

**AGENDA
SPECIAL MEETING
SIERRA MADRE CITY COUNCIL,**

Tuesday, June 12, 2018

Closed Session 6:00 pm

**City Hall Council Chambers
232 W. Sierra Madre Boulevard
Sierra Madre, California 91024**

*Denise Delmar, Mayor
John Harabedian, Mayor Pro Tem
Rachelle Arizmendi, Council Member
John Capoccia, Council Member
Gene Goss, Council Member*

*Sue Spears, City Clerk
Michael Amerio, City Treasurer*



PUBLIC COMMENT

The Council will listen to the public on any item on the agenda. Under the Brown Act, Council is prohibited from taking action on items not on the agenda, but the matter may be referred to staff or to a subsequent meeting. Each speaker will be limited to three continuous minutes, which may not be delegated. These rules will be enforced but may be changed by appropriate City Council action.

PUBLIC COMMENT FOR ITEMS ON THE AGENDA:

Persons wishing to speak on closed session items have a choice of doing so either immediately prior to the closed session or at the time for comments on items at the open session.

CLOSED SESSION

CALL TO ORDER/ROLL CALL

Mayor Delmar, Mayor Pro Tem Harabedian, Council Member Arizmendi, Council Member Capoccia, and Council Member Goss

PUBLIC COMMENT

Regarding Closed Session Items

RECESS TO CLOSED SESSION REGARDING:

CONFERENCE WITH LEGAL COUNSEL – Existing Litigation
CETT vs. City of Sierra Madre and Planning Commission of the City of Sierra Madre
Pursuant to Government Code Section 54956.9(d)(1).

ACTION ITEMS

Regardless of staff recommendation on any agenda item, the City Council will consider such matters, including action to approve, conditionally approve, reject, or continue such item.

MEETING ASSISTANCE

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CALL TO ORDER/ROLL CALL

Mayor Delmar, Mayor Pro Tem Harabedian, Council Member Arizmendi, Council Member Capoccia, and Council Member Goss

PUBLIC COMMENT

Regarding Closed Session Items

RECESS TO CLOSED SESSION REGARDING:

CONFERENCE WITH LABOR NEGOTIATOR

Pursuant to Calif. Government Code Section 54957.6

City Negotiators: City Manager Gabriel Engeland, Assistant City Manager Marcie Medina, and Human Resources Manager Miguel Hernandez

Employee Organization: Classified Employees Association

ACTION ITEMS

Regardless of staff recommendation on any agenda item, the City Council will consider such matters, including action to approve, conditionally approve, reject, or continue such item.

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**AGENDA
REGULAR MEETING
SIERRA MADRE CITY COUNCIL,
SUCCESSOR AGENCY, AND
PUBLIC FINANCE AUTHORITY**

Tuesday, June 12, 2018 - 6:30 pm

**City Hall Council Chambers
232 W. Sierra Madre Boulevard
Sierra Madre, California 91024**

*Denise Delmar, Mayor
John Harabedian, Mayor Pro Tem
Rachelle Arizmendi, Council Member
John Capoccia, Council Member
Gene Goss, Council Member*

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PUBLIC COMMENT FOR ITEMS ON THE AGENDA:

Persons wishing to speak on any item on the agenda will be called at the time the agenda item is brought forward. Persons wishing to speak on closed session items have a choice of doing so either immediately prior to the closed session or at the time for comments on items at the open session.

PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA:

Time shall be devoted to audience participation early on the agenda.

**CALL TO ORDER/ROLL CALL
MEMBERS OF THE CITY COUNCIL**

Mayor Delmar, Mayor Pro Tem Harabedian, Council Member Arizmendi, Council Member Capoccia, and Council Member Goss

**PLEDGE OF ALLEGIANCE AND
INVOCATION/INSPIRATION**

Council Member John Capoccia

APPROVAL OF AGENDA

Vote of the Council to proceed with City business.

APPROVAL OF MEETING MINUTES

Approval of City Council minutes from the regular meeting on May 22, 2018.

MAYOR AND CITY COUNCIL REPORTS

Council Member activities relating to City business.

PUBLIC COMMENT

Regarding items not on the Agenda.

ACTION ITEMS

1. CONSENT

ADOPTION OF RESOLUTION 18-27 OF THE CITY COUNCIL OF THE CITY OF SIERRA MADRE APPROVING CERTAIN DEMANDS

Recommendation that the City Council approve Resolution 18-27 for approval of payment of City warrants in aggregate amount of \$290,722.61; Library warrants in the aggregate amount of \$9,586.48, and payroll transfer in the aggregate amount of \$272,573.50 for fiscal year ending June 2018.

PUBLIC HEARINGS

2. **FISCAL YEAR 2018-2019 ASSESSMENT DISTRICTS - PUBLIC HEARING AND RESOLUTION OF CONFIRMATION 18-28 AND RESOLUTION 18-29 SETTING ASSESSMENT RATES FOR AD VALOREM MAINTENANCE DISTRICTS 1, 3A AND 3B**

Recommendation that the City Council open a public hearing, receive testimony, and,

1. Adopt Resolution No. 18-28 confirming assessment proceedings for Assessment Districts 3, and 5, Community Facilities District No 1, E Miramonte Sewer District, and E. Bonita Sewer District for Fiscal Year 2018-2019, and approving the City Engineer's Report; and
2. Adopt Resolution No. 18-29 setting tax rates for Ad Valorem Districts No. 1, 3A, and 3B.

3. **CONSIDERATION OF RESOLUTION 18-30 ADOPTING THE FISCAL YEAR 2018-2019 BUDGET; AND RESOLUTION 18-31 APPROVING GANN APPROPRIATION LIMITS FOR FISCAL YEAR 2018-2019; AND RESOLUTION 18-32: APPROVING THE FISCAL YEAR 2018-2019 FEE SCHEDULE; AND PFA RESOLUTION 72 ADOPTING THE PUBLIC FINANCING AUTHORITY BUDGET FOR FISCAL YEAR 2018-2019**

Recommendation that the City Council adopt

1. Resolution 18-30 adopting the Fiscal Year 2018-2019 Budget and appropriating the amounts projected; and
2. Resolution 18-31 approving the GANN Appropriation Limits for 2018-2019; and
3. Resolution 18-32 approving the 2018-2019 Fee Schedule; and,
4. PFA Resolution 72 adopting the Fiscal Year 2018-2019 Budget by the Public Financing Authority.

4. **CONSIDERATION OF RESCINDING CITY COUNCIL DETERMINATION DENYING HILLSIDE DEVELOPMENT PERMIT 12-01 AND CONDITIONAL USE PERMIT 12-08, REINSTATING PLANNING COMMISSION RESOLUTION 13-04 APPROVING THE CONSTRUCTION OF A NEW TWO-STORY SINGLE-FAMILY RESIDENCE LOCATED AT 610 BALDWIN COURT (LOT 24)**

Recommendation that the City Council adopt Resolution 18-26 rescinding City Council Resolution 15-03 (Denying Hillside Development Permit 12-01 and Conditional Use Permit 12-08), and effectively reinstating Planning Commission Resolution 13-04, approving Hillside Development Permit 12-01 and Conditional Use Permit 12-08 regarding the construction of a new two-story single-family residence located at 610 Baldwin Court (lot 24.)

DISCUSSION

5. **CONSIDERATION OF ADOPTION OF COMPREHENSIVE WATER AND WASTEWATER COST OF SERVICE STUDY AND IMPLEMENTATION OF PROPOSITION 218 PROCESS FOR WATER AND SEWER RATE ADJUSTMENTS**

Recommendation that the City Council

1. Adopt the draft City of Sierra Madre Comprehensive Water and Wastewater Cost of Service Study, as amended with Council direction to include the updated infrastructure fixed cost and the updated wastewater cost of service; and
2. Direct staff to initiate the Proposition 218 Notification and Protest ballot process based on the recommendations of the April 23, 2018 Comprehensive Water and Wastewater Cost of Services Study; and
3. Approve supporting documentation for the Proposition 218 process comprised of the Official Protest Ballot and the Guidelines for the Submission and Tabulation of Protests; and
4. Set July 31, 2018 at 9:30am at Sierra Madre City Hall for the public tabulation of protests and July 31, 2018 at 6:30pm at Sierra Madre City Hall for the Public Hearing as required by Proposition 218.

ACTION ITEMS

Regardless of staff recommendation on any agenda item, the City Council will consider such matters, including action to approve, conditionally approve, reject, or continue such item.

AVAILABILITY OF AGENDA MATERIALS

Materials related to items on this agenda are available for public inspection on the City's website at www.cityofsierramadre.com, and during normal business hours at City Hall, 232 W. Sierra Madre Blvd. and at the Sierra Madre Public Library, 440 W. Sierra Madre Blvd.

LIVE BROADCASTS

Regular City Council meetings are broadcasted live on Cable Channel 3 and rebroadcast on Wednesday and Saturday at 5:30 p.m.

MEETING ASSISTANCE

If you require special assistance to participate in this meeting, please call the City Manager's office at (626) 355-7135 at least 48 hours prior to the meeting.

ADJOURNMENT

The City Council will adjourn to a Regular Meeting at this same place on Tuesday, June 26, 2018.



CITY OF SIERRA MADRE
CITY COUNCIL REGULAR MEETING MINUTES

SIERRA MADRE CITY COUNCIL
SUCCESSOR AGENCY AND
PUBLIC FINANCE AUTHORITY

Tuesday, May 22, 2018 - 6:30 pm

Sierra Madre City Hall Council Chambers
232 W. Sierra Madre Blvd., Sierra Madre, CA 91024

CALL TO ORDER/ROLL CALL MEMBERS OF THE CITY COUNCIL

Mayor Denise Delmar called the meeting to order at 6:30 p.m. City Clerk Sue Spears called the roll.

Present: Mayor Denise Delmar, Mayor Pro Tem John Harabedian (via teleconference from Chicago, IL), Council Members Rachele Arizmendi, John Capoccia, and Gene Goss

Absent: None

Also Present: Gabe Engeland, City Manager
Holly Whatley, Assistant City Attorney
Marcie Medina, Assistant City Manager
Laura Aguilar, Assistant City Clerk
Mike Amerio, City Treasurer
Kyle Bailey, Police Sergeant
Erin Butler, Police Dispatcher
James Carlson, Management Analyst
Donna Cayson, Police Captain
Chris Cimino, Director of Public Works
Vincent Gonzalez, Planning & Community Preservation Director
Miguel Hernandez, Human Resources Manager
Caroline Jaramillo, Police Officer
Joe Ortiz, Police Chief
Jose Reynoso, Utility Services Director
Jill Schofield, Acting Library Services Manager
Lillian Shaw, Police Officer
Christine Smart, Associate Librarian
Rebecca Silva-Barrón, Community Services Manager
Sue Spears, City Clerk
Kev Tcharkhoutian, City Engineer

PLEDGE OF ALLEGIANCE AND INVOCATION/INSPIRATION:

Council Member Arizmendi led the Pledge of Allegiance, after which she asked the audience to remain standing. Council Member Arizmendi spoke of Memorial Day as a day to honor those who have fought for our country, those who have died either in battle or in war, and to recognize our veterans and those that serve our country. She also read a poem written by Joanna Fuchs.

APPROVAL OF AGENDA AS PRESENTED:

Mayor Delmar asked for a motion to approve the agenda as presented.

Council Member Capoccia moved to approve the agenda as presented.

Council Member Arizmendi seconded the motion to approve the agenda as presented.

Ayes: Mayor Denise Delmar, Mayor Pro Tem John Harabedian, Council Members Rachelle Arizmendi, John Capoccia, and Gene Goss

Noes: None

The motion to approve the agenda as presented was passed unanimously.

APPROVAL OF MINUTES:

Mayor Delmar moved on to the approval of the Minutes of the Regular Council Meeting of May 8, 2018.

Council Member Goss moved to approve the Minutes of the Regular Council Meeting of May 8, 2018 as presented.

Council Member Arizmendi seconded the motion to approve the Minutes of the Regular Meeting of May 8, 2018 as presented.

Ayes: Mayor Denise Delmar, Council Members Rachelle Arizmendi, John Capoccia, and Gene Goss

Noes: None

Absent: None

Abstain: Mayor Pro Tem John Harabedian

The motion to approve the Minutes of the Regular Council Meeting May 8, 2018 as presented was passed with four yes votes and one abstain.

MAYOR AND CITY COUNCIL REPORTS:

- A. Mayor Denise Delmar reported that (1) she and Council Member Arizmendi attended the Sierra Madre Older American Reception honoring Darlene Cook, (2) the Mt. Wilson Trail Race is this Saturday, (3) she and Council Member Arizmendi attended the Kiwanis Club's Annual Chili Cook-Off, which included delicious chili and fun line dancing, (4) SM City staff winners at the Chili Cook-Off were Mgmt. Analyst Carlson (Critics Choice 1st Place) and Chief Ortiz (Critics Choice 2nd Place and People's Choice 3rd Place), and (5) other CM City staff participants were City Manager Engeland and Public Works Director Cimino.
- B. Pro Tem John Harabedian did not make a report.
- C. Council Member Rachelle Arizmendi did not make a report.
- D. Council Member John Capoccia did not make a report.
- E. Council Member Gene Goss did not make a report.

PUBLIC COMMENT ON NON-AGENDA ITEMS:

Mayor Delmar opened the meeting for Public Comment on items not on the agenda.

- Laurie Byer, Sierra Madre, said that: (1) the house located at 127 E. Highland has had serious code enforcement issues, has been condemned by the City, and is now for sale, (2) the house has been vacant for a long time and there are health concerns when the house is abated, and (3) she is seeking assistance in ensuring that the abatement is done in a safe and healthy manner.
- Becky Farmer, Sierra Madre, said that: (1) she concurs with what Ms. Byer described, as she lives on a street adjacent to the 127 E. Highland house, (2) mosquito issues have been reported on E. Highland and that this will affect the neighbors, and (3) she will be grateful for any help.
- David Gordon, Sierra Madre Playhouse, said that: (1) "*The Immigrant*" is coming to an end this weekend and (2) "*Pump Boys and Dinettes*" opens June 22 and runs through July 29, 2018.

Mayor Delmar asked if anyone else would like to come forward on items not on the agenda. Seeing no one come forward, Mayor Delmar closed Public Comment.

REPORT ON THE CLOSED SESSION SPECIAL MEETING OF THE SIERRA MADRE CITY COUNCIL ON TUESDAY, MAY 22, 2018 AT 5:30 PM

Asst. City Attorney Whatley reported that the City Council met in Closed Session on a matter of anticipated litigation. No action was taken; however direction was provided to the City Attorney.

PRESENTATION – SIERRA MADRE CIVIC CLUB DONATIONS TO VARIOUS ORGANIZATIONS

On behalf of the Sierra Madre Civic Club's Philanthropic Awards, Jane Zamanzadeh, Outgoing President, presented checks totaling \$14,000 to the following organizations: Convalescent Aid Society, Creative Arts Group, Mt. Wilson Trail Race, Reading Is Fundamental, Sierra Madre 4th of July Committee, Sierra Madre CERT, Sierra Madre Library, Sierra Madre Middle School, Sierra Madre Pioneer Cemetery, Sierra Madre Playhouse, and Sierra Madre Rose Float Association. Ms. Zamanzadeh said that, in addition to the above philanthropy awards, the Sierra Madre Civic Club previously awarded five high school seniors \$1,000 each.

PRESENTATION – PRESENTATION OF SIERRA MADRE POLICE DEPARTMENT PERSONNEL

Chief Ortiz introduced to the City Council and read the biographies of the following Sierra Madre Public Safety Staff: Sergeant Kyle Bailey, Dispatcher Erin Butler, Police Officer Caroline Jaramillo, and Police Officer (former Dispatcher) Lillian Shaw.

1. AGENDA ACTION ITEM: CONSENT CALENDAR:

City Manager Engeland gave the following reports under the Consent Calendar:

- a) TREASURER'S REPORT - QUARTER ENDING MARCH 31, 2018 - Recommendation that the City Council receive and file.
- b) EXTENSION OF AUDIT SERVICES AGREEMENT - Recommendation that the City Council approve Agreement Amendment No. 2 extending the Professional Services Agreement with

Rogers, Anderson, Malody, and Scott, LLP for an additional year for an amount not to exceed \$61,000 and authorize the City Manager to execute the agreement on behalf of the City.

- c) ADOPTION OF RESOLUTION 18-23 OF THE CITY COUNCIL OF THE CITY OF SIERRA MADRE APPROVING CERTAIN DEMANDS - Recommendation that the City Council approve Resolution 18-23 for approval of payment of City warrants in the aggregate amount of \$403,743.04; Library warrants in the aggregate amount of \$7,639.39, and payroll transfer in the aggregate amount of \$308,596.82 for fiscal year ending June 2018

Mayor Delmar asked if any Member of the Council had questions on items on the Consent Calendar.

In response to a question from Mayor Pro Tem Harabedian related to item 1c - \$35,347 for the Raymond Basis Assessment, City Manager Engeland said that the \$35,347 is an annual fee, is based on the pumping allocation, and is paid from the Water Fund.

Mayor Delmar opened the meeting for Public Comment on the Consent Calendar. Seeing no one, Mayor Delmar closed Public Comment and brought the matter back to the Council for discussion. No additional discussion occurred.

Council Member Capoccia made a motion to approve Consent Items 1a, 1b, and 1c as presented.

Council Member Goss seconded the motion for approval.

Ayes: Mayor Denise Delmar, Mayor Pro Tem John Harabedian, Council Members Rachelle Arizmendi, John Capoccia, and Gene Goss
Noes: None
Absent: None
Abstain: None

The motion to approve Consent Calendar Items 1a, 1b, and 1c as presented was approved unanimously.

AGENDA ITEMS FOR DISCUSSION:

2. CONSIDERATION OF FISCAL YEAR 2018-2019 ASSESSMENT DISTRICTS, ENGINEER'S REPORT, AND RESOLUTION OF INTENTION 18-24

Director of Public Works Cimino introduced City Engineer Tcharkhoutian who gave a report on this item with the following recommendations:

- A. Maintain the same level of assessment with no increases for the 2018-2019 Fiscal Year.
- B. Adopt Resolution of Intention 18-24 initiating proceedings for:
 1. Bonita Sewer District
 2. Community Facilities District No. 1, One Carter
 3. Downtown Landscaping (District 3)
 4. Downtown Lighting District Zone A
 5. Downtown Lighting District Zone B
 6. Downtown Parking (District 5)
 7. Miramonte Sewer District

8. Santa Anita Lighting District No. I

- C. Set June 12, 2018 as a date for a Public Hearing on the matter of the City's Assessment Districts.
- D. Approve the Engineer's Report

Mayor Delmar asked if any Member of the Council had questions on this item.

In response to a question by Council Member Capoccia regarding whether he June 12th date is to consider the recommendations, City Engineer Tcharkhoutian stated that is the second phase of the existing districts and that staff is not recommending any changes in the districts at this time.

Mayor Delmar opened the meeting for Public Comment on this item. Seeing no one, Mayor Delmar closed Public Comment and brought the matter back to the Council for discussion.

Council Member Arizmendi said that she is looking forward to the consolidation, did not realize the complexity of the process and the length of time it takes, and is confident that next year we can see a proposal for that.

Council Member Capoccia made a motion to adopt Resolution of Intention 18-24 initiating proceedings for the assessment districts as listed under item 2 of the Staff Report dated 5-22-18.

Council Member Goss seconded the motion for approval.

- Ayes: Mayor Denise Delmar, Mayor Pro Tem John Harabedian, Council Members Rachelle Arizmendi, John Capoccia, and Gene Goss
- Noes: None
- Absent: None
- Abstain: None

The motion to adopt Resolution of Intention 18-24 initiating proceedings for the assessment districts as listed under item 2 of the Staff Report dated 5-22-18 was approved unanimously.

3. LIBRARY SURVEY RESULTS

City Manager Engeland gave a report on this item, which included a PowerPoint presentation. The summary of the survey is as follows:

- A majority of residents support (a) services which include an up-to-date collection of materials and (b) moving select programs from the Library to other locations in the City & selling the back lot to pay for facility repairs.
- A majority of residents do not support (a) moving the Library to a new location, (b) a significant reduction in services, and (c) a parcel tax to pay for a new Library or enhanced services.

Mayor Delmar asked if any Member of the Council had questions on this item.

In response to a question from Council Member Capoccia as to whether if questions were worded differently would the responses have been different, City Manager Engeland responded that the

questions were intentionally asked as a multi-part question and Staff did its best to explain the questions' meanings at community outreach, the transparency portal, and other meetings to explain what each option meant.

In response to a question from Council Member Capoccia, City Manager Engeland said that the survey result of 75% of people using the Library is statistically accurate and that we are inclined to believe that the Library actually gets that much use. Council Member Capoccia commented that is impressive.

In response to a question from Council Member Arizmendi regarding the impressive response rate of 37%, City Manager Engeland stated that the survey company said that the response rate was pretty high and that we have a very engaged citizenry here, the City was hoping for a 20% response rate as a minimum threshold to get to the needed validity score, and that the 20% response rate was attained early on.

In response to a question from Mayor Pro Tem Harabedian regarding page 13 of the PowerPoint and the distinction between a response of "service is essential" is the most top priority (yes, we want that no matter what) and "very important," (less enthusiastic about it, less of a priority), City Manager Engeland confirmed that (a) the scale was #1 Service is Essential, #2 Very Important, #3 Some Important, and #4 Not Important at All, (b) "Collection of Materials" @ 55% was the only item that received majority "service is essential" response, (c) the chart on page 13 showed that the other services were supported, but to a lesser degree.

In response to a question from Council Member Arizmendi regarding page 13 of the PowerPoint, City Manager Engeland clarified that the percentage of "Essential & Very Important" minus the percentage of "Service is Essential" equals the percentage of "Very Important."

Council Member Goss noted that when one adds "Essential & Very Important," we have residents that value all of these services. City Manager Engeland said that the survey results show that people do support the Library services that are provided, they do use the Library a lot, but looking at what people consider "Essential," the results becomes narrowed.

In response to a question from Mayor Delmar regarding the length of time of the survey, City Manager Engeland responded that it was approximately three months, was done in two waves, most of the responses came in the first wave, at least 20%, a good portion in the second wave as well, and responses were not actually cut off until just before the final report was issued.

Mayor Delmar opened the meeting for Public Comment on this item.

- Richard Proctor, Library Board Trustee, said that (1) he thanked the residents for completing the survey, their support of the Library, and their support of a 21st Century collection, (2) the survey results are a great place to start the conversation about a Library that will (a) serve Sierra Madre for the next 60 years, (b) be a center & source of civic pride, and (c) address needs of a world that does not yet exist, and (3) this needs to be a courageous conversation.
- Toni Bruckner, Sierra Madre, expressed concern that, if the City were to sell the back driveway, it would create problems for people getting to and from the Library.
- Barry Gold, Sierra Madre, said that (1) the survey results are somewhat confusing, i.e. somewhat support or somewhat oppose, (2) the survey did not show any written costs or

proposals, (3) no matter what, he opposes selling any City property, (4) land is too precious and cannot be replaced, and (5) that it would be foolish to sell.

- Gina Frierman-Hunt, Planning Commissioner, said that (1) people strongly oppose moving the Library to the park, (2) she strongly supports a tax to keep the Library where it is with improvements and would also make a sizeable donation, and (3) the Library's proximity to the elementary school makes the location ideal.
- Margaret Quigley, President, Friends of the Sierra Madre Library, said that (1) the survey did not quantify the direct and indirect economic benefits of the Library to the community, (2) the survey did not measure the difficulty to staff of scheduling & moving programs/supplies to other locations, which are already limited, (3) moving programs to other locations would split staff, thus requiring more staff to keep the Library open, and (4) the Library is more precious than the back lot, (5) the back lot was purchased for use of the Library in some way, (6) the people have said they value the Library and are willing to sell the back lot, and (7) who cares what we might need in 50 years.
- Patricia Hall, Sierra Madre, said that (1) she prefers the option of building a new Library, (2) regarding a tax initiative, she knows that it takes a 2/3rd vote, (3) a tax initiative should be phrased as an investment in our community by helping the Library to either build or to expand, and (4) maybe to sell the idea of a Library parcel tax, it should be worded as an investment in the community and not just a tax. and not just a tax,
- Shannon King, Library Board Trustee, said that (1) she seconds the comments of her fellow Trustee Members and welcomes future discussions with each option, (2) she is excited to see the Library survey results, (3) she would welcome the opportunity to have further discussions with the City Council as we work through this process together, (4) selling the back lot, while may provide some funding, may not address all the Library's needs, as making aisles wider for ADA requirements may necessitate a reduction in the collection, (5) there are different ways to look at each of these options and really dig deeper into the issues related to each, and (6) she hopes we can continue the conversation.

Mayor Delmar asked if anyone else would like to come forward this item. Seeing no one come forward, Mayor Delmar closed Public Comment and brought the matter back to the Council for discussion.

In response to a question from Mayor Delmar, City Manager Engeland said he is attending the Library Board of Trustees Meeting tomorrow night and will be proposing that the City Council have a joint meeting with the Library Board of Trustees at the first Regular City Council Meeting in July, with no other agenda items other than Consent Calendar items. If confirmed by the Library Board of Trustees, the joint meeting with the City Council will be on July 10, 2018.

Council Member Capoccia said that (1) he is really looking forward to meeting with the Library Board of Trustees and discussing their thoughts on many issues related to the Library, (2) the Library survey provided great information, i.e. there is great support for keeping the Library in its current location and doing nothing is not an option, (3) the Library survey did not really address the option of building a new Library and we need to talk through that, (4) some of the issues to be discussed should be how we manage the Library, budget constraints, and dig in depth as to where we want to go from here, (5) this issue will be the most important decision to be made in his six years on the City Council and (6) we need to think strategically into the future.

Council Member Goss said that (1) the Library survey was well done and provided tremendous information, (2) while it may be an imperfect survey in many ways, the City Council can process the results, along with the Library Board of Trustees, and come up with a solution that will work for our community, (3) the issue of a new Library has been on the table for at least 20 years, with no action, and we really need to talk about building a new Library as a potential option, (4) the option of building a new Library should be fully explored before a final decision is made, (5) we need to be talking and thinking about what is possible, communities get an idea of themselves by the values that they have, and the visions that they share with one another, (6) he is the City Council Liaison to the Library Board of Trustees and will be at that meeting tomorrow night, and (7) agrees that a joint meeting with the City Council and Library Board of Trustees should be very fruitful.

Council Member Arizmendi said that (1) we knew that the survey would not be all inclusive and answer all of the questions, it was intended to take a pulse of the community/resident's response to some of these issues, (2) we need to ensure that we have safety in the existing building, i.e. ADA issues and the roof, (3) we need to look at what operations of the Library will look like and how we can maintain that within our budget, (4) this is a bigger discussion, (5) she is looking forward to a larger discussion at the joint meeting with the Library Board of Trustees, (6) we can use the Library Survey as a guide as to what residents are thinking, (7) she is wondering if there are other creative ways of looking at this, including the funding issues, whether we build or expand, and the operational dollars needed.

Mayor Pro Tem Harabedian said that (1) the survey was well done and is a good starting place, (2) he continues to believe that a parcel tax to significantly improve or rebuild the Library would probably pass, even with the 2/3rd required votes, (3) the Library Survey has not changed that belief, (4) he is also looking forward to the joint meeting with the Library Board of Trustees, and (5) while we may not go down the parcel tax route, is still convinced that we should entertain the idea of a parcel tax.

In response to a question from Council Member Capoccia regarding the process of getting to a decision as to the direction to proceed, City Manager Engeland said that the survey and the discussions that have taken place did a good job of eliminating the option of moving the Library to the Community Center, as the responses were no, no, & no. He said that Staff is anticipating (1) discussion on the type of Library we want and how we can realistically fund that, (2) when both bodies meet, they can have a conversation both of (a) what the Library could be, (b) dealing with the reality of needing the building to be paid for, whether improved or rebuilt, and (c) operations within the Library need to be paid for long term, (3) it is the City Council's discretion to determine whether the City proceeds with seeking a parcel tax, sell the back lot, or take a break for fund raising. City Manager Engeland also stated that, in the interim, Staff will determine what has to happen to make the building safe and ADA compliant, regardless of any path taken. Additionally, he said that we know where the Library will be, it is up to both bodies to decide what type of Library is going to be there, is hoping that a direction, not necessarily a decision, can be made at that July 10th meeting, but a direction to go in until something else says to stop.

Council Member Capoccia said that, for the joint meeting, there is a need to talk in depth about a lot of these issues, (1) operational costs going forward, (2) transition if we were to build a new Library, (3) how we get from now to then, (4) anticipates that City Staff will be prepared to help talk through those issues, and is (5) concerned whether, with the magnitude of the issues, they can all be addressed at one meeting.

Mayor Delmar said that (1) she does not think that a decision will be made on July 10th as to whether we are going to have a new Library or not, (2) we need to approach this as our current

state, what we need to do, and what we hope to be able to do, (3) there have to be different stages of this process, (4) Staff needs to bring back all of those operating costs, what we can do now in the next three months, nine months, next year, (5) if the decision is to build a new Library, it will not happen immediately, and what are we going to do with the Library when we have to close it to rebuild or repair it, (6) there are many avenues to explore so we cannot just make one big decision and have all of the issues resolved, (7) this will be a gradual process moving forward and (8) would like to plan the agenda for the joint meeting with the Chairperson of the Library Board of Trustees.

City Manager Engeland clarified that Staff is hoping for a direction, the example of exploring a new Library, as that will require an exceptional amount of work, will not be completed by the initial joint meeting, and the direction might be go research this. Mayor Delmar commented that there are immediate needs that must be taken care of.

No decision was made, and Staff will move forward in scheduling the joint meeting with the Library Board of Trustees.

At 7:51 p.m., Mayor Delmar announced that the meeting would break for three minutes and resume at 7:54 p.m. The meeting resumed at 7:57 p.m.

4. IMPLEMENTATION OF PROPOSITION 218 PROCESS FOR WATER AND SEWER RATE ADJUSTMENTS

Utility Services Director Reynoso introduced Habib Isaac, Senior Manager, RAFTELIS Financial Consultants, Inc., who gave a report on this item, including a PowerPoint presentation, about the Water and Sewer Utility Cost of Service Study that included the following recommendations:

- A. Adopt the Draft City of Sierra Madre Comprehensive Water and Wastewater Cost of Service Study dated 5-18-18.
- B. Direct staff to initiate the Proposition 218 Notification and Protest ballot process based on the recommendations of the Draft City of Sierra Madre Comprehensive Water and Wastewater Cost of Service Study dated 5-18-18.
- C. Review and approve supporting documentation for the Proposition 218 process comprised of the Official Protest Ballot and the Guidelines for the Submission and Tabulation of Protests.
- D. Set July 24, 2018 at 9:00 a.m. at Sierra Madre City Hall for the public tabulation of protests and July 24, 2018 at 6:30 p.m. at Sierra Madre City Hall for the Public Hearing as required by Proposition 218.

Mayor Delmar asked if any Member of the Council had questions on this item related to water.

In response from a question by Council Member Arizmendi about the determination of minimum and maximum water reserves, Mr. Isaac said that it is best practice, it depends on the frequency of the billing, the need to have an operating reserve of at least 60 – 90 days as a minimum, and if you are billing bi-monthly, up to 180 days, on the capital side typically you want at least one year's amount of capital so you do not have to wait to do projects during the year and allows for contracts to be awarded, knowing that the funds are available, and another good reference point is to have at least the depreciation value as your reserve target for your capital so you know that you have the revenue to continue with the depreciation of your assets. Mr. Isaac said that, collectively, that makes the minimum and maximum.

In response to a question from Mayor Pro Tem Harabedian, Mr. Isaac said that capital outlay is considered an operating expense (repair and maintenance) and beyond that the City has its Water Utility Capital Improvement Plan (Asset Management) that the City funds. Assistant City Manager Medina explained that the difference between capital outlay for (1) repair and maintenance of an existing asset and (2) capital improvement project under the Water Utility Capital Improvement as expenditures for new assets and (3) that depreciation is not related to either of the capital outlay amounts, as it is a separate number.

Mayor Delmar asked if any Member of the Council had questions on this item related to the sewer.

In response to a question from Council Member Arizmendi related to a low-income discount on water rates, City Manager Engeland said that was not included in the proposed rates, as low-income subsidies would need to be a separate discussion by the City Council to be funded from the General Fund, as it is not funded from the Water rates. Mr. Issac added that low income rate subsidies/discounts are not allowed to be funded from the Water rates.

In response questions from Mayor Delmar, Mr. Isaac said that a customer impact analysis was conducted and that the proposed 2-tier water rate (vs the current 4-tier) is more focused on the water supply availability, instead of just water use, makes it more simplistic, and makes communication with customers clearer related to how much water the City has. He further stated that doing so allows the City to give the cheapest rate to everyone equally, regardless of land use, at the highest allotment possible, which made the Tier 1 width expand to 14 units of water (from the current 7 - 8 units of water). Additionally, Mr. Isaac stated that both ground and imported water have a proportional rate of the pumping costs.

Mr. Isaac pointed out that the City has a high water loss rate of close to 20% and, when the City has additional money for capital, as the water rate loss is addressed, the City saves because it no longer needs to buy imported water, which is savings to customers over time.

Mayor Delmar opened the meeting for Public Comment on this item. She welcomed two Boy Scouts that she observed in the audience.

- Dee Alcorn, Sierra Madre, said that (1) his area of concern is infrastructure and wants to make sure that there is a plan to upgrade the system, (2) he assumes that the surcharge is to upgrade the system, (3) he questioned what the \$5.2M to maintain the system at that current revenue is, (4) it is unclear how the surcharge to upgrade the system brings in the same amount of money, why does it not different, if it is an increase, but we are maintaining it at the same level, and (5) he is pleased that there are detailed statistics to rely on.

