

December 20, 2023 City Council Regular Meeting

Agenda Item No. 3C – REVISED Staff Report



City Council Staff Report

DATE: December 20, 2023

AGENDA ITEM NO: Consent Calendar - 3C

TO: The Honorable Mayor and City Council
FROM: Martha Garcia, Director of Finance
SUBJECT: Second reading and adoption of ordinances increasing the amount of water and wastewater (sewer) rates and charges

RECOMMENDATION:

It is recommended that the City Council consider:

1. Waiving second reading and adopting the proposed Ordinance No. ##### – Increasing the amount of Water Rates and Charges;
2. Waiving second reading and adopting the proposed Ordinance No. ##### – Increasing the amount of Wastewater Rates and Charges; and
3. Taking such additional, related, action that may be desirable.

EXECUTIVE SUMMARY:

The first reading and public hearing occurred on December 6, 2023. The ordinances are now ready for second reading and adoption by the City Council.

BACKGROUND:

At the meeting on December 6, 2023, the City Council reviewed options for setting/increasing water, and wastewater (sewer) rates for a five-year period commencing on February 1, 2024.

Before the December 6, 2023 Council Meeting the City sent out public notices and protest ballots to all property owners in the City as well as to rate payers for water and wastewater services. As is detailed in the September 26, 2023, and December 6, 2023, staff reports, unless the City received a majority protest the City could proceed to increase the rates for these services. On December 6, 2023, the City Council determined that the City received, at most, 937 protest ballots which represented (at most) a 5% protest. This is well below the majority threshold requirement. This procedure was approved by the California electorate as part of Proposition 218 which amended the California Constitution to include this majority protest process for increasing water and wastewater (sewer) services.

At the December 6 meeting the Council introduced Ordinances that set a “cap rate” on water and wastewater (Sewer) increases at 32%, 8%, 8%, 7%, 8% for the five-year period from FY 2023-24 through FY 2027-28. However, at a later date, should Council approve the financing of water facilities and improvements, rates may be considered at a 26%, 8%, 8%, 7% 7% from FY 2023-24 to FY 2027-28.

Illustrations below show what new water and sewer charges will look like compared to current rates.

Single Family Residential Combined Monthly Bill Impact

	Current	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Assumptions						
Meter Size	3/4" meter	3/4" meter				
Water Consumption	10 hcf	10 hcf				
Water						
Fixed Service Charge	\$19.20	\$27.18	\$29.36	\$31.71	\$33.93	\$36.64
Consumption Charge	\$21.76	\$34.15	\$36.88	\$39.83	\$42.62	\$46.03
37.5% Surcharge	\$15.36	n/a	n/a	n/a	n/a	n/a
Total	\$56.32	\$61.33	\$66.24	\$71.54	\$76.55	\$82.67
Increase/(Decrease)		\$5.01	\$4.91	\$5.30	\$5.01	\$6.12
Sewer						
Charge per account	\$10.17	\$15.71	\$20.42	\$22.46	\$24.71	\$25.70
Total	\$10.17	\$15.71	\$20.42	\$22.46	\$24.71	\$25.70
Increase/(Decrease)		\$5.54	\$4.71	\$2.04	\$2.25	\$0.99
Total Monthly Bill	\$66.49	\$77.04	\$86.66	\$94.00	\$101.25	\$108.37
Increase/(Decrease)		\$10.55	\$9.62	\$7.34	\$7.25	\$7.11

Multi-Family Residential Combined Monthly Bill Impact

	Current	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Assumptions						
Meter Size	2" meter	2" meter				
Water Consumption	90 hcf	90 hcf				
Dwelling Units (DU)	10	10				
Water						
Fixed Service Charge	\$42.15	\$118.52	\$128.00	\$138.24	\$147.91	\$159.75
Consumption Charge	\$215.10	\$382.31	\$412.90	\$445.93	\$477.14	\$515.31
37.5% Surcharge	\$96.47	n/a	n/a	n/a	n/a	n/a
Total	\$353.72	\$500.83	\$540.89	\$584.16	\$625.06	\$675.06
Increase/(Decrease)		\$147.11	\$40.07	\$43.27	\$40.89	\$50.00
Sewer						
Charge per account	\$161.22	\$157.08	\$204.20	\$224.62	\$247.09	\$256.97
Total	\$161.22	\$157.08	\$204.20	\$224.62	\$247.09	\$256.97
Increase/(Decrease)		(\$4.14)	\$47.12	\$20.42	\$22.46	\$9.88
Total Monthly Bill	\$514.94	\$657.91	\$745.10	\$808.79	\$872.14	\$932.03
Total Increase/(Decrease)		\$142.97	\$87.19	\$63.69	\$63.35	\$59.89
Increase/Decrease per DU		\$14.30	\$8.72	\$6.37	\$6.34	\$5.99

