



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  
Bruce Moe, Finance Director

**DATE:** October 20, 2009

**SUBJECT:** Public Hearing for Water and Sewer Rate Revisions and Consideration of Adoption of Resolution for Water and Sewer Rate Changes Effective on Utility Bills Generated from January 1, 2010 through December 31, 2014.

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### RECOMMENDATION:

Staff recommends that the City Council conduct a Public Hearing on the proposed water and sewer rates on Utility bills generated effective January 1, 2010 and each consecutive January 1 through 2014. Staff also recommends that City Council adopt Resolution 6225 for the proposed rates at the conclusion of the Public Hearing.

### FISCAL IMPLICATION:

There are utility rate adjustments in each of the next five years if adopted. Existing fund deficits (sewer), wholesale water cost increases (water), and aging infrastructure (sewer and water) drive revenue requirements of each Utility. Replacement of infrastructure at the funding levels of the proposed rates will essentially fund on-going annual use and will allow the City to stop losing ground to depreciating infrastructure and allow us to maintain systems at condition levels as they exist today.

### BACKGROUND:

The City Council has been involved in the pending infrastructure issues facing the Utilities for some time. Council approved undertaking a Master Plan of each utility by executing a contract with AKM Engineers in August of 2008, the primary scope of work consisting of an in depth study of the condition of the water and sewer infrastructure. Data from the report was presented by AKM to the City Council at their July 28, 2009 Study Session. Based on information received from AKM, Council directed staff to bring back several rate scenarios to fund each utility, taking into account various levels of infrastructure funding and other operational costs.

Concurrently, Council executed a contract on February 17, 2009 with FCS Group to review the City's Utility rates as well as determine the impacts to rates if infrastructure needs identified by AKM were added. Council also directed FCS Group to incorporate a tiered rate structure for the water rates to help promote water conservation.

Preliminary rate impacts were reviewed by the City's Finance Committee in June, 2009. As a result of direction received at the Finance Committee, FCS presented additional rate scenarios at the same July 28, 2009 Study Session that infrastructure data was provided by AKM. With the combined input of both AKM and FCS Group, Council directed staff to bring back additional rate scenarios based on:

- Annual infrastructure replacement funding of up to \$5 million (water) and \$2.5 million (sewer);
- Allowing for users to have some control of their rate increase by conserving water;
- Acknowledging the City's goal to conserve water in the water rate structure;
- Establishing tiered rate structure that increases unit prices of water for increasing usage;
- Phase in the meeting of infrastructure (\$7.5 million annually) and reserve goals (Rate Stabilization Reserve of 20% of annual revenues; Operating Reserve/Working Capital of 45 days of operating expenses) over the course of the multi-year rate adjustments.

In addition to City Council meetings on the rates and infrastructure report, FCS Group presented rate funding strategies to the ETF Water/Stormwater Subcommittee on June 4, 2009. The Parking and Public Improvement Commission was also briefed August 27 (as an informational item) on the infrastructure and rate scenarios Council considered on September 1. There was overwhelming support for the infrastructure improvements and the rates necessary to fund them.

On September 1, 2009, the City Council was presented with various rate options that included goals for infrastructure and reserve funding levels, using the rate criteria of the Council. The Council approved a rate structure that increased water and sewer rates each January 1 beginning in 2010, through and including 2014.

Staff initiated the 218 process for notification of the proposed rate increase with mailings to all utility customers on September 4, 2009. The Notice included the proposed rate structures and established a Public Hearing for October 6, 2009. Residents noted they had not received adequate information upon which to make a decision about the justification of the rate increases, and did not have enough time to process the information that was made available.

In response, the City extended the Public Hearing to October 20. Staff created a City webpage that contained all staff reports and presentation information that City Council had received throughout their deliberations, as well as a Frequently Asked Questions (FAQ) worksheet. Finally, staff met with the Senior Resource Advisory Committee (with Councilmember Wayne Powell) on October 2, and held two Community meetings on October 7 and 13. There were 19 and 16 residents, respectively, at the two Community meetings. The purpose of the Community meetings was to share the information and data the City Council had as they deliberated rates, and to report back to the City Council questions they had raised. Attachment C is a listing of questions raised at the meetings and others received throughout the process. Finally, a video of one of the Community meetings and the staff slide presentation are posted on the City website.

