 1.75 \$ 1.83	\$ 31.69
Hermosa Beach, Redondo Beach	3/4"	12.97	12	Tier 1 (0 - 10 ccf) Tier 2 (11 - 16 ccf) Tier 3 (17+ ccf)	\$ 2.16 \$ 2.73 \$ 3.21	\$ 40.00
Palos Verdes, Rolling Hills, Lomita, Rancho Palos Verdes	3/4"	17.67	12	Tier 1 (0 - 15 ccf) Tier 2 (16 - 36 ccf) Tier 3 (37+ ccf)	\$ 2.61 \$ 2.80 \$ 3.36	\$ 49.05
Carson, Los Angeles, Long Beach	3/4"	17.67	12	Tier 1 (0 - 15 ccf) Tier 2 (16 - 36 ccf) Tier 3 (37+ ccf)	\$ 2.61 \$ 2.80 \$ 3.36	\$ 49.05
Cerritos, Compton, Culver City, Gardena, Hawthorne, Inglewood	3/4"	\$ 18.65	12	Tier 1 (0 - 16 ccf) Tier 2 (17+ ccf)	\$ 2.69 \$ 3.10	\$ 50.95
Claremont, Pomona, Cypress, Los Alamitos, Placentia, Seal Beach, Stanton, San Dimas, Arcadia	3/4"	\$ 22.70	12	Tier 1 (0 - 12 ccf) Tier 2 (13+ ccf)	\$ 2.15 \$ 2.47	\$ 48.48
Santa Monica	Single Family	None	12	Tier 1 (0 - 14 ccf) Tier 2 (15 - 40 ccf) Tier 3 (41 - 148 ccf) Tier 4 (149+ ccf)	\$ 1.65 \$ 2.47 \$ 3.70 \$ 5.78	\$ 19.80
Huntington Beach	5/8" or 3/4"	\$ 10.75	12	All Usage	\$ 1.56	\$ 29.44

Neighboring Communities Sewer Rate Comparison

Community	Meter Size	Meter Charge	Monthly Consumption (ccf)	Tiers	Volume Charge	Monthly Bill
Manhattan Beach	5/8" and 3/4"	\$ 3.50	12	All Usage	\$ 0.80	\$ 13.09
El Segundo	5/8" and 3/4"	\$ 4.49	12	All Usage	\$ 0.50	\$ 10.49
Redondo Beach	Single Family	\$ 7.00	Flat Fee	None	None	\$ 7.00
Santa Monica	5/8" & 3/4"	\$ 4.75	12	51% of usage, at \$2.94 per ccf		\$ 22.74
Huntington Beach	5/8" or 3/4"	\$ 5.30	Flat Fee	None		\$ 5.30
Seal Beach	Single Family					
	22% of Water + Capital Fee	\$ 4.68	Flat Fee	None		\$ 10.51
	Master Plan Fee	\$ 5.83				

Combined Water & Sewer Rate Impacts – Water Scenario 1, Sewer Debt Scenario

Total Utility Bill Impacts*	2009	2010	2011	2012	2013	2014
Median Monthly Water Bill: (3/4" meter) - Scenario 1	\$32.69	\$35.68	\$44.13	\$56.26	\$61.62	\$65.71
Median Monthly Sewer Bill: (3/4" meter)	\$6.46	\$13.09	\$16.36	\$20.46	\$25.57	\$31.96
Total Monthly Utility Bill:	\$39.15	\$48.78	\$60.50	\$76.71	\$87.19	\$97.67
Annual Increase (%)		24.6%	24.0%	26.8%	13.7%	12.0%

Monthly Utility Bill w/ 10% Reduction:**	\$39.15	\$44.94	\$54.81	\$69.22	\$76.87	\$82.98
Annual Increase (%)		14.8%	22.0%	26.3%	11.1%	7.9%

*FY 2009/10 Reflects Jan. 1, 2010 Implementation

**2010 and Beyond Reflect Achievement of 10% Curtailment Goal

Combined Water & Sewer Rate Impacts – Water Scenario 5, Sewer NO DEBT Scenario

Total Utility Bill Impacts*	2009	2010	2011	2012	2013	2014
Median Monthly Water Bill: (3/4" meter) - Scenario 1	\$32.69	\$36.52	\$48.10	\$58.42	\$66.89	\$71.33
Median Monthly Sewer Bill: (3/4" meter)	\$6.46	\$13.09	\$16.36	\$18.00	\$19.80	\$20.79
Total Monthly Utility Bill:	\$39.15	\$49.61	\$64.46	\$76.42	\$86.69	\$92.12
Annual Increase (%)		26.7%	29.9%	18.5%	13.4%	6.3%

Monthly Utility Bill w/ 10% Reduction:**	\$39.15	\$45.45	\$58.38	\$68.88	\$78.13	\$83.31
Annual Increase (%)		16.1%	28.5%	18.0%	13.4%	6.6%

*FY 2009/10 Reflects Jan. 1, 2010 Implementation

**2010 and Beyond Reflect Achievement of 10% Curtailment Goal