Commercial and Institutional Combined Monthly Bill Impact

	Current	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Assumptions						
Meter Size	1" meter	1" meter				
Water Consumption	53 hcf	53 hcf				
Sewered Flow	53	53				
Water						
Fixed Service Charge	\$20.75	\$41.23	\$44.53	\$48.10	\$51.46	\$55.58
Consumption Charge	\$126.67	\$225.14	\$243.15	\$262.60	\$280.98	\$303.46
37.5% Surcharge	\$55.28	n/a	n/a	n/a	n/a	n/a
Total	\$202.70	\$266.37	\$287.68	\$310.70	\$332.45	\$359.04
Increase/(Decrease)		\$63.67	\$21.31	\$23.01	\$21.75	\$26.60
Sewer						
Charge per account	\$40.68	\$45.61	\$59.30	\$65.23	\$71.75	\$74.62
Total	\$40.68	\$45.61	\$59.30	\$65.23	\$71.75	\$74.62
Increase/(Decrease)		\$4.93	\$13.68	\$5.93	\$6.52	\$2.87
Total Monthly Bill	\$243.38	\$311.98	\$346.98	\$375.92	\$404.19	\$433.66
Total Increase/(Decrease)		\$68.60	\$34.99	\$28.94	\$28.27	\$29.47

The ordinances introduced at the last City Council meeting must be adopted by four affirmative votes. California law requires that the City Council re-introduce any ordinance that is substantively changed from the time it was introduced.

FISCAL IMPACT:

Within the water fund, the proposed rate increase will generate approximately \$30.1 million in additional water rate revenue over the five-year planning period. The proposed wastewater (sewer) rate increases will generate approximately \$14.5 million in additional rate revenue over the five-year planning period. These additional revenues provide adequate funds to support increased water and sewer operating and capital expenses.

Respectfully submitted by:



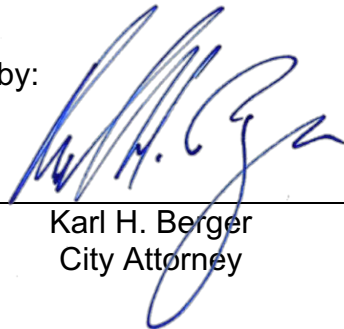
Martha Garcia
Director of Finance

Approved by:



Inez Alvarez
City Manager

Reviewed by:



Karl H. Berger
City Attorney

ATTACHMENT(S):

1. Staff Report from December 6, 2023 Meeting (without attachments)
2. Ordinance No. ##### – Setting the amount of Water Rates and Charges
3. Ordinance No. ##### – Setting the amount of Wastewater (Sewer) Rates and Charges

Staff Report
December 20, 2023

ATTACHMENT 1
Staff Report from December 6, 2023 Meeting
(without attachments)



City Council Staff Report

DATE: December 6, 2023

AGENDA ITEM NO: Public Hearing - 4A

TO: The Honorable Mayor and City Council
FROM: Martha Garcia, Director of Finance
SUBJECT: Consideration and Possible Action to adopt ordinances establishing Water and Wastewater (Sewer) Rates

RECOMMENDATION:

It is recommended that the City Council consider:

1. Opening the public hearing;
2. Receiving all written and verbal testimony regarding the proposed rate increases;
3. Determining whether there is a majority protest against the proposed rate increases;
4. If no majority protest exists, that the City Council introduce and waive first reading of Ordinance No. _____ – Setting the amount of Water Rates and Charges (Attachment 1);
5. If no majority protest exists, that the City Council introduce and waive first reading of Ordinance No. _____ – Setting the amount of Wastewater (Sewer) Rates and Charges (Attachment 2); and
6. Take such additional, related, action that may be desirable.

EXECUTIVE SUMMARY:

On July 16, 2014, the City Council adopted Ordinance Nos. 2109 and 2110 adjusting the rates for water and sewer, respectively. These Ordinances included a 10% to 15% increase in rates for a five-year period beginning September 2014. The Ordinances also included an automatic reversal of utility rate charges effective August 2019 back to utility charges existing in August of 2017. Since that time, several factors have changed: declines in water usage resulting from increased efficiency and an increase in operating costs due to inflation. A new comprehensive rate study was desirable.

On June 16, 2021, the Council authorized the City Manager to execute an agreement with HF&H Consultants, LLC (HF&H) for a Utility Rate Fees Study (the Study). The last comprehensive study on the water, wastewater, and refuse rates occurred in 2014.

HF&H has worked with City staff to develop comprehensive rate analyses for the water and wastewater (sewer) enterprises with recommendations that ensure the rates charged are fair and equitable to the City's users and can adequately fund the City's operations of these services.

BACKGROUND:

Proposition 218 Process

Pursuant to Article XIII D, Section 6 of the California Constitution (added by voters via Proposition 218), before imposing new or increasing existing property-related rates for water, wastewater, or solid waste, the City must provide notice by mail of a public hearing for considering such rates. The notice must be provided at least 45 days before the date of the public hearing on the proposed fees.