City Manager Engeland clarified that the City's current water loss is 24.5%, an astonishingly high number. He said that there are three basis ways the City can maintain revenue and still be able to invest more in infrastructure: (1) Made operational changes in the General Fund which has allowed the City to allocate significantly less funding from the Water Fund to the General Fund in overhead costs, will be more than \$100,000 annually at last count, (2) Reduced operating costs substantially, in the second quarter of this next fiscal year will bring forward additional operational cost savings, likely in the form of solar at the spreading grounds, which can reduce an additional \$60,000 - \$80,000 in operating costs per year after the electricity to pump, and (3) There a number of one-time savings, (a) bond refunding put towards capital, and (b) releasing the significant amount of water purchased in 2014 at \$200 or \$250 per acre foot (current price is \$400 per acre foot), thus adding \$500,000 in infrastructure. City Manager Engeland further said that the average

infrastructure expense has been around \$300,000, in the current budget year we spent just under \$1M, in the coming budget year we are projected to spend \$2.2M, and the year after that between \$1M and \$1.5M. He said that the infrastructure charge that we have in place should allow the City, over time, to have a responsible well-managed infrastructure.

- Bill Patzert, Sierra Madre, said that (1) the good news is that we are paying a unusually low price for our water, (2) the bad news is that the infrastructure is failing and the water system is extremely leaky, (3) the question is whether to continue the maintenance at the current level, which is really a band-aid crisis by crisis basis, or have a systematic plan to rebuild over say 50 years the infrastructure of the water and sewage systems, (4) he thinks that the City is not charging enough for water, (5) the City needs a long-term plan, not just for crisis management, but replenishment of the entire water system and, after 10 or 15 years, it will actually cost the City less money.

Mayor Delmar asked if anyone else would like to come forward this item. Seeing no one come forward, Mayor Delmar closed Public Comment and brought the matter back to the Council for discussion.

In response to a question from Council Member Arizmendi, City Manager Engeland said that the current Water Master Plan is designed to provide the City with a responsibly managed infrastructure system, however the rates do not get the City out of crisis quick enough and that a valid argument could be made that, even spending \$2.2M in infrastructure (because we are in a crisis mode), we are not at a point of a responsibly managed system. He also that that this is a multi-generational fix and cannot be remedied quickly, even with a great deal of money, because of just how bad the system is.

In response to questions from Council Member Goss regarding projected water loss curve over the next 10 – 15 years based on the Water Rate Study, Utility Services Director Reynoso said (1) currently 18 water mains are in design and should be ready for the next fiscal year, of those looking at completing 10 water mains, (2) the biggest savings is going to be with the AMI Project, bringing in 5% - 10% efficiency in distributed water, (3) over the next year or two should see a 5% - 10% improvement in water loss, (4) the AMI Project replaces the existing water inaccurate meters, which allows the City to recover water that is not accounted for, (5) thinks that in next 2 years the water loss savings will be at 15% and, depending on water mains how aggressive we are, water loss savings will be at 10%, and (5) the total cost to replace the entire water system is estimated \$50M.

City Manager Engeland pointed out that, in the Water Master Plan, the focus was on the water mains outlined in red (as those that cause the most water loss), but City Council was asked to also focus on the orange because (as we fix seven of the top 10, 18 coming into design and where we will be in water loss after AMI is done, a significant savings), the question is how quickly do those pipes that are orange degrade to the point where they become defunct. He stated that currently the City is averaging 400 leaks per year, even with replacing the worst offenders of leaks. City Manager Engeland emphasized that, no matter what the City does, this is a multi-generational problem, intergenerational equity and responsibility, we have a good start at it, but we must continue.

In response to a question from Mayor Pro Tem Harabedian regarding clarifying the source of the \$2M in capital improvements, City Manager Engeland said the largest areas are next year, excluding operational improvements, which have yet to be budgeted, (1) AMI Project through bond refunding and the amount of debt payment released \$650,000, (2) Releasing water reserves

purchased in 2014 \$500,000, (3) Fund balance or cash from the Water Fund itself to spend on infrastructure needs.

Mayor Pro Tem Harabedian expressed that, while he thinks the new pricing structure makes sense as it is adapted to where the City is with regards to importing water, views the projected water loss problem compared to the budgeted capital outlay, both in repair and maintenance and in the capital improvement plan, as being too light. He said that he thinks that the City needs a bolder plan for capital improvement and capital outlays for repair and maintenance. Mayor Pro Tem Harabedian also stated that the recommendations in the Water Rate Study are not bold and/or aggressive enough in raising capital improvement dollars, as fixing the system will save money over time.

Council Member Capoccia said that he agreed with Mayor Pro Tem Harabedian to a degree, but that even raising the proposed infrastructure surcharge of \$10.88/month (\$21.75/2 months) on the smallest meter size (3/4" or less) by an additional \$10 or \$15 per month, the City cannot get there fast enough, so it boils down to how much of an impact on customers is reasonable. He said that the proposed charges are a significant enough of a rate increase and is hesitant to go too far above that. Council Member Capoccia sees this as a plan that is making steady progress, increasing the reserves, and continuing to spend more on infrastructure than we have spent previously. He said that he could be persuaded to charge more if it was in the public's best interest to do so, but questions how high is too high.

In response to a question from Council Member Goss regarding what more money would do in terms of an accelerated water main replacement program, City Manager Engeland said that replacing one street (block to block) costs between an average of \$100,000 - \$150,000 per block, every \$5 per month in fixed charge equates to \$175,000 available for additional capital expenditures, the City has a large number of pipes that need to be replaced, and a good percentage of pipes in the ground have already failed. In addition, he stated that there is a bandwidth problem in that the City can only design so many water main replacements in a year to the point that that the City could not do anything else.

In response to a question from Council Member Capoccia, Public Works Director Cimino said that Staff could probably do double above what they have been doing or what is being planned to do, but the risk is that the City cannot take on too much. He also stated that doing too many projects would result in the City constantly being in a construction mode, which would be disruptive to residents and business owners. Public Works Cimino indicated that up to \$1M - \$1.5M per year for water mains only would be pushing it. City Manager Engeland said that the guiding principal provided to RAFTELIS in completing the Water Survey was to keep it revenue neutral in the Water Fund and if the City Council wants to make a decision to be more aggressive in the fund, then Staff is comfortable with that.

Mayor Delmar asked whether a new Water Rate Study would be needed if the City Council were to consider not accepting this Water Rate Study but looking at an increase in the water rates. City Manager Engeland said that a new Water Rate Study would not be needed, that Council could give direction tonight to either (1) calculate an increase in the fixed charge for the infrastructure fee based on an amount that Council is comfortable with, RAFTELIS could build that into the fixed charge, and we could still start the 218 process in 10 days, or (2) Staff can come back at the next City Council Meeting with the new infrastructure charge, but because the City Council does not generally meet in August, the tally of 218 votes would be delayed to September, which means that new rates would not take place until November.

Mayor Delmar expressed hesitancy of establishing an increase in the fixed rate without first calculating a customer impact study at the same time. City Manager Engeland said that Staff can do both of those and then in the next 10 days we could determine a comfort level or have a special City Council Meeting. He said that he prefers that Staff be provided with direction tonight on what City Council is comfortable with so that can be brought back to Council. City Manager Engeland advised not waiting to September, if possible, as that would result in delays before new water rates are implemented.

Mayor Delmar asked City Council their preference to consider raising rates a bit in order to bring in more revenue to improve the City's infrastructure improvement timeline. Discussion among the City Council members took place.

In response to a question from Mayor Pro Tem Harabedian, regarding determining the incremental number needed to enable City Staff to take on more projects and complete the work over the next five years to make a material difference in the water infrastructure, City Manager Engeland said that Staff would refer back to the Water Master Plan to determine a number, given that there is always more need than bandwidth. He said that the proposed \$350,000 is not sufficient but was calculated to keep the rates revenue neutral in the Water Fund and considering the efficiencies that would be implemented to put more money into infrastructure. City Manager stated that Staff could use the Water Master Plan to determine the ability of Public Works to design the projects and then come back to City Council with the customer impact survey numbers as well, which could be done at a special meeting or accept that the 218 process would not end until September.

Following a suggestion by Council Member Capoccia, discussion among the City Council members took place regarding what the magic number would be in terms of a tolerable rate increase for customers vs the need and the bandwidth of what City Staff can complete, and the necessity to act regarding the 218 process.

In response to a question from Council Member Arizmendi, City Manager Engeland said that the expenses will likely exceed the revenues because of the enhancement to the infrastructure program and anything not covered through expenses would go into reserves, which is not anticipated.

No action was taken related to the adoption of the Draft City of Sierra Madre Comprehensive Water and Wastewater Cost of Service Study dated 5-18-18. This made actions related to items B, C, and D of the Staff Report recommendations null and void.

Staff was provided with direction to re-calculate the fee structure with a non-neutral approach in order to fix the water systems and bring recommendations back to the City Council for discussion at the next City Council Meeting.

NEW ITEMS PLACED FOR FUTURE AGENDA:

Mayor Delmar asked the members of the City Council if there are any new items for future meeting agendas.

Council Member Goss requested the following be added as a future meeting agenda item: Sierra Madre Municipal Code (Title 17 - Zoning - Chapter 17.22 - Second Units) 17.22.130 – Recordation of Covenants and Deed Restrictions Pertaining to Second Units.

ADJOURNMENT:

Mayor Delmar asked for a motion to adjourn.

Council Member Arizmendi made a motion to adjourn the meeting.

The motion to adjourn was seconded by Council Member Capoccia.

Ayes: Mayor Denise Delmar, Mayor Pro Tem John Harabedian, Council Members Rachelle Arizmendi, John Capoccia, and Gene Goss.

Noes: None

Absent: None

Abstain: None

The motion to adjourn was passed unanimously.

THIS SIERRA MADRE CITY COUNCIL REGULAR MEETING WAS ADJOURNED at 9:06 p.m. to a Regular Meeting to be held on Tuesday, June 12, 2018, in the Sierra Madre City Hall Council Chambers.

Denise Delmar, Mayor

Minutes taken and prepared by:

Sue Spears, City Clerk

RESOLUTION NUMBER 18-27

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SIERRA MADRE
APPROVING CERTAIN DEMANDS**

WHEREAS, the following demands have been reviewed and approved by the Finance Director; and,

WHEREAS, the Finance Director has verified that appropriated funds are available for payment thereof; and,

WHEREAS, the register of audited demands has been submitted to the City Council for approval; and

WHEREAS, City Warrants are the payment of bills, invoices and contractual obligations incurred by the City of Sierra Madre during the period enumerated therein, based on the approved fiscal year budget and existing budgetary authority, Municipal Code authority, or prior policy direction by the City Council; and

WHEREAS, Payroll Transfer is the transfer of funds to cover the payroll costs for all City employees for the period enumerated therein.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Sierra Madre does hereby approve payment of City Warrants in the aggregate amount of \$290,722.61 ;Sierra Madre Library Warrants in aggregate amount of \$9,586.48 and Payroll Transfer in the aggregate amount of \$272,573.50 for the fiscal year ending June 30, 2018.

APPROVED AND ADOPTED this 12th day of June, 2018.

Mayor, City of Sierra Madre, California

I hereby certify that the foregoing Resolution Number 18-27 was adopted by the City Council of the City of Sierra Madre at a regular meeting held on the 12th day of June, 2018.

AYES:

NOES:

ABSTAIN:

**City of Sierra Madre
Department of Finance
Warrant Register Recap
City Council Meeting of June 12, 2018**

CITY OF SIERRA MADRE AND SIERRA MADRE LIBRARY

City of Sierra Madre Warrants	\$290,722.61
Sierra Madre Library Warrants	\$9,586.48
Payroll #11 Transfer.....	\$272,573.50

Warrant Register 6/12/18**Attachment 1A**

Fiscal Year	Description	Amount	Page #
FY1718	General Warrants- Utility Bills	1,965.83	1-2
FY1718	General Warrants	288,756.78	3-7
	Total	290,722.61	

Fiscal Year	Description	Amount	
FY1718	Library Warrants	9,586.48	8-9
	Total	9,586.48	

Date: 5/31/18	Payroll #11 Electronic Tansfers From: City of Sierra Madre-General Acct. To: City of Sierra Madre-Payroll Acct.	272,573.50	
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Packet: APPKT04020 - UB052218
Vendor Set: 01 - Vendor Set 01

Check Date: 05/24/2018

Vendor Number	Vendor Name	Bank Code	Payment Type	Invoice #	Invoice Description	Account Number	Distribution Amount
Fund: 10000 - GENERAL FUND							
<u>1439</u>	TIME WARNER CABLE						
APBWEST	Check			<u>8448300220164625</u>	C CABLE SVC 5/12-6/11/18	10000.50000.52200	215.76
				<u>8448300220192683</u>	C LIBRARY INT SVC 5/24-6/24/18	10000.90000.52200	199.98
Fund 10000 Total:							415.74
Fund: 60003 - INT SVC FND - TECHNOLOGY							
<u>VEN02792</u>	FRONTIER CALIFORNIA INC						
APBWEST	Check			<u>31016998450619065</u>	PH CHGS 5/16-6/16/18	60003.30000.55005	87.98
<u>1749</u>	PACIFIC TELEMAGEMENT SERVICE						
APBWEST	Check			<u>986576</u>	PAY PHONE 6/1-6/30/18	60003.30000.55005	82.64
<u>1439</u>	TIME WARNER CABLE						
APBWEST	Check			<u>8448300220192691</u>	C SVCS 611 SM RC MDM 5/25-6/24/18	60003.30000.52200	189.98
Fund 60003 Total:							360.60
Report Total:							776.34



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Packet: APPKT04028 - UB053118
Vendor Set: 01 - Vendor Set 01

Check Date: 06/01/2018

Vendor Number	Vendor Name	Bank Code	Payment Type	Invoice #	Invoice Description	Account Number	Distribution Amount
Fund: 10000 - GENERAL FUND							
<u>VEN02792</u>	FRONTIER CALIFORNIA INC						
APBWEST	Check			<u>20915157430511995</u>	LA CNTY SHRFF CHGS 5/28-6/27/18	10000.50000.55005	242.91
				<u>31000157630511995</u>	LA CNTY SHRFF PH CHGS 5/28-6/27/18	10000.50000.55005	140.60
<u>1439</u>	TIME WARNER CABLE						
APBWEST	Check			<u>8448300220179789-C</u>	LA CNTY WAN 5/27-6/26/18	10000.50000.52200	283.44
				<u>8448300220027467-C</u>	FD CABLE CHGS 6/1-6/30/18	10000.61000.52200	60.35
						Fund 10000 Total:	727.30
Fund: 60003 - INT SVC FND - TECHNOLOGY							
<u>0942</u>	TELEPACIFIC COMMUNICATIONS						
APBWEST	Check			<u>103859737-0</u>	PH SVCS 5/23-6/22/18	60003.30000.55005	462.19
						Fund 60003 Total:	462.19
						Report Total:	1,189.49



Packet: APPKT04026 - GEN061218
Vendor Set: 01 - Vendor Set 01

Check Date: 06/01/2018

Vendor Number	Vendor Name	Bank Code	Payment Type	Invoice #	Invoice Description	Account Number	Distribution Amount
Fund: 10000 - GENERAL FUND							
<u>0109</u>	AIRGAS USA	APBWEST	Check	<u>9953317204</u>	FY 2017-18 MEDICAL OXYGEN	10000.64000.53300	462.10
<u>1552</u>	ARNOLD'S FRONTIER HARDWARE	APBWEST	Check	<u>084895</u>	FY 2017-18 HARDWARE SUPPLIES	10000.61000.53204	16.40
				<u>084845</u>	FY 2017-18 HARDWARE SUPPLIES	10000.61000.53204	18.05
				<u>084984</u>	FY 2017-18 HARDWARE SUPPLIES	10000.61000.53204	27.36
				<u>084542</u>	FY 2017-18 HARDWARE SUPPLIES	10000.61000.53204	7.65
				<u>084873</u>	FY 2017-18 HARDWARE SUPPLIES	10000.61000.53204	3.27
				<u>084611</u>	FY 2017-18 HARDWARE SUPPLIES	10000.61000.53204	15.32
				<u>084704</u>	FY 2017-18 HARDWARE SUPPLIES	10000.61000.53204	4.37
<u>VEN02257</u>	ATLAS BUSINESS SOLUTIONS INC	APBWEST	Check	<u>INV294006</u>	SCHEDULING SOFTWARE LICENSE	10000.50000.52200	1,080.00
<u>VEN02212</u>	BLACK & WHITE EMERGENCY VEHICLES	APBWEST	Check	<u>2502</u>	REPLACE VIDEO CAMERA	10000.50000.53301	70.00
<u>VEN02901</u>	BLAKE SILCOTT	APBWEST	Check	<u>INV022594</u>	VOLUNTEER FIREFIGHTER STIPEND	10000.61000.51150	350.00
<u>VEN02683</u>	CAL BLEND SOILS INC	APBWEST	Check	<u>64038</u>	MULCH	10000.83300.53001	27.38
<u>1087</u>	CITY OF ARCADIA	APBWEST	Check	<u>ARMS000019</u>	blanket PO - firing range	10000.50000.52200	300.00
<u>0326</u>	CITY OF PASADENA	APBWEST	Check	<u>30002222</u>	blanket po - inmate housing	10000.50000.52003	1,142.00
<u>VEN03077</u>	CODY VELLA	APBWEST	Check	<u>INV022592</u>	VOLUNTEER FIREFIGHTER STIPEND	10000.61000.51150	100.00
<u>VEN03080</u>	CYRUS SKIDMORE	APBWEST	Check	<u>INV022595</u>	VOLUNTEER FIREFIGHTER STIPEND	10000.61000.51150	300.00
<u>VEN03079</u>	DANIEL GRANADOS	APBWEST	Check	<u>INV022593</u>	VOLUNTEER FIREFIGHTER STIPEND	10000.61000.51150	250.00
<u>0841</u>	DAPEER, ROSENBLIT & LITVAK,LLP	APBWEST	Check	<u>14533</u>	Legal services	10000.40000.52201	11,392.21
<u>1584</u>	DENRAM PRODUCTS CORP	APBWEST	Check	<u>17080</u>	DOORHANGER	10000.40000.53102	105.54
<u>1462</u>	FASCHING'S CAR WASH	APBWEST	Check	<u>INV022643</u>	blanket po - car wash/police veh mntc	10000.50000.52302	249.25
<u>VEN01936</u>	FOOTHILL COMMUNICATIONS LLC	APBWEST	Check	<u>2475</u>	Foothill Communications	10000.61000.53301	262.71
<u>VEN02778</u>	FORMLA LANDSCAPING INC	APBWEST	Check	<u>29588</u>	FY 17-18 CITY HALL LANDSCAPE SERVICES	10000.83300.52200	833.33
<u>VEN02088</u>	JCL TRAFFIC SERVICES	APBWEST	Check	<u>95375</u>	FY 17-18 STREET MAINTENANCE SUPPLIES	10000.83500.53206	270.75
<u>VEN01382</u>	KIDZ LOVE SOCCER	APBWEST	Check	<u>INV022712</u>	Recreation Classes - Kidz Love Soccer	10000.77000.52200	42.90
<u>0515</u>	LANDSCAPE WAREHOUSE	APBWEST	Check	<u>2557412</u>	FY 17-18 IRRIGATION SUPPLIES	10000.83300.53001	486.04
				<u>2556246</u>	FY 17-18 IRRIGATION SUPPLIES	10000.83300.53001	45.63
				<u>2558148</u>	FY 17-18 IRRIGATION SUPPLIES	10000.83300.53001	3.32
				<u>2556407</u>	FY 17-18 IRRIGATION SUPPLIES	10000.83300.53001	35.42
<u>VEN01628</u>	LAW ENFORCEMENT MEDICAL SERVICES, INC	APBWEST	Check	<u>13667</u>	BLOOD WITHDRAWL	10000.50000.53999	55.00
<u>0640</u>	LIFE-ASSIST INC.	APBWEST	Check	<u>854559</u>	FY 2017-18 EMS SUPPLIES	10000.64000.53300	2,021.92
<u>0307</u>	MYERS-STEVENS & CO. INC.	APBWEST	Check	<u>1278497</u>	FF INSURANCE MAY 2018	10000.61000.51205	336.72

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Vendor Number	Vendor Name	Bank Code	Payment Type	Invoice #	Invoice Description	Account Number	Distribution Amount
<u>0786</u>	OFFICE DEPOT, INC	APBWEST	Check	<u>119488324001</u>	blanket po - office supplies	10000.50000.53100	167.08
				<u>119488794001</u>	blanket po - office supplies	10000.50000.53100	102.48
				<u>141160208001B</u>	OFFICE SUPPLIES	10000.70000.53100	73.35
<u>VEN03156</u>	PERIMETER SOLUTIONS LP	APBWEST	Check	<u>05232018</u>	Perimeter Solutions	10000.61000.53300	2,230.02
<u>0332</u>	PETTY CASH FUND-ADMIN	APBWEST	Check	<u>INV022653</u>	REFUND/UUT	10000.00000.42003	20.85
				<u>INV022658</u>	PARKING//LA LACCE BOARD MEETING	10000.82000.53402	20.00
				<u>INV022648</u>	PARKING/LA LACCE BOARD MEETING	10000.82000.53402	20.00
<u>VEN01608</u>	PHOENIX GROUP INFORMATION SYSTEMS	APBWEST	Check	<u>042018200</u>	blanket po - parking citation svcs	10000.50000.52200	1,142.02
<u>0552</u>	RKA CONSULTING GROUP	APBWEST	Check	<u>27571</u>	Engineering Design Services for FY 2017-18 Stree	10000.83500.52100	79.50
				<u>27570</u>	Engineering Design Services for FY 2017-18 Stree	10000.83500.52100	70.00
<u>1443</u>	SHRED-IT USA LLC	APBWEST	Check	<u>8124720003</u>	blanket po -document shredding	10000.50000.52200	646.63
<u>VEN01256</u>	SKY BLUEPRINT & SUPPILES INC	APBWEST	Check	<u>B61466</u>	PRINTING SERVICES	10000.40000.53102	118.26
<u>0381</u>	SOUTHEAST CONSTRUCTION PRODUCT	APBWEST	Check	<u>1805-072466</u>	FY 17-18 CONSTRUCTION MATERIAL	10000.83500.53206	59.89
				<u>1804-062091</u>	FY 17-18 CONSTRUCTION MATERIAL	10000.83500.53206	40.56
				<u>1805-076006</u>	FY 17-18 CONSTRUCTION MATERIAL	10000.83500.53206	151.90
<u>VEN02018</u>	SUZETTE OTLEWIS	APBWEST	Check	<u>INV022599</u>	FY 2017-18 CE/QI SERVICES	10000.64000.52205	500.00
<u>VEN03145</u>	TRAFFIC SAFETY STORE	APBWEST	Check	<u>000654636</u>	Traffic Safety Supplies	10000.83500.53206	2,586.81
Fund 10000 Total:							28,343.99
Fund:	37004 - LOCAL TRANSPORTATION/PROP A						
<u>1455</u>	FIRST TRANSIT INC	APBWEST	Check	<u>11454178- MAR 2018</u>	FY 17-18 DIAL A RIDE GATEWAY COACH TRANSP	37004.70000.52203	12,235.72
				<u>11463959</u>	FY 17-18 DIAL A RIDE GATEWAY COACH TRANSP	37004.70000.52203	12,250.96
<u>1717</u>	LACMTA	APBWEST	Check	<u>102074</u>	Senior Disable Tap Card	37004.70000.52001	70.00
<u>0267</u>	REGIONAL TAP SERVICE CENTER	APBWEST	Check	<u>6006530</u>	CPOS Tap Card	37004.70000.52001	110.00
Fund 37004 Total:							24,666.68
Fund:	37006 - SENIOR CENTER						
<u>1484</u>	ALLIANT INSURANCE SERVICES	APBWEST	Check	<u>843494</u>	EVENT INSURANCE	37006.72000.52200	393.00
<u>VEN01969</u>	INLAND EMPIRE STAGES	APBWEST	Check	<u>51844</u>	SENIOR EXCURSION	37006.72000.52200	721.25
<u>1717</u>	LACMTA	APBWEST	Check	<u>102074</u>	Senior Disable Tap Card	37006.72000.53999	30.00
Fund 37006 Total:							1,144.25
Fund:	38003 - CLEAN AIR FUND (AQMD)						
<u>0629</u>	WONDRIES FLEET GROUP	APBWEST	Check	<u>F02895</u>	2016 Ford Super Duty Reg Cab	38003.80000.56006	42,677.09
Fund 38003 Total:							42,677.09
Fund:	38006 - BIKEWAY/SIDEWALK FUND						
<u>VEN01613</u>	GANAHL LUMBER COMPANY	APBWEST	Check	<u>140988899</u>	LUMBER AND HARDWARE	38006.83600.53211	20.79
				<u>140995864</u>	LUMBER AND HARDWARE	38006.83600.53211	48.06
				<u>140988600</u>	LUMBER AND HARDWARE	38006.83600.53211	40.62
				<u>140992834</u>	LUMBER AND HARDWARE	38006.83600.53211	20.77
Fund 38006 Total:							130.24
Fund:	50003 - REDEVELOPMENT OBLIGATION RETIREMENT FND						
<u>0773</u>	THE BANK OF NEW YORK MELLON	APBWEST	Check	<u>252-2105614</u>	BANK ADM FEE/ TAX INC REV REFUNDING 1998/	50003.30000.54806	2,565.20

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Vendor Number	Vendor Name	Invoice #	Invoice Description	Account Number	Distribution Amount
Fund: 60000 - INT SVC FND - FLEET					
<u>0186</u>	DANIELS TIRE SERVICE				
APBWEST	Check	<u>200340659</u>	FY 17-18 TIRES	60000.83100.53208	382.85
<u>0207</u>	ERNIE'S AUTO PARTS				
APBWEST	Check	<u>14IN327239</u>	FY 17-18 VEHICLE MAINTENACE	60000.83100.53208	28.37
		<u>14IN328772</u>	FY 17-18 VEHICLE MAINTENACE	60000.83100.53208	51.68
<u>0937</u>	INTERSTATE BATTERY SYSTEM OF				
APBWEST	Check	<u>50139983</u>	FY 17-18 CAR BATTERIES	60000.83100.53208	108.87
<u>1454</u>	JDS TANK TESTING & REPAIR INC				
APBWEST	Check	<u>11848</u>	FY 17-18 TANK TESTING AND MAINTENANCE	60000.83100.55001	140.00
<u>VEN01027</u>	STUBBIES				
APBWEST	Check	<u>17615</u>	SHIRTS	60000.83100.56006	157.97
		<u>17645</u>	DECALS	60000.83100.56006	180.68
				Fund 60000 Total:	1,050.42
Fund: 60001 - INT SVC FND - FACILITIES MGT					
<u>VEN02961</u>	ARAMARK UNIFORM & CAREER APPAREL GROUP INC				
APBWEST	Check	<u>533321835</u>	FY 17-18 JANITORIAL SUPPLIES	60001.83200.53200	260.97
		<u>533321834</u>	FY 17-18 UNIFORM CLEANING	60001.83200.53303	64.40
		<u>533149637</u>	FY 17-18 UNIFORM CLEANING	60001.83200.53303	64.35
		<u>533338942</u>	FY 17-18 UNIFORM CLEANING	60001.83200.53303	260.97
		<u>533166838</u>	FY 17-18 UNIFORM CLEANING	60001.83200.53303	64.35
<u>0714</u>	CINTAS CORPORATION #693				
APBWEST	Check	<u>693107703</u>	UNIFORM	60001.83200.53303	122.96
		<u>693109720</u>	UNIFORM	60001.83200.53303	128.17
		<u>693111755</u>	UNIFORM	60001.83200.53303	122.96
<u>0791</u>	CITY ELECTRIC SUPPLY				
APBWEST	Check	<u>PDA/005123</u>	Maintenance supplies	60001.83200.53200	250.38
		<u>PDA/005367</u>	Maintenance supplies	60001.83200.53200	232.69
		<u>PDA/005173</u>	Maintenance supplies	60001.83200.53200	14.20
		<u>PDA/005162</u>	Maintenance supplies	60001.83200.53200	210.79
		<u>PDA/005290</u>	Maintenance supplies	60001.83200.53200	20.28
<u>1639</u>	GMS ELEVATOR SERVICES INC				
APBWEST	Check	<u>92222</u>	FY 17-18 ELEVATOR MAINTENANCE	60001.83200.52200	175.00
<u>VEN02722</u>	IMS REFRIGERATION INC				
APBWEST	Check	<u>45695</u>	ICE MACHINE REPAIR	60001.83200.52301	132.50
		<u>45796</u>	ICE MACHINE REPAIR	60001.83200.52301	134.79
<u>1372</u>	ORKIN COMMERCIAL SERVICES				
APBWEST	Check	<u>169422084</u>	FY 17-18 PEST CONTROL	60001.83200.52200	158.52
		<u>169370848</u>	FY 17-18 PEST CONTROL	60001.83200.52200	250.00
<u>0332</u>	PETTY CASH FUND-ADMIN				
APBWEST	Check	<u>INV022652</u>	APPLIANCE PARTS	60001.83200.53200	27.38
				Fund 60001 Total:	2,695.66
Fund: 60002 - INT SVC FND - ADMINISTRATION					
<u>0241</u>	HINDERLITER, DE LLAMAS & ASSOC				
APBWEST	Check	<u>0029030-IN</u>	CONT SVCS SALES TAX 2ND QTR	60002.30000.52100	449.02
<u>0786</u>	OFFICE DEPOT, INC				
APBWEST	Check	<u>141180716001</u>	Office Supplies	60002.30000.53100	98.50
		<u>142851282001</u>	Office Supplies	60002.30000.53100	158.76
		<u>141361816001</u>	Office Supplies	60002.30000.53100	109.34
		<u>141160208001A</u>	Office Supplies	60002.30000.53100	13.00
		<u>139699899001</u>	Office Supplies	60002.30000.53100	21.68
		<u>142622971001</u>	Office Supplies	60002.30000.53100	175.09
		<u>141361898001</u>	Office Supplies	60002.30000.53100	18.39
<u>0332</u>	PETTY CASH FUND-ADMIN				
APBWEST	Check	<u>INV022654</u>	MILEAGE/TRAINING	60002.30000.53402	15.70
		<u>INV022655</u>	PARKING/TRAINING	60002.30000.53402	13.00
<u>VEN03081</u>	TIMMY LIANG				
APBWEST	Check	<u>INV022598</u>	CONFERENCE	60002.30000.53402	42.18
				Fund 60002 Total:	1,114.66

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Vendor Number	Vendor Name	Bank Code	Payment Type	Invoice #	Invoice Description	Account Number	Distribution Amount
Fund: 60003 - INT SVC FND - TECHNOLOGY							
<u>1644</u>	AMAZON						
APBWEST	Check			<u>565649996858</u>	FY 17-18 COMPUTER SUPPLIES	60003.30000.53103	77.88
				<u>458487589474</u>	FY 17-18 COMPUTER SUPPLIES	60003.30000.53103	46.37
				<u>439578944534</u>	FY 17-18 COMPUTER SUPPLIES	60003.30000.53103	2,599.98
				<u>468548653387</u>	FY 17-18 COMPUTER SUPPLIES	60003.30000.53103	277.46
				<u>837398765475</u>	FY 17-18 COMPUTER SUPPLIES	60003.30000.53103	967.92
				<u>539933965683</u>	FY 17-18 COMPUTER SUPPLIES	60003.30000.53103	283.69
<u>1786</u>	AXONTECH LLC						
APBWEST	Check			<u>7796</u>	FY 17-18 MONTHLY DATTO SERVICE	60003.30000.52200	649.00
<u>1167</u>	COMMUNITY MEDIA OF THE FOOTHILLS						
APBWEST	Check			<u>328</u>	FY 17-18 SIERRA MADRE PRODUCTION SERVICE	60003.30000.52100	2,331.01
<u>VEN02953</u>	CPACINC.COM						
APBWEST	Check			<u>SI-1284868</u>	FY 17-18 COMPUTER SUPPLIES	60003.30000.53103	1,469.63
				<u>SI-1284868A</u>	FY 17-18 COMPUTER SUPPLIES	60003.30000.53103	2,422.62
<u>1476</u>	RICOH AMERICAS CORPORATION						
APBWEST	Check			<u>5053324134</u>	FY 17-18 COPIER LEASE	60003.30000.53210	154.07
<u>VEN03096</u>	WARD M. JOY						
APBWEST	Check			<u>1482</u>	NETWORK WIRING AND INFRASTRUCTURE	60003.30000.52200	3,297.18
				<u>1484</u>	NETWORK WIRING AND INFRASTRUCTURE	60003.30000.52200	562.37
<u>0429</u>	XEROX CORPORATION						
APBWEST	Check			<u>92140691</u>	FY 17-18 COPIER LEASE	60003.30000.53210	430.21
				<u>92140690</u>	FY 17-18 COPIER LEASE	60003.30000.53210	377.44
Fund 60003 Total:							15,946.83
Fund: 60007 - INT SVC FND - PERSONNEL AND RISK MGMT							
<u>VEN01153</u>	DONNA CAYSON						
APBWEST	Check			<u>INV022642</u>	TUITION REIMBURSEMENT	60007.70100.53403	2,776.00
<u>VEN01177</u>	EYEMED						
APBWEST	Check			<u>INV022596</u>	VISION PAYMENT JUNE 2018 #9810110	60007.00000.21603	11.49
<u>0277</u>	LIEBERT CASSIDY WHITMORE						
APBWEST	Check			<u>1459170</u>	PROFESSIONAL SVCS THRU 04/30/18	60007.70100.52201	57.00
				<u>1459169</u>	LEGAL SERVICES APRIL 2018	60007.70100.52201	156.00
				<u>1459436</u>	PROFESSIONAL SVCS THRU 4/30/18	60007.70100.52201	70.00
<u>VEN01176</u>	METLIFE SMALL MARKET						
APBWEST	Check			<u>INV022597</u>	DENTAL JUNE 2018 KM5736666-0001	60007.00000.21603	129.82
<u>0786</u>	OFFICE DEPOT, INC						
APBWEST	Check			<u>141160208001</u>	Office Supplies	60007.70100.53300	299.60
<u>0332</u>	PETTY CASH FUND-ADMIN						
APBWEST	Check			<u>INV022646</u>	MILEAGE/TRAINING	60007.70100.52205	23.22
				<u>INV022647</u>	PARKING/TRAINING	60007.70100.52205	8.00
				<u>INV022649</u>	REFRESHMENT/FIRE ENGINEER INTRVW PANEL	60007.70100.53999	30.75
<u>VEN02863</u>	THE COUNSELING TEAM INTERNATIONAL						
APBWEST	Check			<u>53736</u>	PSY ASSESSMENTS- FIRE DEPT	60007.70101.52100	300.00
Fund 60007 Total:							3,861.88
Fund: 71000 - WATER ENTERPRISE FUND							
<u>0109</u>	AIRGAS USA						
APBWEST	Check			<u>9953333431</u>	FY 17-18 WELDING GAS	71000.81100.53200	50.50
				<u>9075661274</u>	FY 17-18 WELDING GAS	71000.81100.53200	423.80
<u>0171</u>	CLINICAL LABORATORY OF SAN BERNARDINO, INC.						
APBWEST	Check			<u>962406</u>	FY 17-18 WATER TREATMENT TESTING MONTHL	71000.81100.52200	2,144.00
<u>VEN02229</u>	DEPT OF PUBLIC HEALTH/ENVIRONMENTAL HEALTH						
APBWEST	Check			<u>AR0179972</u>	ENVIRONMENATL HEALTH PERMIT	71000.81100.52401	1,081.00
<u>VEN03151</u>	EUROFINS EATON ANALYTICAL LLC						
APBWEST	Check			<u>L0387490</u>	TESTING DRINKING	71000.81100.52200	150.00
				<u>L0385851</u>	TESTING DRINKING	71000.81100.52200	250.00
<u>VEN01500</u>	INLAND WATER WORKS SUPPLY CO.						
APBWEST	Check			<u>S1011271.001</u>	FY 17-18 DISTRIBUTION SYSTEM REPAIR SUPPLII	71000.81100.53200	1,359.99
				<u>S1011271.004</u>	Open PO - Distribution system repair supplies	71000.81100.53200	160.97
				<u>S1011422.001</u>	FY 17-18 DISTRIBUTION SYSTEM REPAIR SUPPLII	71000.81100.53200	200.93
				<u>S1011890.001</u>	Open PO - Distribution system repair supplies	71000.81100.53200	39.42

