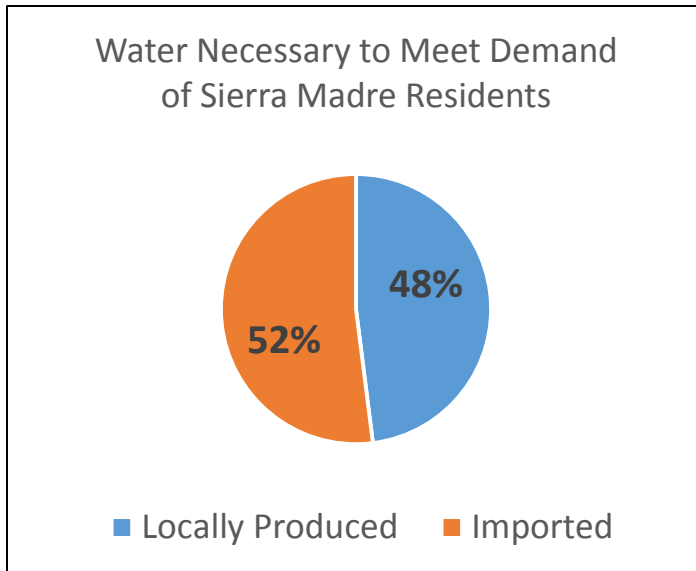


Water and Sewer Rates

In calendar year 2017 the City was able to locally produce 48% of the water necessary to meet local demand. The remaining 52% of water necessary to meet demand was imported into Sierra Madre. Imported water is significantly more costly than water which is produced locally. It is unlikely the City of Sierra Madre will ever again be able to meet the water demand of Sierra Madre residents through locally produced water alone. The total demand for water use by residents exceeds the amount of adjudicated and available pumping rights the City possesses. The current groundwater level in our sole aquifer is critically low, due to over pumping and lack of natural recharge. This further restricts the amount of water which can be produced. In order to meet demand in excess of what can be produced locally, the City must import water.



The City imposes water rates in order to fund the costs of operating and maintaining the water system, replacing infrastructure, as well as to pay off the costs of improvements previously made to that system (bond debt). The proposed rate adjustment in 2018 establishes an infrastructure fixed charge and impacts rates for both the fixed costs and rates for the variable water usage costs by the amounts shown in the tables in this notice. The infrastructure fixed charge, described in this notification, is a new charge and is proposed to be established if this rate study is adopted.

Current Condition of Water System

The recently completed Water Master Plan stated “A large majority of the pipelines [in the City’s distribution system] are over 70 years beyond their useful life.” The analysis of the City’s nearly 50 miles of pipeline revealed that 64% of all water mains in the distribution system needed to be replaced, with 28% of the water mains requiring replacement urgently or in the immediate future.

Type of Replacement	Percent of Main to be Replaced
Urgent	9%
Priority 1	19%
System	72% (36% needs replacement)

218 Process

On November 5, 1996, California voters approved Proposition 218, the “Right to Vote on Taxes Act.” Proposition 218 amended the California Constitution by adding elements that affect the ability of special districts like San Gabriel Valley Municipal Water District and other local governments to levy and collect taxes, assessments, and property-related fees and charges.

With a few exceptions, “fee” or “charge” means any levy imposed by an agency upon a parcel, including a user fee or charge for a property-related service.

“Property-related service” means a public service having a direct relationship to property ownership. Any special district proposing to adopt a new, or increase an existing, property-related fee or charge must comply with both the substantive and procedural requirements of Prop. 218.

Substantive Requirements of Prop. 218

According to Prop. 218, a property-related fee must meet the following substantive requirements:

- revenues derived from the fee must not exceed the funds required to provide the service;
- revenues derived from the fee must not be used for any purpose other than that for which the fee is imposed;
- the amount of a fee imposed must not exceed the proportional cost of the service attributable to the parcel;
- the fee may not be imposed for a service unless the service is actually used by, or immediately available to, the owner of the property subject to the fee; and
- no fee or charge may be imposed for general governmental services, such as police, fire, ambulance, or libraries, where the service is available to everyone in the community.

Procedural Requirements of Prop. 218

Prop. 218 requires that a public agency proposing a new or increased property-related fee or charge provide written notice by mail to the owner of each parcel upon which the fee or charge will be imposed. This notice was mailed to the address of each parcel number in Sierra Madre as well as to the owner’s address of each parcel in Sierra Madre.

The notice must contained the following information:

- identify the parcels upon which a fee or charge is proposed for imposition;
- calculate the amount of the fee proposed;
- provide written notice by mail to the record owner of each identified parcel;
- the date, time, and location of the public hearing at which the agency will consider the new or increased fees.

Prop. 218 also requires that the public hearing be held at least 45 calendar days after the mailing of the notice; and provides that a property-related fee or charge may not be imposed or increased if a majority submit written protests.