In 2014, the City Council adopted Resolution No. 11647 establishing procedures for increasing maximum rates for property-related fees in accordance with the requirements of Proposition 218. These procedures require the City Council to approve the Proposition 218 Notice, which contains the proposed monthly rates for residential and commercial water and wastewater services; and the date upon which the rates would become effective if approved. On October 4, 2023, City Council approved the Proposition 218 Notice for the proposed water and sewer rates.

On October 16, 2023, the Proposition 218 Notices were mailed via United States Postal Services to the address of each parcel number in Monterey Park as well as to the owner's address of each parcel in Monterey Park and tenants residing in Monterey Park. The Proposition 218 Notices provided notice of the December 6, 2023, public hearing date; included proposed rates; disclosed that if the proposed rates are approved, they will take effect on January 1, 2024; and contained the official ballot for property owners or authorized representatives wishing to protest the proposed Rates. Notices were mailed out in English, Spanish, and Chinese.

In addition to mailing Proposition 218 notices, a Public Notice was published in the Monterey Park Press on November 13, 2023. Note that, notwithstanding the notices, rates would not become effective until 30 days after the proposed ordinances were adopted. Assuming an adoption date of December 20, 2023, the effective date of the rates would be January 19, 2024; the new rates would be present in invoices sent February 1, 2024.

Out of the 17,492 parcels in Monterey Park 8,747 valid protests are needed to stop the rate increase by the voters. At the time of writing this staff report, the City Clerk's office received fewer than 700 documents regarding this item. Based upon this response, it is recommended that the City Council find that fewer than 8,747 protests were submitted without the need for further validation by the City Clerk.

Section 8(C)(6) of Resolution No. 11647 requires that water and wastewater rates be adopted by ordinance (pursuant to Health and Safety Code § 5471). Accordingly, it is recommended that the City Council introduce and waive first reading of the ordinances setting the amount of water, and wastewater rates. Second reading and adoption would occur on December 20, 2023; Health and Safety Code § 5471 requires a 2/3 majority (i.e., 4 out of 5) vote to adopt the ordinances.

Proposed Water Rates

Monterey Park's current water rates are those in effect for August 2017. Customers are charged a monthly water meter charge based on meter size and a water consumption charge based on actual water usage. Single family residential customers have a three-tier structure and all other customer classes pay a uniform charge. Additionally, all customers pay a 37.5% treatment surcharge that is applied to both the meter charge and consumption charge. This rate structure generates approximately 34% of the Water Enterprise's revenue from the monthly meter charge. HF&H developed a 10-year financial plan for the Water Enterprise, performed a cost-of-service analysis, and designed rates in compliance with Proposition 218.

The financial analysis made the following findings:

- The revenue generated from current rates are inadequate to pay for current and ongoing operations of the water system.
- Operating costs will increase approximately 3.0% each year.
- Capital costs average \$6.2 million per year through FY 2027-28.
- The Water Enterprise pays approximately \$916,967 per year in annual debt service.
- The Water Enterprise has borrowed \$4 million from San Gabriel Valley Water at 0% interest for a ten-year payment term.
- Annual revenue needs to increase to pay for ongoing operations, an aggressive capital program, and additional debt service.

The cost-of-service and rate design analysis support adjusting the water rate structure as follows:

- Residential tier breakpoints should be adjusted with actual customer demand patterns.
- Monthly meter charge should be adjusted to align with the rated capacities of each meter size using recommendations from the American Water Works Association.
- The 37.5% treatment surcharge should be absorbed by the monthly meter charge and consumption charges.
- Financing \$20 million in projects allows rate increases to be set at 26%, 8%, 8%, 7%, 7% instead of the proposed higher rate increases of 32%, 8%, 8%, 7%, 8%
- Approximately 23% of the Water Enterprise's revenue should be generated from the fixed monthly meter charge to maintain revenue stability.

The proposed revenue increases affect each customer and customer class differently. For example, the single-family residential consumption tier 3 rate is increasing due to costs being allocated to customers that cause the system-wide peak use. High water use residential customers will have their bills increase disproportionately to low and average residential customers.

Current and proposed water rates assuming a \$20 million water bond

Monthly Service Charges						
	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Meter Size	Current Rates	1/1/2024	7/1/2024	7/1/2025	7/1/2026	7/1/2027
5/8" meters	\$26.40	\$19.18	\$20.71	\$22.37	\$23.93	\$25.61
3/4" meters	\$26.40	\$25.88	\$27.95	\$30.18	\$32.30	\$34.56
1" meters	\$28.53	\$39.28	\$42.43	\$45.82	\$49.03	\$52.46
1 1/2" meters	\$44.96	\$72.79	\$78.62	\$84.91	\$90.85	\$97.21
2" meters	\$57.96	\$113.01	\$122.05	\$131.81	\$141.04	\$150.91
3" meters	\$115.98	\$220.24	\$237.86	\$256.89	\$274.87	\$294.11
4" meters	\$191.88	\$340.88	\$368.15	\$397.60	\$425.44	\$455.22
6" meters	\$585.68	\$675.99	\$730.07	\$788.47	\$843.67	\$902.72
8" meters	\$1,464.79	\$1,078.12	\$1,164.37	\$1,257.52	\$1,345.54	\$1,439.73