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Vendor Number	Vendor Name	Bank Code	Payment Type	Invoice #	Invoice Description	Account Number	Distribution Amount
APBWEST	Check			<u>S1011422.002</u>	Open PO - Distribution system repair supplies	71000.81100.53200	24.48
				<u>S1011271.003</u>	Open PO - Distribution system repair supplies	71000.81100.53200	56.94
				<u>S1009184.001</u>	FY 17-18 DISTRIBUTION SYSTEM REPAIR SUPPLI	71000.81100.53200	1,468.94
				<u>S1011113.001</u>	FY 17-18 DISTRIBUTION SYSTEM REPAIR SUPPLI	71000.81100.53200	673.43
				<u>S1011996.001</u>	Open PO - Distribution system repair supplies	71000.81100.53200	1,224.21
				<u>S1011422.003</u>	Open PO - Distribution system repair supplies	71000.81100.53200	32.46
<u>0332</u>	PETTY CASH FUND-ADMIN						
APBWEST	Check			<u>INV022657</u>	HOSE	71000.81100.53205	25.17
<u>0797</u>	SAN GAB VALLEY MUNICIPAL WATER DISTRICT						
APBWEST	Check			<u>7</u>	Loan Mira Monte Reservoir	71000.00000.27301	145,687.50
<u>0382</u>	SOUTH COAST A Q M D						
APBWEST	Check			<u>3275587</u>	CALIF AIRTOXICS HOT SPOTS JUL 17-JUN 18	71000.81100.52401	128.61
<u>1820</u>	TARGET MAILING SERVICES INC						
APBWEST	Check			<u>36251</u>	FY 17-18 MAILING SERVICES/ WATER BILLING	71000.32000.53101	1,170.00
<u>0410</u>	UNDERGROUND SERVICE ALERT						
APBWEST	Check			<u>420180664</u>	Underground alert services	71000.81100.52200	298.75
<u>0426</u>	WESTERN WATER WORKS						
APBWEST	Check			<u>490431-00</u>	FY 17-18 DISTRIBUTION SYSTEM REPAIR	71000.81100.53200	1,254.21
						Fund 71000 Total:	157,905.31
Fund:	77003 - SPECIAL EVENTS						
<u>1484</u>	ALLIANT INSURANCE SERVICES						
APBWEST	Check			<u>840867</u>	MWTR EVENT INSURANCE	77003.79007.52999	674.00
<u>1455</u>	FIRST TRANSIT INC						
APBWEST	Check			<u>11463959</u>	FY 17-18 DIAL A RIDE GATEWAY COACH TRANSP	77003.79012.52999	12.21
				<u>11454178- MAR 2018</u>	FY 17-18 DIAL A RIDE GATEWAY COACH TRANSP	77003.79012.52999	12.19
<u>0332</u>	PETTY CASH FUND-ADMIN						
APBWEST	Check			<u>INV022659</u>	SENIOR EXCURSION DRIVER'S TIP	77003.79003.52999	60.00
				<u>INV022650</u>	SENIOR EXCURSION DRIVER'S TIP	77003.79003.52999	80.00
				<u>INV022645</u>	SENIOR EXCURSION DRIVER'S TIP	77003.79003.52999	92.00
				<u>INV022644</u>	SENIOR EXCURSION DRIVER'S TIP	77003.79003.52999	80.00
				<u>INV022656</u>	ABC/LICENSE/MWTR	77003.79007.52999	51.20
<u>VEN02740</u>	SHAFFER AWARDS						
APBWEST	Check			<u>0004164</u>	MWTR TROPHIES	77003.79007.52999	69.97
						Fund 77003 Total:	1,131.57
Fund:	77004 - SERVICES MOVIE/OES DETAILS						
<u>VEN03150</u>	COOLER WATER PRODUCTIONS LLC						
APBWEST	Check			<u>INV022710</u>	REFUND DEPOSIT	77004.00000.23001	2,651.00
<u>VEN03109</u>	MESQUITE PRODUCTIONS INC						
APBWEST	Check			<u>INV022711</u>	REFUND DEPOSIT	77004.00000.23001	2,872.00
						Fund 77004 Total:	5,523.00
						Report Total:	288,756.78



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Vendor Number	Vendor Name	Bank Code	Payment Type	Invoice #	Invoice Description	Account Number	Distribution Amount
Fund: 10000 - GENERAL FUND							
<u>VEN02711</u>	AMERICAS PRINTER						
APBWEST	Check			<u>1135874A</u>	Various Printing for Library	10000.90000.53102	153.11
<u>0132</u>	BAKER & TAYLOR, INC.						
APBWEST	Check			<u>4012210117</u>	Books & Reference, Processing Fees & Media	10000.90000.52200	20.66
				<u>4012225470</u>	Books & Reference, Processing Fees & Media	10000.90000.52200	18.01
				<u>4012216028</u>	Books & Reference, Processing Fees & Media	10000.90000.52200	22.50
				<u>4012214315</u>	Books & Reference, Processing Fees & Media	10000.90000.52200	12.52
				<u>4012206392</u>	Books & Reference, Processing Fees & Media	10000.90000.52200	27.22
				<u>4012225810</u>	Books & Reference, Processing Fees & Media	10000.90000.52200	10.77
				<u>4012227095</u>	Books & Reference, Processing Fees & Media	10000.90000.52200	5.72
				<u>4012222672</u>	Books & Reference, Processing Fees & Media	10000.90000.52200	7.75
				<u>4012228253</u>	Books & Reference, Processing Fees & Media	10000.90000.52200	6.34
				<u>4012215258</u>	Books & Reference, Processing Fees & Media	10000.90000.52200	14.03
				<u>4012207618</u>	Books & Reference, Processing Fees & Media	10000.90000.52200	58.51
				<u>4012217390</u>	Books & Reference, Processing Fees & Media	10000.90000.52200	4.70
				<u>4012216299</u>	Books & Reference, Processing Fees & Media	10000.90000.52200	11.24
				<u>4012216592</u>	Books & Reference, Processing Fees & Media	10000.90000.52200	1.02
				<u>4012219279</u>	Books & Reference, Processing Fees & Media	10000.90000.52200	10.28
				<u>4012211400</u>	Books & Reference, Processing Fees & Media	10000.90000.52200	11.33
				<u>4012228252</u>	Books & Reference, Processing Fees & Media	10000.90000.53406	130.83
				<u>4012217089</u>	Books & Reference, Processing Fees & Media	10000.90000.53406	9.61
				<u>4012214314</u>	Books & Reference, Processing Fees & Media	10000.90000.53406	262.86
				<u>4012217389</u>	Books & Reference, Processing Fees & Media	10000.90000.53406	104.27
				<u>4012225809</u>	Books & Reference, Processing Fees & Media	10000.90000.53406	197.96
				<u>4012219278</u>	BOOKS AND REFERENCE	10000.90000.53406	242.92
				<u>4012216298</u>	Books & Reference, Processing Fees & Media	10000.90000.53406	182.95
				<u>4012211399</u>	Books & Reference, Processing Fees & Media	10000.90000.53406	479.22
				<u>4012222671</u>	Books & Reference, Processing Fees & Media	10000.90000.53406	231.76
				<u>4012215257</u>	BOOKS	10000.90000.53406	194.15
				<u>4012227094</u>	Books & Reference, Processing Fees & Media	10000.90000.53406	196.62
				<u>4012210116</u>	Books & Reference, Processing Fees & Media	10000.90000.53406	435.79
<u>1123</u>	COMPRISE TECHNOLOGIES, INC.						
APBWEST	Check			<u>1805-375</u>	Smart Access Manager (SAM) Renewal	10000.90000.52200	1,772.00
<u>0314</u>	OCLC, INC.						
APBWEST	Check			<u>0000595541</u>	2017-2018 - OCLC & Baker & Taylor Subscription	10000.90000.52200	460.92
<u>0786</u>	OFFICE DEPOT, INC						
APBWEST	Check			<u>142696508001</u>	Office Supplies	10000.90000.53100	55.17
				<u>134973905001</u>	Office Supplies	10000.90000.53100	73.09
				<u>142696661001</u>	Office Supplies	10000.90000.53100	20.78
				<u>138482536001</u>	Office Supplies	10000.90000.53100	286.33
Fund 10000 Total:							5,732.94
Fund: 29005 - LIBRARY GRANTS							
<u>0132</u>	BAKER & TAYLOR, INC.						
APBWEST	Check			<u>4012216591</u>	BOOKS	29005.90000.53999	19.21
<u>1488</u>	FEDEX OFFICE						
APBWEST	Check			<u>370100019538</u>	STEAM POSTERS	29005.90000.53999	152.21
<u>1578</u>	PETTY CASH FUND-LIBRARY						
APBWEST	Check			<u>INV022661</u>	STEAM WORKSHOP REFRSHMENTS	29005.90000.53999	18.91
Fund 29005 Total:							190.33
Fund: 39002 - LIBRARY - GIFT AND MEMORIAL							
<u>1578</u>	PETTY CASH FUND-LIBRARY						
APBWEST	Check			<u>INV022660</u>	CHILDREN'S BOOK	39002.90000.53406	16.95

Packet: APPKT04027 - LIB061218
 Vendor Set: 01 - Vendor Set 01

Fund 39002 Total: 16.95

Check Date: 06/01/2018

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Vendor Number	Vendor Name	Bank Code	Payment Type	Invoice #	Invoice Description	Account Number	Distribution Amount
Fund: 39006 - FRIENDS OF THE LIBRARY DONATION FUND							
<u>VEN02711</u>	AMERICAS PRINTER						
APBWEST	Check			<u>1137205</u>	SUMMER CALENDARS	39006.90000.53999	1,179.77
				<u>1137629</u>	SUMMER PROGRAMS	39006.90000.53999	202.99
<u>0132</u>	BAKER & TAYLOR, INC.						
APBWEST	Check			<u>4012225469</u>	Books & Reference, Processing Fees & Media	39006.90000.53406	87.45
				<u>T79743442</u>	Books & Reference, Processing Fees & Media	39006.90000.53406	105.97
				<u>T79743440</u>	Books & Reference, Processing Fees & Media	39006.90000.53406	21.04
				<u>T79903361</u>	Books & Reference, Processing Fees & Media	39006.90000.53406	9.02
				<u>T80206920</u>	Books & Reference, Processing Fees & Media	39006.90000.53406	69.75
				<u>T79743441</u>	Books & Reference, Processing Fees & Media	39006.90000.53406	28.73
				<u>T80793651</u>	Books & Reference, Processing Fees & Media	39006.90000.53406	12.62
				<u>T79903360</u>	Books & Reference, Processing Fees & Media	39006.90000.53406	12.30
				<u>4012216027</u>	Books & Reference, Processing Fees & Media	39006.90000.53406	140.33
				<u>4012206391</u>	Books & Reference, Processing Fees & Media	39006.90000.53406	70.56
				<u>4012207617</u>	Books & Reference, Processing Fees & Media	39006.90000.53406	268.33
				<u>T80793650</u>	Books & Reference, Processing Fees & Media	39006.90000.53406	41.02
				<u>T80206910</u>	Books & Reference, Processing Fees & Media	39006.90000.53406	11.48
<u>VEN02001</u>	ELLEN'S SILKSCREENING						
APBWEST	Check			<u>66460</u>	SUMMER READING PRIZES	39006.90000.53999	432.53
<u>0218</u>	GAYLORD BROTHERS						
APBWEST	Check			<u>2536337</u>	Archival Supplies	39006.90000.53999	40.97
<u>VEN01733</u>	ORIENTAL TRADING CO						
APBWEST	Check			<u>689714009-01</u>	SUMMER CRAFT SUPPLIES	39006.90000.53999	351.90
				<u>689714009-02</u>	SUMMER PRIZES	39006.90000.53999	49.99
<u>VEN01043</u>	OVERDRIVE INC						
APBWEST	Check			<u>01148CO18083342</u>	Annual Subscription Fees/eBooks	39006.90000.53406	461.47
<u>1578</u>	PETTY CASH FUND-LIBRARY						
APBWEST	Check			<u>INV022662</u>	SUPPLIES FOR PROGRAMS	39006.90000.53999	48.04
Fund 39006 Total:							3,646.26
Report Total:							9,586.48



City of Sierra Madre Agenda Report

Denise Delmar, Mayor
John Harabedian, Mayor Pro Tem
Rachelle Arizmendi, Council Member
John Capoccia, Council Member
Gene Goss, Council Member

Sue Spears, City Clerk
Michael Amerio City Treasurer

TO: Honorable Mayor and Members of the City Council

FROM: Chris Cimino, Director of Public Works *cc*
Marcie Medina, Assistant City Manager
Kev Tcharkhoutian, City Engineer

REVIEWED BY: Gabriel Engeland, City Manager *GE*

DATE: June 12, 2018

SUBJECT: 2018-2019 ASSESSMENT DISTRICTS - PUBLIC HEARING AND
RESOLUTION OF CONFIRMATION 18-28 AND RESOLUTION 18-
29 SETTING ASSESSMENT RATES FOR AD VALOREM
MAINTENANCE DISTRICTS 1, 3A AND 3B

SUMMARY

The provisions of the Landscaping and Lighting Act of 1972 require that the City Council conduct a public hearing to confirm assessments and to notify affected property owners. In addition, Section 22566 of the California Streets and Highway Code requires the City Engineer to prepare a report of the City's intention to levy assessments for the subsequent fiscal year.

STAFF RECOMMENDATION

It is recommended that the City Council:

Open the public hearing, receive testimony, and,

- 1.) Adopt Resolution No. 18-28 confirming assessment proceedings for Assessment Districts 3, and 5, Community Facilities District No 1, E Miramonte Sewer District, and E. Bonita Sewer District for Fiscal Year 2018-2019, and approving the City Engineer's Report ; and
- 2.) Adopt Resolution No. 18-29 setting tax rates for Ad Valorem Districts No. 1, 3A, and 3B.

FINANCIAL REVIEW

The Los Angeles County Assessor's Office collects the assessments. The four assessment districts are identified as direct assessments and are added to the annual County property tax bill. The Maintenance districts are identified as ad valorem districts. The City receives payment for these assessments in April and December of each year. The payments received in December 2018 and April 2019 will be applied toward the fiscal year.

ANALYSIS

FY 2018-2019 ASSESSMENT DISTRICT ANALYSIS

The districts totaling eight presented tonight for consideration are:

Direct assessment districts: Based on benefits received by the parcels charged

Central Business District Landscaping Maintenance	District No. 3
Central Business Parking District	District No. 5
Community Facilities District No 1, Carter One	

Sewer assessment districts

Reimbursement of costs incurred during construction of sewer mains

E. Miramonte Sewer Assessment District
E. Bonita Sewer Assessment District

Ad valorem districts (Benefits received charged based on property values)

Maintenance District No 1
Maintenance District No 3, Zone A
Maintenance District No 3, Zone B

The revenues generated by landscape Districts 3 and Parking District 5, lighting Districts A and B, are not adequate to cover the expenses incurred in those Districts. In order to adjust the assessments to provide the revenue to fully fund those Districts it would be necessary to increase the assessments, and to do so the City would be required to initiate a Proposition 218 process. A study prepared by the City Engineer in 2010 indicated that at that time most assessments would have had to be at least doubled in order to balance the individual District's budgets. It was determined at that time that the City would not go forward with the initiation of a Proposition 218 ballot proceeding to increase the assessment charges to cover the shortfall in the district's cost centers.

Sierra Madre Landscape District No. 3, Central Business District Landscape (Fund 32002, County Account 256.94)

Resolution of Confirmation 2018-2019 Assessment Districts

June 12, 2018

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This district comprises the annual trimming of parkway trees located in the Central Business District. The funds may also be used for landscape maintenance, irrigation water, and replacement of damaged landscaping materials in the Sierra Madre Boulevard and Baldwin Avenue landscape bow-outs.

The district is comprised of 82 parcels. The annual assessment is divided among the 82 parcels based on the size of the lot and the frontage width. This district was formed in 1982 under Resolution 82-41.

District No. 3 Fund activity overview:

Estimated 6/30/2018 Fund Balance	\$0
Projected Revenues for 2018-2019	\$6,200
Expenditures (Estimated) for 2018-2019	\$17,800
Projected Subsidy	\$11,600

Current assessments vary between \$45 and \$205, based on the lot frontage. Note that while it is possible to reduce the landscape maintenance and irrigation components of the district costs, staff does not recommend doing so, as the effect of maintenance reduction will adversely impact the downtown area.

It is recommended that assessment rates remain unchanged for fiscal year 2018-2019.

Sierra Madre Parking District No. 5, (Fund 32008, County Account 256.99)

This Assessment District was established by the City Council on June 9, 1992 with the adoption of Resolution of Intention 92-21. The district provides for the lighting, energy, maintenance, water supply, street sweeping, and landscaping costs for the City's four parking lots. Parcels are assessed based on their respective areas as shown on the Los Angeles County Assessor's rolls.

District No. 5 Fund activity overview:

Estimated 6/30/2018 Fund Balance	\$0
Projected Revenues for 2018-2019	\$8,800
Expenditures (Estimated) for 2018-2019	\$28,600
Projected Subsidy	\$19,800

The maximum assessment per parcel per owner is set at \$200 per year. The rate table is based on an evaluation of the use and benefit each parcel receives from the City's public parking lots. The parking lots, which are part of this district, are Mariposa, North Auburn, North and South Baldwin Avenue.

In previous fiscal years the assessment rates have not covered all of the costs assigned to the assessment districts. The Districts have been supported by transfers of funding from the facilities fund in those years. In FY 2018-2019 it is anticipated that actual

expenditures will again exceed revenues and it will be necessary to transfer funds again from facilities.

It is recommended that the current assessments for District No. 5 remain unchanged for 2018-2019

Community Facilities District No 1

This District was established in January 2012 under Ordinance No. 1327 to fund maintenance of portions of the storm drain system serving the Stonegate (One Carter) development. The District is comprised of 28 parcels. The assessment for each parcel is \$238 annually. This assessment is designed to cover the cost of maintaining the clarifier, the catch basins, the administrative costs associated with the District, and the cost of eventual replacement of the clarifier, if needed. 2012-2013 is the first year this charge was implemented. No rate increases are proposed.

3. SEWER ASSESSMENT DISTRICTS

The City also has two sewer assessment districts, both formed to recover the design and construction cost for installation of public sewers under the Municipal Improvement Act of 1913. The East Mira Monte Sewer Assessment District (Fund 546) was formed April 4, 2004 under Resolution 04-028. The East Bonita Sewer Assessment District (Fund 549) was formed June 13, 2006 under Resolution 06-039. Funds collected under these districts reimburse the cost of design and construction of the sewer mains.

4. MUNICIPAL LIGHTING AND MAINTENANCE DISTRICTS (AD VALOREM)

These Districts were established in the early 60's and are not direct assessments, but are based on the property values as assessed by the Los Angeles County Assessor's office. The Districts are identified by the County Auditor-Controller as Sierra Madre Lighting and Maintenance District 3, Zone A; Sierra Madre Lighting and Maintenance District 3, Zone B; and Sierra Madre Lighting and Maintenance District No. 1.

Maintenance District No. 1 is comprised of residential parcels created under Tract No. 15709; located on Santa Anita Avenue, Oakwood Place, and Vista Avenue; bounded on the north by Elkins Avenue, east by the Arcadia/Sierra Madre boundary, south by Grandview Avenue and west by Santa Anita Avenue. Parcels in this district are charged roughly 17 cents per \$100 of assessed property value.

Maintenance District No. 3, Zone A is comprised of commercial parcels on the north and south sides of West Sierra Madre Boulevard from Hermosa Avenue to just west of Lima Street. Parcels in this district are charged approximately 31 cents per \$100 of assessed value.

Maintenance District No. 3, Zone B is also comprised of commercial parcels, on West Sierra Madre Boulevard, from Hermosa Avenue to Baldwin Avenue, and on both sides of North and South Baldwin Avenue from Suffolk Avenue to West Montecito. Parcels in this

Resolution of Confirmation 2018-2019 Assessment Districts

June 12, 2018

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district are charged approximately 31 cents per \$100 of assessed value..

The projected expenses and revenues, for FY 2018-2019, under the Municipal Lighting and Maintenance Districts are as follows:

District A (Fund 32006, County Account 256.53)	District B (Fund 32007, County Account 256.54)	District No. 1 (Fund 32005, County Account 256.51)
Estimated Fund balance 6/30/2018=\$273,100	Estimated Fund balance 6/30/2018=\$287,300	Estimated Fund balance 6/30/2018=\$254,300
Revenues \$61,000	Revenues \$70,000	Revenues \$51,000
Expenses \$41,100	Expenses \$55,400	Expenses \$2,000
Fund balance 6/30/2019= \$293,000	Fund balance 6/30/2019= \$301,900	Fund balance 6/30/2019= \$303,300

PUBLIC NOTICE PROCESS

This item has been noticed through the regular agenda notification process. Copies of this report are available at the City Hall public counter, at the Sierra Madre Public Library, and can be accessed on the City's website at www.cityofsierramadre.com.

Attachments:

Engineer's Report

Resolution No.18-28 confirming the levy of assessments for Districts 3, and 5, Community Facilities District No 1, E Miramonte Sewer District, and E. Bonita Sewer District, for Fiscal Year 2018-2019, and approving the City Engineer's Report for 2018-2019.

Resolution 18-29 setting tax rates for Ad Valorem Districts No. 1, 3A, and 3B.

Engineer's Report
City of Sierra Madre

Assessment Districts
Fiscal Year 2018-2019

Prepared by: Kev Tcharkhoutian, P.E.
Dated: June 2018

Certification

Pursuant to the direction of the City Council of the City of Sierra Madre, I have prepared and filed this Engineer's Report for the City's assessment districts pursuant to Section 22565 of the California Streets and Highways Code.

I, the undersigned, respectfully submit this Engineer's Report and state that, to the best of my knowledge, information and belief, the assessments set forth herein have been prepared and computed in accordance with the order of the City Council of the City of Sierra Madre.

Dated: May 22, 2018

_____, PE
City Engineer

I have received and filed this report as directed by Resolution of the City Council of the City of Sierra Madre.

Dated: _____

City Clerk

District No. 3 Central Business District Landscaping

A. Improvement Plans and Specifications.

This district has historically included the annual trimming of parkway trees and four pepper trees located in the Central Business District. The funds may also be used for landscape maintenance and replacement of damaged landscaping materials.

B. Estimate of Costs

It is expected that the activities funded in connection with this district will cost \$17,800 for Fiscal Year 2018-2019.

6/30/2018 Fund Balance (Projected)	\$0
Fund Revenues (Estimated) for 2018-2019	\$6,200
Expenditures (Estimated) for 2018-2019	\$17,800
Subsidy from Facilities Internal Services Fund (Projected)	\$11,600
6/30/2019 Fund Balance (Projected)	\$0

C. Map and Diagram

Reference is made to the official maps of the Los Angeles County Assessor for a full and complete description of the parcels assessed herein. Each parcel is assessed by reference to the assessors parcel number assigned by the Assessor and indicated on the assessment tables attached.

D. Assessment

All assessments for fiscal year 2018-2019 will remain unchanged and will be at the same levels as for fiscal year 2017-2018

The assessment is based on benefit units at \$45 per benefit unit. For each 50 feet of parcel frontage on Sierra Madre Boulevard or Baldwin Avenue one benefit unit is charged. Each additional increment of 50 (or portion thereof) is an additional benefit unit.

The assessment, including all information required by Section 22572 of the Streets and Highways Code, is attached hereto and incorporated herein by reference.

E. Bonds

No bonds have been issued in connection with this district.

Fiscal Year 2018-2019 ASSESSMENTS
 SIERRA MADRE LIGHTING & LANDSCAPING District No. 3
 CITY OF SIERRA MADRE
 ASSESSOR'S ACCOUNT NO: 256.94

#	PARCEL NO.	ADDRESS	AMOUNT
1	5767-015-030	54 N. Baldwin Avenue	\$90.00
2	5767-015-031	52 N. Baldwin Avenue	\$90.00
3	5767-015-032	38 N. Baldwin Avenue	\$45.00
4	5767-015-033	34 N. Baldwin Avenue	\$45.00
5	5767-015-034	26 N. Baldwin Avenue	\$45.00
6	5767-015-037	12 N. Baldwin Avenue	\$45.00
7	5767-015-038	4 N. Baldwin Avenue	\$205.00
8	5767-018-002	47 W. Sierra Madre Blvd.	\$45.00
9	5767-018-003	37 W. Sierra Madre Blvd.	\$45.00
10	5767-018-006	31 W. Sierra Madre Blvd.	\$45.00
11	5767-018-007	25 W. Sierra Madre Blvd.	\$90.00
12	5767-018-011	17 Kersting Court	\$45.00
13	5767-018-012	15 Kersting Court	\$45.00
14	5767-018-013	13 Kersting Court	\$45.00
15	5767-018-016	11 Kersting Court	\$45.00
16	5767-018-020	29 N. Baldwin Avenue	\$45.00
17	5767-018-021	31 N. Baldwin Avenue	\$45.00
18	5767-018-024	41 N. Baldwin Avenue	\$45.00
19	5767-019-017	73 N. Baldwin Avenue	\$45.00
20	5767-019-018	65 N. Baldwin Avenue	\$90.00
21	5767-019-021	55 N. Baldwin Avenue	\$90.00
22	5767-020-002	91 W. Sierra Madre Blvd.	\$45.00
23	5767-020-004	87 W. Sierra Madre Blvd.	\$45.00
24	5767-020-006	81 W. Sierra Madre Blvd.	\$45.00
25	5767-020-009	71 W. Sierra Madre Blvd.	\$45.00
26	5767-020-024	55 E. Sierra Madre Blvd.	\$135.00
27	5767-022-010	127 W. Sierra Madre Blvd.	\$45.00
28	5767-022-011	191 W. Sierra Madre Blvd.	\$90.00
29	5767-022-012	181 W. Sierra Madre Blvd.	\$90.00
30	5767-022-039	147 W. Sierra Madre Blvd.	\$90.00
31	5767-022-046	161 W. Sierra Madre Blvd.	\$90.00
32	5767-022-052	201 W. Sierra Madre Blvd.	\$135.00
33	5767-022-054	115 W. Sierra Madre Blvd.	\$135.00
35	5767-023-001	2 W. Sierra Madre Blvd.	\$182.50
36	5767-023-002	12 W. Sierra Madre Blvd.	\$45.00
37	5767-023-003	14 W. Sierra Madre Blvd.	\$45.00
38	5767-023-004	16 W. Sierra Madre Blvd.	\$45.00
39	5767-023-005	18 W. Sierra Madre Blvd.	\$45.00
40	5767-023-006	24 W. Sierra Madre Blvd.	\$45.00
41	5767-023-007	31 S. Baldwin Ave.	\$45.00
42	5767-023-009	31 W. Sierra Madre Blvd.	\$45.00
43	5767-023-009	38 W. Sierra Madre Blvd.	\$45.00
44	5767-023-013	100 W. Sierra Madre Blvd.	\$45.00

45	5767-023-018	82 W. Sierra Madre Blvd.	\$45.00
46	5767-023-019	80 W. Sierra Madre Blvd.	\$45.00
47	5767-023-020	78 W. Sierra Madre Blvd.	\$45.00
48	5767-023-021	74 E. Sierra Madre Blvd.	\$45.00
49	5767-023-022	70 W. Sierra Madre Blvd.	\$45.00
50	5767-023-025	62 W. Sierra Madre Blvd.	\$45.00
51	5767-023-026	60 W. Sierra Madre Blvd.	\$45.00
52	5767-023-031	38 W. Sierra Madre Blvd.	\$90.00
53	5767-023-036	41 S. Baldwin Ave.	\$90.00
54	5767-023-038	90 W. Sierra Madre Blvd.	\$45.00
55	5767-023-039	48 W. Sierra Madre Blvd.	\$90.00
56	5767-024-009	170 W. Sierra Madre Blvd.	\$90.00
57	5767-024-010	154 W. Sierra Madre Blvd.	\$90.00
58	5767-024-012	140 W. Sierra Madre Blvd.	\$90.00
59	5767-024-014	120 W. Sierra Madre Blvd.	\$90.00
60	5767-024-015	110 W. Sierra Madre Blvd.	\$90.00
61	5767-025-042	14 E. Sierra Madre Blvd.	\$205.00
62	5768-018-009	373 W. Sierra Madre Blvd.	\$45.00
63	5768-018-009	365 W. Sierra Madre Blvd.	\$45.00
64	5768-018-010	359 W. Sierra Madre Blvd.	\$45.00
65	5768-018-023	341 W. Sierra Madre Blvd.	\$90.00
66	5768-019-001	321 W. Sierra Madre Blvd.	\$135.00
67	5768-019-003	303 W. Sierra Madre Blvd.	\$45.00
68	5768-019-026	297 W. Sierra Madre Blvd.	\$90.00
70	5768-019-041	245 W. Sierra Madre Blvd.	\$205.00
71	5768-020-001	330 W. Sierra Madre Blvd.	\$182.50
72	5768-020-020	322 W. Sierra Madre Blvd.	\$45.00
73	5768-020-022	314 W. Sierra Madre Blvd.	\$45.00
74	5768-020-024	304 W. Sierra Madre Blvd.	\$90.00
75	5768-020-028	300 W. Sierra Madre Blvd.	\$45.00
76	5768-020-030	280 W. Sierra Madre Blvd.	\$45.00
77	5768-021-009	350 W. Sierra Madre Blvd.	\$205.00
78	5768-021-031	370 W. Sierra Madre Blvd.	\$135.00
	GRAND TOTAL		\$6,200

District No. 5 Central Business District Parking

A. Improvement Plans and Specifications.

This district, established by the City Council in 1992, finances streetlights, energy, maintenance, water, street sweeping, and landscaping costs for the City's four parking lots. The parking lots are Mariposa, North Auburn, and North and South Baldwin Avenue.

B. Estimate of Costs

It is expected that the activities funded in connection with this district will cost \$28,600 for Fiscal Year 2018-2019.

6/30/2018 Fund Balance	\$0
Fund Revenues (Estimated) for 2018-2019	\$8,800
Expenditures (Estimated) for 2018-2019	\$28,600
Subsidy from Facilities Internal Services Fund (Projected)	\$19,800
6/30/2019 Fund Balance (Projected)	0

C. Map and Diagram

Reference is made to the official maps of the Los Angeles County Assessor for a full and complete description of the parcels assessed herein. Each parcel is assessed by reference to the assessors parcel number assigned by the Assessor and indicated on the assessment rolls prepared by and on file in the Office of the Assessor.

D. Assessment

The assessment formula is as follows:

Parcels in Zone Contiguous to Lots	
Increased benefit level	\$0.0605/sf
Reduced benefit level	\$0.0454/sf
Parcels not in such Zone	
Increased benefit level	\$0.03/sf
Reduced benefit level	\$0.0227/sf

The maximum assessment for any single parcel is \$200.

All assessments for fiscal year 2018-2019 will remain unchanged and will be at the same levels as for fiscal year 2017-2018

A parcel is considered to be contiguous to a parking lot if it adjacent or separated from the parking lot only by a public street or and alley
 The assessment, including all information required by Section 22572 of the Streets and Highways Code is attached.

E. Bonds

No bonds have been issued in connection with this district.