#### **DISCUSSION:**

Throughout the public process, many questions, issues, impacts, and solutions have been raised. For the purpose of addressing the diversity of public comment, the comments have been grouped into three categories: Unfriendly Process; Misunderstanding of Process or Council Goal; Core Questions. A fourth category, Basic Concepts, is a summary of the assumptions, criteria, and constraints used by the Council in their deliberations.

Unfriendly Process:

Unfriendly Process relates to the general belief that the sum of the process used by the City of Manhattan Beach was too bureaucratic and not very user friendly.

- Public Notice was difficult to read and didn't contain any information;
- Not enough time was given to obtain and understand all information;
- New billing format is not user friendly.

Staff attempted to provide a variety of mechanisms to disseminate information in the six weeks between notice and the Public Hearing (such as extended hearing date, held two public meetings, re-mailed public notice, along with extensive information provided on the City's website). The billing format is scheduled to be revised in January, 2010 and will include many of the suggestions made.

Misunderstanding of Process or Council Goal

Misunderstanding of Process or Council Goal relates to the legal constraints the City operates under and the goals established by the City Council in the rate setting process.

- Distinction between Utility and General Fund revenues and uses;
- Prop 218 process;
- All bonds must be voted;
- Why do we need \$7.5million per year for infrastructure? It's too much;
- Delay aggressive infrastructure funding to lessen rate impact.

In information placed on the City webpage and in meetings, the financial separation of the Utilities versus the General Fund was explained. Discussion of General Obligation bonds (voted) and their uses versus Utility revenue bonds (issued without a vote) were also reviewed. The Council goal of infrastructure funding relates to the actual costs of annual system replacement...anything less will result in further degradation of the infrastructure. The early year rate impacts are primarily due to "catching up" to the operating costs of the system...the infrastructure funding goal is not reached for five years, increasing from \$1 million in year one, to \$3.25 million (year two), \$4.875 million (year three), \$5.875 million (year four), and \$7.50 million (year five).

Regarding the Proposition 218 process, water and sewer rates may be adjusted by the City Council after providing sufficient notice to rate payers of the Public Hearing (tonight), which in this case was determined to be 45 days from the date of the mailing of the notice (September 4, 2009). If a majority of the rate payers were to protest the rate increases, then the Council cannot adopt the rates. For our purposes, there are 12,800 utility accounts (rate payers) which would require 6400 protests to be filed. Through Thursday, October 15, 2009, the Council had received 348 written (emailed) protests. Protests will continue to be received up until the close of the Public Hearing, at which time a final tally will be made, and the sufficiency of the protest will be determined.

Core Questions

Core Questions represent the key issues of public concern, as summarized by staff, and represents what staff believes are the collective view of the non-supporters of rate increases proposed.

- Lessen the short term impact of rates. Council didn't know what the impacts were by year five of the rate schedule when considering rates;
- Reduce the rate for fixed income residents;
- Use revenue bonds to fund infrastructure;
- Conservation will adversely affect anticipated revenue, necessitating further rate increases.

These questions result from the sense that some don't believe the system deficiencies are as great as represented by AKM and staff. Funding at \$7.5 million per year is not needed and represents too large of a share to be borne by current users. There is a belief that Council didn't have information about rates for all five years, and made their decision based on next year's rates.

A large majority of public comment received and those in attendance at public information meetings were concerned about rate impacts on fixed income users and the possibility of the City granting a discount for low income or senior citizens. The City Attorney has opined that it is not legal for the City to advantage any class of customers to the detriment of other classes and the City is not legally able to provide such discounts.

Some believe that use of revenue bonds were not discussed by Council as an option in deliberations of rate structure and that use of revenue bonds would allow a better determination of need and subsequent bonds/rates increases at a future date (see system deficiencies above) if needed.

Finally, there is a belief that conservation will make revenue projections invalid and is not realistic in the setting of five year rate structure...more increases will be needed.

#### Basic Concepts

Basic Concepts are included to set the background to best answer Core Questions. This is a list of assumptions/criteria/constraints that Council considered in deliberation of rates.