Water Consumption Charge (per unit)							
	FY 2022-23		FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Monthly Use	Current Rates	Monthly Use	1/1/2024	7/1/2024	7/1/2025	7/1/2026	7/1/2027
Single Family Residential							
Tier 1 (0-6 hcf)	\$2.89	Tier 1 (0 - 10 hcf)	\$3.12	\$3.37	\$3.64	\$3.90	\$4.17
Tier 2 (7-12 hcf)	\$3.15	Tier 2 (11 - 16 hcf)	\$4.12	\$4.45	\$4.81	\$5.14	\$5.50
Tier 3 (13+ hcf)	\$3.37	Tier 3 (17+ hcf)	\$7.80	\$8.42	\$9.09	\$9.73	\$10.41
All Other							
All Consumption	\$3.29	All Consumption	\$3.89	\$4.20	\$4.54	\$4.85	\$5.19

Proposed Wastewater (Sewer) Rates

Monterey Park's current wastewater rates are those in effect for August 2017. Customers are charged a monthly sewer meter charge based on water meter size customer class. HF&H developed a 10-year financial plan for the Sewer Enterprise, performed a cost-of-service analysis, and designed rates in compliance with Proposition 218.

The financial analysis made the following findings:

- The revenue generated from current rates are inadequate to pay for current and ongoing operations of the sewer system.
- Operating costs will increase approximately 3.4% each year.
- Capital costs average \$3.2 million per year through FY 2027-28.

- The Sewer Enterprise does not have any current debt, nor does the recommendation include debt financing any of the future capital program costs.
- Annual revenue needs to increase to pay for ongoing operations and an aggressive capital program.

The cost-of-service and rate design analysis support adjusting the sewer rate structure as follows:

- All single-family residential accounts should pay the same rate regardless of water meter size. Water meter size is not always indicative of increased indoor water use (i.e., sewer water) due to outdoor irrigation or fire flow needs on each property.
- Multi-family residential customers should also pay on a per dwelling unit basis rather than by water meter size.
- Commercial and Institutional customers should pay the same rates based on meter size that are realigned with the rated capacities of each meter size using recommendations from the American Water Works Association.

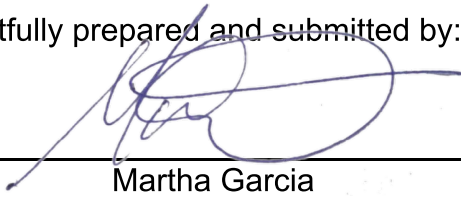
Current and Proposed Monthly Sewer Rates

Monthly Sewer Rates								
Customer Class	Current	Current	Proposed	Proposed				
	Units	FY 2022-23	Units	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Single Family			<i>effective date</i>	1/1/2024	7/1/2024	7/1/2025	7/1/2026	7/1/2027
5/8", 3/4"	account	\$10.17	per account/DU	\$15.71	\$20.42	\$22.46	\$24.71	\$25.70
1"	account	\$12.42	per account/DU	\$15.71	\$20.42	\$22.46	\$24.71	\$25.70
1 1/2"	account	\$12.86	per account/DU	\$15.71	\$20.42	\$22.46	\$24.71	\$25.70
Multi Family								
3/4"	account	\$29.01	per dwelling unit	\$15.71	\$20.42	\$22.46	\$24.71	\$25.70
1"	account	\$34.76	per dwelling unit	\$15.71	\$20.42	\$22.46	\$24.71	\$25.70
1 1/4"	account	\$57.25	per dwelling unit	\$15.71	\$20.42	\$22.46	\$24.71	\$25.70
1 1/2"	account	\$84.15	per dwelling unit	\$15.71	\$20.42	\$22.46	\$24.71	\$25.70
2"	account	\$161.22	per dwelling unit	\$15.71	\$20.42	\$22.46	\$24.71	\$25.70
3"	account	\$413.02	per dwelling unit	\$15.71	\$20.42	\$22.46	\$24.71	\$25.70
4"	account	\$534.30	per dwelling unit	\$15.71	\$20.42	\$22.46	\$24.71	\$25.70
Commercial								
3/4"	account	\$27.09	account	\$27.37	\$35.58	\$39.14	\$43.05	\$44.78
1"	account	\$40.68	account	\$45.61	\$59.30	\$65.23	\$71.75	\$74.62
1 1/4"	account	\$40.68	account	\$91.22	\$118.59	\$130.45	\$143.50	\$149.24
1 1/2"	account	\$78.41	account	\$145.95	\$189.74	\$208.71	\$229.58	\$238.76
2"	account	\$198.97	account	\$291.91	\$379.49	\$417.44	\$459.18	\$477.55
3"	account	\$270.68	account	\$456.11	\$592.94	\$652.23	\$717.45	\$746.15
4"	account	\$386.69	account	\$912.21	\$1,185.88	\$1,304.46	\$1,434.91	\$1,492.31
6"	account	\$1,052.20	account	\$1,459.54	\$1,897.40	\$2,087.15	\$2,295.86	\$2,387.69
Institutional								
3/4"	account	\$46.29	account	\$27.37	\$35.58	\$39.14	\$43.05	\$44.78
2"	account	\$68.48	account	\$291.91	\$379.49	\$417.44	\$459.18	\$477.55
3"	account	\$73.29	account	\$456.11	\$592.94	\$652.23	\$717.45	\$746.15
4"	account	\$168.28	account	\$912.21	\$1,185.88	\$1,304.46	\$1,434.91	\$1,492.31