Fiscal Year 2018-2019 Assessments,
 PARKING DISTRICT District No. 5
 CITY OF SIERRA MADRE
 ASSESSOR'S ACCOUNT NO:256.99

#	PARCEL NO.	ADDRESS	AMOUNT
1	5767-015-030	54 N. Baldwin Avenue	\$200.00
2	5767-015-031	52 N. Baldwin Avenue	\$200.00
3	5767-015-032	38 N. Baldwin Avenue	\$35.87
4	5767-015-033	34 N. Baldwin Avenue	\$47.10
5	5767-015-034	26 N. Baldwin Avenue	\$135.79
6	5767-015-036	12-1/2 N. Baldwin Avenue	\$41.00
7	5767-015-037	12 N. Baldwin Avenue	\$62.10
8	5767-015-038	4 N. Baldwin Avenue	\$155.63
9	5767-015-039	25 E. Sierra Madre Blvd.	\$95.43
10	5767-015-104	20 N. Baldwin Avenue	\$135.79
11	5767-018-001	47 W. Sierra Madre Blvd.	\$48.80
12	5767-018-002	47 W. Sierra Madre Blvd.	\$84.00
13	5767-018-003	37 W. Sierra Madre Blvd.	\$61.97
14	5767-018-004	37 W. Sierra Madre Blvd.	\$38.00
15	5767-018-005	31 W. Sierra Madre Blvd.	\$42.51
16	5767-018-006	31 W. Sierra Madre Blvd.	\$53.57
17	5767-018-007	25 W. Sierra Madre Blvd.	\$132.00
18	5767-018-009	N/A	\$42.51
19	5767-018-009	17 Kersting Court	\$18.59
20	5767-018-010	No address exists	\$16.41
21	5767-018-011	17 Kersting Court	\$24.03
22	5767-018-012	15 Kersting Court	\$24.03
23	5767-018-013	13 Kersting Court	\$48.10
24	5767-018-014	9 Montecito Court	\$34.70
25	5767-018-015	11 Kersting Court	\$16.13
26	5767-018-016	11 Kersting Court	\$53.77
27	5767-018-019	29 N. Baldwin Avenue	\$19.77
28	5767-018-020	29 N. Baldwin Avenue	\$47.46
29	5767-018-021	31 N. Baldwin Avenue	\$43.13
30	5767-018-022	No address exists	\$26.60
31	5767-018-023	No address exists	\$25.60
32	5767-018-024	41 N. Baldwin Avenue	\$43.13
33	5767-018-025	1 Kersting Court	\$200.00
34	5767-019-016	20 W. Montecito	\$67.15
35	5767-019-017	73 N. Baldwin Avenue	\$102.65
36	5767-019-018	65 N. Baldwin Avenue	\$87.53
37	5767-019-019	72 Montecito Court	\$116.71
38	5767-019-020	50 Montecito Court	\$80.99
39	5767-019-021	55 N. Baldwin Avenue	\$123.21
40	5767-019-024	41 N. Baldwin Avenue	\$81.72
41	5767-019-025	41 N. Baldwin Avenue	\$29.96
42	5767-020-001	No address exists	\$200.00
43	5767-020-002	91 W. Sierra Madre Blvd.	\$30.29

44	5767-020-003	N/A	\$30.00
45	5767-020-004	87 W. Sierra Madre Blvd.	\$200.00
46	5767-020-005	81 W. Sierra Madre Blvd.	\$200.00
47	5767-020-006	N/A	\$200.00
48	5767-020-007	73 W. Sierra Madre Blvd.	\$200.00
49	5767-020-009	N/A	\$200.00
50	5767-020-023	Jailhouse B & B	\$134.64
53	5767-020-024	55 E. Sierra Madre Blvd.	\$200.00
54	5767-022-006	15 Auburn	\$31.00
55	5767-022-010	127 W. Sierra Madre Blvd.	\$79.40
56	5767-022-011	191 W. Sierra Madre Blvd.	\$80.00
57	5767-022-012	181 W. Sierra Madre Blvd.	\$81.72
58	5767-022-039	147 W. Sierra Madre Blvd.	\$49.10
59	5767-022-046	161 W. Sierra Madre Blvd.	\$172.70
60	5767-022-052	201 W. Sierra Madre Blvd.	\$200.00
61	5767-022-054	115 W. Sierra Madre Blvd.	\$200.00
62	5767-022-055	125 E. Sierra Madre Blvd.	\$80.00
63	5767-023-001	N/A	\$200.00
64	5767-023-002	12 W. Sierra Madre Blvd.	\$126.68
65	5767-023-003	14 W. Sierra Madre Blvd.	\$119.52
66	5767-023-004	16 W. Sierra Madre Blvd.	\$119.52
67	5767-023-005	18 W. Sierra Madre Blvd.	\$174.81
68	5767-023-006	24 W. Sierra Madre Blvd.	\$200.00
69	5767-023-013	100 W. Sierra Madre Blvd.	\$200.00
70	5767-023-018	82 W. Sierra Madre Blvd.	\$200.00
71	5767-023-019	80 W. Sierra Madre Blvd.	\$102.15
72	5767-023-020	78 W. Sierra Madre Blvd.	\$81.72
73	5767-023-021	74 E. Sierra Madre Blvd.	\$61.29
74	5767-023-022	70 W. Sierra Madre Blvd.	\$168.65
75	5767-023-025	62 W. Sierra Madre Blvd.	\$136.20
76	5767-023-026	60 W. Sierra Madre Blvd.	\$163.44
77	5767-023-031	38 W. Sierra Madre Blvd.	\$200.00
78	5767-023-038	90 W. Sierra Madre Blvd.	\$52.10
79	5767-023-039	48 W. Sierra Madre Blvd.	\$160.38
80	5767-023-040	No address exists	\$63.46
81	5767-024-013	120 W. Sierra Madre Blvd.	\$200.00
82	5767-025-041	No address exists	\$200.00
83	5767-025-066	50 S. Baldwin Avenue	\$200.00
84	5767-025-042	Howie's	\$200.00
85	5767-025-038	Howie's	\$200.00
86	5767-025-041	Howie's	\$200.00
	TOTAL		\$8,800

District No. 04-01

East Miramonte Sewer Assessment District

This District comprises 12 parcels located on East Miramonte between Carter and Baldwin Aves. Revenues from this District defray the cost of construction of a sewer main on E. Miramonte to serve 12 parcels on that street.

The proportional special benefit conferred upon each assessed parcel can be calculated in the following manner:

The assessment is based on equal benefit units at \$590.82 per benefit unit. This assessment was arrived at by dividing the total Assessment Engineering, Design Engineering and Sewer Main Construction cost \$212,694 by the number of parcels in the District. This set a total per parcel assessment of \$17,724.50, which was then amortized over a 30 year period. This methodology ensures that no assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel.

A. The special benefits provided by this district are:

Construction of new public sewer improvements, including sewer main and individual house laterals stubbed out to front property line for each subject parcel.

B. The parcels upon which this special benefit will be conferred are:

ADDRESS

31 East Miramonte	46 East Miramonte
45 East Miramonte	68 East Miramonte
65 East Miramonte	86 East Miramonte
75 East Miramonte	94 East Miramonte
85 East Miramonte	102 East Miramonte
38 East Miramonte	110 East Miramonte

C. Estimate of Costs

It is expected that the payment received in connection with this district will total \$7,089.84 for Fiscal Year 2018-2019.

D. Map and Diagram

Reference is made to the official maps of the Los Angeles County Assessor for a full and complete description of the parcels assessed herein. Each parcel is assessed by reference to the assessors parcel number assigned by the Assessor and indicated on the maps prepared by and on file in the Office of the Assessor. For reference purposes only, a less detailed map is attached hereto as Exhibit C and incorporated herein by reference.

E. Assessment

The assessment, including all information required by Section 22572 of the Streets and Highways Code, is attached hereto as Exhibit A and incorporated herein by reference.

E. **Bonds A bond has been issued**

Exhibit A

Fiscal Year 2017-18 Assessments, E Miramonte Sewer District No. 04-01

Net Amount To Be Assessed Upon Assessable Lands Within the District: \$7,098.84

#	PARCEL NO.	ADDRESS	AMOUNT
1	5762-012-002	31 East Miramonte	\$590.82
2	5762-012-003	45 East Miramonte	\$590.82
3	5762-012-004	65 East Miramonte	\$590.82
4	5762-012-005	75 East Miramonte	\$590.82
5	5762-012-006	85 East Miramonte	\$590.82
6	5762-014-015	38 East Miramonte	\$590.82
7	5762-014-013	46 East Miramonte	\$590.82
8	5762-014-012	68 East Miramonte	\$590.82
9	5762-014-011	86 East Miramonte	\$590.82
10	5762-014-010	94 East Miramonte	\$590.82
11	5762-014-009	102 East Miramonte	\$590.82
12	5762-014-008	110 East Miramonte	\$590.82
	TOTAL		\$7,098.84

EAST BONITA SEWER ASSESSMENT DISTRICT

This District comprises 12 parcels located on East Bonita. Revenues from this District defray the cost of construction of a sewer main on E. Bonita to serve 10 parcels on that street. The total confirmed cost of the sewer main construction is \$232,210, including engineering and construction management costs. The District will recuperate this cost in 30 years. Each parcel in the District contributes \$1,292.81 annually to the District for 30 years, unless a property owner decides to pay his or her share in one lump sum amount , thus removing the property from the assessment list.

A. The special benefits provided by this district are:

This district, established by the City Council in 2006, finances construction of a sewer main and sewer laterals within East Bonita Avenue.

B. Estimate of Costs

It is expected that the payment received in connection with this district will total \$10,342.48 for Fiscal Year 2018-2019.

C. Map and Diagram

Reference is made to the official maps of the Los Angeles County Assessor for a full and complete description of the parcels assessed herein. Each parcel is assessed by reference to the assessors parcel number assigned by the Assessor and indicated on the maps prepared by and on file in the Office of the Assessor. For reference purposes only, a less detailed map is attached hereto as Exhibit C and incorporated herein by reference.

D. Assessment

The assessment, including all information required by Section 22572 of the Streets and Highways Code, is attached hereto as Exhibit A and incorporated herein by reference.

E. Bonds

A bond has been issued

District No. 06-01

East Bonita Sewer Assessment District

A. The special benefits conferred by the services funded by this district are:

Construction of new public sewer improvements, including sewer main and individual house laterals stubbed out to front property line for each subject parcel.

B. The parcels upon which this special benefit will be conferred are:

ADDRESS

- 21 East Bonita
- 31 East Bonita
- 41 East Bonita
- 51 East Bonita
- 61 East Bonita
- 60 East Bonita
- 50 East Bonita
- 40 East Bonita
- 30 East Bonita
- 20 East Bonita

C. The proportional special benefit conferred upon each assessed parcel can be calculated in the following manner:

The assessment is based on equal benefit units at \$1,292.81 per benefit unit. This assessment was arrived at by dividing the total Assessment Engineering, Design Engineering and Sewer Main Construction cost \$232,210 by the number of parcels in the District. This set a total per parcel assessment of \$23,221, which was then amortized over a 30 year period, with an interest rate of 4.77%.

This methodology ensures that no assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel.

Exhibit A

Fiscal Year 2018-19 Assessments, Sewer District No. 06-01

E. BONITA SEWER DISTRICT

APN No	Acct No	Amount
5767038010	256.91	1292.81
5767038011	256.91	1292.81
5767038012	256.91	1292.81
5767038014	256.91	1292.81
5767038015	256.91	1292.81
5767038016	256.91	1292.81
5767038017	256.91	1292.81
5767038018	256.91	1292.81
TOTAL		10342.48

Community Facilities District No 1

This District was established in January 2012 under Ordinance No. 1327 to fund maintenance of portions of the storm drain system serving the Stonegate (One Carter) development. The District is comprised of 28 parcels. The assessment for each parcel is \$238 annually. This assessment is designed to cover the cost of maintaining the clarifier, the catch basins, the administrative costs associated with the District, and the cost of eventual replacement of the clarifier, if needed. 2012-2013 is the first year this charge was implemented. No rate increases are proposed.

COMMUNITY FACILITIES DISTRICT NO 1--- ONE CARTER 2018-2019

PARCEL NO.	AGENCY ACCT NO	AMOUNT
5762030038	256.52	238
5762030003		238
5762030004		238
5762030005		238
5762030006		238
5762030007		238
5762030040		238
5762030009		238
5762030010		238
5762030011		238
5762030012		238
5762030013		238
5762030014		238
5762030015		238
5762030016		238
5762030017		238
5762030018		238
5762030019		238
5762030020		238
5762030021		238
5762030022		238
5762030023		238
5762030024		238
5762030025		238
5762030026		238
5762030027		238
5762030028		238
5762030036		238
5762030037		238
	TOTAL	6902

MUNICIPAL LIGHTING AND MAINTENANCE DISTRICTS (AD VALOREM)

These Districts were established in the early 60's and are not direct assessments, but are based on the property values as assessed by the Los Angeles County Assessor's office. The Districts are identified by the County Auditor-Controller as Sierra Madre Lighting and Maintenance District 3, Zone A; Sierra Madre Lighting and Maintenance District 3, Zone B; and Sierra Madre Lighting and Maintenance District No. 1.

Maintenance District No. 1 is comprised of residential parcels created under Tract No. 15709; located on Santa Anita Avenue, Oakwood Place, and Vista Avenue; bounded on the north by Elkins Avenue, east by the Arcadia/Sierra Madre boundary, south by Grandview Avenue and west by Santa Anita Avenue. Parcels in this district are charged roughly 17 cents per \$100 of assessed property value.

Maintenance District No. 3, Zone A is comprised of commercial parcels on the north and south sides of West Sierra Madre Boulevard from Hermosa Avenue to just west of Lima Street. Parcels in this district are charged approximately 31 cents per \$100 of assessed value.

Maintenance District No. 3, Zone B is also comprised of commercial parcels, on West Sierra Madre Boulevard, from Hermosa Avenue to Baldwin Avenue, and on both sides of North and South Baldwin Avenue from Suffolk Avenue to West Montecito. Parcels in this district are charged approximately 31 cents per \$100 of assessed value.

The projected expenses and revenues, for FY 2018-2019, under the Municipal Lighting and Maintenance Districts are as follows:

District A (Fund 32006, County Account 256.53)	
Fund balance 6/30/2018=	\$273,100
Revenues	\$61,000
Expenses	\$41,100
Fund balance 6/30/2019=	\$293,000

District B (Fund 32007, County Account 256.54)	
Fund balance 6/30/2018=	\$287,300
Revenues	\$70,000
Expenses	\$55,400
Fund balance 6/30/2019=	\$301,900

District No. 1 (Fund 32005, County Account 256.51)	
Fund balance 6/30/2018=	\$254,300
Revenues	\$51,000
Expenses	\$2,000
Fund balance 6/30/2019=	\$303,300

MAPS AND DIAGRAMS
ASSESSMENTS DISTRICTS 2018-2019

RESOLUTION 18-28

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SIERRA MADRE, CALIFORNIA, CONFIRMING THE LEVY OF ASSESSMENTS FOR FISCAL YEAR 2018-2019 IN CONNECTION WITH DISTRICT NO 3 (CENTRAL BUSINESS DISTRICT LANDSCAPE MAINTENANANCE;) DISTRICT NO. 5 (CENTRAL BUSINESS DISTRICT PARKING) , COMMUNITY FACILITIES DISTRICT No 1, E MIRAMONTE SEWER DISTRICT, and E. BONITA SEWER DISTRICT, FOR FISCAL YEAR 2018-2019, AND APPROVING THE ENGINEER'S REPORT FOR FISCAL YEAR 2018-2019.

WHEREAS, by prior resolution, the City Council initiated proceedings for Fiscal Year 2018-2019 levy of such assessments and ordered the City Engineer, as Assessment Engineer, to prepare and file a report with respect to the Fiscal Year 2018-2019 levies; and

WHEREAS, the City Council has approved the report of the Assessment Engineer entitled "Engineer's Report, Landscaping and Lighting Districts, City of Sierra Madre, Fiscal Year 2018-2019" described in the Engineer's Report and are incorporated herein by reference. A copy of the Report is on file in the Office of the City Clerk and available for public inspection; and

WHEREAS, by prior resolution the City Council declared its intention to levy the assessments, which remain unchanged for Fiscal Year 2018-2019 as set forth in the Report and set June 12, 2018 as the date for a hearing on the proposed levies; and

WHEREAS, on June 12, 2018 the City Council held a properly noticed public hearing on the levies at which all interested persons had an opportunity to testify and to present written objections; and

WHEREAS, the City Council desires to levy the assessments within the Districts for Fiscal Year 2018-2019.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SIERRA MADRE, CALIFORNIA, DOES RESOLVE, DECLARE, FIND, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. The foregoing recitals are all true and correct.

SECTION 2. The City Council overrules all objections and protests.

SECTION 3. The Diagram and Assessment contained in the Report is hereby approved.

SECTION 4. The adoption of this Resolution constitutes the levy of the assessment within the Districts for Fiscal Year 2018-2019,

SECTION 5. The City Clerk shall certify to the adoption of this resolution and shall cause the same to be processed in the manner required by law.

SECTION 6. This Resolution shall take effect immediately.

PASSED, APPROVED, AND ADOPTED this 12th day of June, 2018.

MAYOR,
City of Sierra Madre, California

I hereby certify that the foregoing Resolution was adopted by the City Council of the City of Sierra Madre at a regular meeting held on the 12th day of June, 2018, by the following vote:

AYES

NOES:

ABSENT:

Laura Aguilar
Assistant City Clerk, City of Sierra Madre

RESOLUTION NO. 18-29

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SIERRA MADRE CONFIRMING THE TAX RATES APPLICABLE IN CONNECTION WITH THE CITY'S LIGHTING MAINTENANCE DISTRICTS FOR FISCAL YEAR 2018-2019

WHEREAS, prior to the adoption of Article XIII of the California Constitution (Proposition 13) by the voters in 1979 and prior to the enactment of Revenue and Taxation Code Section 95 *et seq.* (AB 8), the City of Sierra Madre established its Lighting Maintenance Districts ; and

WHEREAS, by prior action the City Council declared its intention to levy the assessments, which remain unchanged for Fiscal Year 2018-2019 as set forth in this Resolution; and

WHEREAS, pursuant to AB 8, these Lighting Maintenance Districts have been allocated a portion of the ad valorem tax collected by Los Angeles County; and

WHEREAS, the City uses the proceeds of this tax allocation only for the purposes of maintaining and operating street lights within the Lighting Maintenance Districts; and

WHEREAS, the City requires its full tax allocation in order to properly fulfill the purposes of the Lighting Maintenance Districts.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF SIERRA MADRE DOES HEREBY RESOLVE, DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1: The City Council confirms that the tax rates for the Lighting Maintenance Districts continue to be as follows:

256.51 Lighting District #1		0.168475
256.53 Lighting District #3	Zone A	0.309025
256.54 Lighting District #3	Zone B	0.309025

SECTION 2: 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 of Sierra Madre, and shall make a minute of the passage and adoption thereof in the records for the meeting at which the same was passed and adopted.

APPROVED AND ADOPTED this 12th day of June, 2018

Mayor
City of Sierra Madre, California

I hereby certify that the foregoing resolution was adopted by the City Council of the City of Sierra Madre at a regular meeting held on the 12th day of June, 2018, by the following vote:

AYES:
NOES:
ABSENT:

City Clerk
City of Sierra Madre, California



City of Sierra Madre Agenda Report

*Denise Delmar, Mayor
John Harabedian, Mayor Pro Tem
Rachelle Arizmendi, Council Member
John Capoccia, Council Member
Gene Goss, Council Member*

*Sue Spears, City Clerk
Michael Amerio City Treasurer*

TO: Honorable Mayor and Members of the City Council

FROM: Gabriel Engeland, City Manager

DATE: June 12, 2018

SUBJECT: **Public Hearing: FY 2018-2019 Annual Budget Consideration:
Resolution 18-30 Adopting the Fiscal Year 2018-2019 Budget
Resolution 18-31 Approving the GANN Appropriations Limit
for FY 2018-2019
Resolution 18-32: Approving the FY 2018-2019 Fee Schedule
Resolution 72: The Public Financing Authority Adopting the
Fiscal Year 2018-2019 Budget**

STAFF RECOMMENDATION

Staff recommends the approval of:

1. Resolution 18-30 adopting the Fiscal Year 2018-2019 Budget and appropriating the amounts projected,
2. Resolution 18-31 approving the GANN Appropriation Limits for 2018-2019
3. Resolution 18-32 approving the 2018-2019 Fee Schedule; and,
4. Resolution 72 adopting the Fiscal Year 2018-2019 Budget by the Public Financing Authority

ALTERNATIVES

1. City Council may direct staff to make changes to the FY 2018-2019 Budget and/or the FY 2018-2019 Fee Schedule.

SUMMARY

Staff began working on the 2018-2019 Fiscal Year budget in January of 2018. Similar to the previous budget year, Staff used a zero-base budget process to ensure each line item was necessary and every expenditure was defensible. The first year of this process, in 2017-2018, resulted in a total budgeted reduction in expenditures of more than \$900,000 and an increase in General Fund Reserves of nearly \$800,000 from budgeted and unexpended funds from the 2016-2017 budget.

The proposed 2018-2019 budget is balanced, with a General Fund surplus of approximately \$300,000, and was able to absorb increased costs due to CalPERS pension

SUBJECT
DATE
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obligations, changes in cost-allocation formulas which resulted in the general fund absorbing a higher percentage of costs from internal service funds, as well as a reduction in state-shared property tax revenue through the dissolution of the Redevelopment Agency. This budget also established a \$100,000 General Fund Contingency.

Due to the increase in costs and the reduction in revenues it was necessary to eliminate an additional 3 full-time positions in this budget as well as a number of part-time positions and hours. This is in addition to the 6 management positions and multiple part-time positions which were eliminated in the 2017-18 budget.

The impacted positions are as follows:

- Police: Elimination of one full-time Dispatcher position and two part-time Police Officer Cadet Positions
- Library: Elimination of one full-time Associate Librarian Position and a reduction in the pool/part-time hours available to Library Page and Library Tech positions
- Planning: Elimination of one Senior Planner Position

In addition to these position eliminations all full-time employees, eligible for retirement through CalPERS, were offered a \$10,000 incentive to voluntarily separate from the City.

Similar to last year, all eliminated positions were vacant and no employees were laid-off. With the attempt to incentivize early retirements, and the elimination of additional vacancies, this will be the last year the budget can be balanced without layoffs, unless expenditures are reduced in other areas.

Staff anticipates bringing this budget back to Council for amendments during the first and second quarters of the Fiscal Year. Each of the planned amendments will focus on future expenditure reductions aimed at eliminating structural imbalances in future budget years, where planned on-going expenditures exceed planned on-going revenues. The areas include:

1. CalPERS Stabilization Plan
2. Installation of a solar array at the water spreading grounds

FINANCIAL REVIEW

The 2018-2019 Fiscal Year Budget is balanced, with a surplus, and has absorbed significant increased costs as well as a reduction in revenues.

Recommended Budget Appropriations:

	<u>Adopted 2017-2018</u>	<u>Proposed 2018-2019</u>
City of Sierra Madre	\$ 23,583,000	\$ 22,856,000
Successor Agency	\$ 586,000	\$ 514,000
Total	\$ 24,169,000	\$ 23,370,000

Proposed Budget

Below is a summary for Citywide Revenues and Expenditures for two prior years and proposed budget. (Excludes Transfers In/Out) (000's)

FUND	FY 2016-2017 Actuals	FY 2017-2018 Revised	FY 2018-2019 Proposed
REVENUES			
GENERAL FUND	\$ 11,108	\$ 10,952	\$ 11,681
SPECIAL REVENUE FUNDS:	1,929	1,817	1,991
INTERNAL SERVICE FUNDS	4,598	5,049	4,469
BUSINESS FUND	226	234	-
SEWER	870	875	923
WATER	5,311	4,985	5,029
SUCCESSOR AGENCY	572	586	-
CAPITAL PROJECTS FUNDS	5	21	-
TOTAL REVENUES	\$ 24,619	\$ 24,519	\$ 24,093
GENERAL FUND	10,376	11,120	11,614
SPECIAL REVENUE FUNDS	1,016	1,306	2,144
INTERNAL SERVICE FUNDS	3,514	4,531	3,809
BUSINESS FUND	199	264	-
SEWER	1,371	1,202	902
WATER	4,763	5,051	4,019
SUCCESSOR AGENCY	487	586	514
CAPITAL PROJECTS FUNDS	93	39	144
TOTAL EXPENDITURES	\$ 21,819	\$ 24,099	\$ 23,146
NET CHANGE	\$ 2,800	\$ 420	\$ 947

General Fund

Comparison of revenues to expenditures with Transfer In/Out.(000's)

GENERAL FUND	FY 2016-2017	FY 2017-2018	FY 2018-2019
	Actual	Revised	Proposed
REVENUES			
Property Taxes	5,539	\$ 5,779	\$ 6,070
AB1X 26 - RDA Residual	320	324	324
Utility User Taxes	2,524	2,500	2,400
Franchise Fees	419	380	380
Sales Taxes	314	300	300
Business Licenses	325	270	270
Charges for Services	594	500	738
Fines and Forfeitures	167	155	148
Licenses and Permits	821	682	950
Other Revenues	85	62	101
TOTAL REVENUES	11,108	10,952	11,681
TRANSFERS IN	115	100	138
EXPENDITURES			
Administrative Services	2,182	2,218	2,607
Community Services	204	266	461
Elected and Appointed	210	316	284
Fire	1,791	2,030	2,182
Library	675	814	523
Planning & Community Preservation	1,263	1,294	1,279
Police	3,493	3,591	3,616
Public Works	558	591	562
TOTAL EXPENDITURES	10,376	11,120	11,514
TRANSFERS OUT	77	44	16
CONTINGENCY	-	-	100
NET CHANGE IN FUND BALANCE	770	(112)	189

See Proposed FY 2017-2018 Budget Document for additional details.

CEQA / ENVIRONMENTAL

N/A

PUBLIC NOTICE PROCESS

This item has been noticed through the regular agenda notification process. Copies of this report are available at the City Hall public counter, at the Sierra Madre Public Library, and can be accessed on the City's website at www.cityofsierramadre.com.

SUBJECT

DATE

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Attachment(s):

Resolution 18-30 Adopting the FY 2018-2019 Budget

Resolution 18-31 Approving the GANN Appropriation Limits for FY 2018-2019

Resolution 18-32 Approving the FY 2018-2019 Fee Schedule

Resolution 72 The Public Financing Authority Adopting the FY 2018-2019

RESOLUTION NO. 18-30

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SIERRA MADRE AND THE SUCCESSOR AGENCY OF THE FORMER COMMUNITY REDEVELOPMENT AGENCY ADOPTING THE FISCAL YEAR 2018-2019 BUDGET AND APPROPRIATING THE AMOUNTS BUDGETED

WHEREAS, a proposed annual budget for the City of Sierra Madre and the Successor Agency for the fiscal year commencing July 1, 2018 and concluding on June 30, 2019 was submitted to the City Council and is on file at City Hall, Sierra Madre Public Library, and City website;

WHEREAS, on June 12, 2018, the City Manager did present the City's Fiscal Year 2018-2019 Proposed Budget to the City Council for its consideration; and

WHEREAS, the City Council directed staff to make changes to the proposed budget; and those changes have been incorporated into the final budget document;

NOW, THEREFORE, THE CITY OF SIERRA MADRE DOES RESOLVE AS FOLLOWS:

SECTION 1. The budget, as proposed, is adopted for the City of Sierra Madre for Fiscal Year commencing July 1, 2018 and concluding June 30, 2019.

SECTION 2. Appropriations for the City as described in the attached documents titled "City of Sierra Madre Proposed Budget FY 2018-2019", are hereby adopted for the fiscal years commencing July 1, 2018 and concluding on June 30, 2019.

SECTION 3. , The City Manager and Director of Finance are hereby authorized to make transfers between budget line items in accordance with the Budget Policies adopted by the City Council on the 12th day of June 2018.

APPROVED AND ADOPTED, this 12th day of June 2018.

ORIGINAL SIGNED

Denise Delmar, Mayor
City of Sierra Madre, California

I hereby certify that the foregoing Resolution Number 18-30 was adopted by the City Council of the City of Sierra Madre at a regular meeting held on the 12th day of June 2018, by the following vote.

Resolution 18-30
Page 2

AYES:

NOES:

Sue Spears, City Clerk
City of Sierra Madre, California

PFA RESOLUTION NO. 72

A RESOLUTION OF THE PUBLIC FINANCING AUTHORITY OF THE CITY OF SIERRA MADRE ADOPTING THE BUDGET FOR FISCAL YEAR 2018-2019 AND APPROPRIATING THE AMOUNTS BUDGETED

WHEREAS, a proposed annual budget for the Public Financing Authority of Sierra Madre (Authority) for the fiscal years commencing July 1, 2018, and concluding on June 30, 2019 was submitted to the City Council acting as the Authority Board and is on file at City Hall; and

WHEREAS, On June 12, 2018, the Executive Director did present the Fiscal Year 2018-2019 Budget to the City Council for its consideration; and the Public Financing Authority Board did, in a public meeting, carefully consider the proposed budget; and

WHEREAS, the Authority Board did, in a public meeting on June 12, 2018 receive input from the Executive Director, additional staff and the public; and

NOW, THEREFORE, THE PUBLIC FINANCING AUTHORITY OF THE CITY OF SIERRA MADRE DOES RESOLVE AS FOLLOWS:

SECTION 1. The budget, as amended, is adopted as the budget for the Public Financing Authority of the City of Sierra Madre for Fiscal Year commencing July 1, 2018 and concluding June 30, 2019.

SECTION 2. Appropriations for the Agency as described in the attached documents titled "City of Sierra Madre Proposed Budget FY 2018-2019", is hereby adopted for the fiscal years commencing July 1, 2018 and concluding June 30, 2019.

SECTION 3. The Executive Director and Finance Director are hereby authorized to make transfers between budget line items in accordance with the Budget Policies adopted by the City Council, acting as the Authority Board on July 1, 2013.

APPROVED AND ADOPTED this 12th day of June 2018.

ORIGINAL SIGNED

Denise Delmar, Chairperson,
Public Financing Authority of the
City of Sierra Madre

I hereby certify that the foregoing PFA Resolution 72 was adopted at a regular meeting of the City Council and the Public Financing Authority of the City of Sierra Madre held on this 12th day of June 2018 by the following vote:

AYES:

NOES:

ABSENT:

ORIGINAL SIGNED

Sue Spears,
Secretary, Public Financing
Authority of the City of Sierra
Madre, California

RESOLUTION NO. 18-31

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SIERRA MADRE SETTING THE APPROPRIATIONS LIMIT FOR FISCAL YEAR 2018-2019 AT \$10,649,613 IN ACCORDANCE WITH ARTICLE XIII-B OF THE CONSTITUTION OF THE STATE OF CALIFORNIA

WHEREAS, in accordance with Article XIII-B of the Constitution of the State of California, local governments are required to adopt an annual Appropriations Limit; and,

WHEREAS, the Appropriations Limit for any fiscal year is calculated by applying a calculation factor to the Appropriations Limit to the prior fiscal year; and,

WHEREAS, the Appropriations Limit adopted for the Fiscal Year ending June 30, 2018 is \$10,260,296; and,

WHEREAS, the population factor provided by the State of California, Department of Finance is 1.0012; and,

WHEREAS, the inflationary factor provided by the State of California, Department of Finance is 1.0367 and,

WHEREAS, the appropriations subject to this limitation include appropriations from governmental fund types budgeted by the City, and

WHEREAS, the appropriations subject to this limitation are for proceeds from taxes. Appropriations for proceeds for fees for services, fines, forfeitures, private grants, donations and other non-tax proceeds are not subject to the limit, and

WHEREAS, the appropriations subject to this limitation are further reduced by excluded appropriations, such as qualified capital outlay and debt service; and

WHEREAS, the calculation for the FY 2018-2019 appropriations limit has been available to the public for inspection.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Sierra Madre does hereby approve the following:

SECTION 1. The Fiscal Year 2018-2019 Appropriations Limit is calculated as shown on the document known as the "Gann Appropriations Limit Calculation" attached hereto as Exhibit "A", and,

SECTION 2. The City of Sierra Madre does hereby adopt the per capita personal income element and the population change element of the calculation factor as those provided by the State Department of Finance; and,

SECTION 3. The appropriations limit for Fiscal Year 2018-2019 is hereby set at \$10,649,613 and

SECTION 4. The Fiscal Year 2018-2019 budgeted appropriations amount subject to the Limit is \$ 8,036,600; and,

SECTION 5. The City's budgeted appropriations for the year ending June 30, 2019 are in compliance with Article XII-B of the Constitution of the State of California, commonly known as the Gann Appropriations Limit.

RESOLUTION 18-31 APPROVED AND ADOPTED this 12th day of June 2018.

Denise Delmar, Mayor,
City of Sierra Madre, California

I hereby certify that the foregoing Resolution Number 18-31 was adopted by the City Council of the City of Sierra Madre at a regular meeting held on the 12th day of June 2018, by the following vote.