- Prime responsibility is for the long term reliability and dependability of the most basic of public services;
- \$7.5million per year needed for infrastructure funding to stabilize infrastructure condition (no better, no worse) for next 50 years;
- Funding levels are needed, irrespective of whether it is cash, bonds, or a combination of cash and bonds. Revenue generation (cash, bonds) is a rate policy issue determined by City Council;
- Infrastructure expenditures start modestly and reach Council's goal in year five of rate increases;
- Establishment of rate stabilization reserve (at 20% of annual Utility revenue) will help stabilize the Utility and buffer revenue from ups and downs in projected rate revenue caused by wet or dry weather and conservation;
- The Sewer Utility is currently operating in a deficit, necessitating a large first year increase.
- No infrastructure investment will occur in the first year;
- Although practically it will take time to put in place a system whereby the City accomplishes the greatly increased spending on infrastructure, the need for funding is not delayed or diminished;
- Water conservation is a goal of the City of Manhattan Beach.

Answers to the Core Questions and other issues raised can generally be found within either a single or a combination of several Basic Concepts listed above. Staff has attempted to use these concepts in outreach to residents through the City webpage, public meetings, and personal contact. All material made available to the Council is listed on the City website, including a video and PowerPoint of the October 6th public meeting.

Because of the intense interest in bonding for infrastructure, it demands specific comment. While one can debate the philosophy of "Pay as you go" which is using rates and cash to fund needs (the proposed approach), versus bonding - "Pay as you use," it is clear from the studies that we have basically allowed our water and sewer customers to use a system for which they have not been paying an appropriate amount. Deferred maintenance has accumulated over many years and needs to be addressed. If the City chooses to bond at this time, it does not diminish the City's needs to invest \$7.5 million for water and sewer each year if they hope to maintain infrastructure at its current condition. As an example, if the City issued \$30 million in bonds and incurred an (approximate) \$2 million annual debt service (included in the rates), the City would still need to collect an additional \$5.5 million for additional capital expenditure. Anything less and the City would fall short of its goal of maintaining infrastructure at current levels by 2055.

While bonding is an often used strategy to fund infrastructure and may be attractive in some cases, without bolstering any debt service payment to meet the \$7.5 million annual goal, it is the proverbial "kicking the can down the road" to future rate payers for a system that our current rate payers have been using and will continue to use. This is what it costs now to operate it, and the rate methods selected serve as a responsible response for a system that needs to be sustained.

That said, bonding does have a place in funding of infrastructure and may be a tool the City chooses to use in the future if some large, emergency projects are identified. However, because of those constraints listed in the Basic Concepts bulleted above, it is not recommended at this time.

**CONCLUSION:**

Staff recommends adoption of the rates as proposed. This recommendation is based on the detailed study of the City's Utilities including the condition of infrastructure, a review of the City's of Manhattan Beach rate structure options to fund Utility needs, incorporation of a tiered rate structure for Water rates, and consideration of public response to the proposed rates.

- Attachments: A. Water and Sewer Service Charges  
B. Resolution No. 6225  
C. Condensed List of Questions Raised By Public

cc: Bob Wadden, City Attorney

**City of Manhattan Beach  
Water Rates  
Effective January 1, 2010 through January 1, 2014**

Attachment "A"

**WATER SERVICE:**

Current Bi-Monthly Water Rates:

Fixed Portion: Meter Size	Current Fixed Charge
5/8" or 3/4"	\$ 21.46
1"	\$ 42.92
1-1/2"	\$ 64.38
2"	\$ 85.84
3"	\$ 214.59
4"	\$ 272.52
6"	\$ 409.89
8"	\$ 566.49
10"	\$ 751.07
<b>Variable Portion:</b>	
Water Usage Charge (per HCF)	\$ 1.83

Proposed Water Rates - Billings Effective January 1, 2010:

Meter Size	Bi-Monthly Fixed Charge	Bi-Monthly Thresholds (HCF)		
		Tier 1 0 - 14	Tier 2 15 - 60	Tier 3 61 +
5/8" or 3/4"	\$ 22.58	\$ 2.00	\$ 2.77	\$ 4.48
1"	\$ 42.92	\$ 2.00	\$ 2.77	\$ 4.48
1-1/2"	\$ 64.38	\$ 2.53	\$ 2.53	\$ 2.53
2"	\$ 85.84	\$ 2.53	\$ 2.53	\$ 2.53
3"	\$ 214.60	\$ 2.53	\$ 2.53	\$ 2.53
4"	\$ 272.52	\$ 2.53	\$ 2.53	\$ 2.53
6"	\$ 409.90	\$ 2.53	\$ 2.53	\$ 2.53
8"	\$ 618.62	\$ 2.53	\$ 2.53	\$ 2.53
10"	\$ 882.68	\$ 2.53	\$ 2.53	\$ 2.53

Proposed Water Rates - Billings Effective January 1, 2011:

Meter Size	Bi-Monthly Fixed Charge	Bi-Monthly Thresholds (HCF)		
		Tier 1 0 - 14	Tier 2 15 - 56	Tier 3 57 +
5/8" or 3/4"	\$ 27.32	\$ 2.73	\$ 3.74	\$ 5.99
1"	\$ 42.92	\$ 2.73	\$ 3.74	\$ 5.99
1-1/2"	\$ 66.32	\$ 3.45	\$ 3.45	\$ 3.45
2"	\$ 95.60	\$ 3.45	\$ 3.45	\$ 3.45
3"	\$ 214.60	\$ 3.45	\$ 3.45	\$ 3.45
4"	\$ 272.52	\$ 3.45	\$ 3.45	\$ 3.45
6"	\$ 505.26	\$ 3.45	\$ 3.45	\$ 3.45
8"	\$ 797.90	\$ 3.45	\$ 3.45	\$ 3.45
10"	\$ 1,139.28	\$ 3.45	\$ 3.45	\$ 3.45

Proposed Water Rates - Billings Effective January 1, 2012:

Meter Size	Bi-Monthly Fixed Charge	Bi-Monthly Thresholds (HCF)		
		Tier 1 0 - 14	Tier 2 15 - 54	Tier 3 55 +
5/8" or 3/4"	\$ 33.12	\$ 3.60	\$ 4.93	\$ 7.88
1"	\$ 52.04	\$ 3.60	\$ 4.93	\$ 7.88
1-1/2"	\$ 83.54	\$ 4.56	\$ 4.56	\$ 4.56
2"	\$ 121.36	\$ 4.56	\$ 4.56	\$ 4.56
3"	\$ 222.18	\$ 4.56	\$ 4.56	\$ 4.56
4"	\$ 335.62	\$ 4.56	\$ 4.56	\$ 4.56
6"	\$ 650.72	\$ 4.56	\$ 4.56	\$ 4.56
8"	\$ 1,028.82	\$ 4.56	\$ 4.56	\$ 4.56
10"	\$ 1,469.96	\$ 4.56	\$ 4.56	\$ 4.56

Proposed Water Rates - Billings Effective January 1, 2013:

Meter Size	Bi-Monthly Fixed Charge	Bi-Monthly Thresholds (HCF)		
		Tier 1 0 - 14	Tier 2 15 - 50	Tier 3 51 +
5/8" or 3/4"	\$ 37.46	\$ 4.01	\$ 5.49	\$ 8.78
1"	\$ 58.74	\$ 4.01	\$ 5.49	\$ 8.78
1-1/2"	\$ 94.20	\$ 5.13	\$ 5.13	\$ 5.13
2"	\$ 136.76	\$ 5.13	\$ 5.13	\$ 5.13
3"	\$ 250.24	\$ 5.13	\$ 5.13	\$ 5.13
4"	\$ 377.90	\$ 5.13	\$ 5.13	\$ 5.13
6"	\$ 732.52	\$ 5.13	\$ 5.13	\$ 5.13
8"	\$ 1,158.08	\$ 5.13	\$ 5.13	\$ 5.13
10"	\$ 1,654.56	\$ 5.13	\$ 5.13	\$ 5.13

Proposed Water Rates - Billings Effective January 1, 2014:

Meter Size	Bi-Monthly Fixed Charge	Bi-Monthly Thresholds (HCF)		
		Tier 1 0 - 14	Tier 2 15 - 48	Tier 3 49 +
5/8" or 3/4"	\$ 40.46	\$ 4.28	\$ 5.86	\$ 9.38
1"	\$ 63.34	\$ 4.28	\$ 5.86	\$ 9.38
1-1/2"	\$ 101.48	\$ 5.51	\$ 5.51	\$ 5.51
2"	\$ 147.26	\$ 5.51	\$ 5.51	\$ 5.51
3"	\$ 269.30	\$ 5.51	\$ 5.51	\$ 5.51
4"	\$ 406.60	\$ 5.51	\$ 5.51	\$ 5.51
6"	\$ 787.98	\$ 5.51	\$ 5.51	\$ 5.51
8"	\$ 1,245.64	\$ 5.51	\$ 5.51	\$ 5.51
10"	\$ 1,779.60	\$ 5.51	\$ 5.51	\$ 5.51

**City of Manhattan Beach  
Recycled Water, Fireline and Sewer Rates  
Effective January 1, 2010 through January 1, 2014**

<b>RECYCLED WATER RATES:</b>						
<b>Proposed Recycled Water Rates - Billings Effective on:</b>						
	Current Rate	Rate Effective January 1, 2010 (per HCF)	Rate Effective January 1, 2011 (per HCF)	Rate Effective January 1, 2012 (per HCF)	Rate Effective January 1, 2013 (per HCF)	Rate Effective January 1, 2014 (per HCF)
	125% x cost (\$1.257)	\$ 1.61	\$ 2.12	\$ 2.80	\$ 3.14	\$ 3.38
<b>Net Bi-Monthly Increase (per HCF)</b>		\$ 0.35	\$ 0.51	\$ 0.68	\$ 0.34	\$ 0.24

<b>FIRELINE WATER RATES:</b>						
<b>Proposed Fireline Water Rates - Billings Effective on:</b>						
Meter Size	Fireline Current Rate	Fireline Fixed Rate January 1, 2010	Fireline Fixed Rate January 1, 2011	Fireline Fixed Rate January 1, 2012	Fireline Fixed Rate January 1, 2013	Fireline Fixed Rate January 1, 2014
2"	\$ 10.00	\$ 24.08	\$ 29.26	\$ 35.66	\$ 40.30	\$ 43.52
3"	\$ 15.00	\$ 33.14	\$ 40.96	\$ 50.78	\$ 57.32	\$ 61.82
4"	\$ 20.00	\$ 43.32	\$ 54.14	\$ 67.80	\$ 76.46	\$ 82.42
6"	\$ 30.00	\$ 71.62	\$ 90.72	\$ 115.06	\$ 129.66	\$ 139.62
8"	\$ 40.00	\$ 105.56	\$ 134.60	\$ 171.78	\$ 193.50	\$ 208.28
10"	\$ 50.00	\$ 145.18	\$ 185.82	\$ 237.94	\$ 267.96	\$ 288.36
<b>Variable Usage per (HCF)</b>	\$ 1.94	\$ 4.48	\$ 5.99	\$ 7.88	\$ 8.78	\$ 9.38
<b>Proposed Net Bi-Monthly Increase - Fireline Water Rates</b>						
Meter Size	Net Increase Fixed Rate January 1, 2010	Net Increase Fixed Rate January 1, 2011	Net Increase Fixed Rate January 1, 2012	Net Increase Fixed Rate January 1, 2013	Net Increase Fixed Rate January 1, 2014	
2"	\$ 14.08	\$ 5.18	\$ 6.40	\$ 4.64	\$ 3.22	
3"	\$ 18.14	\$ 7.82	\$ 9.82	\$ 6.54	\$ 4.50	
4"	\$ 23.32	\$ 10.82	\$ 13.66	\$ 8.66	\$ 5.96	
6"	\$ 41.62	\$ 19.10	\$ 24.34	\$ 14.60	\$ 9.96	
8"	\$ 65.56	\$ 29.04	\$ 37.18	\$ 21.72	\$ 14.78	
10"	\$ 95.18	\$ 40.64	\$ 52.12	\$ 30.02	\$ 20.40	
<b>Variable Net Increase (per HCF)</b>	\$ 2.54	\$ 1.51	\$ 1.89	\$ 0.90	\$ 0.60	

