



## NOTICE TO PROPERTY OWNERS OF PUBLIC HEARING REGARDING PROPOSED WATER AND SEWER RATES

Hearing Date & Time: April 5, 2022 6:30 PM  
Hearing Location: La Palma City Hall Council Chambers  
7822 Walker St, La Palma, CA 90623

### ***Why are you receiving this notice?***

The City of La Palma (City) is mailing this notice to you because you are a water and/or sewer customer or are the owner of record of a property that receives water or sewer service. This notice is being provided pursuant to California Constitution Article XIID (also known as "Proposition 218"). Under the terms of Proposition 218, the City is required to notify property owners of proposed changes to property-related fees such as water and sewer service. This notice describes proposed changes to the water and sewer rates and gives information about a public hearing to be held on April 5, 2022, in the City Council Chambers at City Hall, 7822 Walker Street, La Palma, CA 90623.

### ***What do water and sewer rates fund?***

The City of La Palma provides water and sewer service to approximately 4,414 residential, commercial, and fire protection customers. Bi-Monthly (billings every other month) water and sewer rates charged to system users (customers) are the primary source of revenue to operate and maintain the water and sewer systems and are used solely for this purpose. Water and sewer rate revenue provides funding for costs related to system operations, maintenance, capital projects, administration, as well as costs related to prudent long-term operational or financial management of the utilities, such as maintaining adequate fund reserves and planning for contingencies.

The proposed rates are based on a comprehensive utility rate study and financial plan developed by an independent consultant. The rate structures for each utility were designed so that revenues derived from the proposed rates do not exceed the amount of revenue required for the City to provide the services, nor will the revenue from the rates and charges referenced herein be used for any purpose other than that for which the corresponding rates are imposed. The amount of the proposed rates imposed on any parcel or person as an incident of property ownership will not exceed the proportional cost of the service(s) attributable to such parcel; and no rate will be imposed for a service unless that service is actually used by, or immediately available to, the property owner or customer in question.

### ***Why are rate increases needed?***

To develop water and sewer rates that will generate sufficient revenue to meet fiscal and policy objectives of the City, a determination of the amount of annual revenue required from rates was completed. The first step of this analysis resulted in the identification of revenue requirements for the water and sewer utilities, including operating and maintenance expenses, capital expenses such as routine replacement of aging system components and replacement and/or upgrades of water and sewer lines, and funding of reserves at appropriate levels to smooth out cash flow timing and provide for unexpected costs. In addition, future needs for water capital improvements will require additional funding from rates. These capital projects will be funded primarily with rate revenues of the system.

These revenue requirements were then compared to the total sources of funds during each year of the forecast period to determine the adequacy of projected revenues to meet those requirements. The study results demonstrated that revenue over the next five years from the City's current water rates will not fully provide for the costs identified above, and as a result, a series of rate revenue increases were calculated, which if implemented, will provide revenue sufficient to meet those needs. The current sewer rates will not be changed at this time as the financial plan and projections indicate that sufficient revenue will be generated to meet the revenue requirement. The rate study report providing the rate development methodology is available at City Hall and on the City's website at <https://www.cityoflapalma.org>.

Projected expenses are allocated between bi-monthly Base (fixed) Charges and Volume Charges for water service. The bi-monthly Base Charge varies for water customers based on a customer's meter size, with fixed costs allocated based on number of accounts. The Volume Charge for water recovers the variable costs of providing water service and is based upon each customer's metered water usage. The bi-monthly Flow Charge is the same for all sewer customers, with costs allocated based on projected flows. The rate structures were designed so that each system user will be charged an amount that is proportional to the cost of serving that user.

## New rates

In order to provide necessary funding for the operation and maintenance of the water and sewer systems, the City is proposing to implement new rates as a series of annual adjustments starting on July 1, 2022, with additional increases following each July 1, until July 2026. The following tables summarize the proposed water and sewer rates. The Fixed and Volume charges will go into effect and remain in effect until superseded by Council action.