AYES:

NOES:

ABSTAIN:

Sue Spears, City Clerk, City of
Sierra Madre, California

EXHIBIT A

CITY OF SIERRA MADRE
GANN APPROPRIATIONS LIMIT CALCULATION FOR FISCAL YEAR 2018-2019

Appropriations Limit:	
Fiscal Year 2017-2018 Adopted Limit	\$ 10,260,296
Inflation Factor*	X 1.0367
Population Factor*	X <u>1.0012</u>
Fiscal Year 2018-2019 Appropriation Limit	= \$ 10,649,613

**Price and Population Information provided by California Department of Finance.*

Appropriations Subject to Limitation:	
Proceeds from Taxes	9,214,400
Exclusions	<u>1,177,800</u>
Appropriations Subject to Limitation	<u>8,036,600</u>
Amount Under Limit (A-B)	<u><u>2,613,013</u></u>

City of Sierra Madre

Village of the Foothills



Proposed Budget FY 2018-2019

CITY OF SIERRA MADRE FISCAL YEAR 2018-2019 BUDGET
GENERAL FUND

GENERAL FUND	FY 2016-2017	FY 2017-2018	FY 2018-2019
	Actuals	Revised	Proposed
REVENUES			
Property Taxes	\$ 5,539,203	\$ 5,779,000	\$ 6,070,400
AB1X 26 - RDA Residual	320,236	324,000	324,000
Utility User Taxes	2,524,059	2,500,000	2,400,000
Franchise Fees	418,929	380,000	380,000
Sales Taxes	314,300	300,000	300,000
Business Licenses	325,247	270,000	270,000
Charges for Services	594,221	500,000	737,700
Fines and Forfeitures	167,318	155,100	148,100
Licenses and Permits	821,232	682,000	949,700
Other Revenues	83,792	61,500	101,400
TOTAL REVENUES	11,108,537	10,951,600	11,681,300
TRANSFERS IN	115,227	100,000	138,200
EXPENDITURES			
Administrative Services	2,181,917	2,309,300	2,607,300
Community Services	204,346	265,700	460,700
Elected and Appointed	209,565	316,300	284,200
Fire	1,791,434	1,939,400	2,182,000
Library	675,445	813,900	523,100
Planning & Community Preservation	1,263,376	1,294,400	1,279,300
Police	3,493,016	3,590,900	3,615,800
Public Works	557,860	590,900	561,500
TOTAL EXPENDITURES	10,376,959	11,120,800	11,513,900
TRANSFERS OUT	77,163	44,000	16,000
CONTINGENCY	-	-	100,000
NET CHANGE IN FUND BALANCE	769,642	(113,200)	189,600



CITYWIDE REVENUES BY FUND

FUND	FY 2016-2017 Actuals	FY 2017-2018 Revised	FY 2018-2019 Proposed
GENERAL FUND	11,108,537	10,951,600	11,681,300
SPECIAL REVENUE FUNDS:			
ASSESSMENTS	219,398	217,200	221,500
COPS FUND	181,323	100,000	100,000
ENVIRONMENT FUND	76,250	89,100	93,000
FRIENDS OF THE LIBRARY DONATIONS	55,949	155,000	135,000
GAS TAX	213,655	313,300	466,200
LIBRARY GIFT AND MEMORIAL FUND	56,792	108,000	-
MEASURE M	-	110,000	151,900
MEASURE R	128,077	127,400	134,000
PROP A	208,540	209,300	215,500
PROP C	170,332	169,900	178,700
SENIOR DONATIONS FUND	30,595	21,600	26,400
OTHER SPECIAL REVENUES FUND	588,338	196,186	268,400
TOTAL SPECIAL REVENUE FUNDS	1,929,249	1,816,986	1,990,600
INTERNAL SERVICE FUNDS	4,598,453	5,048,900	4,468,800
CAPITAL PROJECTS FUND	4,385	22,200	-
ENTERPRISE FUNDS:			
BUSINESS FUND	226,259	233,500	-
SEWER	869,506	874,900	923,000
WATER	5,311,288	4,984,700	5,028,600
TOTAL ENTERPRISE FUNDS	6,407,053	6,093,100	5,951,600
SUCCESSOR AGENCY	571,587	585,700	-
GRAND TOTAL CITYWIDE REVENUES	24,619,264	24,518,486	24,092,300



CITYWIDE REVENUE DETAIL BY FUND

FUND	FY 2016-2017 Actual	FY 2017-2018 Estimated	FY 2018-2019 Proposed
GENERAL FUND			
Property Taxes	\$ 5,539,203	\$ 5,779,000	\$ 6,070,400
AB1X 26 - RDA Residual	320,236	324,000	324,000
Utility User Taxes	2,524,059	2,500,000	2,400,000
Franchise Fees	418,929	380,000	380,000
Sales Taxes	314,300	300,000	300,000
Business Licenses	325,247	270,000	270,000
Charges for Services	594,221	500,000	737,700
Fines and Forfeitures	167,318	155,100	148,100
Licenses and Permits	821,232	682,000	949,700
Other Revenues	83,792	61,500	101,400
TOTAL GENERAL FUND	11,108,537	10,951,600	11,681,300
SPECIAL REVENUE FUNDS:			
ASSESSMENTS			
Interest	3,760	1,200	200
Property Taxes	215,638	216,000	221,300
TOTAL ASSESSMENTS	219,398	217,200	221,500
COPS FUND			
Revenue from Other Agencies	181,323	100,000	100,000
TOTAL COPS	181,323	100,000	100,000
ENVIRONMENT FUND			
Charges for Services	-	-	-
Donations	-	-	-
Interest	-	100	-
Licenses and Permits	76,250	89,000	93,000
TOTAL ENVIRONMENT FUND	76,250	89,100	93,000
FRIENDS OF THE LIBRARY DONATIONS			
Donations	55,949	155,000	135,000
TOTAL FRIENDS OF THE LIBRARY DONATIONS	55,949	155,000	135,000
GAS TAX			
Interest	34	-	-
Revenue from Other Agencies	213,621	313,300	466,200
TOTAL GAS TAX	213,655	313,300	466,200
LIBRARY GIFT AND MEMORIAL FUND			
Donations	55,862	1,000	-
Interest	930	107,000	-
TOTAL LIBRARY GIFT AND MEMORIAL FUND	56,792	108,000	-
MEASURE M			
Interest	-	-	-
Revenue from Other Agencies	-	110,000	151,900

CITYWIDE REVENUE DETAIL BY FUND

FUND	FY 2016-2017 Actual	FY 2017-2018 Estimated	FY 2018-2019 Proposed
TOTAL MEASURE M	-	110,000	151,900
MEASURE R			
Interest	1,667	-	-
Revenue from Other Agencies	126,410	127,400	134,000
TOTAL MEASURE R	128,077	127,400	134,000
PROP A			
Charges for Services	4,196	4,500	4,500
Interest	1,196	-	-
Revenue from Other Agencies	203,148	204,800	211,000
TOTAL PROP A	208,540	209,300	215,500
PROP C			
Interest	1,854	-	-
Revenue from Other Agencies	168,478	169,900	178,700
TOTAL PROP C	170,332	169,900	178,700
SENIOR DONATIONS FUND			
Donations	29,866	21,600	26,400
Interest	729	-	-
TOTAL SENIOR DONATIONS FUND	30,595	21,600	26,400
OTHER SPECIAL REVENUES FUND			
Donations	64,089	-	-
Interest	2,940	-	-
Other Revenues	49,632	49,500	-
PSAF	115,227	100,000	120,000
Revenue from Other Agencies	356,450	46,686	148,400
TOTAL OTHER SPECIAL REVENUES FUND	588,338	196,186	268,400
TOTAL SPECIAL REVENUE FUNDS	1,929,249	1,816,986	1,990,600
INTERNAL SERVICE FUNDS			
Charges for Services	4,550,472	5,000,400	4,443,200
Interest	22,393	22,900	-
Licenses and Permits	-	-	-
Other Revenues	25,588	25,600	25,600
TOTAL INTERNAL SERVICE FUNDS	4,598,453	5,048,900	4,468,800
CAPITAL PROJECTS FUND			
Other Revenues	-	16,600	-
Interest	4,385	5,600	-
TOTAL CAPITAL PROJECTS FUND	4,385	22,200	-
ENTERPRISE FUNDS:			
BUSINESS FUND			

CITYWIDE REVENUE DETAIL BY FUND

FUND	FY 2016-2017 Actual	FY 2017-2018 Estimated	FY 2018-2019 Proposed
Charges for Services	166,465	137,100	-
Donations	21,730	64,400	-
Interest	1,455	-	-
Licenses and Permits	36,609	32,000	-
	226,259	233,500	-
SEWER			
Charges for Services	863,143	871,500	920,000
Interest	5,831	3,000	3,000
Licenses and Permits	532	400	-
	869,506	874,900	923,000
WATER			
Charges for Services	5,220,543	4,934,700	4,982,600
Fines and Forfeitures	28,579	28,000	26,000
Interest	-	22,000	20,000
Other Revenues	-	-	-
Revenue from Other Agencies	62,166	-	-
	5,311,288	4,984,700	5,028,600
TOTAL ENTERPRISE FUNDS	6,407,053	6,093,100	5,951,600
SUCCESSOR AGENCY			
Interest	3,637	-	-
Property Taxes	567,950	585,700	-
	571,587	585,700	-
GRAND TOTAL CITYWIDE REVENUES	24,619,264	24,518,486	24,092,300



CITYWIDE EXPENDITURES BY DEPARTMENT

FUND TYPE	FY 2016-2017 Actuals	FY 2017-2018 Revised	FY 2018-2019 Proposed
ADMINISTRATIVE SERVICES			
GENERAL FUND			
Personnel	290,479	317,800	327,500
Maintenance & Operations	1,891,438	1,991,500	2,279,800
TOTAL GENERAL FUND	2,181,917	2,309,300	2,607,300
SEWER FUND			
Personnel	109,842	72,400	33,000
Maintenance & Operations	657	-	9,200
Debt	7,744	6,500	7,000
TOTAL SEWER FUND	118,243	78,900	49,200
WATER FUND			
Personnel	135,263	115,000	155,800
Maintenance & Operations	20,530	62,100	60,000
Debt	395,007	376,000	230,000
TOTAL WATER FUND	550,800	553,100	445,800
SUCCESSOR AGENCY			
Personnel	20,654	24,500	-
Maintenance & Operations	2,675	16,300	7,300
Debt	389,683	390,700	506,500
TOTAL SUCCESSOR AGENCY	413,012	431,500	513,800
INTERNAL SERVICES FUND			
Personnel	456,411	982,600	744,600
Maintenance & Operations	844,107	673,000	930,300
Debt	2,137	3,500	3,500
TOTAL INTERNAL SERVICES FUND	1,302,655	1,659,100	1,678,400
TOTAL ADMINISTRATIVE SERVICES DEPARTMENT	4,566,627	5,031,900	5,294,500
COMMUNITY SERVICES			
GENERAL FUND			
Personnel	161,331	207,800	349,600
Maintenance & Operations	43,015	57,900	111,100
TOTAL GENERAL FUND	204,346	265,700	460,700
PROP A FUND			
Maintenance & Operations	147,863	149,900	150,200
TOTAL PROP A FUND	147,863	149,900	150,200
SENIOR DONATION FUND			
Maintenance & Operations	20,421	20,600	22,000
TOTAL SENIOR DONATION FUND	20,421	20,600	22,000

CITYWIDE EXPENDITURES BY DEPARTMENT

FUND TYPE	FY 2016-2017 Actuals	FY 2017-2018 Revised	FY 2018-2019 Proposed
OTHER SPECIAL REVENUE FUND			
Maintenance & Operations	1,562	-	6,300
TOTAL OTHER SPECIAL REVENUE FUND	1,562	-	6,300
BUSINESS FUND			
Personnel	92,455	119,800	-
Maintenance & Operations	79,784	69,900	-
TOTAL BUSINESS FUND	172,239	189,700	-
WATER FUND			
Personnel	16,039	16,200	16,500
TOTAL BUSINESS FUND	16,039	16,200	16,500
TOTAL COMMUNITY SERVICES DEPARTMENT	562,470	642,100	655,700
ELECTED AND APPOINTED			
GENERAL FUND			
Personnel	51,615	56,700	130,400
Maintenance & Operations	157,950	259,600	153,800
TOTAL GENERAL FUND	209,565	316,300	284,200
INTERNAL SERVICES FUND			
Maintenance & Operations	25,200	25,500	-
TOTAL INTERNAL SERVICES FUND	25,200	25,500	-
TOTAL ELECTED AND APPOINTED DEPARTMENT	234,765	341,800	284,200
FIRE			
GENERAL FUND			
Personnel	1,210,124	1,286,200	1,576,400
Maintenance & Operations	489,310	543,700	496,100
Capital Outlay	-	17,500	17,500
Debt	92,000	92,000	92,000
TOTAL GENERAL FUND	1,791,434	1,939,400	2,182,000
OTHER SPECIAL REVENUE FUND			
Maintenance & Operations	14,048	-	3,500
TOTAL OTHER SPECIAL REVENUE FUND	14,048	-	3,500
BUSINESS FUND			
Personnel	9,214	-	-
TOTAL BUSINESS FUND	9,214	-	-
TOTAL FIRE DEPARTMENT	1,814,696	1,939,400	2,185,500
HUMAN RESOURCES			
INTERNAL SERVICES FUND			

CITYWIDE EXPENDITURES BY DEPARTMENT

FUND TYPE	FY 2016-2017 Actuals	FY 2017-2018 Revised	FY 2018-2019 Proposed
Personnel	342,168	213,300	306,200
Maintenance & Operations	825,846	1,397,600	798,600
TOTAL INTERNAL SERVICES FUND	1,168,014	1,610,900	1,104,800
TOTAL HUMAN RESOURCES DEPARTMENT	1,168,014	1,610,900	1,104,800
LIBRARY			
GENERAL FUND			
Personnel	565,581	687,600	403,800
Maintenance & Operations	109,864	126,300	119,300
TOTAL GENERAL FUND	675,445	813,900	523,100
FRIENDS OF THE LIBRARY DONATIONS			
Maintenance & Operations	55,949	55,000	55,000
Capital Outlay	-	100,000	80,000
TOTAL FRIENDS OF THE LIBRARY DONATIONS	55,949	155,000	135,000
LIBRARY GIFT AND MEMORIAL FUND			
Maintenance & Operations	9,838	52,700	8,500
Capital Outlay	-	14,000	14,000
TOTAL LIBRARY GIFT AND MEMORIAL FUND	9,838	66,700	22,500
TOTAL LIBRARY SERVICES DEPARTMENT	741,232	1,035,600	680,600
PLANNING AND COMMUNITY PRESERVATION			
GENERAL FUND			
Personnel	536,617	575,000	547,700
Maintenance & Operations	726,759	719,400	731,600
TOTAL GENERAL FUND	1,263,376	1,294,400	1,279,300
SUCCESSOR AGENCY			
Personnel	-	-	-
Maintenance & Operations	59,000	154,200	-
TOTAL SUCCESSOR AGENCY	59,000	154,200	-
BUSINESS FUND			
Personnel	5,058	-	-
Maintenance & Operations	3,200	-	-
TOTAL BUSINESS FUND	8,258	-	-
WATER FUND			
Personnel	16,951	19,100	20,600
TOTAL WATER FUND	16,951	19,100	20,600
TOTAL PLANNING AND COMMUNITY PRESERVATION DEPARTMENT	1,347,585	1,467,700	1,299,900
POLICE			
GENERAL FUND			
Personnel	2,728,634	3,094,600	3,232,900
Maintenance & Operations	764,382	496,300	382,900
TOTAL GENERAL FUND	3,493,016	3,590,900	3,615,800

CITYWIDE EXPENDITURES BY DEPARTMENT

FUND TYPE	FY 2016-2017 Actuals	FY 2017-2018 Revised	FY 2018-2019 Proposed
COPS FUND			
Personnel	51,909	62,000	86,800
Maintenance & Operations	23,422	-	13,200
TOTAL COPS FUND	75,331	62,000	100,000
OTHER SPECIAL REVENUE FUND			
Maintenance & Operations	2,124	-	6,600
TOTAL OTHER SPECIAL REVENUE FUND	2,124	-	6,600
BUSINESS FUND			
Personnel	9,151	42,600	-
TOTAL BUSINESS FUND	9,151	42,600	-
CAPITAL PROJECTS FUND			
Capital Outlay	92,501	39,500	-
TOTAL CAPITAL PROJECTS FUND	92,501	39,500	-
TOTAL POLICE DEPARTMENT	3,672,123	3,735,000	3,722,400
PUBLIC WORKS			
GENERAL FUND			
Personnel	269,969	181,100	148,200
Maintenance & Operations	276,806	393,800	413,300
Capital Outlay	11,085	16,000	-
TOTAL GENERAL FUND	557,860	590,900	561,500
ASSESSMENTS			
Maintenance & Operations	58,237	84,900	145,900
TOTAL ASSESSMENTS FUND	58,237	84,900	145,900
ENVIRONMENT FUND			
Personnel	45,322	35,000	21,800
Maintenance & Operations	68,153	99,200	91,200
TOTAL ENVIRONMENT FUND	113,475	134,200	113,000
GAS TAX FUND			
Personnel	6,917	106,300	177,600
Maintenance & Operations	209,954	155,000	101,900
Capital Outlay	-	27,000	182,800
TOTAL GAS TAX FUND	216,871	288,300	462,300
MEASURE M FUND			
Maintenance & Operations	-	-	-
Capital Outlay	-	-	151,900
TOTAL MEASURE M FUND	-	-	151,900
MEASURE R FUND			
Maintenance & Operations	9,800	12,800	-
Capital Outlay	48,749	114,600	134,100

CITYWIDE EXPENDITURES BY DEPARTMENT

FUND TYPE	FY 2016-2017	FY 2017-2018	FY 2018-2019
	Actuals	Revised	Proposed
TOTAL MEASURE R FUND	58,549	127,400	134,100
PROP A FUND			
Personnel	10,723	10,800	11,000
Maintenance & Operations	6,800	26,600	-
TOTAL PROP A FUND	17,523	37,400	11,000
PROP C FUND			
Maintenance & Operations	18,369	20,500	22,500
Capital Outlay	-	149,400	362,900
TOTAL PROP C FUND	18,369	169,900	385,400
OTHER SPECIAL REVENUE FUND			
Maintenance & Operations	188,235	235,300	60,000
Capital Outlay	-	42,700	234,600
TOTAL OTHER SPECIAL REVENUE FUND	188,235	278,000	294,600
CAPITAL PROJECTS FUND			
Maintenance & Operations	-	-	-
Capital Outlay	-	-	144,000
TOTAL CAPITAL PROJECTS FUND	-	-	144,000
INTERNAL SERVICES FUND			
Personnel	307,890	284,700	253,000
Maintenance & Operations	710,224	901,100	772,900
TOTAL INTERNAL SERVICES FUND	1,018,114	1,185,800	1,025,900
TOTAL PUBLIC WORKS DEPARTMENT	2,247,233	2,896,800	3,429,600
UTILITIES			
SEWER FUND			
Personnel	577,129	438,800	359,900
Maintenance & Operations	676,121	684,200	492,600
Capital Outlay	-	-	-
TOTAL SEWER FUND	1,253,250	1,123,000	852,500
WATER FUND			
Personnel	536,844	677,800	698,000
Maintenance & Operations	3,642,545	3,784,700	2,837,900
Capital Outlay	-	-	-
TOTAL WATER FUND	4,179,389	4,462,500	3,535,900
TOTAL UTILITIES DEPARTMENT	5,432,639	5,585,500	4,388,400
GRAND TOTAL CITYWIDE EXPENDITURES	21,787,384	24,286,700	23,045,600



CITYWIDE EXPENDITURES BY FUND AND CATEGORY

FUND	FY 2016-2017 Actuals	FY 2017-2018 Revised	FY 2018-2019 Proposed
GENERAL FUND			
Personnel	5,814,350	6,406,800	6,716,500
Maintenance & Operations	4,459,524	4,588,500	4,687,900
Debt	92,000	92,000	92,000
Capital Outlay	11,085	33,500	17,500
TOTAL GENERAL FUND	10,376,959	11,120,800	11,513,900
SPECIAL REVENUE FUNDS:			
ASSESSMENTS			
Maintenance & Operations	58,237	84,900	145,900
TOTAL ASSESSMENTS	58,237	84,900	145,900
COPS FUND			
Personnel	51,909	62,000	86,800
Maintenance & Operations	23,422	-	13,200
TOTAL COPS	75,331	62,000	100,000
ENVIRONMENT FUND			
Personnel	45,322	35,000	21,800
Maintenance & Operations	68,153	99,200	91,200
TOTAL ENVIRONMENT FUND	113,475	134,200	113,000
FRIENDS OF THE LIBRARY DONATIONS			
Maintenance & Operations	55,949	55,000	55,000
Capital Outlay	-	100,000	80,000
TOTAL FRIENDS OF THE LIBRARY DONATIONS	55,949	155,000	135,000
GAS TAX			
Personnel	6,917	106,300	177,600
Maintenance & Operations	209,954	155,000	101,900
Capital Outlay	-	27,000	182,800
TOTAL GAS TAX	216,871	288,300	462,300
LIBRARY GIFT AND MEMORIAL FUND			
Personnel	-	-	-
Maintenance & Operations	9,838	52,700	8,500
Capital Outlay	-	14,000	14,000
TOTAL LIBRARY GIFT AND MEMORIAL FUND	9,838	66,700	22,500
MEASURE M			
Maintenance & Operations	-	-	-
Capital Outlay	-	-	151,900
TOTAL MEASURE M	-	-	151,900

**CITYWIDE EXPENDITURES
BY FUND AND CATEGORY**

FUND	FY 2016-2017 Actuals	FY 2017-2018 Revised	FY 2018-2019 Proposed
MEASURE R			
Maintenance & Operations	9,800	12,800	-
Capital Outlay	48,749	114,600	134,100
TOTAL MEASURE R	58,549	127,400	134,100
PROP A			
Personnel	10,723	10,800	11,000
Maintenance & Operations	154,663	176,500	150,200
TOTAL PROP A	165,386	187,300	161,200
PROP C			
Maintenance & Operations	18,369	20,500	22,500
Capital Outlay	-	149,400	362,900
TOTAL PROP C	18,369	169,900	385,400
SENIOR DONATION FUND			
Maintenance & Operations	20,421	20,600	22,000
TOTAL SENIOR DONATION FUND	20,421	20,600	22,000
OTHER SPECIAL REVENUE FUND			
Personnel	-	-	-
Maintenance & Operations	205,969	235,300	76,400
Capital Outlay	-	42,700	234,600
TOTAL OTHER SPECIAL REVENUE FUND	205,969	278,000	311,000
TOTAL SPECIAL REVENUE FUNDS EXPENDITURES	998,395	1,574,300	2,144,300
INTERNAL SERVICES			
Personnel	1,106,469	1,480,600	1,303,800
Maintenance & Operations	2,405,377	2,997,200	2,501,800
Debt	2,137	3,500	3,500
Capital Outlay	-	-	-
TOTAL INTERNAL SERVICES	3,513,983	4,481,300	3,809,100
CAPITAL PROJECTS FUND			
Maintenance & Operations	-	-	-
Capital Outlay	92,501	39,500	144,000
TOTAL CAPITAL PROJECTS FUND	92,501	39,500	144,000
ENTERPRISE FUNDS:			
BUSINESS FUND			
Personnel	115,878	162,400	-
Maintenance & Operations	82,984	69,900	-
TOTAL BUSINESS FUND	198,862	232,300	-

**CITYWIDE EXPENDITURES
BY FUND AND CATEGORY**

FUND	FY 2016-2017 Actuals	FY 2017-2018 Revised	FY 2018-2019 Proposed
SEWER			
Personnel	686,971	511,200	392,900
Maintenance & Operations	676,778	684,200	501,800
Debt	7,744	6,500	7,000
Capital Outlay	-	-	-
TOTAL SEWER	1,371,493	1,201,900	901,700
WATER			
Personnel	705,097	828,100	890,900
Maintenance & Operations	3,663,075	3,846,800	2,897,900
Debt	395,007	376,000	230,000
Capital Outlay	-	-	-
TOTAL WATER	4,763,179	5,050,900	4,018,800
TOTAL ENTERPRISE FUNDS EXPENDITURES	6,333,534	6,485,100	4,920,500
SUCCESSOR AGENCY			
Personnel	20,654	24,500	-
Maintenance & Operations	61,675	170,500	7,300
Debt	389,683	390,700	506,500
TOTAL SUCCESSOR AGENCY	472,012	585,700	513,800
GRAND TOTAL CITYWIDE EXPENDITURES	21,787,384	24,286,700	23,045,600

ADMINISTRATIVE SERVICES DEPARTMENT

EXPENDITURE CATEGORY	FY 2016-2017 Actuals	FY 2017-2018 Revised	FY 2018-2019 Proposed
ADMINISTRATIVE SERVICES			
Personnel	1,012,649	1,512,300	1,260,900
Maintenance & Operations	2,759,407	2,742,900	3,286,600
Debt	794,571	776,700	747,000
TOTAL ADMINISTRATIVE SERVICES DEPARTMENT	4,566,627	5,031,900	5,294,500

FUND TYPE	FY 2016-2017 Actuals	FY 2017-2018 Revised	FY 2018-2019 Proposed
GENERAL FUND			
Personnel	290,479	317,800	327,500
Maintenance & Operations	1,891,438	1,991,500	2,279,800
TOTAL GENERAL FUND	2,181,917	2,309,300	2,607,300
SEWER FUND			
Personnel	109,842	72,400	33,000
Maintenance & Operations	657	-	9,200
Debt	7,744	6,500	7,000
TOTAL SEWER FUND	118,243	78,900	49,200
WATER FUND			
Personnel	135,263	115,000	155,800
Maintenance & Operations	20,530	62,100	60,000
Debt	395,007	376,000	230,000
TOTAL WATER FUND	550,800	553,100	445,800
SUCCESSOR AGENCY			
Personnel	20,654	24,500	-
Maintenance & Operations	2,675	16,300	7,300
Debt	389,683	390,700	506,500
TOTAL SUCCESSOR AGENCY	413,012	431,500	513,800
INTERNAL SERVICES FUND			
Personnel	456,411	982,600	744,600
Maintenance & Operations	844,107	673,000	930,300
Debt	2,137	3,500	3,500
TOTAL INTERNAL SERVICES FUND	1,302,655	1,659,100	1,678,400
TOTAL ADMINISTRATIVE SERVICES DEPARTMENT	4,566,627	5,031,900	5,294,500

COMMUNITY SERVICES DEPARTMENT

EXPENDITURE CATEGORY	FY 2016-2017 Actuals	FY 2017-2018 Revised	FY 2018-2019 Proposed
COMMUNITY SERVICES			
Personnel	269,825	343,800	366,100
Maintenance & Operations	292,645	298,300	289,600
TOTAL COMMUNITY SERVICES DEPARTMENT	562,470	642,100	655,700

FUND TYPE	FY 2016-2017 Actuals	FY 2017-2018 Revised	FY 2018-2019 Proposed
GENERAL FUND			
Personnel	161,331	207,800	349,600
Maintenance & Operations	43,015	57,900	111,100
TOTAL GENERAL FUND	204,346	265,700	460,700
PROP A FUND			
Maintenance & Operations	147,863	149,900	150,200
TOTAL PROP A FUND	147,863	149,900	150,200
SENIOR DONATION FUND			
Maintenance & Operations	20,421	20,600	22,000
TOTAL SENIOR DONATION FUND	20,421	20,600	22,000
OTHER SPECIAL REVENUE FUND			
Maintenance & Operations	1,562	-	6,300
TOTAL OTHER SPECIAL REVENUE FUND	1,562	-	6,300
BUSINESS FUND			
Personnel	92,455	119,800	-
Maintenance & Operations	79,784	69,900	-
TOTAL BUSINESS FUND	172,239	189,700	-
WATER FUND			
Personnel	16,039	16,200	16,500
TOTAL BUSINESS FUND	16,039	16,200	16,500
TOTAL COMMUNITY SERVICES DEPARTMENT	562,470	642,100	655,700

ELECTED AND APPOINTED DEPARTMENT

EXPENDITURE CATEGORY	FY 2016-2017 Actuals	FY 2017-2018 Revised	FY 2018-2019 Proposed
ELECTED AND APPOINTED			
Personnel	51,615	56,700	130,400
Maintenance & Operations	183,150	285,100	153,800
TOTAL ELECTED AND APPOINTED			
DEPARTMENT	234,765	341,800	284,200

FUND TYPE	FY 2016-2017 Actuals	FY 2017-2018 Revised	FY 2018-2019 Proposed
GENERAL FUND			
Personnel	51,615	56,700	130,400
Maintenance & Operations	157,950	259,600	153,800
TOTAL GENERAL FUND	209,565	316,300	284,200
INTERNAL SERVICES FUND			
Maintenance & Operations	25,200	25,500	-
TOTAL INTERNAL SERVICES FUND	25,200	25,500	-
TOTAL ELECTED AND APPOINTED			
DEPARTMENT	234,765	341,800	284,200

FIRE DEPARTMENT

EXPENDITURE CATEGORY	FY 2016-2017 Actuals	FY 2017-2018 Revised	FY 2018-2019 Proposed
FIRE			
Personnel	1,219,338	1,286,200	1,576,400
Maintenance & Operations	503,358	543,700	499,600
Capital Outlay	-	17,500	17,500
Debt	92,000	92,000	92,000
TOTAL FIRE DEPARTMENT	1,814,696	1,939,400	2,185,500

FUND TYPE	FY 2016-2017 Actuals	FY 2017-2018 Revised	FY 2018-2019 Proposed
GENERAL FUND			
Personnel	1,210,124	1,286,200	1,576,400
Maintenance & Operations	489,310	543,700	496,100
Capital Outlay	-	17,500	17,500
Debt	92,000	92,000	92,000
TOTAL GENERAL FUND	1,791,434	1,939,400	2,182,000
OTHER SPECIAL REVENUE FUND			
Maintenance & Operations	14,048	-	3,500
TOTAL OTHER SPECIAL REVENUE FUND	14,048	-	3,500
BUSINESS FUND			
Personnel	9,214	-	-
TOTAL BUSINESS FUND	9,214	-	-
TOTAL FIRE DEPARTMENT	1,814,696	1,939,400	2,185,500

HUMAN RESOURCES DEPARTMENT

EXPENDITURE CATEGORY	FY 2016-2017 Actuals	FY 2017-2018 Revised	FY 2018-2019 Proposed
HUMAN RESOURCES			
Personnel	342,168	213,300	306,200
Maintenance & Operations	825,846	1,397,600	798,600
TOTAL HUMAN RESOURCES DEPARTMENT	1,168,014	1,610,900	1,104,800

FUND TYPE	FY 2016-2017 Actuals	FY 2017-2018 Revised	FY 2018-2019 Proposed
INTERNAL SERVICES FUND			
Personnel	342,168	213,300	306,200
Maintenance & Operations	825,846	1,397,600	798,600
TOTAL INTERNAL SERVICES FUND	1,168,014	1,610,900	1,104,800
TOTAL HUMAN RESOURCES DEPARTMENT	1,168,014	1,610,900	1,104,800

LIBRARY SERVICES DEPARTMENT

EXPENDITURE CATEGORY	FY 2016-2017 Actuals	FY 2017-2018 Revised	FY 2018-2019 Proposed
LIBRARY SERVICES			
Personnel	565,581	687,600	403,800
Maintenance & Operations	175,651	234,000	182,800
Capital Outlay	-	114,000	94,000
TOTAL LIBRARY SERVICES DEPARTMENT	741,232	1,035,600	680,600

FUND TYPE	FY 2016-2017 Actuals	FY 2017-2018 Revised	FY 2018-2019 Proposed
GENERAL FUND			
Personnel	565,581	687,600	403,800
Maintenance & Operations	109,864	126,300	119,300
TOTAL GENERAL FUND	675,445	813,900	523,100
FRIENDS OF THE LIBRARY DONATIONS			
Maintenance & Operations	55,949	55,000	55,000
Capital Outlay	-	100,000	80,000
TOTAL FRIENDS OF THE LIBRARY DONATIONS	55,949	155,000	135,000
LIBRARY GIFT AND MEMORIAL FUND			
Maintenance & Operations	9,838	52,700	8,500
Capital Outlay	-	14,000	14,000
TOTAL LIBRARY GIFT AND MEMORIAL FUND	9,838	66,700	22,500
TOTAL LIBRARY SERVICES DEPARTMENT	741,232	1,035,600	680,600

PLANNING AND COMMUNITY PRESERVATION DEPARTMENT

EXPENDITURE CATEGORY	FY 2016-2017 Actuals	FY 2017-2018 Revised	FY 2018-2019 Proposed
PLANNING AND COMMUNITY PRESERVATION			
Personnel	558,626	594,100	568,300
Maintenance & Operations	788,959	873,600	731,600
TOTAL PLANNING AND COMMUNITY PRESERVATION DEPARTMENT	1,347,585	1,467,700	1,299,900

FUND TYPE	FY 2016-2017 Actuals	FY 2017-2018 Revised	FY 2018-2019 Proposed
GENERAL FUND			
Personnel	536,617	575,000	547,700
Maintenance & Operations	726,759	719,400	731,600
TOTAL GENERAL FUND	1,263,376	1,294,400	1,279,300
SUCCESSOR AGENCY			
Maintenance & Operations	59,000	154,200	-
TOTAL SUCCESSOR AGENCY	59,000	154,200	-
BUSINESS FUND			
Personnel	5,058	-	-
Maintenance & Operations	3,200	-	-
TOTAL BUSINESS FUND	8,258	-	-
WATER FUND			
Personnel	16,951	19,100	20,600
TOTAL WATER FUND	16,951	19,100	20,600
TOTAL PLANNING AND COMMUNITY PRESERVATION DEPARTMENT	1,347,585	1,467,700	1,299,900

POLICE DEPARTMENT

EXPENDITURE CATEGORY	FY 2016-2017 Actual	FY 2017-2018 Revised	FY 2018-2019 Proposed
POLICE			
Personnel	2,789,694	3,199,200	3,319,700
Maintenance & Operations	789,928	496,300	402,700
Capital Outlay	92,501	39,500	
TOTAL POLICE DEPARTMENT	3,672,123	3,735,000	3,722,400
FUND TYPE	FY 2016-2017 Actual	FY 2017-2018 Revised	FY 2018-2019 Proposed
GENERAL FUND			
Personnel	2,728,634	3,094,600	3,232,900
Maintenance & Operations	764,382	496,300	382,900
TOTAL GENERAL FUND	3,493,016	3,590,900	3,615,800
COPS FUND			
Personnel	51,909	62,000	86,800
Maintenance & Operations	23,422	-	13,200
TOTAL COPS FUND	75,331	62,000	100,000
OTHER SPECIAL REVENUE FUND			
Maintenance & Operations	2,124	-	6,600
TOTAL OTHER SPECIAL REVENUE FUND	2,124	-	6,600
BUSINESS FUND			
Personnel	9,151	42,600	-
TOTAL BUSINESS FUND	9,151	42,600	-
CAPITAL PROJECTS FUND			
Capital Outlay	92,501	39,500	-
TOTAL CAPITAL PROJECTS FUND	92,501	39,500	-
TOTAL POLICE DEPARTMENT	3,672,123	3,735,000	3,722,400

PUBLIC WORKS DEPARTMENT

EXPENDITURE CATEGORY	FY 2016-2017 Actuals	FY 2017-2018 Revised	FY 2018-2019 Proposed
PUBLIC WORKS			
Personnel	640,821	617,900	611,600
Maintenance & Operations	1,546,578	1,929,200	1,751,700
Capital Outlay	59,834	349,700	1,066,300
TOTAL PUBLIC WORKS DEPARTMENT	2,247,233	2,896,800	3,429,600
FUND TYPE	FY 2016-2017 Actuals	FY 2017-2018 Revised	FY 2018-2019 Proposed
GENERAL FUND			
Personnel	269,969	181,100	148,200
Maintenance & Operations	276,806	393,800	413,300
Capital Outlay	11,085	16,000	-
TOTAL GENERAL FUND	557,860	590,900	561,500
ASSESSMENTS			
Maintenance & Operations	58,237	84,900	145,900
TOTAL ASSESSMENTS FUND	58,237	84,900	145,900
ENVIRONMENT FUND			
Personnel	45,322	35,000	21,800
Maintenance & Operations	68,153	99,200	91,200
TOTAL ENVIRONMENT FUND	113,475	134,200	113,000
GAS TAX FUND			
Personnel	6,917	106,300	177,600
Maintenance & Operations	209,954	155,000	101,900
Capital Outlay		27,000	182,800
TOTAL GAS TAX FUND	216,871	288,300	462,300
MEASURE R FUND			
Maintenance & Operations	9,800	12,800	-
Capital Outlay	48,749	114,600	134,100
TOTAL MEASURE R FUND	58,549	127,400	134,100
PROP A FUND			
Personnel	10,723	10,800	11,000
Maintenance & Operations	6,800	26,600	-
TOTAL PROP A FUND	17,523	37,400	11,000
PROP C FUND			
Maintenance & Operations	18,369	20,500	22,500
Capital Outlay	-	149,400	362,900
TOTAL PROP C FUND	18,369	169,900	385,400