FISCAL IMPACT:

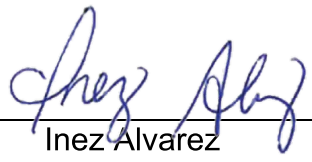
Within the water fund, the proposed rate increase will generate approximately \$30.1 million in additional water rate revenue over the five-year planning period. The proposed wastewater (sewer) rate increases will generate approximately \$14.5 million in additional rate revenue over the five-year planning period. These additional revenues provide adequate funds to support increased water and sewer operating and capital expenses.

Respectfully prepared and submitted by:



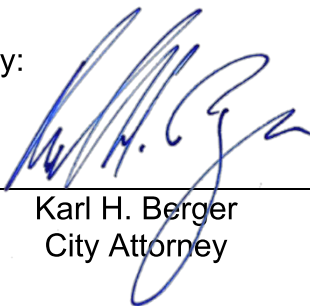
Martha Garcia
Director of Finance

Approved by:



Inez Alvarez
City Manager

Reviewed by:



Karl H. Berger
City Attorney

ATTACHMENT:

1. Ordinance – Water rates
2. Ordinance – Sewer rates

ATTACHMENT 2
Ordinance No. ##### -
Setting the amount of Water Rates and Charges

ORDINANCE NO.

AN ORDINANCE SETTING THE AMOUNT OF WATER RATES AND CHARGES PURSUANT TO HEALTH AND SAFETY CODE § 5471 AND MONTEREY PARK MUNICIPAL CODE CHAPTER 14.12.

The City Council does ordain as follows:

SECTION 1: The City Council finds and declares as follows:

- A. The City of Monterey Park requires a reliable supply of water meeting current and anticipated water quality standards to protect the public general welfare, health and safety;
- B. The purpose of water rates and charges is to protect the public health, safety and general welfare by providing a reliable and adequate supply of water meeting current and anticipated water quality standards for the residents of the City of Monterey Park and to pay for the cost of providing such service;
- C. There is a reasonable relationship between the amount of the rates and charges and the cost of services and facilities necessary to deliver water service to the residents and non-residential development of the City;
- D. Notice regarding the water rates included in this ordinance was provided in accordance with California Constitution Article XIID, § 6(c) and Government Code § 54354.5;
- E. On December 6, 2023, the City Council held a public hearing to consider the results of the protest proceeding and to consider whether to increase the water rates as proposed;
- F. This Ordinance is exempt from review under the California Environmental Quality Act (Cal. Pub. Res. Code §§ 21000, *et seq.*; "CEQA") and CEQA regulations (14 Cal. Code Regs. §§ 15000, *et seq.*; "CEQA Guidelines") because it establishes, modifies, structures, restructures, and approves rates and charges for meeting operating expenses; purchasing supplies, equipment, and materials; meeting financial requirements; and obtaining funds for capital projects needed to maintain service within existing service areas. This Ordinance, therefore, is categorically exempt from further CEQA review under CEQA Guidelines § 15273;
- G. This ordinance is adopted in accordance with Health and Safety Code § 5471 and Monterey Park Municipal Code ("MPMC") Chapter 14.12 to establish the City's current water rates;
- H. The City Council has considered the evidence and testimony presented at the public hearing. Based in part upon that evidence, and the staff reports presented to the Council regarding this issue, the City Council believes that it

is in the public interest to adopt this Ordinance;

SECTION 2: AMOUNT OF RATES AND CHARGES.

- A. Pursuant to MPMC Chapter 14.12, the City Council establishes the amount of water rates as set forth in attached Exhibit "A," which is incorporated by reference ("Water Charges").
- B. The Water Charges include an annual increase of 32%, 8%, 8%, 7%, 8% beginning February 1, 2024 through fiscal year 2027-28.