<b>SEWER RATES:</b>						
<b>Proposed Sewer Rates - Billings Effective on:</b>						
Meter Size	Current Bi-Monthly Fixed Rate	Bi-Monthly Fixed Rate January 1, 2010	Bi-Monthly Fixed Rate January 1, 2011	Bi-Monthly Fixed Rate January 1, 2012	Bi-Monthly Fixed Rate January 1, 2013	Bi-Monthly Fixed Rate January 1, 2014
5/8" or 3/4"	\$ 3.32	\$ 7.00	\$ 8.76	\$ 9.64	\$ 10.60	\$ 11.12
1"	\$ 6.64	\$ 9.80	\$ 12.26	\$ 13.48	\$ 14.82	\$ 15.56
1 1/2"	\$ 9.96	\$ 14.46	\$ 18.08	\$ 19.90	\$ 21.88	\$ 22.98
2"	\$ 13.27	\$ 20.06	\$ 25.08	\$ 27.58	\$ 30.34	\$ 31.86
3"	\$ 33.19	\$ 34.98	\$ 43.72	\$ 48.10	\$ 52.90	\$ 55.56
4"	\$ 42.14	\$ 51.76	\$ 64.70	\$ 71.18	\$ 78.30	\$ 82.20
6"	\$ 63.38	\$ 98.38	\$ 122.98	\$ 135.28	\$ 148.80	\$ 156.24
8"	\$ 87.61	\$ 154.34	\$ 192.92	\$ 212.20	\$ 233.42	\$ 245.10
10"	\$ 116.14	\$ 219.60	\$ 274.50	\$ 301.96	\$ 332.14	\$ 348.76
<b>Variable Usage per (HCF)</b>	\$ 0.40	\$ 0.80	\$ 1.00	\$ 1.10	\$ 1.21	\$ 1.27
<b>Proposed Net Increase in Sewer Rates:</b>						
Meter Size	Bi-Monthly Net Increase January 1, 2010	Bi-Monthly Net Increase January 1, 2011	Bi-Monthly Net Increase January 1, 2012	Bi-Monthly Net Increase January 1, 2013	Bi-Monthly Net Increase January 1, 2014	
5/8" or 3/4"	\$ 3.68	\$ 1.76	\$ 0.88	\$ 0.96	\$ 0.52	
1"	\$ 3.16	\$ 2.46	\$ 1.22	\$ 1.34	\$ 0.74	
1 1/2"	\$ 4.50	\$ 3.62	\$ 1.82	\$ 1.98	\$ 1.10	
2"	\$ 6.79	\$ 5.02	\$ 2.50	\$ 2.76	\$ 1.52	
3"	\$ 1.79	\$ 8.74	\$ 4.38	\$ 4.80	\$ 2.66	
4"	\$ 9.62	\$ 12.94	\$ 6.48	\$ 7.12	\$ 3.90	
6"	\$ 35.00	\$ 24.60	\$ 12.30	\$ 13.52	\$ 7.44	
8"	\$ 66.73	\$ 38.58	\$ 19.28	\$ 21.22	\$ 11.68	
10"	\$ 103.46	\$ 54.90	\$ 27.46	\$ 30.18	\$ 16.62	
<b>Variable Net Increase (per HCF)</b>	\$ 0.40	\$ 0.20	\$ 0.10	\$ 0.11	\$ 0.06	

RESOLUTION NO. 6225

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MANHATTAN BEACH, CALIFORNIA, APPROVING INCREASES IN WATER AND WASTEWATER SERVICE CHARGES EFFECTIVE January 1, 2010

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MANHATTAN BEACH, CALIFORNIA, HEREBY RESOLVES AS FOLLOWS:

SECTION 1. the City Council of the City of Manhattan Beach hereby makes the following findings:

- (a). the City of Manhattan Beach operates its own water and wastewater utilities;
- (b). the cost of operating, maintaining and replacing the infrastructure of these utilities is increasing;
- (c). the revenues generated under the current service charge structure are not sufficient to adequately fund these utilities;
- (d). water and wastewater rates were last adjusted in 2008;
- (e). the Manhattan Beach City Council has determined that it is necessary to increase water and wastewater service charges to mitigate increased imported water costs, to comply with environmental mandates, to adequately maintain the water and wastewater delivery systems and to plan for future operating and capital needs;
- (f). a public hearing was held on October 20, 2009;
- (g). the subject increases are exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines 15061 (b)(3) in that it can be seen with certainty that they do not have the potential for causing a significant effect on the environment;
- (h). an insufficient number of protests to the increased service charges were received, thereby allowing the City Council to implement the new service charges.