PUBLIC WORKS DEPARTMENT

FUND TYPE	FY 2016-2017 Actuals	FY 2017-2018 Estimated	FY 2018-2019 Proposed
Measure M FUND			
Capital Outlay	-	-	151,900
TOTAL MEASURE M FUND	-	-	151,900
OTHER SPECIAL REVENUE FUND			
Maintenance & Operations	188,235	235,300	60,000
Capital Outlay	-	42,700	234,600
TOTAL OTHER SPECIAL REVENUE FUND	188,235	278,000	294,600
CAPITAL PROJECTS FUND			
Capital Outlay	-	-	144,000
TOTAL CAPITAL PROJECTS FUND	-	-	144,000
INTERNAL SERVICES FUND			
Personnel	307,890	284,700	253,000
Maintenance & Operations	710,224	901,100	772,900
TOTAL INTERNAL SERVICES FUND	1,018,114	1,185,800	1,025,900
TOTAL PUBLIC WORKS DEPARTMENT	2,247,233	2,896,800	3,429,600

UTILITY SERVICES DEPARTMENT

EXPENDITURE CATEGORY	FY 2016-2017 Actuals	FY 2017-2018 Revised	FY 2018-2019 Proposed
UTILITIES			
Personnel	1,113,973	1,116,600	1,057,900
Maintenance & Operations	4,318,666	4,468,900	3,330,500
TOTAL UTILITY SERVICES DEPARTMENT	5,432,639	5,585,500	4,388,400

FUND TYPE	FY 2016-2017 Actuals	FY 2017-2018 Revised	FY 2018-2019 Proposed
SEWER FUND			
Personnel	577,129	438,800	359,900
Maintenance & Operations	676,121	684,200	492,600
Capital Outlay			
TOTAL SEWER FUND	1,253,250	1,123,000	852,500
WATER FUND			
Personnel	536,844	677,800	698,000
Maintenance & Operations	3,642,545	3,784,700	2,837,900
TOTAL WATER FUND	4,179,389	4,462,500	3,535,900
TOTAL UTILITY SERVICES DEPARTMENT	5,432,639	5,585,500	4,388,400

PURCHASE	DEPT.	FUND #	2017-18 CARRYOVER	2018-19	2019-20	2020-21	2021-22	2022-23	UNFUNDED	NOTES
Administrative Services										
Computer replacement policy (10-15 annually)	ADMIN	60003	\$37,500	\$50,000	\$65,000	\$50,000	\$50,000			Four year rotation
Microsoft office licensing	ADMIN	60003	\$0	\$36,000	\$36,000	\$36,000	\$36,000			IT policy budgeted annually
Council Chambers AV, Wi-Fi, Streaming Improvements	ADMIN	60003								Should be planned every 10 years
Server Infrastructure Replacement	ADMIN	60003	\$65,000	\$30,000					\$200,000	Five year rotation
IT Master Plan	ADMIN	60003	\$300,000	\$200,000	\$200,000	\$200,000			\$80,000	
Land Management ERP	ADMIN	Unfunded							\$80,000	
Document Management	ADMIN	Unfunded							\$80,000	
Fire Department										
Fire Dept. MDC's	FIRE	10000		\$17,500	\$12,000					Every two years (replace two)
Thermal Imaging Camera	FIRE	10000			\$8,000					Every six years
Jaws-of-life	FIRE	10000			\$24,000					Every 20 year
Cardiac defibrillators	FIRE	10000			\$35,000					Every six years
Library										
Shelving	LIB	Unfunded							\$80,000	One time purchase (ADA)
Planning & Community Preservation										
Police Department										
PD Mobile Radios-Dual Ban	PD	10000			\$9,500	\$9,500	\$9,500		\$9,500	Estimated cost to replace outdated, unit radio each year.
Patrol Vehicle	PD	60000			\$60,000	\$60,000	\$60,000		\$60,000	Annual rotation
In-car camera for patrol vehicle(s)	PD	10000			\$7,000	\$7,000	\$7,000		\$7,000	Annual rotation
Police Radios for Dispatch	PD	Unfunded			\$15,000	\$15,000	\$15,000	\$15,000		Estimated cost to replace one expired device.UNFUNDED
Stancil Dispatch Recorder	PD	10000			\$20,000					Recorder is in need of replacement
Public Works Department										
Hydraulics Lifts- remove existing	PW	60000		\$30,000						Safety Requirement
Replace #5118 1999 Chevy Pickup	PW	38003	\$51,000							Every 10 years
Replace #5115 2002 Chevy Utility	PW	38003	\$42,000							Every 10 years
Replace PW 2010 Ford Focus #5120	PW	38003	\$36,000							Every 10 years
Charging Station	PW	38003	\$20,000							Every 10 years
Utilities Department										
Update Urban Water Management Plan	UTIL	71000			\$8,000				\$0	State Requirement, every five years
TOTAL			\$495,500	\$419,500	\$491,500	\$377,500	\$377,500	\$15,000	\$516,500	

PROJECT	DEPT.	FUND #	FUND	2017-18 CARRYOVER	2018-19	2019-20	2020-21	2021-22	2022-23	UNFUNDED	NOTES
Storm Drain/ NPDES Projects											
Catch Basin Inserts	PW	10000	GF	\$ 78,500							GASB 54 6/9/15
Regional BMP's	PW	10000	GF	\$ 10,000	\$ -	\$ 50,000					GASB 54 6/9/15
Local BMP's	PW	10000	GF	\$ 100,000	\$ 10,000	\$ 20,000					GASB 54 6/9/16
Storm Drain/ NPDES Projects Subtotal				\$ 188,500	\$ 10,000	\$ 70,000	\$ -	\$ -	\$ -	\$ -	
Sewer projects											
Sewer repairs	UTIL	72000	Sewer	\$ 20,000	\$ 10,000						Per Sewer Master Plan recommendation
Update Sewer System Management Plan	UTIL	72000	Sewer	\$ -	\$ 60,000						Required by State every five years
Sewer Projects Subtotal				\$ 20,000	\$ 70,000	\$ -	\$ -	\$ -	\$ -	\$ -	
Street Resurfacing or Replacement											
Citywide Street Reconst.	PW	37009	Prop C Measure R	\$ 206,700	\$ 156,200	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	Projected available funding
Citywide Street Reconst.	PW	38007	GF	\$ 397,000	\$ 134,000	\$ 130,000	\$ 130,000	\$ 130,000	\$ 130,000	\$ 130,000	Projected available funding
Citywide Street Reconst.	PW	10000	GF	\$ 404,000	\$ -	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	Projected available funding
Citywide Street Reconst.	PW	38005	RMRA SB1	\$ -	\$ 182,800	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000	Projected available funding
Citywide Street Reconst.	PW	38012	Measure M	\$ 100,000	\$ 151,900	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	Projected available funding
Citywide Street Reconst.	PW	38012	TDA	\$ -	\$ 40,000	\$ 7,200	\$ 7,200	\$ 7,200	\$ 7,200	\$ 7,200	Projected available funding
Other Street Improvement Projects											
Update Pavement Management System	PW	37009	Prop C			\$ 16,000					Mandatory every two years
Street Projects subtotal				\$ 1,107,700	\$ 664,900	\$ 833,200	\$ 817,200	\$ 817,200	\$ 817,200	\$ -	
Parks Improvements											
Resurface Memorial Park Tennis Court	PW	Unfunded	Unfunded			\$ 8,500					Five year life
Resurface Sierra Vista Tennis Court	PW	Unfunded	Unfunded			\$ 8,500					Five year life
Replace Sierra Vista Park Playground equipment	PW	Unfunded	Unfunded			\$ 125,000					Ten year life
Replace Turtle Park Playground equipment	PW	Unfunded	Unfunded				\$ 75,000				Ten year life
Repair Volleyball Court	PW	Unfunded	Unfunded						\$ 10,000		Seven year life
Replace Memorial Park Playground equipment	PW	Unfunded	Unfunded				\$ 75,000				
Heasley Field Light Box	PW	40000	CIP Fund		\$ 4,000						
Kersting Court Redesign	PW	Unfunded	Unfunded							\$ 15,000	CSC Priority 1; possible grant funding
Kersting Court Redesign - ADA Improvements	PW	38002	CDBG		\$ 45,000						

PROJECT	DEPT.	FUND #	FUND	2017-18 CARRYOVER	2018-19	2019-20	2020-21	2021-22	2022-23	UNFUNDED	NOTES
Sprouse up the Park facilities, Pavilions, gazebos, bandshell	PW	Unfunded	Unfunded		\$ 15,000						
ADA ramp by bandshell	PW	38002	CDBG		\$ 45,000						Pending CSC decision on new usage
Convert Dutyman house into rec site	PW	37003	Donations - Rec								
Replace Pool House Equip.	PW	40000	CIP Fund		\$ 40,000						
Dog Park Relocation	PW	40000	CIP Fund	\$ 12,000							
Parks Projects Subtotal				\$ 12,000	\$ 149,000	\$ 17,000	\$ 200,000	\$ 75,000	\$ -	\$ 25,000	
Facility Improvements											
Library mechanical, electrical, plumbing	PW	Unfunded	Unfunded							\$ 220,000	During Major Remodel
Library - Construct Access ramp to basement	PW	Unfunded	Unfunded							\$ 10,000	During Major Remodel
Library - Create Space for Friends operation	PW	Unfunded	Unfunded							\$ 10,000	During Major Remodel
Downtown Wi-Fi	ADMIN	Unfunded	Unfunded							\$ 25,000	
Install Solar Panels	PW	Unfunded	Unfunded							\$ 500,000	
Paint Public Safety Building	PW	Unfunded	Unfunded				\$ 40,000			\$ 40,000	
Library Painting - exterior & interior	PW	10000	GF	\$ 35,000						\$ 35,000	During Major Remodel
Refurbish PW Facilities	PW	Unfunded	Unfunded							\$ 30,000	
Continue Maintenance yard fence replacement, along GV Ave 2 year program	PW	71000	Water			\$ 30,000					
Library Remodel/reconfigure staff work area	PW	Unfunded	Unfunded							\$ 10,000	During Major Remodel
Resurface Maint. Yard Install storm water clarifier	PW	Unfunded	Unfunded			\$ 90,000				\$ 90,000	
Library Resurface/expand Parking lot	PW	Unfunded	Unfunded							\$ 150,000	During Major Remodel
CH Carpeting	PW	40000	CIP Fund		\$ 15,000					\$ 25,000	
Fire Apparatus Room Ceiling Replacement	PW	40000	CIP Fund		\$ 45,000						Drop Ceiling, electrical, exhaust, air etc.
Repave City-Owned parking lots	PW	Unfunded	Unfunded							\$ 125,000	
Paint Rose Float Barn	PW	Unfunded	Unfunded							\$ 10,500	Per Rose Float Assoc. 4/12/15 request

DETAIL OF CAPITAL PROJECTS

PROJECT	DEPT.	FUND #	FUND	2017-18 CARRYOVER	2018-19	2019-20	2020-21	2021-22	2022-23	UNFUNDED	NOTES
Restroom ADA Improvements	PW	40000	CIP Fund		\$ 40,000						
Conference room remodel	PW	Unfunded	Unfunded								Turn room add closet and audio/visual, make new office
HVAC Replacement PS/CH YAC	PW	Unfunded	Unfunded			\$ 30,000	\$ 30,000			\$ 60,000	2 units PD 2-units CH, 4 units-REC
HVAC Duct cleaning	PW	Unfunded	Unfunded							\$ 40,000	PS/CH Facilities
Hart Park House office expansion	PW	Unfunded	Unfunded							\$ 5,000	PW Crew
Replacement of City entrance/population and parking directional signs	PW	Unfunded	Unfunded							\$ 15,000	
Paint and trim repair PS/City Hall	PW	Unfunded	Unfunded			\$ 60,000				\$ 40,000	
Library Structural and Seismic Upgrades	PW	Unfunded	Unfunded							\$ 165,000	During Major Remodel
Library New Service Desk	PW	Unfunded	Unfunded							\$ 12,000	During Major Remodel
Library New Stacks- ADA upgrade, replace non-conforming original shelving	PW	Unfunded	Unfunded							\$ 136,000	During Major Remodel
Library HVAC	PW	Unfunded	Unfunded							\$ 25,000	During Major Remodel
Library Re-Roof with TPO Membrane; Remove and Re-Set HVAC Equipment	PW	Unfunded	Unfunded							\$ 64,000	Leaks repaired, new roof during remodel
Paint outside YAC	PW	Unfunded	Unfunded			\$ 40,000				\$ 40,000	New Building siding and trim
Library Replace 1955 Windows	PW	Unfunded	Unfunded							\$ 50,000	During Major Remodel
Library New Restrooms, Elevator and Meeting Room	PW	Unfunded	Unfunded							\$ 500,000	During Major Remodel
Library Electrical Systems: Rewire Single Service Upgrade, Basement Subpanel, Lighting, Fire Alarm, Telecom	PW	Unfunded	Unfunded							\$ 174,000	During Major Remodel
Library New Carpet	PW	Unfunded	Unfunded							\$ 39,000	During Major Remodel
Library Design & Architectural Fees	PW	39006	Friends	\$ 80,900						\$ 70,000	Friends of the Library Funding
Facilities Projects Subtotal				\$ 115,900	\$ 100,000	\$ 250,000	\$ 70,000	\$ -	\$ -	\$ 2,715,500	

PROJECT	DEPT.	FUND #	FUND	2017-18 CARRYOVER	2018-19	2019-20	2020-21	2021-22	2022-23	UNFUNDED	NOTES
Water System Improvements											
Well Rehabilitation	UTIL	71000	Water		\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000		Well Rehab subject to efficiency test
Rehabilitate West Tunnel	UTIL	71000	Water		\$ 30,000						
City-wide Water Main Replacement	UTIL	71000	Water		\$ 916,000						
Water reservoir maintenance	UTIL	71000	Water								
Water Reservoir treatment dispensing mixers	UTIL	71000	Water								
Automated Meter Reading Infrastructure	UTIL	71000	Water		\$948,000						
Auburn Reservoir exterior re-coating/ladder replacement	UTIL	Unfunded	Unfunded							\$ 50,000	
Auburn Reservoir Inlet/outlet modification; install flex coupling	UTIL	Unfunded	Unfunded							\$ 30,000	
Auburn Reservoir Replacement	UTIL	Unfunded	Unfunded							\$ 4,050,000	Seismic reliability improvement
Carter Reservoir Replacement	UTIL	Unfunded	Unfunded							\$ 230,000	
Replace fence at Maint/Spreading	UTIL	Unfunded	Unfunded							\$ 50,000	
Main Plant Reconstr	UTIL	Unfunded	Unfunded							\$ 2,310,000	
Replace Main Plant generator	UTIL	Unfunded	Unfunded							\$ 350,000	
SGVMWD pipeline	UTIL	Unfunded	Unfunded							\$ 17,000,000	Possible SGVMWD project
Water Projects Subtotal				\$ -	\$ 2,094,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 24,070,000	
Outside Agency Projects											
Street light LED conversion	PW	Outside Agency	Outside Agency	\$ -						\$ 100,000	
Sierra Madre Creek Diversion Rehab.	UTIL	Outside Agency	Outside Agency	\$ -						\$ 85,000	Possible Federal (WRDA) Est \$85,000
Outside Agency Subtotal				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 185,000	
TOTAL				\$1,444,100	\$3,087,900	\$1,370,200	\$1,287,200	\$1,092,200	\$1,017,200	\$26,995,500	

RESOLUTION 18-32
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SIERRA MADRE
ESTABLISHING A SCHEDULE OF FEES AND CHARGES FOR CITY
SERVICES FOR FISCAL YEAR 2018-2019.

THE CITY COUNCIL OF THE CITY OF SIERRA MADRE DOES HEREBY RESOLVE:

WHEREAS, the City of Sierra Madre has conducted an analysis of its services, the costs reasonably borne of providing those services, the beneficiaries of those services, and the revenues produced by those paying fees and charges for special services; and

WHEREAS, the City wishes to comply with both the letter and the spirit of Article XIII-B of the California Constitution and limit the growth of taxes; and

WHEREAS, the City desires to establish a policy of recovering the full costs reasonably borne of providing special services of a voluntary and limited nature, such that general taxes are not diverted from general services of a broad nature and thereby utilized to subsidize unfairly and inequitably such special services; and

WHEREAS, heretofore, the City Council adopted Ordinance No. 1058 on the 14th day of November, 1989 (SMMC Section 3.20.040 – Fees and charges schedule) establishing its policy as to the recovery of costs and more particularly the percentage of costs reasonably borne to be recovered from users of City services and directing staff as to the methodology for implementing said Ordinance; and

WHEREAS, notice of public hearing has been provided per Government Code Section 66016, oral and written presentations made and received, and the required public hearing held; and

WHEREAS, a schedule of fees and charges to be paid by those requesting such special services need be adopted so that the City might carry into effect its policies; and

WHEREAS, it is the intention of the City Council to develop a revised schedule of fees and charges based on the City's budgeted and projected costs reasonably borne from the Fiscal Year beginning July 1, 2018; and

WHEREAS, pursuant to California Government Code Section 66016 a general explanation of the hereinafter contained schedule of fees and charges has been noticed as required; and

WHEREAS, the proposed fees are in accordance with Article XIII-B of the Constitution of the State of California; and

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF SIERRA MADRE DOES RESOLVE, DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1. Fee Schedule. The accompanying schedules of fees and charges are hereby incorporated into this resolution;

SECTION 2. Fee Schedule Adopted. The Accompanying schedule of fees and charges is hereby adopted and such fees and charges are to be applied by the various special services when provided by the City or its designated contractors. The City Council finds that each fee is calculated to return the City's cost in connection therewith and no more.

SECTION 3. Separate Fee for Each Process. All fees set by this Resolution are for each identified process; additional fees shall be required for each additional process or service that is requested or required. Where fees are indicated on a per-unit of measurement basis the fee is for each identified unit or portion thereof within the indicated ranges of such units.

SECTION 4. Interpretations. This Resolution can be interpreted by several different department heads in consultation with the City Manager and, should there be a conflict between two fees, then the lower in dollar amount of the two shall be applied.

SECTION 5. Intentions. It is the intention of the City Council to review the fees and charges as determined and set out herein, based on the City's annual budget and all the City's costs reasonably borne as established at that time and, as and if warranted, to revise such fees and charges based thereon.

SECTION 6. Constitutionality. If any portion of this Resolution is declared invalid or unconstitutional then it is the intention of the City Council to have passed the entire Resolution and all its component parts, and all other sections of this Resolution shall remain in full force and effect.

SECTION 7. Repealer. All Resolutions and other actions of the City Council in conflict with the contents of this Resolution are hereby repealed.

SECTION 8. Effective Date. This Resolution shall go into full force and effect July 1, 2018 through June 30, 2019 (unless specifically listed as calendar year in the fee schedule), but shall be subject to the terms and conditions of the Sierra Madre Municipal Code.

SECTION 9. Certification. The City Clerk shall certify to the adoption of this Resolution.

PASSED, APPROVED AND ADOPTED this 12th day of June 2018.

ORIGINAL SIGNED

Denise Delmar, Mayor
City of Sierra Madre, California

I hereby certify that the foregoing Resolution 18-32 was adopted at a regular meeting of the City Council of the City of Sierra Madre held on the 12th day of June 2018 by the following vote:

AYES:

NOES:

ABSENT:

ORIGINAL SIGNED

Sue Spears, City Clerk
City of Sierra Madre, California

CITY OF SIERRA MADRE

FEE SCHEDULE

FY 2018-2019

Note: This Fee Schedule does not include all fees, rates, or charges that may be imposed by the City of Sierra Madre. Examples of excluded items include, but are not limited to, development impact fees, utility rates and connection fees, fees imposed by and passed through to other agencies, and punitive fines and penalties.

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Many of the fees listed in the Master Fee Schedule are applied on an hourly basis and are structured to recover the full cost of service for each activity type. The City will apply the following hourly rate against recorded time to determine the fee amount owed by each applicant. Hourly rates from other departments may also apply if staff from those other departments perform work on a specific application or request for service. Additionally, the City will pass-through to the applicant any discrete costs incurred from the use of external service providers if required to process the specific application. The City may impose a contract administration fee of 15% on the value of contracted services.

For services requested of City staff which have no fee listed in this Master Fee Schedule, the City Manager or the City Manager's designee shall determine the appropriate fee based on the following hourly rate for staff time involved in the service or activity.

Fee Code	Current Fee FY 2017-2018	Proposed Fee FY 2018-2019	Unit
Administrative Fees			
Dog Park Tag Fees			
DOG-PRK DOG- PRKS	\$0 \$0	\$0 \$0	each current
Late Penalty Payment Other Fees			
GARAGE SAL	\$19 10%	\$20 10%	per weekend per month; max of 100% of original fee
ADMIN STAFF	\$124	\$129	per hour
			Administrative Services Staff

Fee Code		Current Fee FY 2017-2018	Proposed Fee FY 2018-2019	Unit
PLANNING AND ZONING FEES (1)				
	Zoning Fees			
	Design Review Permit:			
	a) Administrative Design Review Permit	\$1,100	\$1,142	each
	b) Standard	\$4,788	\$4,970	each
	Conditional Use Permit:			
CU001	a) Minor	\$1,100	\$1,142	each
CU005	b) Standard	\$4,788	\$4,970	each
CU015	c) Hillside Management Zone	Actual Cost; plus 15% processing fee	Actual Cost; plus 15% processing fee	each
CU010	d) Extension or Modification	Actual Cost; plus 15% processing fee	Actual Cost; plus 15% processing fee	each
CU020	e) Appeals	75% of Original Filing Fee	75% of Original Filing Fee	each
	f) Deposit Requirement	100% of Estimated Cost and processing fee	100% of Estimated Cost and processing fee	each
	Variance			
VAR001	a) Minor	\$1,100	\$1,142	each
VAR005	b) Major	\$4,788	\$4,970	each
PZ001	Zone Change Application	\$7,236	\$7,511	each
PZ005	General Plan Amendment	\$7,236	\$7,511	each
PZ010	Municipal Code Text Amendment	\$7,236	\$7,511	each
	Wireless Facilities			
	Minor Modification to Wireless Facilities	\$1,100	\$1,142	each
	New Wireless Facilities	\$4,788	\$4,970	each
	Home Occupation Permits			
PZ015	a) Affidavit	\$33	\$34	each
PZ020	b) Administrative Discretionary	\$364	\$378	each

Fee Code		Current Fee FY 2017-2018	Proposed Fee FY 2018-2019	Unit
PLANNING AND ZONING FEES (1)				
	Second Dwelling Unit			
PZ025	Second Dwelling Unit Permit	\$2,174	\$2,257	each
PZ030	Zoning Verification Letter	\$364	\$378	each
	Environmental Fees			
	Fish and Game Fee (State) - EIR Filing	\$3,078	\$3,168	
	Fish and Game Fee (State) - Negative declaration filing	\$2,216	\$2,281	
	Fish and Game Fee Exemption			
EVN001	Categorical Exemption	\$163	\$169	each
EVN005	Initial Study - Negative Declaration	\$2,395	\$2,486	each
EVN010	Initial Study - Mitigated Negative Declaration	\$6,384	\$6,627	each
EVN015	Environmental Impact Report	Actual Cost; plus 15% processing fee	Actual Cost; plus 15% processing fee	each
EVN020	Geotechnical Report Review	Actual Cost; plus 15% processing fee	Actual Cost; plus 15% processing fee	each
	Noticing Fees			
	Noticing Publication and Postage			
NF001	a) Director Review Only	\$323	\$335	each
NF005	b) Planning Commission Only	\$642	\$666	each
NF010	c) Planning Commission and City Council	\$802	\$832	each
	Sign Permit			
SGN001	a) Temporary	\$163	\$169	each
SGN005	b) Temporary - Admin Review	\$323	\$335	each
SGN010	c) Administrative Review Required	\$323	\$335	each
SGN015	d) Planning Commission Review Required	\$642	\$666	each
	Mills Act Fee			
MILL001	Mills Act Application	\$1,878	\$1,949	each

Fee Code	Current Fee FY 2017-2018	Proposed Fee FY 2018-2019	Unit
PLANNING AND ZONING FEES (1)			
Temporary Use Fees			
TU010	\$52	\$49	each
TU005	\$130	\$135	each
WT001	\$418	\$378	each
WT002	\$314	\$434	each
OTH025	\$19	\$20	per page
OTH030	\$19	\$20	per page
OTH005	\$834	\$866	each
OTH010	\$563	\$584	each
OTH015	\$88	\$91	per request
SUBDIVISION FEES			
PZ055	\$6,880	\$7,141	each
PZ050	\$10,501	\$10,900	each
PZ070	\$1,725	\$1,791	each
PZ075	\$1,725	\$1,791	each
PZ080	\$964	\$1,000	each
PZ035	\$4,744	\$4,924	each
PZ040	\$4,238	\$4,399	each
	\$4,238	\$4,399	each
	100% of Estimated Cost and processing fee	100% of Estimated Cost and processing fee	each
	\$247	\$256	each

Fee Code	Current Fee FY 2017-2018	Proposed Fee FY 2018-2019	Unit
PLANNING AND ZONING FEES (1)			
STAFF HOURLY RATE			
DEVSTAFF Planning & Community Preservation Staff	\$216	\$224	per hour
PWSTAFF Public Works Engineering Staff	\$149	\$155	per hour
DEPOSIT REQUIREMENTS			
	Deposits will be required to begin work; based upon estimated time to complete project	Deposits will be required to begin work; based upon estimated time to complete project	Deposits will be required to begin work; based upon estimated time to complete

Fee Code	Current Fee FY 2017-2018	Proposed Fee FY 2018-2019	Unit
NEW CONSTRUCTION FEES			
Building Permit Fees (1)			
PC001	Preliminary Plan Check \$1 to \$4,000	\$418	each
PC002	a) Plan Check	\$418	each
BP001	b) Permit	\$215	each
PC003	\$4,001 to \$25,000	\$730-\$990	each
BP002	a) Plan Check	\$408 for the first \$4,000, plus \$25.62 for each add'l \$1,000, or fraction thereof, to and including \$25,000	each
	b) Permit	\$424 for the first \$4,000, plus \$26.59 for each add'l \$1,000, or fraction thereof, to and including \$25,000	each
PC003.5	\$25,001 to \$50,000	\$976-\$1,154	each
BP003	a) Plan Check	\$1,067 for the first \$25,000, plus \$15.52 for each add'l \$1,000, or fraction thereof, to and including \$50,000	each
	b) Permit	\$1,465 for the first \$50,000, plus \$13 for each add'l \$1,000, or fraction thereof, to and including \$100,000	each
PC004	\$50,001 to \$100,000	\$1,518 for the first \$50,000, plus \$13 for each add'l \$1,000, or fraction thereof, to and including \$100,000	each
BP004	a) Plan Check	\$1,465 for the first \$50,000, plus \$15.52 for each add'l \$1,000, or fraction thereof, to and including \$100,000	each
	b) Permit	\$2,245 for the first \$100,000, plus \$10.50 for each add'l \$1,000, or fraction thereof \$1,903 for the first \$100,000, plus \$10.97 for each add'l \$1,000, or fraction thereof	each
PC004.5	\$100,001 and Up	\$2,163 for the first \$100,000, plus \$10.10 for each add'l \$1,000, or fraction thereof \$1,833 for the first \$100,000, plus \$10.57 for each add'l \$1,000, or fraction thereof	each
BP005	a) Plan Check	\$2,163 for the first \$100,000, plus \$10.10 for each add'l \$1,000, or fraction thereof \$1,833 for the first \$100,000, plus \$10.57 for each add'l \$1,000, or fraction thereof	each
	b) Permit	\$2,163 for the first \$100,000, plus \$10.10 for each add'l \$1,000, or fraction thereof \$1,833 for the first \$100,000, plus \$10.57 for each add'l \$1,000, or fraction thereof	each

Building Permit valuation based on current International Code Council (ICC)

Fee Code	Current Fee FY 2017-2018	Proposed Fee FY 2018-2019	Unit
NEW CONSTRUCTION FEES			
BP009	Valuation Amount X 0.0001	Valuation Amount X 0.0001	per permit
BP010	Valuation Amount X 0.00028	Valuation Amount X 0.00028	per permit
BP015	\$1	\$1	Senate Bill No. 1473 mandated fee.
BP015	\$2	\$2	Senate Bill No. 1473 mandated fee.
BP015	\$3	\$3	Senate Bill No. 1473 mandated fee.
BP015	\$4	\$4	Senate Bill No. 1473 mandated fee.
BP016	Add \$3	Add \$3	Senate Bill No. 1473 mandated fee.
SMIP Fee (2)			
a) Residential			
b) Commercial			
Building Standards Administration Special Revolving Fund Fee (3)			
Permit Valuation:			
\$1-25,000			
\$25,001-50,000			
\$50,001-75,000			
\$75,001-100,000			
Every \$25,000 or fraction thereof above \$100,000			
STAFF HOURLY RATE			
DEVSTAFF	\$216	\$224	per hour
PWSTAFF	\$149	\$155	per hour
DEPOSIT REQUIREMENTS			
Planning & Community Preservation Staff		Deposits will be required to begin work; based upon estimated time to complete project	
Public Works Engineering Staff		Deposits will be required to begin work; based upon estimated time to complete project	

Fee Code	Current Fee FY 2017-2018	Proposed Fee FY 2018-2019	Unit
BUILDING AND SAFETY PERMIT FEES			
<p>Mechanical, Plumbing, and Electrical Mechanical, Plumbing, and Electrical Permits are each separate Building Permit Categories in which multiple inspections may occur. Inspections Bundle fees are based on number of inspections within a given Building Permit Category.</p> <p>(1) Includes air handling units, compressors, boilers, forced air units, furnaces, hoods, fans, vents, bathtubs, dishwashers, drinking fountains, laundry tubs, lawn sprinklers, piping alterations, showers, sinks, toilets, vac breakers, washbasins, water heaters, water softeners, home appliances, heating appliances, branch circuits, motors and AC units, outlets and fixtures. (2) When calculating fees, each ten branch circuits shall be considered one item, and each twenty outlets or fixtures shall be considered one item.</p>			
ELE001/MEC 001/PLB001	\$221	\$229	each
ELE001/MEC 001/PLB001	\$314	\$326	each
ELE001/MEC 001/PLB001	\$523	\$543	each
ELE001/MEC 001/PLB001	\$614	\$637	each
ELE001/MEC 001/PLB001	\$783	\$813	each
ELE001/MEC 001/PLB001	\$991	\$1,029	each
ELE001/MEC 001/PLB001	\$1,200	\$1,246	each
<p>Other Plumbing Permits/Inspections</p> <p>Pool Related Inspections: a) Swimming Pool Piping b) P-Trap for Pool Sewer/Septic Related Inspections: a) House Sewer Connecting To Public Sewer b) All Other Sewer/Septic Inspections Water Piping System</p>			
PLB005 PLB010	\$626 \$105	\$650 \$109	each each
PLB015 PLB020 PLB025	\$314 \$626 \$418	\$326 \$650 \$434	each each each

Fee Code	Current Fee FY 2017-2018	Proposed Fee FY 2018-2019	Unit
BUILDING AND SAFETY PERMIT FEES			
	Other Electrical Permits/Inspections		
ELE020	Motors & AC Units - (Over 10HP)	\$163 plus \$10 per branch	each
ELE030	Service	\$196	each
ELE035	Solar	\$512	each
ELE040	Temporary Power Pole	\$44	each
	Other	Actual Cost; plus	each
	Sales of Maps	15% processing fee	each
	Field Consultation - Per hour after first 15min - in	Actual Cost; plus	each
	15 min increments	15% processing fee	each
	Office Consultation - Per hour after first 15min - in	Actual Cost; plus	each
	15 min increments	15% processing fee	each
	Correspondence request - Per hour after first	Actual Cost; plus	each
	15min - in 15 min increments	15% processing fee	each
	Request for City Council or Commission Action	Actual Cost; plus	each
	Public Works Administrative Plan Review	Actual Cost; plus	each
	Consulting	15% processing fee	each
	DEPOSIT REQUIREMENTS	Actual Cost; plus	each
	Demolition Permit Fee	15% processing fee	each
	Discretionary Demolition Permit Fee	Deposits will be required to	each
	Extension or Modification	begin work; based upon	each
	Commencing Work Without a Permit	estimated time to complete	each
		project	each
		\$118	each
		\$1,142	each
		75% of Original Filing Fee	each
		Double Fee	each

Fee Code		Current Fee FY 2017-2018	Proposed Fee FY 2018-2019	Unit
BUILDING AND SAFETY PERMIT FEES				
STAFF HOURLY RATE				
DEVSTAFF PWSTAFF	Planning & Community Preservation Staff Public Works Engineering Staff DEPOSIT REQUIREMENTS	\$216 \$149 Deposits will be required to begin work; based upon estimated time to complete project	\$224 \$155 Deposits will be required to begin work; based upon estimated time to complete project	per hour per hour

Fee Code	Current Fee FY 2017-2018	Proposed Fee FY 2018-2019	Unit
PUBLIC WORKS FEES			
Grading Fees			
Grading Bond			
GRD025	\$3,246	\$3,369	Deposit against costs
GRD025	\$6,490	\$6,737	Deposit against costs
GRD011	\$2,000	\$1,500	per permit
GRD010	Actual Cost; plus 15% processing fee	\$3,000	per permit
GRD005	\$31	\$32	per permit
GRD015	\$686	N/A	per permit
GRD015	Actual Cost; plus 15% processing fee	N/A	per permit
Drainage/Precise Grading Plan Check Fees			
Street/Curb/Pavement/Drive Fees			
SC001	\$298	\$309	per permit
SC005	\$225	\$234	per permit
SC010	\$372	\$386	per permit
SC020	\$227	\$236	per permit
SC025	\$225	\$234	per permit
SC026	\$298	\$309	per permit
EN085	\$31	\$32	per permit
SC030	\$149	\$155	per permit
SC030	\$149	\$155	per permit
SC035	\$227	\$236	per permit
ADDRESS002	\$441	\$458	per request
ADDRESS001	\$294	\$305	per request