SECTION 3: COST ESTIMATES. The City Manager, or designee, will periodically, but not less than annually, review the Water Charges to determine whether revenues from such charges are meeting actual cost of services and facilities needed to deliver water service to the residents and non-residential developments within the City. If the City Manager determines that revenues do not adequately meet costs, the City Manager will recommend to the City Council a revised rate and charge schedule to be adopted by this City Council by ordinance:

SECTION 4: This Ordinance was adopted to comply with the California Supreme Court decision in *Bighorn-Desert View Water Agency v. Verjil* (2006) 39 Cal.4th 205. To the extent any provision of this Ordinance repeals or supersedes Ordinance No. 2109, such repeal or replacement will not affect any penalty, forfeiture, or liability incurred before, or preclude prosecution and imposition of penalties for any violation occurring before, this Ordinance's effective date. Any such repealed or superseded part of Ordinance No. 2109 will remain in full force and effect for sustaining action or prosecuting violations occurring before the effective date of this Ordinance

SECTION 5: If any part of this Ordinance or its application is deemed invalid by a court of competent jurisdiction, the City Council intends that such invalidity will not affect the effectiveness of the remaining provisions or applications and, to this end, the provisions of this Ordinance are severable.

SECTION 6: The City Clerk is directed to certify the passage and adoption of this Ordinance; cause it to be entered into the City of Monterey Park's book of original ordinances; make a note of the passage and adoption in the records of this meeting; and, within fifteen (15) days after the passage and adoption of this Ordinance, cause it to be published or posted in accordance with California law:

SECTION 7: *Electronic Signatures.* This Resolution may be executed with electronic signatures in accordance with Government Code §16.5. Such electronic signatures will be treated in all respects as having the same effect as an original signature.

SECTION 8: *Severability.* If any part of this Resolution or its application is deemed invalid by a court of competent jurisdiction, the City Council intends that such invalidity will not affect the effectiveness of the remaining provision or application and, to this end, the provisions of this Resolution are severable.

SECTION 9: *Recordation.* The Mayor, or presiding officer, is authorized to sign this Resolution signifying its adoption by the City Council of the City of Monterey Park and the City Clerk, or her duly appointed deputy, may attest thereto.

SECTION 10: *Effective Date.* This Ordinance will become effective immediately upon adoption and will remain effective unless repealed or superseded.

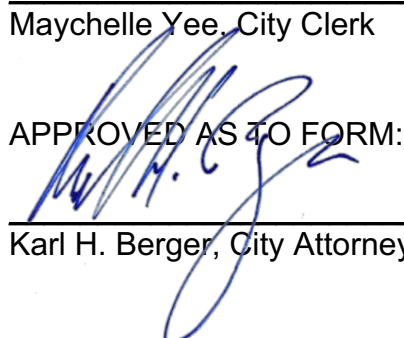
**PASSED, APPROVED, AND ADOPTED BY THE CITY COUNCIL OF THE
CITY OF MONTEREY PARK THIS 20th DAY OF DECEMBER 2023.**

Jose Sanchez, Mayor

ATTEST:

Maychelle Yee, City Clerk

APPROVED AS TO FORM:



Karl H. Berger, City Attorney

Resolution No.
Page 4 of 4
December 20, 2023

I, Maychelle Yee, City Clerk of the City of Monterey Park, California, hereby certify that the foregoing resolution was duly and regularly introduced and adopted at a meeting of the City Council of said City at its meeting held on the 20th day of December 2023, by the following vote, to wit:

Ayes:

Noes:

Absent:

Abstain:

IN WITNESS WHEREOF, this __th day of _____, 2023.

City Clerk of the City of Monterey Park

Exhibit A- Current and Proposed Water Rates

Monthly Service Charges						
Meter Size	FY 2022-23 Current Rates	FY 2023-24 1/1/2024	FY 2024-25 7/1/2024	FY 2025-26 7/1/2025	FY 2026-27 7/1/2026	FY 2027-28 7/1/2027
5/8" meters	\$26.40	\$20.16	\$21.77	\$23.51	\$25.16	\$27.17
3/4" meters	\$26.40	\$27.18	\$29.36	\$31.71	\$33.93	\$36.64
1" meters	\$28.53	\$41.23	\$44.53	\$48.10	\$51.46	\$55.58
1 1/2" meters	\$44.96	\$76.36	\$82.47	\$89.07	\$95.30	\$102.93
2" meters	\$57.96	\$118.52	\$128.00	\$138.24	\$147.91	\$159.75
3" meters	\$115.98	\$230.92	\$249.40	\$269.35	\$288.20	\$311.26
4" meters	\$191.88	\$357.38	\$385.98	\$416.85	\$446.03	\$481.72
6" meters	\$585.68	\$708.66	\$765.35	\$826.58	\$884.44	\$955.20
8" meters	\$1,464.79	\$1,130.20	\$1,220.61	\$1,318.26	\$1,410.54	\$1,523.38

Water Consumption Charge (per unit)							
Monthly Use	FY 2022-23 Current Rates	Monthly Use	FY 2023-24 1/1/2024	FY 2024-25 7/1/2024	FY 2025-26 7/1/2025	FY 2026-27 7/1/2026	FY 2027-28 7/1/2027
Single Family Residential							
Tier 1 (0-6 hcf)	\$2.89	Tier 1 (0 - 10 hcf)	\$3.41	\$3.69	\$3.98	\$4.26	\$4.60
Tier 2 (7-12 hcf)	\$3.15	Tier 2 (11 - 16 hcf)	\$4.50	\$4.86	\$5.24	\$5.61	\$6.06
Tier 3 (13+ hcf)	\$3.37	Tier 3 (17+ hcf)	\$8.51	\$9.19	\$9.92	\$10.62	\$11.47
All Other							
All Consumption	\$3.29	All Consumption	\$4.25	\$4.59	\$4.95	\$5.30	\$5.73

ATTACHMENT 3
Ordinance No. ##### -
Setting the amount of Wastewater (Sewer)
Rates and Charges

ORDINANCE NO.