SECTION 2. The five year service charge rate increase schedules for water and wastewater set forth on Attachment A, which is incorporated herein by this reference, are hereby adopted for the City's water and wastewater utilities and shall begin to take effect on January 1, 2010 and as thereafter indicated on Attachment A. These rate increase schedules shall apply to all potable water use in the City and shall supersede any prior rate schedules previously established for potable water in the City.

SECTION 3. If any subsection, sentence, clause, phrase or word of this Resolution is for any reason held to be invalid by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the Resolution. The City Council hereby declares that it would have passed and adopted this Resolution and each and all of the provisions thereof irrespective of the fact that any one or more of said provisions may be declared invalid.

SECTION 4. This Resolution shall be applied with respect to all billing beginning January 1, 2010.

SECTION 5. The City Clerk shall certify to the passage and adoption of this resolution; shall cause the same to be entered among the original resolutions of said City; and shall make a minute of the passage and adoption thereof in the records of the proceedings of the City Council of said City in the minutes of the meeting at which the same is passed and adopted.



PASSED, APPROVED and ADOPTED this 20th day of October, 2009.

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

\_\_\_\_\_  
Mayor, City of Manhattan Beach, California

ATTEST:

\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

By   
City Attorney

## Attachment "C"

- Would the City offer senior citizens living on fixed income a discount to their bill?
- Why the need to spend 7.5 million dollars so quickly?
- Why not increase our rates a little each year in order to make infrastructure improvements yearly rather than such a large amount all at once?
- Why not request bond funds to fix our entire infrastructure?
- Why can't we run our water mains laterally with West Basin lines to help save money on trenching costs and construction?
- I saw that West Basin was mandating the use of gray water, why can't we mandate that for Manhattan Beach as well?
- Why is the burden on those that protest the increase versus making those in favor of the increase have to write in?
- Why were rates not increased previously?
- Residents that have been living in Manhattan Beach for a long time should be given credit for the rates that we currently have been paying.
- Why can't we protest the rate that MWD is charging the City for water?
- The required 50% protest amount is grossly unable to be met. Why not require only 25% protest?
- There is no proven data by AKM that the \$7.5 million you are proposing is actually needed. Why not fix the critical areas this year then review where we stand next year and increase rates at that time, if needed.
- Is the City reviewing their own water usage in fountains, parks, landscaped medians and City buildings?
- What is going to happen after 5 years? Will the rates be increased again?
- Has the City subsidized the water fund?
- Why is the property owner responsible for maintaining the public ROW? This impacts our water usage as well.
- If you are going to make the property owner responsible for watering the ROW area by their homes, then you should offer alternative plants that are drought tolerant at a reduced cost to those that replace the existing plants or grass.

- Why can't General Fund money be used to pay for a portion of the infrastructure repairs?
- Are the commercial businesses throughout the city being impacted as well? Are they being asked to conserve?
- The City Council must look at other ways the infrastructure repairs can be funded other than solely through rate increase.
- Citizens should have been surveyed to ask how much of an increase they could afford. We feel there wasn't any opportunity for us to give feedback prior to the roll out of the proposed increase.
- Why were only 50% of our pipes surveyed? When will the rest be done?
- The letter sent to residents should have been proof read by a resident or senior citizen to ensure that the information could be understood.
- Why can't some of the pipes be lined instead of completely replaced?
- Residents should be allowed to vote on how the infrastructure repair work is funded.
- It seems to me there is a lot of work/repairs that you are proposing, what is that going to look like in terms of streets torn up, traffic congestions, inconveniences to neighborhoods, etc.?
- I have heard there is a coalition of various South Bay cities which have formed to protest the increase that MWD and West Basin are charging. Does Manhattan Beach plan on joining this coalition to protest?
- What water conservation education is being done for renters in the city?
- Is the hardness of the water we are receiving the cause of the deteriorated pipes?
- Billing format lacks information.
- Conservation will prevent adequate revenues from being raised, necessitating more rate increases.
- Public Notice was poor.
- Prop 218 process not followed.