### Proposed Bi-Monthly Water Rates Fiscal Years 2021-22 through FY 2025-26

Description	Existing Rates	Projected For Fiscal Year Ending June 30:				
		2022	2023	2024	2025	2026
<b>Bi-Monthly Fixed Service Charge by Meter Size:</b>						
<b>General Service</b>						
5/8 Inch, 3/4 Inch & 1 Inch <sup>[1]</sup>	\$ 42.03	\$ 45.26	\$ 47.42	\$ 49.68	\$ 52.04	\$ 54.52
1.5 Inch	\$ 169.16	\$ 186.29	\$ 195.18	\$ 204.48	\$ 214.20	\$ 224.40
2.0 Inch	\$ 264.49	\$ 292.07	\$ 306.00	\$ 320.58	\$ 335.80	\$ 351.82
3.0 Inch	\$ 486.96	\$ 538.88	\$ 564.58	\$ 591.48	\$ 619.58	\$ 649.10
4.0 Inch	N/A	\$ 891.46	\$ 933.98	\$ 978.48	\$ 1,024.96	\$ 1,073.80
6.0 Inch	\$ 1,599.28	\$ 1,772.91	\$ 1,857.46	\$ 1,945.98	\$ 2,038.42	\$ 2,135.58
8.0 Inch	N/A	\$ 2,830.66	\$ 2,965.64	\$ 3,106.98	\$ 3,254.58	\$ 3,409.68
10.0 Inch	N/A	\$ 4,064.69	\$ 4,258.52	\$ 4,461.48	\$ 4,673.42	\$ 4,896.14
<b>Fire Flow (Non-Residential)</b>						
5/8 Inch, 3/4 Inch & 1 Inch	\$ 11.46	\$ 11.56	\$ 12.12	\$ 12.70	\$ 13.30	\$ 13.94
1.5 Inch	\$ 16.28	\$ 17.79	\$ 18.64	\$ 19.54	\$ 20.46	\$ 21.46
2.0 Inch	\$ 19.91	\$ 22.47	\$ 23.54	\$ 24.68	\$ 25.84	\$ 27.08
3.0 Inch	\$ 28.35	\$ 33.37	\$ 34.96	\$ 36.66	\$ 38.38	\$ 40.24
4.0 Inch	N/A	\$ 48.95	\$ 51.28	\$ 53.76	\$ 56.30	\$ 59.02
6.0 Inch	\$ 70.57	\$ 87.89	\$ 92.06	\$ 96.54	\$ 101.10	\$ 105.98
8.0 Inch	\$ 106.77	\$ 134.62	\$ 141.02	\$ 147.88	\$ 154.88	\$ 162.32
10.0 Inch	\$ 149.02	\$ 189.14	\$ 198.12	\$ 207.78	\$ 217.60	\$ 228.06
12.0 Inch	\$ 269.69	\$ 344.92	\$ 361.30	\$ 378.90	\$ 396.80	\$ 415.90
<b>Volumetric Rates Per 100 Cubic Feet:</b>						
Residential	\$ 2.54	\$ 2.88	\$ 3.02	\$ 3.16	\$ 3.31	\$ 3.47
Commercial	\$ 3.78	\$ 2.88	\$ 3.02	\$ 3.16	\$ 3.31	\$ 3.47

#### Notes:

[1] All Single-Family Residential customers are billed at the 5/8, 3/4 & 1 Inch Bi-Monthly Fixed Service Charge Rate.