AN ORDINANCE SETTING THE AMOUNT OF WASTEWATER RATES AND CHARGES PURSUANT TO HEALTH AND SAFETY CODE § 5471 AND MONTEREY PARK MUNICIPAL CODE CHAPTER 14.12.

The City Council does ordain as follows:

SECTION 1: The City Council finds and declares as follows:

- A. The City of Monterey Park requires a reliable wastewater discharge system meeting current and anticipated water quality standards to protect the public general welfare, health and safety;
- B. The purpose of wastewater rates and charges is to protect the public health, safety and general welfare by providing a reliable and safe wastewater discharge system that meets current and anticipated wastewater quality standards for the residents of the City of Monterey Park and to pay for the cost of providing such service;
- C. Based upon the record, there is a reasonable relationship between the amount of the rates and charges and the cost of services and facilities necessary to deliver wastewater service to the residents and nonresidential development of the City;
- D. Notice regarding the wastewater rates included in this ordinance was provided in accordance with California Constitution Article XIID, § 6(c) and Government Code § 54354.5;
- E. On December 6, 2023, the City Council held a public hearing to consider the results of the protest proceeding and to consider whether to increase the water rates as proposed;
- F. This Ordinance is exempt from review under the California Environmental Quality Act (Cal. Pub. Res. Code §§ 21000, *et seq.*; "CEQA") and CEQA regulations (14 Cal. Code Regs. §§ 15000, *et seq.*; "CEQA Guidelines") because it establishes, modifies, structures, restructures, and approves rates and charges for meeting operating expenses; purchasing supplies, equipment, and materials; meeting financial requirements; and obtaining funds for capital projects needed to maintain service within existing service areas. This Ordinance, therefore, is categorically exempt from further CEQA review under CEQA Guidelines § 15273;
- G. This ordinance is adopted in accordance with Health and Safety Code § 5471 to establish the City's current wastewater rates and charges;
- H. The City Council has considered the evidence and testimony presented at the public hearing. Based in part upon that evidence, and the agenda reports

presented to the Council regarding this issue, the City Council believes that it is in the public interest to adopt this Ordinance.

SECTION 2: AMOUNT OF RATES AND CHARGES.

- A. The City Council establishes amount of wastewater rates as set forth in attached Exhibit "A," which is incorporated by reference ("Wastewater Charges.").
- B. The Wastewater Charges include an annual increase of 40%, 30%, 10%, 10%, 4% beginning February 1, 2024 through fiscal year 2027-28.

SECTION 3: COST ESTIMATES. The City Manager, or designee, will periodically, but not less than annually, review the Wastewater Charges to determine whether revenues from such charges are meeting actual cost of services and facilities needed to deliver water service to the residents and non-residential developments within the City. If the City Manager determines that revenues do not adequately meet costs, the City Manager will recommend to the City Council a revised rate and charge schedule to be adopted by this City Council by ordinance:

SECTION 4: This Ordinance was adopted to comply with the California Supreme Court decision in *Bighorn-Desert View Water Agency v. Verjil* (2006) 39 Cal.4th 205. To the extent any provision of this Ordinance repeals or supersedes any previous approvals, such repeal or replacement will not affect any penalty, forfeiture, or liability incurred before, or preclude prosecution and imposition of penalties for any violation occurring before, this Ordinance's effective date. Any such repealed or superseded part of previous approvals will remain in full force and effect for sustaining action or prosecuting violations occurring before the effective date of this Ordinance.

SECTION 5: If any part of this Ordinance or its application is deemed invalid by a court of competent jurisdiction, the City Council intends that such invalidity will not affect the effectiveness of the remaining provisions or applications and, to this end, the provisions of this Ordinance are severable.

SECTION 6: The City Clerk is directed to certify the passage and adoption of this Ordinance; cause it to be entered into the City of Monterey Park's book of original ordinances; make a note of the passage and adoption in the records of this meeting; and, within fifteen (15) days after the passage and adoption of this Ordinance, cause it to be published or posted in accordance with California law.

SECTION 7: *Electronic Signatures.* This Resolution may be executed with electronic signatures in accordance with Government Code §16.5. Such electronic signatures will be treated in all respects as having the same effect as an original signature.