Fee Code		Current Fee FY 2017-2018	Proposed Fee FY 2018-2019	Unit
PUBLIC WORKS FEES				
	Public Improvement Inspection Fees Public Improvement Inspection (Project Valuation)			
PI015	a) Up To \$10,000	Actual Cost; plus 15% processing fee	Actual Cost; plus 15% processing fee	per permit
PI015	b) \$10,001 - \$50,000	Actual Cost; plus 15% processing fee	Actual Cost; plus 15% processing fee	per permit
PI015	c) \$50,001-\$100,000	Actual Cost; plus 15% processing fee	Actual Cost; plus 15% processing fee	per permit
PI015	d) \$100,001-\$500,000	Actual Cost; plus 15% processing fee	Actual Cost; plus 15% processing fee	per permit
PI015	e) Greater than \$500,000	Actual Cost; plus 15% processing fee	Actual Cost; plus 15% processing fee	per permit
PI015	f) Continuous Inspection (Contract)	Actual Cost; plus 15% processing fee	Actual Cost; plus 15% processing fee	per permit
	e) Public Improvement Inspection Deposit			
	Improvement Construction - Plan Check	Actual Cost; plus 15% processing fee	Actual Cost; plus 15% processing fee	per permit
	Extension Fee Review of Project Extension Request	Actual Cost; plus 15% processing fee	Actual Cost; plus 15% processing fee	per request

Fee Code	Current Fee FY 2017-2018	Proposed Fee FY 2018-2019	Unit
PUBLIC WORKS FEES			
<u>Encroachment Fees</u>			
EN001	\$448	\$465	per permit
EN005	\$596	\$619	per permit
EN010	\$149	\$155	per permit
EN015	\$149	\$155	per permit
EN020	\$76	\$79	per permit
EN025	\$76	\$79	per permit
EN030	\$280	\$291	per permit
EN035	\$393	\$408	per permit
EN040	\$128	\$133	per permit
EN045	\$204	\$212	per permit
EN050	\$149	\$155	per permit
EN055	\$76	\$79	per permit
	Actual Cost; plus 15% processing fee	Actual Cost; plus 15% processing fee	
<u>Landscape and Tree Fees</u>			
LS005	\$38	\$39	each
LS010	\$149	\$155	each
ST006	Actual Cost; plus 15% processing fee	Actual Cost; plus 15% processing fee	Each
	Actual Cost; plus 15% processing fee	Actual Cost; plus 15% processing fee	each
LS015	Actual Cost; plus 15% processing fee	Actual Cost; plus 15% processing fee	each
LS015	Actual Cost; plus 15% processing fee	Actual Cost; plus 15% processing fee	each
LS020	Actual Cost; plus 15% processing fee	Actual Cost; plus 15% processing fee	each

Fee Code	Current Fee FY 2017-2018	Proposed Fee FY 2018-2019	Unit
PUBLIC WORKS FEES			
	Actual Cost; plus 15% processing fee	Actual Cost; plus 15% processing fee	each
FOG001	\$225	\$234	annually
FOG005	\$76	\$79	per permit
FOG010	\$342	\$355	annually
NPD001	\$224	\$233	each
	Deposits will be required to begin work; based upon estimated time to complete project	Deposits will be required to begin work; based upon estimated time to complete project	
	DEPOSIT REQUIREMENTS		
STAFF HOURLY RATE			
DEVSTAFF	\$216	\$224	per hour
PWSTAFF	\$149	\$155	per hour

	Current Fee FY 2017-2018	Proposed Fee FY 2018-2019	Unit
LIBRARY FEES			
Overdue Fees			
All Materials	\$0	\$0	
Miscellaneous			
Flash Drive Purchase	\$5	\$5	each
Photocopies (black & white or color)	20¢	20¢	per page
Check-Out Materials Without Library Card	\$0	\$0	
Interlibrary Loan Request	\$3 + cost of postage if obtained from library outside of SoCal Library Cooperative	n/a	per week
Projector or Screen Rental (plus \$25 refundable deposit)	\$20	\$25	each
Reserve Item Request	\$0	\$0	each request
Visitor Pass for Internet	\$0	\$0	each
Lost or Damaged Materials			
Bar Code Replacement	\$0	\$0	each
Container Replacement - Covers, CD, DVD, Tapes	\$2	\$2	each
Library Card Replacement	\$1	\$1	each
Replacement of Materials Fee	\$5	\$5	each
a) Administrative Processing Fee (non-periodical)	\$0	\$0	
b) Administrative Processing Fee (periodical)			
b) Material Replacement Cost		\$5	each
Periodicals - Adult Collection		\$3	each
Periodicals - Children and Young Adult Collection			
All Other Materials		cost of item + admin fee	each

	Current Fee FY 2017-2018	Proposed Fee FY 2018-2019	Unit
LIBRARY FEES			
Archival Fees			
Reproduction Fee - Scanned	\$5	\$5	each
Digital Image			
Archival Use			
a) Books, Catalogues,			
Periodicals:			
i) For-Profit	\$55	\$60	per image
ii) Non-Profit	\$15	\$15	per image
b) Film, Video, TV, Digital			
Media, Online Use			
i) For-Profit	\$85	\$85	per image
ii) Non-Profit	\$20	\$20	per image
c) Slide Show/Display Image			
i) For-Profit	\$25	\$25	per image
ii) Non-Profit	\$5	\$5	per image
d) Loan Processing	\$30	\$30	per loan processed
(Repositories or Institutions)			
STAFF HOURLY RATE			
Library Staff - Full-Time	\$95	\$99	per hour
Library Staff - Part-Time	\$58	\$60	per hour

	Current Fee FY 2017-2018	Proposed Fee FY 2018-2019	Unit
FACILITY RENTAL FEES ***			
Community Center - Sierra Madre Room			
A) Daily Rental			
Private flat rate	\$300	\$311	
Private <2 hour block	\$100	\$104	
Non profit flat rate	\$200	\$208	
Non profit <2 hour block	\$100	\$104	
1) Non Profit (10 Hours)			for 10 hours
2) Non Profit (6 Hours)			for 6 hours
3) Non Profit (Additional Hours)			per hour
4) All Others (10 hours)			for 10 hours
5) All Others (6 Hours)			for 6 hours
6) All Others (Additional Hours)			per hour
B) Continual Use			
1) Monthly non profit	\$240	\$249	annually
2) Weekly non profit	\$1,000	\$1,038	annually
Hart Park House			
A) Daily Rental			
Private flat rate	\$200	\$208	
Private <2 hour block	\$75	\$78	
Non profit flat rate	\$150	\$156	
Non profit <2 hour block	\$75	\$78	
1) Non Profit (10 Hours)			for 10 hours
2) Non Profit (6 Hours)			for 6 hours
3) Non Profit (Additional Hours)			per hour
4) All Others (10 hours)			for 10 hours
5) All Others (6 Hours)			for 6 hours
6) All Others (Additional Hours)			per hour
B) Continual Use			
1) Non Profit (Monthly)	\$240	\$249	annually
2) All Others (Weekly)	\$1,000	\$1,038	annually

	Current Fee FY 2017-2018	Proposed Fee FY 2018-2019	Unit
FACILITY RENTAL FEES ***			
City Council Chambers:			
Private flat rate	\$200	\$208	
Private <2 hour block	\$75	\$78	per day
Non profit flat rate	\$150	\$156	per day
Non profit <2 hour block	\$75	\$78	per hour
A) Local Organization/Non-Profit			per hour
B) Private Group/Individuals			per hour
EMT (If Required/Requested)	\$79	\$82	per rental; refundable, less damages
Facility Attendant (If Required/Requested):	\$25	\$26	
Security Deposit	\$500	\$519	
Elected Representative (For Official Business)	Fees Waived	Fees Waived	
Recreation Department Staff - Required for opening/closing facilities	\$25	\$26	per hour, 2 hour minimum
Cancellation Fee:			
A) Cancellation 30 or More Days Prior to Event	15% of deposit retained	15% of deposit retained	each
B) Cancellation Less than 30 Days Prior to Event	50% of deposit retained	50% of deposit retained	each
STAFF HOURLY RATE			
Recreation Staff - Full Time	\$92	\$95	per hour
Recreation Staff - Part Time	\$25	\$26	per hour
Public Works Maintenance Staff	\$84	\$87	per hour

*** Fees for Leagues and Other Organizations requesting frequent use of fields or parks may be subject to Special Use Agreements negotiated at terms and rates not included in this schedule.

	Current Fee FY 2017-2018	Proposed Fee FY 2018-2019	Unit
FIELD, PARK, GARDEN PLOT RENTAL, AND BANNER FEES ***			
Field Rental Fees			
Ball Field - Lighted field			
A) Local Organization/Non-Profit - 2 Hour Minimum	\$50	\$52	per hour
B) Private Group/Individuals - 2 Hour Minimum	\$90	\$93	per hour
Ball Field, basketball, tennis court, etc. - Unlighted field			
A) Local Organization/Non-Profit 2 Hour Minimum	\$30	\$31	per hour
B) Private Group/Individuals 2 Hour Minimum	\$55	\$57	per hour
Park Rental Fees			
Park Rental			
A) 1 - 100 People:			
1) Local Organization/Non-Profit	\$50	\$52	per day
2) Private Group/Individuals	\$90	\$93	per day
B) More than 100 People:			
1) Local Organization/Non-Profit	\$200	\$208	per day
2) Private Group/Individuals	\$300	\$311	per day
EMT - if requested/required	\$79	\$82	per hour
Community Garden Plot Fees			
Community Garden Plot			
A) Quarterly Rental - full plot	\$55	\$57	per quarter
B) Quarterly Rental - half plot	\$35	\$36	per quarter

	Current Fee FY 2017-2018	Proposed Fee FY 2018-2019	Unit
FIELD, PARK, GARDEN PLOT RENTAL, AND BANNER FEES ***			
Banner Fees			
Downtown District Street Light Pole Banners - Per Sign			
Banner Hanging - Per Week	\$225	\$234	per week
Banner Hanging and Removal - Non-Profit Groups Only	\$1,330	\$1,381	per request
Downtown District Street Light Pole Banner Hanging and Removal			
Sale of City Flag	Actual Cost of Flag plus 15%	Actual Cost of Flag plus 15%	per flag
STAFF HOURLY RATE			
Recreation Staff - Full Time	\$92	\$95	per hour
Recreation Staff - Part Time	\$25	\$26	per hour
Public Works Maintenance Staff	\$84	\$87	per hour

*** Fees for Leagues and Other Organizations requesting frequent use of fields or parks may be subject to Special Use Agreements negotiated at terms and rates not included in this schedule.

(1) Outside materials may include, but are not limited to, straw/hay bales, ponies, sound systems, bounce houses, etc.

	Current Fee FY 2017-2018	Proposed Fee FY 2018-2019	Unit
FILM PERMIT FEES (1)(2)			
Still Photography *** (More than Two Cast and Crew)	\$300	\$300	per day
Student Filming***	\$0	\$0	per request with proper documentation
Extra Small Film Productions *** (5 or Fewer Cast and Crew)	\$300	\$300	per day
Small Film Productions *** (Between 6 and 50 Cast and Crew): A) First Day B) Each Additional Day	\$1,000 \$750	\$1,000 \$750	per day per day
Any Production Requiring More than Forty Hours of City Staff Time.	Fully burdened hourly rate for all staff time	Fully burdened hourly rate for all staff time	per hour
Fee for Obtaining/Reviewing Neighborhood Approval	\$55	\$57	per hour
City Safety Monitors - as required: Police Personnel Fire Personnel	\$109 \$109	\$113 \$113	
Use of City Facilities	\$550	\$550	per day
Use of City Parking Stalls	\$13	\$13	per stall, per day
Refundable Deposit	\$2,000 against cost	\$2,076 against cost	
Violation of Hour Restrictions: Per production vehicle Per personal vehicle Film Monitor Police Personnel Fire Personnel	\$1,055 \$528 \$176 \$217 \$217	\$1,095 \$548 \$183 \$225 \$225	per hour per hour per hour per hour per hour
Cigarette Butts and Debris Pickup	\$6	\$6	

	Current Fee FY 2017-2018	Proposed Fee FY 2018-2019	Unit
FILM PERMIT FEES (1)(2)			
STAFF HOURLY RATE			
Recreation Staff - Full-Time/Film Monitor	\$83	\$83	per hour
Recreation Staff - Part-Time	\$25	\$26	per hour
Fire Staff	\$109	\$113	per hour
Police Staff	\$109	\$113	per hour
Public Works Engineering Staff	\$142	\$147	per hour
Public Works Maintenance Staff	\$81	\$84	per hour
DEPOSIT REQUIREMENTS	Deposits will be required to begin work; based upon estimated time to complete	Deposits will be required to begin work; based upon estimated time to complete	
<p>(1) Fees shown do not include fees required for traffic, fire, and police safety services provided by the City. Fees for these services will be billed at the fully-burdened hourly rates shown in this fee schedule. The City Manager, or the City Manager's designee shall provide the hourly rates for assistance from staff not represented via the fully-burdened hourly rates in this fee schedule.</p> <p>(2) Fees shown do not include business licensing, encroachment fees, or temporary use permit fees that may apply.</p> <p>*** Separate fee applies for productions anticipated to require more than forty hours of City Staff time.</p>			

	Current Fee FY 2017-2018	Proposed Fee FY 2018-20189	Unit
RECREATION CLASS AND SPECIAL EVENT FEES*			
Refund or Transfer of Recreation Program Fee	\$14	\$15	per request
Recreation Class Split	35%/65%	35%/65%	of fee
Special Events			
Mt. Wilson Trail Race - Adult with shirt	\$65	\$67	each
Mt. Wilson Trail Race - Youth with shirt	\$35	\$36	each
Huck Finn Day - Fishing Derby	\$15	\$16	each
Huck Finn Day - Family Fishing	\$25	\$26	each
Huck Finn Day - Campsite	\$60	\$62	each
Fourth of July - Parade Entry (Non Profit)	\$25	\$26	each
Fourth of July - Parade Entry (Private)	\$25	\$26	each
Fourth of July - Firecracker Run Entry (Youth)	\$20	\$21	each
Fourth of July - Firecracker Run Entry (Adult)	\$25	\$26	each
Spring Movie Series - Recommended Sponsorship	\$800	\$830	each
Concerts in the Park - Recommended Sponsorship	\$1,000	\$1,038	each
Recreation and Leisure Excursions	Actual Cost; plus 15% processing fee	Actual Cost; plus 15% processing fee	each
Special Event Permit Fee			
Local Non-profit: 1-100 people	\$57	\$59	
Private Group/Individuals: 1-100 people	\$110	\$114	
Local Non-profit: More than 100 people	\$219	\$227	
Private Group/Individuals: More than 100 people	\$435	\$452	

	Current Fee FY 2017-2018	Proposed Fee FY 2018-20189	Unit
RECREATION CLASS AND SPECIAL EVENT FEES*			
STAFF HOURLY RATE			
Recreation Staff - Full-Time/Film Monitor	\$92	\$95	per hour
Recreation Staff - Part-Time	\$25	\$26	per hour
Fire Staff	\$112	\$116	per hour
Police Staff	\$112	\$116	per hour
Public Works Engineering Staff	\$146	\$152	per hour
Public Works Maintenance Staff	\$84	\$87	per hour
DEPOSIT REQUIREMENTS	Deposits will be required to begin work; based upon estimated time to complete project	Deposits will be required to begin work; based upon estimated time to complete project	

Fee Code	Current Fee FY 2017-2018	Proposed Fee FY 2018-2019	Unit
POLICE FEES			
STAFF HOURLY RATE			
Patrol Staff	\$150	\$156	per hour
Dispatch/Records Staff	\$91	\$94	per hour
Code Enforcement Staff	\$107	\$111	per hour
Outside Court Supoena (per employee per request)	Set by State	Set by State	set by State

Fee Code	Current Fee FY 2017-2018	Proposed Fee FY 2018-2019	Unit
FIRE FEES			
	Annual Fire And Life Safety Inspection		
	\$73	\$76	per half hour; half hour minimum
	EMS/Paramedic Fees		
EMS	\$65	\$67	per person
EMS-2	\$281	\$292	per response
	\$36	\$37	each
	\$28	\$29	each
	\$28	\$29	each
	Appearance/Standby Fees		
	\$143	\$148	per hour; 2 hour minimum
	\$143	\$148	per hour; 2 hour minimum
	Fire Department Training Class Fee		
	Actual Cost; plus 25% processing fee	Actual Cost; plus 25% processing fee	each
	Response Fees		
	\$0	\$0	per response
	\$109	\$113	per response
	\$216	\$224	per response
	Actual Cost; plus 15% processing fee	Actual Cost; plus 15% processing fee	per inspection
	Actual Cost; plus 15% processing fee	Actual Cost; plus 15% processing fee	each
	Actual Cost; plus 15% processing fee	Actual Cost; plus 15% processing fee	each
	Weed Abatement Fees		
	Actual Cost; plus 15% processing fee	Actual Cost; plus 15% processing fee	each

Fee Code	Current Fee FY 2017-2018	Proposed Fee FY 2018-2019	Unit
FIRE FEES			
Other Fees			
Additional Inspection of New System after third (per additional inspection)	\$143	\$148	each
Fire Inspections (Failure to comply)	\$143	\$148	each
Fire Inspections of Commercial and Multi-Residential (per 20 minutes at \$120 per hour)	\$143	\$148	each
Installation or Removal of underground storage	\$143	\$148	each
Review of requested activity - Fire permit	\$143	\$148	each
STAFF HOURLY RATE			
Fire Staff	\$143	\$148	per hour
Engine with 4 staffed positions	\$671	\$696	per hour
Equipment rental			



City of Sierra Madre Agenda Report

Denise Delmar, Mayor
John Harabedian, Mayor Pro Tem
Rachelle Arizmendi, Council Member
John Capoccia, Council Member
Gene Goss, Council Member

Sue Spears, City Clerk
Michael Amerio City Treasurer

TO: Honorable Mayor and Members of the City Council
FROM: Vincent Gonzalez, Planning & Community Preservation Director 
REVIEWED BY: Gabriel L. Engeland, City Manager 

DATE: June 12, 2018

SUBJECT: RESCIND CITY COUNCIL DETERMINATION DENYING HILLSIDE DEVELOPMENT PERMIT 12-01 AND CONDITIONAL USE PERMIT 12-08, REINSTATING PLANNING COMMISSION RESOLUTION 13-04 APPROVING THE CONSTRUCTION OF A NEW TWO-STORY SINGLE-FAMILY RESIDENCE LOCATED AT 610 BALDWIN COURT (LOT 24).

SUMMARY

The action before City Council is to consider rescinding a City Council determination denying Hillside Development Permit 12-01 (HDP 12-01) and Conditional Use Permit 12-08 (CUP 12-08), thereby reinstating Planning Commission Resolution 13-04 (approval granted on October 16, 2014), allowing the construction of a two-story, 3,125-square foot single-family residence on a 13,018-square foot lot located at 610 Baldwin Court (Lot 24). The project was approved by the Planning Commission in 2014 after multiple meetings and incremental design changes to reduce the appearance of mass and bulk by setting back and reducing the second floor, moving the garage to the back of the house, reducing the height by 2 feet, 2 inches and changing the color palate all for the purpose of better integration of the structure with the surrounding natural terrain and hillside topography. Although the project approved by the Planning Commission complies with applicable City zoning development standards and Stonegate design guidelines, the City Council on a "call for review" requested further revisions to the second floor amounting to a request to relocate approximately 46 square feet to the basement level, in order to further enhance the existing hillside viewscape as the predominate feature of the development.

The property is one of the lots which was created pursuant to a 2010 negotiated Settlement of various lawsuits involving the One Carter properties. The City review of the One Carter Avenue subdivision had been ongoing for nearly fifteen years, and has resulted in a subdivision that is compatible with the character of Sierra Madre's

FOR CITY COUNCIL AGENDA _____

ITEM NUMBER 4

community. The current subdivision preserves nearly half of the 63-acre site as permanent open space, ensuring preservation of the hillside and protecting mountain views. Following initial approval of the subdivision seven years ago, the site was graded, roadways constructed and sewer, water and storm drain infrastructure installed.

Since the executed 2010 Settlement agreement (One Carter Settlement), there has been a multi-year delay in constructing the new homes, resulting in the use of the roadways and graded lots for nuisance activities, creating a continuing problem for nearby neighbors and a need for law enforcement response.

The City Council has settled legal proceedings with CETT Investments Corporation, protecting the City from costly exposure to continuing litigation and the possibility of loss of local control through judicial dictation of the pattern and design of development within the One Carter subdivision. The terms of the CETT Settlement Agreement are:

- City Council consideration to rescind previous denial and reinstate Planning Commission approval for 610 Baldwin Ct. only;
- Extend the One Carter Settlement Agreement for 18 months to allow CETT or successor-in-interest to submit plans for development of One Carter subdivision in compliance with applicable application submission requirements;
- Each side bears its own legal fees and costs

The City will continue to apply its applicable regulations, zoning codes and design guidelines to permit conforming lawful development, to protect the property rights of owners and adjacent neighbors consistent with the City's regulations and zoning code. As projects progress within the One Carter subdivision, the City intends to carefully review each application for construction of the custom housing project to ensure that it complies with applicable zoning and design guidelines and provides benefits to neighbors and the City. In addition, the revenue generated from new construction and additional residents will benefit local businesses and help support public services.

STAFF RECOMMENDATION

Rescind City Council determination denying Hillside Development Permit 12-01 and Conditional Use Permit 12-08, reinstating Planning Commission Resolution 13-04, approving the construction of a new two-story single-family residence located at 610 Baldwin Court (Lot 24), Pursuant to City Council Resolution 18-26, Attached as Exhibit A.

ALTERNATIVES

The City Council can:

1. Rescind City Council determination denying HDP 12-01 and CUP 12-08, reinstating Planning Commission Resolution 13-04, approving the application for a new two-

story single-family residence located at 610 Baldwin Court;

2. Take no action (effectively maintaining the City Council's previous determination overturning the Planning Commission's approval of the application for HDP 12-01 and CUP 12-08); or
3. Continue the subject project, and request further information.

FINANCIAL REVIEW

There is no financial impact to rescind the City Council determination. Staff time was incurred in the preparation of the report. Rescission of the Council's previous action, which will reinstate the Planning Commission approval, will subject the project to plan check and permit fees that are customarily charged for new construction.

If the City Council declines to reinstate the Planning Commission approvals for 610 Baldwin Court, the CETT Settlement Agreement will not be implemented and litigation will continue.

ANALYSIS

Project Background

The project site is located within the Stonegate development (formerly known as One Carter) at 610 Baldwin Court. The property, which measures 13,018-square feet, is zoned H (Hillside Management) and has a General Plan Land Use designation of H (Residential Low Density - Hillside).

The irregularly-shaped lot fronts Baldwin Court to the west, and is the third lot north of Carter Ave. The site, which is Lot 24 of Tract map 54016, was previously used to house the temporary sales trailer for the Stonegate Development, which has since been removed. All of the adjacent properties are zoned H (Hillside Management) and are also located within Stonegate.

The current proposed project consists of a two-story, 4-bedroom residence, and 3,125-square-foot in size, including the attached two-car garage. The height of the residence would be 22 feet 7 inches measured from finished grade to the top of the roof ridge. The residence is designed in Santa Barbara style architecture with plaster walls, accent shutters and panels, and Mission style tiled-roof.



Over the course of 12 public meetings, from March 7, 2013 through October 16, 2014, the project was gradually redesigned by the architect to reduce the appearance of mass and bulk by setting back and reducing the second floor, moving the garage to the back of the house, reducing the height of the structure by 2 feet 2 inches, and changing the color palette to earth tones in order to better blend into the landscape; the resulting structure went from 3,789-square feet to the current proposed 3,125-square feet (including the attached two-car garage). The Planning Commission reviewed the redesign of the project through the application of Design Guidelines D1.1 through D1.9, as directed by the City Council.

Summary of Applicant's Revisions to Project

The following summarizes the changes that have been made by the applicant to address the Commission and Council concerns regarding the project's compliance with the requirements of the Hillside Management Zone Ordinance and Stonegate Design Guidelines with respect to scale, bulk and mass, articulation, and overall conformance with the surrounding hillside topography:

- Incremental reductions in total square footage (including garage) from 3,789-square feet to 3,125-square feet, for a total reduction of 664-square feet;
- Removed double-height living room;
- Removed front covered porch;
- Removed porte-cochere;
- Reduced the massing of the 2nd story along the north elevation by 1(one) foot;
- Reduced the length of the 2nd floor from the original 61 feet to 46 feet 3 inches;
- Reduced the length of the building footprint from 70 feet to 62 feet;
- Reduced one bedroom/bathroom originally on 2nd floor for a total of 4 bedrooms;
- Reduced the sizes of rooms;
- The floor plan was flipped to allow the original north elevation to face south;
- Reduced the height of 1st floor at rear of the residence by 6(six) inches with overall height of structure at 22'-7" throughout 1st floor, not just rear portion;
- Reduced the 2nd story massing on the north side by 1(one) foot by reducing the size of the Master Bathroom, Bedroom 2, Bathroom 2, and Bedroom 3;
- Changed the proposed white/cream color with an earth-tone color palette to help the residence blend in with the surrounding natural colors of the hillside;
- Replaced the originally proposed 6(six)-foot high slump block with 6(six)-foot high tubular fencing with additional landscaping, which was also removed in the final design.
- Requirement to provide 5(five) replacement trees to mitigate the loss of 2(two) California Black Walnut trees and 1(one) tree to mitigate the trimming of the Coast Live Oak tree branch that encroaches onto the subject property.

The following Project Summary includes the details of the proposed residence:

Project Summary

Category	Existing	Proposed	Code Requirement or Allowed by Settlement Agreement	Complies with HMZ or Settlement Agreement
Lot size:	13,018 gross sq.ft.	No change.	13,018 gross sq.ft.	Yes ¹
Floor Area:	N/A	3,125 sq.ft.	4,153 sq.ft.(maximum)	Yes ²
Parking:	N/A	2 covered parking spaces within 420-square-foot attached garage.	2 covered parking spaces for homes of up to 4,000 sq. ft. of floor area.	Yes ³
Lot Coverage:	N/A	2,317 sq.ft. (56.5% of allowable floor area).	4,568 (110 % of allowable floor area).	Yes ⁴
Building Height:	N/A	22 feet 7 inches	25 feet at finished grade.	Yes ⁵
Category	Existing	Proposed	Code Requirement or Allowed by Settlement Agreement	Complies with HMZ or Settlement Agreement
Building Setbacks: Front (along Baldwin Court and Carter Avenue):	N/A	25 feet	25 feet	Yes ⁶
Sides:	N/A	14 feet	10 feet maximum (minimum 10 percent of lot width not to exceed 10 feet on either side)	
North:	N/A	7 feet		
South:	N/A	56 feet 8 inches	15 feet	

¹ Complies with Section 5.2 of the Settlement Agreement.

² Complies with Exhibit J of Settlement Agreement and parking requirements.

³ Complies with HMZ Section 17.52.120.A.9

⁴ Complies with HMZ Section 17.52.120.A.6

⁵ Complies with HMZ Section 17.52.160.C.b

⁶ Complies with HMZ Section 17.52.120.A.4, which requires lots in the HMZ to comply with the setback requirements found within Section 17.20.060 of the Municipal Code (R-1 Zoning standards).

The revised project, as approved by the Planning Commission pursuant to PC Resolution 13-04 (Exhibit C) complies with all objective criteria set forth in the Hillside Management Zone Ordinance and the Settlement Agreement.

As shown in Exhibit C, the Planning Commission made all required findings to approve the Conditional Use Permit and Hillside Development Permit in October 2014. A decision by the City Council to rescind Resolution No. 15-03 (Exhibit B) will reinstate the Planning Commission approval pursuant to PC Resolution 13-04 (Exhibit C).

CEQA / ENVIRONMENTAL

The proposed project qualifies for a Class 3 Categorical Exemption, pursuant to section 15303(a) of the California Environmental Quality Act (CEQA) as it involves new construction of a single-family residence in a residential zone.

PUBLIC NOTICE PROCESS

This item has been noticed through the regular agenda notification process. Notice of the hearing was published consistent with the requirements of Government Code Section 65090 and 65091. Notice of the hearing was also published on the City's website at www.cityofsierramadre.com. Copies of this report are available at the City Hall public counter, on the City of Sierra Madre website, and the Sierra Madre Public Library.

Attachments:

- Exhibit A – City Council Resolution 18-26
- Exhibit B – City Council Resolution 15-03
- Exhibit C – Planning Commission Resolution 13-04
- Exhibit D – Plans and Elevations

CITY COUNCIL RESOLUTION 18-26

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SIERRA MADRE RESCINDING CITY COUNCIL RESOLUTION 15-03 (DENYING HILLSIDE DEVELOPMENT PERMIT 12-01 AND CONDITIONAL USE PERMIT 12-08), AND EFFECTIVELY REINSTATING PLANNING COMMISSION RESOLUTION 13-04 APPROVING HDP 12-01 AND CUP 12-08 REGARDING THE CONSTRUCTION OF A NEW TWO-STORY SINGLE-FAMILY RESIDENCE LOCATED AT 610 BALDWIN COURT (LOT 24).

WHEREAS, In 2013, applicant CETT Investments Corporation submitted an application to the Planning Commission for a Hillside Development Permit and Conditional Use Permit for a project to construct a 3,789 square foot two-story residence on property located at 610 Baldwin Court; over the course of 12 public meetings, from March 7, 2013 through October 16, 2014, the project was gradually re-designed by the architect to reduce the appearance of mass and bulk by setting back and reducing the second floor (reducing the square footage from 3,789 sq/ft to 3,125 sq/ft), moving the garage to the back of the house, reducing the height of the structure by 2 feet 2 inches, and changing the color palate to earth tones in order to better blend into the landscape; and

WHEREAS, on October 16, 2014, the Planning Commission approved the Hillside Development Permit and Conditional Use Permit application to build a 3,125 sq/ft Santa Barbara-style structure at 610 Baldwin Court, finding that the design changes made by the applicant sufficiently reduced the appearance bulk and mass of the residence and conformance with the surrounding hillside topography and preservation of the viewscape; and

WHEREAS, two members of the City Council timely called up for review the Planning Commission's approval pursuant to Planning Commission Resolution No. 13-04, pursuant to Sierra Madre Municipal Code Section 17.66.040.B and 17.66.050.B; and

WHEREAS, at the November 25, 2014 City Council meeting, the City Council requested additional architectural changes to the proposed residence to further reduce any visual impact of the second story against the hillside and as viewed from Carter Avenue by moving the south wall of the second story off the first floor garage and assigned a City Council sub-committee to meet with the applicant to accomplish these further requested design architectural changes; and

WHEREAS, the applicant was unwilling to undertake additional architectural changes to the second-story and east walls and therefore, at the January 13, 2015 City Council meeting, the City Council denied the project; and

WHEREAS, on April 13, 2015, the applicant served the City with litigation in the matter of *CETT Investments Corporation v. City of Sierra Madre*, Case Number BCS 7860; and

WHEREAS, after several years of litigation, the City Council has determined that settlement of the litigation in a manner which preserves the City's regulatory control and design guidelines over the One Carter subdivision, permits Council reconsideration of the project at 610 Baldwin Court, and where each litigant bears their own costs and attorneys' fees is in the best interest of community; and

WHEREAS, a public hearing was held before the City Council on June 12, 2018 to allow the City Council to reconsider the project at 610 Baldwin Court with all testimony being made part of the public record; and

WHEREAS, at the June 12, 2018 City Council meeting, the City Council acknowledged that the City has reached a settlement agreement with CETT Investment Corporation, which, in addition to the City Council's reconsideration of the Planning Commission's approval of the project at 610 Baldwin Court, allows for the remaining lots to be processed through the planning entitlement process developed through the previous 2010 settlement agreement for an 18 month period; and

WHEREAS, at said meeting, the City Council opined that the project approved by the Planning Commission on October 16, 2014, complies with applicable City Zoning development standards set forth in Chapter 17.52 (Hillside Management Zone) and the Stonegate design guidelines; and

WHEREAS, the proposed project qualifies for a Class 3 Categorical Exemption, pursuant to Section 15303(a) of the California Environmental Quality Act. (CEQA) as it involves new construction of a single-family residence in a residential zone;

NOW THEREFORE, in consideration of the evidence received at the hearing, and for the reasons discussed by the City Council at said hearing

The City Council rescinds City Council Resolution 15-03, denying Hillside Development Permit 12-01 and Conditional Use Permit 12-08, effectively reinstating Planning Commission Resolution 13-04, and all the findings which supported it, to allow the construction of a two-story, 3,125-square foot single-family residence located at 610 Baldwin Court (Lot 24). The applicable conditions of approval established for Hillside Development Permit 12-01 and Conditional Use Permit 12-08 are attached as Exhibit A.

The approval is final, unless appealed to the City Council in writing within ten (10) days following the adoption of this Resolution, pursuant to the provisions of Section

17.60.120 of the Sierra Madre Municipal Code.

The time in which to seek judicial review of this decision shall be governed by Code of Civil Procedure Section 1094.6. The Planning Commission Secretary shall certify to the adoption of this resolution, transmit copies of the same to the applicant and his counsel, if any, together with a proof of mailing in the form required by law and shall enter a certified copy of this resolution in the book of resolution of the City.

APPROVED, the 12nd day of June, 2018, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Denise Delmar, Mayor
Sierra Madre City Council

ATTEST:

APPROVED AS TO FORM:

Sue Spears
City Clerk

Teresa L. Highsmith
City Attorney

EXHIBIT A

**CONDITIONS OF APPROVAL
HDP 12-01, CUP 12-08**

General Conditions:

The applicant and property owner shall:

1. Comply with all applicable provisions of the Sierra Madre Municipal Code, including but not limited to those Chapters pertaining to Zoning, Building and Construction, Vehicles and Traffic, and Health and Safety, and including all such provisions which may be contained in Uniform Codes which have been incorporated by reference within the Sierra Madre Municipal Code.

