

Tonight's Special Water & Sewer Rate Meeting

Tonight is a Special City Council meeting regarding the current water and sewer rate study. An overview will begin promptly at 6:30 pm, followed by the Special Council meeting at 7:00 pm. The meeting is in the City Hall Council Chambers, 232 W. Sierra Madre Boulevard and will be televised on Time Warner Cable, Channel 3 and video streamed on the City's website.

Please attend and provide input into the current rate study.

Water Questions of the Week

Beginning today, and continuing once a week, two or three water related questions and answers will be included in a City Eblast and on the City's Facebook page. We are keeping track of the questions submitted regarding the current water and sewer rate study and will select a few questions each week. For additional information, please see the Water & Sewer Rate section of the City's website:

<http://www.cityofsierramadre.com/water>

This week's questions are:

- 1. The City is in year 3 of a 4 year increase in water rates. Why are we looking at increasing water rates again? Why wasn't the last increase adequate?**

The City is in year 3 of a 4 year schedule of rate increases and the City is in the process of completing another rate increase study because the financial projection for the water fund indicates that the fund will deplete its reserves in approximately two years. How did the water fund get into this condition? There are basically 3 reasons.

- a. Too many years without a rate increase: Prior to the 2010 rate increase, the City last increased water rates in 2003. The 2010 increase should have been higher to make up for years of no increases.
- b. The Economy: The previous rate study was conducted before the economic recession and water revenues did not reach the original estimates in the rate study. The recession had a greater impact on water customers' consumption than previously experienced. The City had experienced years of actual increases in water consumption and then the recession hit and water consumption decreased.
- c. Increased Capital Improvement Expenditures: The previous rate study assumed a much lower level of capital maintenance as compared to the capital maintenance that was actually necessary. The previous rate study assumed capital expenses would decrease – instead, capital expenditures increased. For example, instead of spending approximately \$150,000 on capital, more than \$643,000 was spent in Fiscal year 12-13 for emergency rebuilding of Wells 6 and 3, and replacement of the filter material in the Granulated Carbon Filtration System.

2. The current draft financial information for the water rate increase assumes that the City will be continuing to purchase water from outside agencies. Why is this assumption included in the draft financials?

At the Tuesday, September 24th City Council meeting, a financial presentation indicated that the City anticipates purchasing about 1,468 acre feet of water annually from outside agencies for the five years of the rate study (Fiscal Year 2013-2014 through Fiscal Year 2018-2019). Simply stated, The City has two sources of water, its own sources (from the underground aquifer or from the water tunnels); or from outside sources (such as the City of Arcadia or the connection to Metropolitan Water District water.)

The rate study assumes the continued importing of 1,468 acre feet for the five year period because this is the best estimate of the amount of time it will take for the underground aquifer levels to increase to the “500 foot level.” However, it may take longer than 5 years.

Until the underground aquifer increases to the 500 foot level, the Raymond Basin Management Board has restricted the amount of water that can safely be pumped from the basin. Sierra Madre is restricted in the amount of water that can be pumped from the aquifer. This restriction, while difficult, is an important step in allowing the aquifer to rebound to healthy levels. If we receive extremely high levels of rainfall for a number of years in a row, and residents continue to achieve the 20% conservation rate achieved over the past few months, it may be possible to cease importing water; but unfortunately we cannot predict the amount of rainfall in future years. The most conservative approach was to assume that the City would continue to import water for at least a 5 year period. The City has conservatively estimated the amount of water that will need to be imported. It is important to note that purchasing imported water is more expensive as compared to the water the City pumps from the underground aquifers.

For complete information regarding the City’s Water and Sewer Rate Study, please visit the City’s website.