### Proposed Bi-Monthly Sewer Rates Fiscal Years 2021-22 through FY 2025-26

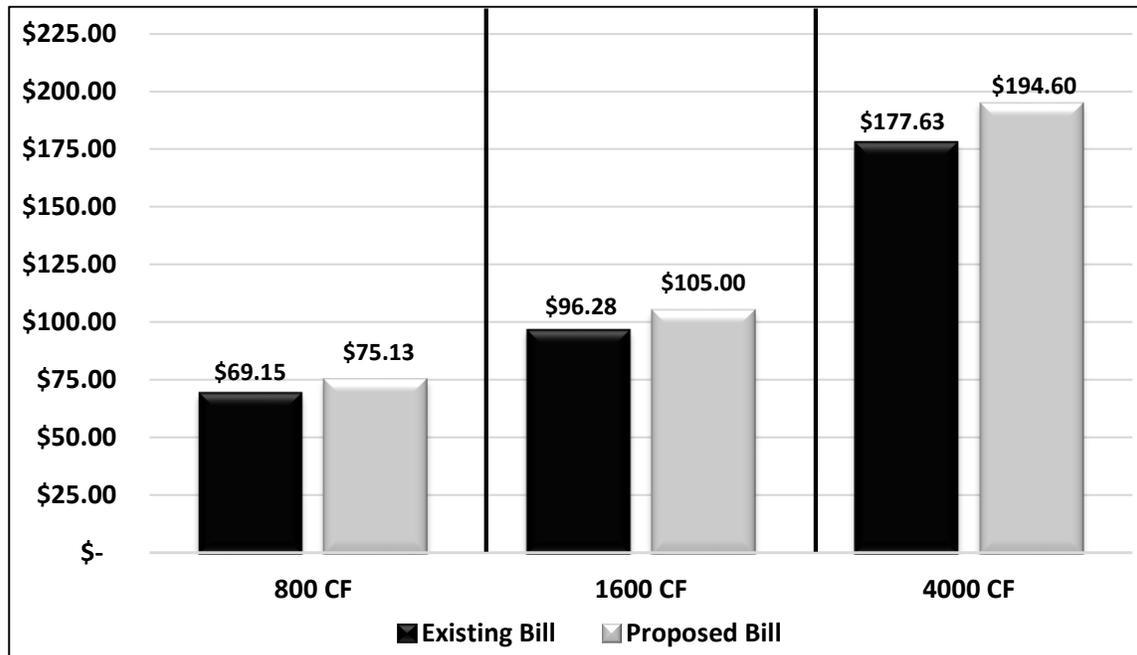
Description	Existing Rates	Projected For Fiscal Year Ending June 30:				
		2022	2023	2024	2025	2026
<b>Volumetric Rates Per 100 Cubic Feet <sup>[1]</sup>:</b>						
All Flow	\$ 0.85	\$ 0.85	\$ 0.85	\$ 0.85	\$ 0.85	\$ 0.85

#### Notes:

[1] The City provides collection only services, all customers pay the same rate per 100 cubic feet of billed water flow.

### **Impact on your bill**

Per the proposed rates, effective July 1, 2022, and each July 1 for subsequent increases until 2026, for a typical single-family home that uses 16 CCF (hundred cubic feet) of water in a 2-month span, the combined water and sewer bill would increase from \$96.28 per bi-monthly billing cycle currently to \$105.00 per bi-monthly billing cycle. The accompanying graph provides a summary of existing and proposed sewer rates under three usage scenarios.



### **How do you file a protest or participate in the public hearing?**

The City will consider the new rate structure and proposed revenue increase at a public hearing on Tuesday, April 5, 2022 at 6:30 p.m. at City Hall, 7822 Walker Street, La Palma, CA 90623. You are invited to present oral or written testimony at the public hearing, or via the virtual meeting. Any owner or customer of record of a parcel subject to the proposed rates may submit a written protest against the proposed rate revisions. If written protests are filed for a majority of the affected parcels, the proposed rate revisions will not be adopted. There is a 120-day statute of limitations for challenging any new, increased, or extended fee or charge, commencing from the later of the effective date or of the date of the final passage, adoption, or approval of the resolution.

In order for a written protest to be counted it must include the following: a statement indicating that the identified property owner or customer of record is in opposition to the proposed rate changes; whether the protest is against the proposed water rates, the proposed sewer rates, or both; the street address or Assessor's Parcel Number (APN) for the parcel(s) with respect to which the protest is made; and the name and signature of the owner or customer.

Protests may be mailed, or hand delivered to 7822 Walker Street, La Palma, CA 90623, or delivered to the City Clerk at the Public Hearing. To be valid, a signed written protest must be received by the City Clerk before the conclusion of the Public Hearing. Any protest submitted via e-mail or other electronic means will not be accepted. Please identify on the front of the envelope for any written protest, whether mailed or submitted in person to the City Clerk, that the enclosed protest is for the Public Hearing on the Proposed Rate Changes – Water and Sewer Service Fees.

The City Council will hear and consider all written and oral protests to the proposed rate changes at the Public Hearing. 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, there will be no more written protests accepted and no more testimony taken, and the City Council will consider adoption of the proposed rates for water and sewer service described in this notice. If written protests as outlined above, are not presented by a majority of property owners or customers of record, the City Council will be authorized to adopt the proposed rates. While both property owners and customers of record may submit written protests, only one protest will be counted for each parcel. If adopted, the rates for water and sewer service will be in effect beginning July 1, 2022.