SECTION 8: *Severability.* If any part of this Resolution or its application is deemed invalid by a court of competent jurisdiction, the City Council intends that such invalidity will not affect the effectiveness of the remaining provision or application and, to this end, the provisions of this Resolution are severable.

SECTION 9: *Recordation.* The Mayor, or presiding officer, is authorized to sign this Resolution signifying its adoption by the City Council of the City of Monterey Park and the City Clerk, or her duly appointed deputy, may attest thereto.

SECTION 10: *Effective Date.* This Resolution will become effective immediately upon adoption and will remain effective unless repealed or superseded.

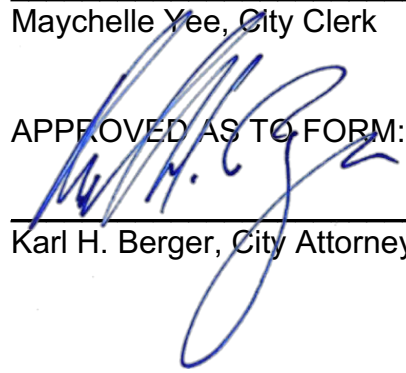
**PASSED, APPROVED, AND ADOPTED BY THE CITY COUNCIL OF THE
CITY OF MONTEREY PARK THIS 20th DAY OF DECEMBER 2023.**

Jose Sanchez, Mayor

ATTEST:

Maychelle Yee, City Clerk

APPROVED AS TO FORM:



Karl H. Berger, City Attorney

Resolution No.
Page 4 of 4
December 20, 2023

I, Maychelle Yee, City Clerk of the City of Monterey Park, California, hereby certify that the foregoing resolution was duly and regularly introduced and adopted at a meeting of the City Council of said City at its meeting held on the 20th day of December, 2023, by the following vote, to wit:

Ayes:

Noes:

Absent:

Abstain:

IN WITNESS WHEREOF, this __th day of _____, 2023.

City Clerk of the City of Monterey Park

Exhibit A- Current and Proposed Sewer Rates

Monthly Sewer Rates								
Customer Class	Current	Current	Proposed	Proposed				
	Units	FY 2022-23	Units	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Single Family			<i>effective date</i>	<i>2/1/2024</i>	<i>7/1/2024</i>	<i>7/1/2025</i>	<i>7/1/2026</i>	<i>7/1/2027</i>
5/8", 3/4"	account	\$10.17	per account/DU	\$15.71	\$20.42	\$22.46	\$24.71	\$25.70
1"	account	\$12.42	per account/DU	\$15.71	\$20.42	\$22.46	\$24.71	\$25.70
1 1/2"	account	\$12.86	per account/DU	\$15.71	\$20.42	\$22.46	\$24.71	\$25.70
Multi Family								
3/4"	account	\$29.01	per dwelling unit	\$15.71	\$20.42	\$22.46	\$24.71	\$25.70
1"	account	\$34.76	per dwelling unit	\$15.71	\$20.42	\$22.46	\$24.71	\$25.70
1 1/4"	account	\$57.25	per dwelling unit	\$15.71	\$20.42	\$22.46	\$24.71	\$25.70
1 1/2"	account	\$84.15	per dwelling unit	\$15.71	\$20.42	\$22.46	\$24.71	\$25.70
2"	account	\$161.22	per dwelling unit	\$15.71	\$20.42	\$22.46	\$24.71	\$25.70
3"	account	\$413.02	per dwelling unit	\$15.71	\$20.42	\$22.46	\$24.71	\$25.70
4"	account	\$534.30	per dwelling unit	\$15.71	\$20.42	\$22.46	\$24.71	\$25.70
Commercial								
3/4"	account	\$27.09	account	\$27.37	\$35.58	\$39.14	\$43.05	\$44.78
1"	account	\$40.68	account	\$45.61	\$59.30	\$65.23	\$71.75	\$74.62
1 1/4"	account	\$40.68	account	\$91.22	\$118.59	\$130.45	\$143.50	\$149.24
1 1/2"	account	\$78.41	account	\$145.95	\$189.74	\$208.71	\$229.58	\$238.76
2"	account	\$198.97	account	\$291.91	\$379.49	\$417.44	\$459.18	\$477.55
3"	account	\$270.68	account	\$456.11	\$592.94	\$652.23	\$717.45	\$746.15
4"	account	\$386.69	account	\$912.21	\$1,185.88	\$1,304.46	\$1,434.91	\$1,492.31
6"	account	\$1,052.20	account	\$1,459.54	\$1,897.40	\$2,087.15	\$2,295.86	\$2,387.69
Institutional								
3/4"	account	\$46.29	account	\$27.37	\$35.58	\$39.14	\$43.05	\$44.78
2"	account	\$68.48	account	\$291.91	\$379.49	\$417.44	\$459.18	\$477.55
3"	account	\$73.29	account	\$456.11	\$592.94	\$652.23	\$717.45	\$746.15
4"	account	\$168.28	account	\$912.21	\$1,185.88	\$1,304.46	\$1,434.91	\$1,492.31