2. Comply with all applicable provisions of Federal, State and Los Angeles County law and regulations, including but not limited to the California Environmental Quality Act.

3. Execute and deliver to the City's Department of Development Services an Affidavit of Acceptance of Conditions on a form to be provided by such Department prior to submitting construction plans for 1st Plan Check. This approval shall not be effective for any purpose until the Applicant complies with this condition.

4. To the fullest extent permitted by law, fully protect the City, its employees, agents and officials from any loss, injury, damage, claim, lawsuit, expense, attorneys' fees, litigation expenses, court costs or any other costs arising out of or in any way related to the issuance of this approval, or the activities conducted pursuant to this approval. Accordingly, to the fullest extent permitted by law, the applicant and property owner shall defend, indemnify and hold harmless City, its employees, agents and officials, from and against any liability, claims, suits, actions, arbitration proceedings, regulatory proceedings, losses, expenses or costs of any kind, whether actual, alleged or threatened, including, but not limited to, actual attorneys' fees, litigation expenses and court costs of any kind without restriction or limitation, incurred in relation to, as a consequence of, arising out of or in any way attributable to, actually, allegedly or impliedly, in whole or in part, the issuance of this approval, or the activities conducted pursuant to this approval. Applicant and property owner shall pay such obligations as they are incurred by City, its employees, agents and officials, and in the event of any claim or lawsuit, shall submit a deposit in such amount as the City reasonably determines necessary to protect the City from exposure to fees, costs or liability with respect to such claim or lawsuit.

Planning Conditions:

The applicant and property owner shall:

1. Construct the project in substantial conformance with all applications and supporting materials presented to the Planning Commission on October 16, 2014. Inaccuracies and misrepresentations will be grounds for immediate revocation of the Hillside Development Permit and Conditional Use Permit.
2. Submit construction plans, for 1st Plan Check within one (1) year of the date of this approval; failure to do so will constitute an abandonment of the entitlement, and shall render this approval null and void.
3. Pay Development Impact Fees to the City's Development Services Department prior to issuance of building permits for new development.
4. Not be granted a building permit unless all requirements in the Deferred Improvement Agreement entered into on or about August 2, 2007, between One Carter, LLC and the City of Sierra Madre and recorded against the property on or about August 22, 2007 ("DIA") have been completed, except that a building permit (but not a certificate of occupancy) may be issued prior to compliance with section 3.5 of the DIA. No building permit may be issued unless such issuance would be consistent with the requirements of the Deferred Improvement Agreement and any document incorporated by the Deferred Improvement Agreement.
5. Provide appropriate screening/temporary fencing of the construction areas and equipment during grading and construction to the satisfaction of the Director of Development Services. (MM 4.8-2a)
6. Prior to the issuance of building permits, prepare siting studies for the review and approval by the Development Services Department that conclusively demonstrate that all proposed structures are set back at least 15 feet from the toe of any ascending slope, or that demonstrate that through the construction of retaining walls, which have minimum freeboards of two feet, unconsolidated soils mantling natural slopes near proposed structures are adequately retained. (MM 4.2-2b and 4.2-7a)
7. Prior to the issuance of building permits, provide a letter to the Development Services Department certifying that the grading was accomplished in accordance with the approved set of plans and that the grading complies with his or her recommendations for site grading.
8. Prior to the issuance of a building permit for a residence on any individual lot, the Applicant shall ensure that the licensed landscape architect prepares a landscaping plan for the review and approval of the Director of Development Services.

9. Ensure that project elevations and materials of proposed structures and facilities shall not produce excessive glare and shall be appropriately screened from views off site.
10. Ensure that all security light fixtures and standards shall be either shielded or directed away from neighboring properties and streets. Exposed bulbs shall not be permitted. All fixtures shall have glare control shields.
11. Require use of a grey water system for landscaping irrigation.
12. The exterior stucco walls, fence and retaining walls shall be painted an earth tone color, similar to Dunn Edwards "Terra Cotta Sand" (DE6136), "Teddy Bear" (DE 6131), "Woodland Acre" (DE6130) or "Rustic Taupe" (DE6129). The final selection of the color shall be subject to on-site approval of a Planning Commission subcommittee. The applicant shall record a covenant against the property which shall run with the land and be binding on all successors-in-interest providing that the exterior walls of the structure and stucco fence and retaining walls shall remain an earth-tone color which is substantially similar to the color selected by the Planning Commission subcommittee, in order to better blend the structures into the natural environment. Under no circumstances shall any paint color selected for the exterior of the house, stucco fences or retaining walls exceed a light reflective value of 70.
13. Applicant shall pay for an arborist of the City's choice to observe the on-site construction of infrastructure structures and ensure the integrity and health of the roots and canopy of the oak tree located on the adjacent lot at the south east corner of the property.
14. The Tipuana tree shown on the south east corner of the landscaping plan shall be eliminated in order to avoid any interference with the root system and canopy of existing oak tree located on the adjacent lot at the south east corner of the property.

Public Works Conditions:

The applicant and property owner shall:

1. Satisfy all of the following conditions prior to the issuance of a building permit:
 - Los Angeles County Flood Control District has accepted the transfer of the entire storm drain system to its jurisdiction for operation and maintenance; and
 - The Community Facilities District established January 10, 2012 under City Council Resolutions 11-94, 11-95, and 12-05 shall be modified to have its

per parcel assessment amounts increased to cover all costs of the maintenance and operation of the entire storm drain system, including the debris basins, catch basins, clarifier, and underground piping. Such costs shall include all costs associated with issuance of and compliance with all regulatory permits associated with the debris basins and drainage system.

2. Submit a final precise grading and drainage plan for review and approval by the Public Works Department prior to issuance of building permit.
3. Demonstrate that each subsequent application for a phase of development includes a conceptual grading plan to indicate at a minimum:
 - Preliminary quantity estimates for grading.
 - Techniques and methods which will be used to prevent erosion and sedimentation during and after the grading process in compliance with the City Standards and NPDES requirements.
 - Preliminary pad and roadway elevations.
 - Designation of any borrow or stockpile site location for import/export material (including, but not limited to, soil, rock, and various construction materials)
 - No material shall be stockpiled for more than 30 days. Stockpiles shall be covered when is in place for more than ten days or when the five-day weather forecast calls for a greater than 60% chance of rain.
 - Approximate time frames for development including the identification of areas, which will be graded between October 15th and April 15th.
 - Hydrology and hydraulic concerns and mitigations.
4. Ensure that all provisions of the Tree Ordinance (SMMC 12.20) shall apply to the construction of infrastructure and to future construction on individual residential lots, prior to first plan check submittal.
5. Prior to issuance of Building Permit for individual lots, the lot owner shall:
 - Consult with the EENRC regarding a Tree Removal Permit.
 - Ensure that the proposed project design and structure placement incorporates into the site design, if at all feasible, existing healthy trees.
 - Ensure that all trees, protected and unprotected approved for removal are replaced, unless finding is made at the time of granting an application that the site is inadequate to support the required number of replacement trees as follows (SMMC 12.20).
 - Tress that prevent reasonable development shall be replaced within one year of removal by a number of replacement trees as determined utilizing replacement ratios currently in use by the EENRC, or a suitable alternative.

- Minimum replacement tree size shall be 24-inch box.
 - In the event that the replacement tree dies, a continuing responsibility on part of the property owner to replace the tree with one of comparable size, within six months of the replacement tree's demise.
 - Replacement trees shall be monitored for five years. (MM 4.6-2)
 - Location of replacement trees shall be chosen so as to mitigate the aesthetic and other impacts of development of the site.
6. Ensure that the type and location of lighting standards and the intensity of lighting shall be approved by the City Public Works Director. (MM 4.6-5c and 4.8-4)

Fire Department Conditions:

The applicant and property owner shall:

1. Prior to the issuance of Certificate of Occupancy or final inspection approval for any building, provide approved numbers or addresses on all new and existing buildings in such a position as to be plainly visible and legible from the street or road fronting the property. Numbers shall be of all color contrasting to their background. Single-family residences shall have four (4) inch letters and lot numbers, as approved by the Fire Department. (CFC 901.4.4)
2. Prior to issuance of building permits, submit fire sprinkler plans to the Fire Department for review and approval. (CFC Article 10, CBC Chapter 9)
3. Prior to issuance of building permits, submit plans for structural protection from vegetation fires to the Fire Department for review and approval. The measure shall include, but are not limited to, enclosing eaves, noncombustible barriers (cement or block walls), and fuel modification zones. (CFC Appendix II-A)
4. Prior to issuance of a building permit, submit to the Fire Department a simple plot plan or map in an electronic file of the .DWG format or another format acceptable to the Fire Department.

(end of conditions)

CITY COUNCIL RESOLUTION 15-03

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SIERRA MADRE OVERTURNING THE PLANNING COMMISSION APPROVAL AND DENYING HILLSIDE DEVELOPMENT PERMIT 12-01, CONDITIONAL USE PERMIT 12-08 FOR CONSTRUCTION OF A TWO-STORY, 3,125-SQUARE-FOOT SINGLE-FAMILY HOME ON PROPERTY LOCATED AT 610 BALDWIN COURT, WITHIN VISIBILITY OF THE MACOMBER CABIN, CARTER BARN AND THE WILLIS ESTATE

THE CITY COUNCIL OF THE CITY OF SIERRA MADRE DOES HEREBY RESOLVE:

WHEREAS, applications for a Hillside Development Permit, and Conditional Use Permit were filed by:

**CETT Investments Corporation
8728 Valley Blvd. #202
Rosemead, CA 91770**

WHEREAS, the request for a HILLSIDE DEVELOPMENT PERMIT (HDP) AND CONDITIONAL USE PERMIT (CUP) can be described as:

A request to construct a two-story, 3,125-square-foot single-family residence on property located at 610 Baldwin Court. Pursuant to City of Sierra Madre Municipal Code Section 17.52.070.C, construction of a single-family dwelling unit in the Hillside Management Zone requires approval of an HDP. Pursuant to Condition of Approval No. 159 of Tract Map 54016, any development which can be seen from the location of the Macomber Cabin, Carter Barn or the Willis Estate is subject to a Conditional Use Permit, to ensure that the development contrasts with the design of these cultural resources, and to protect these cultural resources by distinguishing them from their non-historic context.

WHEREAS, a public hearing was held before the Planning Commission on the 7th day of March, 2013 and continued to the April 18, May 16, and June 6, 2013 meetings, with all testimony received being made part of the public record;

WHEREAS, the Planning Commission denied the request for Hillside Development Permit 12-01 and Conditional Use Permit 12-08 on June 6, 2013;

WHEREAS, the applicant appealed the decision, and a public hearing was held before the City Council on the 14th day of January, 2014, with all testimony received being made part of the public record, and the City Council remanded the project back to the Planning Commission to address scale, bulk and mass, as provided in the Stonegate Design Guidelines D1.1 through D1.9;

WHEREAS, a public hearing was held before the Planning Commission on the 17th day of March, 2014 and continued to the August 21, September 18, October 2, and October 16, 2014 meetings, with all testimony received being made part of the public record;

WHEREAS, on October 16, 2014, after reviewing changes made to plans including moving the north wall of the second floor, reducing the height of the building and selecting an earth tone color palette, the Planning Commission approved Hillside Development Permit 12-01 and Conditional Use Permit 12-08 by adopting Planning Commission Resolution No. 13-04;

WHEREAS, two members of the City Council timely called up for review the Planning Commission's approval pursuant to Planning Commission Resolution No. 13-04, pursuant to Sierra Madre Municipal Code Section Sections 17.66.040.B and 17.66.050.B; and

WHEREAS, a public hearing was held before the City Council on November 25, 2014, with all testimony received being made part of the public record; and

WHEREAS, at the November 25, 2014 City Council meeting, the City Council unanimously opined that the visual impact of the second story against the hillside and as viewed from Carter Avenue had not been sufficiently reduced in keeping with the Hillside Design Guidelines and, in particular, the standards set forth in Chapter 17.52 (Hillside Management Zone) and requested that the applicant move the south wall of the second story off the first floor garage; and

WHEREAS, at the November 25, 2014 City Council meeting the City Council also appointed a sub-committee of two Council members to meet with the applicant to explain the change to the south wall desired in order to reduce the visual impact of the structure on the adjacent hillside and viewscape, and continued the hearing in order to permit the applicant and sub-committee to meet; and

WHEREAS, the City Council sub-committee met with the applicant to explain the changes desired to the second story south and east walls and the applicant's attorney subsequently indicated in an email that the applicant would not make any changes to the plan; and

WHEREAS, a continued public hearing was held before the City Council on January 13, 2015, with all testimony received being made part of the public record.

NOW THEREFORE, in consideration of the evidence received at the hearings, and for the reasons discussed by the City Council at the hearings, the City Council now finds as follows:

The following five findings are required to be made in order to approve a Hillside Design Permit:

- 1) The proposed development is consistent with and serves to implement the General Plan and specifically, those General Plan goals and policies that pertain to hillside development;
- 2) The proposed development is consistent with the purposes of Chapter 17.52;
- 3) The design of the development minimizes exposure of persons to natural hazards and maximizes access to public open space areas;
- 4) The design and location of structures or uses avoids, eliminates, or adequately mitigates each of the environmental constraints described in Chapter 17.52 and other significant environmental impacts identified upon environmental review of the application;
- 5) The proposed development complies with the standards set forth in Chapter 17.52, including Section 17.52.120 (Design and development standards for uses requiring hillside development permits) and Section 17.52.160 (Architectural and site design standards);

For the following reasons, the City Council cannot make either the 2nd or 5th findings required for approval, and finds that:

- The proposed develop is not consistent with the purposes of Chapter 17.52; and
- The proposed development does not comply with the standards set forth in Chapter 17.52, including Section 17.52.120 (Design and development standards for uses requiring hillside development permits) and Section 17.52.160 (Architectural and site design standards) in that the residence will interfere with the character and profile of natural slopes as the bulk, mass, form and profile of the Santa Barbara architecture, creates a sharp contrast with the sloping nature of the surrounding topography; the siting, shape and color tones of the proposed residence do not blend in sufficiently with the

natural hillside topography and vegetation and do not minimize contrast with other homes in the vicinity. While the applicant has attempted to scale back the siting and height of second story of the Santa Barbara style architecture and darken the color of the stucco in an attempt to blend it into the natural landscape, over all the choice of a two-story Santa Barbara-style structure inherently promotes visual massing in an otherwise natural hillside environment, and is therefore not a building design which is sensitive to the natural terrain. In particular, the south and west sides of the second story, which are not sufficiently stepped back from the first floor, creates a looming impact from the overall structure when viewed from the adjacent road and other properties and viewpoints to the south, particularly as the house is the first structure of the One Carter properties which will be seen from these viewpoints. The two-story design, without further stepping back the second story south and east facing walls, increases the prominence of the structure within the viewscape, while diminishing the aesthetic quality of the natural terrain and hillside as a dominant background feature. Thus the siting, design, form, mass an profile does not sufficiently blend with the natural terrain in order to preserve the character and profile of natural slopes, as required by Sections 17.52.12 and 17.52.160 of the Sierra Madre Municipal Code and the required finding.

Conditional Use Permit

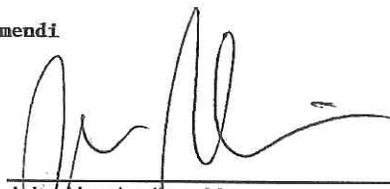
The CUP is required to ensure that the design of the proposed residence, which can be seen from the Macomber Cabin, Carter Barn and Willis Estate, contrasts with the design of these structures. Because the findings for the HDP cannot be made, the CUP is no longer relevant and therefore, the findings for the CUP cannot be made.

PURSUANT TO THE ABOVE FINDINGS, IT IS RESOLVED that the City Council OVERTURNS Planning Commission Resolution 13-04 and DENIES Hillside Development Permit 12-01 and Conditional Use Permit 12-08.

The time in which to seek judicial review of this decision shall be governed by Code of Civil Procedure Section 1094.6. The City Clerk shall certify to the adoption of this resolution, transmit copies of the same to the applicant and his counsel, if any, together with a proof of mailing in the form required by law and shall enter a certified copy of this resolution in the book of resolution of the City.

APPROVED, the 13th day of January, 2015, by the following vote:

- AYES: Mayor, John Harabedian, Mayor Pro Tem, John Capoccia
Council Members, Denise Delmar and Gene Goss
- NOES: None
- ABSTAIN: Council Member, Rachelle Arizmendi
- ABSENT: None



John Harabedian, Mayor
Sierra Madre City Council

ATTEST:

APPROVED AS TO FORM:



Nancy Shollenberger
City Clerk



Teresa L. Highsmith
City Attorney

PC RESOLUTION 13-04

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF SIERRA MADRE APPROVING HILLSIDE DEVELOPMENT PERMIT 12-01, CONDITIONAL USE PERMIT 12-08 TO ALLOW CONSTRUCTION OF A TWO-STORY, 3,125-SQUARE-FOOT SINGLE-FAMILY HOME ON PROPERTY LOCATED AT 610 BALDWIN COURT, WITHIN VISIBILITY OF THE MACOMBER CABIN, CARTER BARN AND THE WILLIS ESTATE.

THE PLANNING COMMISSION OF THE CITY OF SIERRA MADRE DOES HEREBY RESOLVE:

WHEREAS, an application for a Hillside Development Permit, and Conditional Use Permit were filed by:

**CETT Investments Corporation
8728 Valley Blvd. #202
Rosemead, CA 91770**

WHEREAS, the request for a HILLSIDE DEVELOPMENT PERMIT AND CONDITIONAL USE PERMIT can be described as:

A request to construct a two-story, 3,125-square-foot single-family residence on property located at 610 Baldwin Court. Pursuant to City of Sierra Madre Municipal Code Section 17.52.070.C, construction of a single-family dwelling unit in the Hillside Management Zone requires approval of a HDP. Pursuant to Condition of Approval No. 159 of Tract Map 54016, any development which can be seen from the location of the Macomber Cabin, Carter Barn or the Willis Estate is subject to a Conditional Use Permit, to ensure that the development contrasts with the design of these cultural resources, and to protect these cultural resources by distinguishing them from their non-historic context.

WHEREAS, the Planning Commission has received the report and recommendations of staff;

WHEREAS, a public hearing was held before the Planning Commission on the 7th day of March, 2013 and continued to the April 18, May 16, and June 6, 2013 meetings, with all testimony received being made part of the public record;

WHEREAS, the Planning Commission denied the request for Hillside Development Permit 12-01 and Conditional Use Permit 12-08 on June 6, 2013;

WHEREAS, the applicant appealed the decision, and a public hearing was held before the City Council on the 14th day of January, 2014, with all testimony

received being made part of the public record, and the City Council remanded the project back to the Planning Commission to address scale, bulk and mass, as provided in the Stonegate Design Guidelines D1.1 through D1.9;

WHEREAS, a public hearing was held before the Planning Commission on the 6th day of March, 2014 and continued to the August 21, September 18, October 2, and October 16, 2014 meetings, with all testimony received being made part of the public record;

WHEREAS, the proposed project qualifies for a Class 3 Categorical Exemption, pursuant to Section 15303(a) of the California Environmental Quality Act. (CEQA) as it involves new construction of a single-family residence in a residential zone;

NOW THEREFORE, in consideration of the evidence received at the hearing, and for the reasons discussed by the Commissioners at said hearing, the Planning Commission now finds as follows:

- **The proposed development is consistent with and serves to implement the General Plan and specifically, those General Plan goals and policies that pertain to hillside development; in that the project site has a General Plan Land Use Designation of H (Hillside) and the request for a HDP is consistent with the following Objectives and Policies of the City's General Plan:**

Objective L12: Facilitate hillside preservation through development standards and guidelines which provide direction and encourage development sensitive to the unique characteristic found in the hillside area of the city.

Policy L12.1: Determine that development density of sites based on a calculation that uses slope as a primary factor, that is, the steeper the slope, the more restrictive the density.

Policy L12.2: Ensure that development in the hillside areas is located in those areas resulting in the least environmental impact.

Objective L13: Ensure that hazards are minimized in the hillside.

Policy L13.1: Minimize the amount of grading and removal of natural vegetation allowed to prevent creation of land instability or fire hazards.

Objective L14: Protect the views to and from hillside areas in order to maintain the image and identity of the City as a village of the foothills.

Policy L14.1: Require the use of natural materials and earth tone colors for all structures to blend with the natural landscape and natural chaparral

vegetative growth.

Policy L14.4: Require that fencing be designed of fire retardant materials.

- **The proposed development is consistent with the purposes of Chapter 17.52; in that it meets zoning development standards of height, yard setbacks, floor area, and lot coverage, use of earth tone colors and materials, and parking. The project also complies with the applicable conditions of approval associated with Tract Map 54016 and the development criteria applicable to Lot 24 pursuant to Section 5 of the One Carter/Stonehouse Settlement Agreement.**
- **The design of the development minimizes exposure of persons to natural hazards and maximizes access to public open space areas; in that the proposed residence would be constructed to meet all building and fire code provisions as it relates to minimizing exposure to natural hazards, it would be built within the graded building pad areas of the property, and it would have no impact on access to public open spaces areas.**
- **The design and location of structures or uses avoids, eliminates, or adequately mitigates each of the environmental constraints described in this chapter and other significant environmental impacts identified upon environmental review of the application; in that the proposed residence will be constructed over a building pad area previously approved under a grading plan and within a parcel which has undergone comprehensive environmental review as part of the One Carter Tract Map approval. The project site is completely outside of the horizontal and vertical buffer zones of surrounding ridgelines thereby not affecting those natural features. Landscaping will comply with the requirements of the Hillside Management Zone Ordinance and Water Efficient Landscape Ordinance, and walls and fences will be constructed of non-flammable materials.**
- **The proposed development complies with the standards set forth in this chapter, including Section 17.52.120 (Design and development standards for uses requiring hillside development permits) and Section 17.52.160 (Architectural and site design standards); in that there will only be one dwelling unit on the lot; the siting, shape, materials, and earth tone colors of the proposed residence will blend in with the natural colors of the hillside setting and vegetation, and to minimize contrast with the surrounding homes and topography; the second story has a reduced mass compared to the first story so as to fit within the hillside topography; the design includes compatible treatments and materials on all sides of the building; the building setbacks and floor area are within the minimum required and maximum allowable, respectively; the building pad is located within a Slope 1 Category; required parking is provided within a 2-car garage; the residence will not extend above the line of sight between a prominent ridgeline and the points of reference listed under Code**

Section 17.52.120; and the residence will not be located above the hillside view line. The mass, form and profile of the residence will not interfere with the character and profile of natural slopes.

Conditional Use Permit

The CUP is required to ensure that the design of the proposed residence, which can be seen from the Macomber Cabin, Carter Barn and Willis Estate, contrasts with the design of these structures. The granting of a CUP is subject to the following findings:

- **That the site for the proposed use is adequate in size, shape and topography;** in that the site is sufficiently large to accommodate the proposed residence while meeting all requirements set forth in the City's Municipal Code, including setbacks, lot coverage and parking.

The size, shape and topography of the site do not affect the design of the residence in terms of its contrast with the design of the Macomber Cabin, Carter Barn and Willis Estate.

- **That the site has sufficient access to streets which are adequate, in width and pavement type to carry the quantity and quality of traffic generated by the proposed use;** in that Baldwin Court was built to serve the levels of traffic generated by the lots in the subdivision. However, access from the site to the streets has no bearing on the extent to which the design of the residence contrasts with that of the Macomber Cabin, Carter Barn and Willis Estate.
- **That the proposed use will not unreasonably interfere with the use, possession and enjoyment of surrounding and adjacent properties;** in that the Santa Barbara-style design of the new residence distinguishes it from the architectural design of the Macomber Cabin, Carter Barn and Willis Estate, based on a professional analysis from Sapphos Environmental, a qualified cultural resources consultant. Therefore the project will not interfere with the use, possession and enjoyment of those properties.
- **That there is a demonstrated need for the use requested;** in that the subject lot was created through a subdivision map so as to allow construction of new residences such as the one proposed by the applicant.

Moreover, Condition of approval No. 159 of Tract Map 54016 requires that any development on a lot created by the Map which can be seen from the location of the Macomber Cabin, Carter Barn and Willis Estate be subject to the issuance of a CUP to ensure that the design of the residence contrasts with the design of these structures.

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- That the use will, as to location and operation, be consistent with the objectives of the General Plan;

Objective L12: Facilitate hillside preservation through development standards and guidelines which provide direction and encourage development sensitive to the unique characteristic found in the hillside area of the city.

Policy L12.2: Ensure that development in the hillside areas is located in those areas resulting in the least environmental impact.

Objective L14: Protect the views to and from hillside areas in order to maintain the image and identity of the City as a village of the foothills.

Policy L14.1: Require the use of natural materials and earth tone colors for all structures to blend with the natural landscape and natural chaparral vegetative growth.

- That the public interest, convenience, and necessity require that the use be permitted at the location requested; in that the proposed residential use is a permitted use in the H (Hillside Management) Zone and is meeting the intent of the City's General Plan and Zoning Ordinance's development standards pursuant to the subject zone as prescribed by Chapter 17.52.

Furthermore, the residence, as designed, complies with Condition of Approval No. 159 in that it contrasts with the design of the Macomber Cabin, Carter Barn and Willis Estate. Therefore, inasmuch as it protects these cultural resources by distinguishing them from their non-historic context, it advances the public interest, convenience and necessity.

PURSUANT TO THE ABOVE FINDINGS, IT IS RESOLVED that the Planning Commission APPROVES Hillside Development Permit 12-01, Conditional Use Permit 12-08, subject to the conditions of approval in Exhibit A.

The approval is final, unless appealed to the City Council in writing within ten (10) days following the adoption of this Resolution, pursuant to the provisions of Section 17.60.120 of the Sierra Madre Municipal Code.

The time in which to seek judicial review of this decision shall be governed by Code of Civil Procedure Section 1094.6. The Planning Commission Secretary shall certify to the adoption of this resolution, transmit copies of the same to the applicant and his counsel, if any, together with a proof of mailing in the form required by law and shall enter a certified copy of this resolution in the book of resolution of the City.

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October 16, 2014

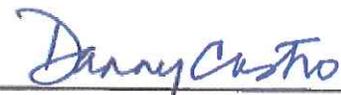
APPROVED, the 16th day of October, 2014, by the following vote:

AYES: 5
NOES: 0
ABSTAIN: 1 (Goldstein)
ABSENT: 1 (Spears)



Manish Desai, Chair
Sierra Madre Planning Commission

ATTEST:



Danny Castro, Director
Development Services Department

EXHIBIT A

**CONDITIONS OF APPROVAL
HDP 12-01, CUP 12-08**

General Conditions:

The applicant and property owner shall:

1. Comply with all applicable provisions of the Sierra Madre Municipal Code, including but not limited to those Chapters pertaining to Zoning, Building and Construction, Vehicles and Traffic, and Health and Safety, and including all such provisions which may be contained in Uniform Codes which have been incorporated by reference within the Sierra Madre Municipal Code.

2. Comply with all applicable provisions of Federal, State and Los Angeles County law and regulations, including but not limited to the California Environmental Quality Act.

3. Execute and deliver to the City's Department of Development Services an Affidavit of Acceptance of Conditions on a form to be provided by such Department prior to submitting construction plans for 1st Plan Check. This approval shall not be effective for any purpose until the Applicant complies with this condition.

4. To the fullest extent permitted by law, fully protect the City, its employees, agents and officials from any loss, injury, damage, claim, lawsuit, expense, attorneys' fees, litigation expenses, court costs or any other costs arising out of or in any way related to the issuance of this approval, or the activities conducted pursuant to this approval. Accordingly, to the fullest extent permitted by law, the applicant and property owner shall defend, indemnify and hold harmless City, its employees, agents and officials, from and against any liability, claims, suits, actions, arbitration proceedings, regulatory proceedings, losses, expenses or costs of any kind, whether actual, alleged or threatened, including, but not limited to, actual attorneys' fees, litigation expenses and court costs of any kind without restriction or limitation, incurred in relation to, as a consequence of, arising out of or in any way attributable to, actually, allegedly or impliedly, in whole or in part, the issuance of this approval, or the activities conducted pursuant to this approval. Applicant and property owner shall pay such obligations as they are incurred by City, its employees, agents and officials, and in the event of any claim or lawsuit, shall submit a deposit in such amount as the City reasonably determines necessary to protect the City from exposure to fees, costs or liability with respect to such claim or lawsuit.

Planning Conditions:

The applicant and property owner shall:

1. Construct the project in substantial conformance with all applications and

**Planning Commission Resolution 13-04
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supporting materials presented to the Planning Commission on October 16, 2014. Inaccuracies and misrepresentations will be grounds for immediate revocation of the Hillside Development Permit and Conditional Use Permit.

2. Submit construction plans, for 1st Plan Check within one (1) year of the date of this approval; failure to do so will constitute an abandonment of the entitlement, and shall render this approval null and void.
3. Pay Development Impact Fees to the City's Development Services Department prior to issuance of building permits for new development.
4. Not be granted a building permit unless all requirements in the Deferred Improvement Agreement entered into on or about August 2, 2007, between One Carter, LLC and the City of Sierra Madre and recorded against the property on or about August 22, 2007 ("DIA") have been completed, except that a building permit (but not a certificate of occupancy) may be issued prior to compliance with section 3.5 of the DIA. No building permit may be issued unless such issuance would be consistent with the requirements of the Deferred Improvement Agreement and any document incorporated by the Deferred Improvement Agreement.
5. Provide appropriate screening/temporary fencing of the construction areas and equipment during grading and construction to the satisfaction of the Director of Development Services. (MM 4.8-2a)
6. Prior to the issuance of building permits, prepare siting studies for the review and approval by the Development Services Department that conclusively demonstrate that all proposed structures are set back at least 15 feet from the toe of any ascending slope, or that demonstrate that through the construction of retaining walls, which have minimum freeboards of two feet, unconsolidated soils mantling natural slopes near proposed structures are adequately retained. (MM 4.2-2b and 4.2-7a)
7. Prior to the issuance of building permits, provide a letter to the Development Services Department certifying that the grading was accomplished in accordance with the approved set of plans and that the grading complies with his or her recommendations for site grading.
8. Prior to the issuance of a building permit for a residence on any individual lot, the Applicant shall ensure that the licensed landscape architect prepares a landscaping plan for the review and approval of the Director of Development Services.
9. Ensure that project elevations and materials of proposed structures and

facilities shall not produce excessive glare and shall be appropriately screened from views off site.

10. Ensure that all security light fixtures and standards shall be either shielded or directed away from neighboring properties and streets. Exposed bulbs shall not be permitted. All fixtures shall have glare control shields.
11. Require use of a grey water system for landscaping irrigation.
12. The exterior stucco walls, fence and retaining walls shall be painted an earth tone color, similar to Dunn Edwards "Terra Cotta Sand" (DE6136), "Teddy Bear" (DE 6131), "Woodland Acre" (DE6130) or "Rustic Taupe" (DE6129). The final selection of the color shall be subject to on-site approval of a Planning Commission subcommittee. The applicant shall record a covenant against the property which shall run with the land and be binding on all successors-in-interest providing that the exterior walls of the structure and stucco fence and retaining walls shall remain an earth-tone color which is substantially similar to the color selected by the Planning Commission subcommittee, in order to better blend the structures into the natural environment. Under no circumstances shall any paint color selected for the exterior of the house, stucco fences or retaining walls exceed a light reflective value of 70.
13. Applicant shall pay for an arborist of the City's choice to observe the on-site construction of infrastructure structures and ensure the integrity and health of the roots and canopy of the oak tree located on the adjacent lot at the south east corner of the property.
14. The Tipuana tree shown on the south east corner of the landscaping plan shall be eliminated in order to avoid any interference with the root system and canopy of existing oak tree located on the adjacent lot at the south east corner of the property.

Public Works Conditions:

The applicant and property owner shall:

1. Satisfy all of the following conditions prior to the issuance of a building permit:
 - Los Angeles County Flood Control District has accepted the transfer of the entire storm drain system to its jurisdiction for operation and maintenance; and
 - The Community Facilities District established January 10, 2012 under City

Council Resolutions 11-94, 11-95, and 12-05 shall be modified to have its per parcel assessment amounts increased to cover all costs of the maintenance and operation of the entire storm drain system, including the debris basins, catch basins, clarifier, and underground piping. Such costs shall include all costs associated with issuance of and compliance with all regulatory permits associated with the debris basins and drainage system.

2. Submit a final precise grading and drainage plan for review and approval by the Public Works Department prior to issuance of building permit.
3. Demonstrate that each subsequent application for a phase of development includes a conceptual grading plan to indicate at a minimum:
 - Preliminary quantity estimates for grading.
 - Techniques and methods which will be used to prevent erosion and sedimentation during and after the grading process in compliance with the City Standards and NPDES requirements.
 - Preliminary pad and roadway elevations.
 - Designation of any borrow or stockpile site location for import/export material (including, but not limited to, soil, rock, and various construction materials)
 - No material shall be stockpiled for more than 30 days. Stockpiles shall be covered when is in place for more than ten days or when the five-day weather forecast calls for a greater than 60% chance of rain.
 - Approximate time frames for development including the identification of areas, which will be graded between October 15th and April 15th.
 - Hydrology and hydraulic concerns and mitigations.
4. Ensure that all provisions of the Tree Ordinance (SMMC 12.20) shall apply to the construction of infrastructure and to future construction on individual residential lots, prior to first plan check submittal.
5. Prior to issuance of Building Permit for individual lots, the lot owner shall:
 - Consult with the EENRC regarding a Tree Removal Permit.
 - Ensure that the proposed project design and structure placement incorporates into the site design, if at all feasible, existing healthy trees.
 - Ensure that all trees, protected and unprotected approved for removal are replaced, unless finding is made at the time of granting an application that the site is inadequate to support the required number of replacement trees as follows (SMMC 12.20).
 - Tress that prevent reasonable development shall be replaced within one year of removal by a number of replacement trees as determined

- utilizing replacement ratios currently in use by the EENRC, or a suitable alternative.
- Minimum replacement tree size shall be 24-inch box.
 - In the event that the replacement tree dies, a continuing responsibility on part of the property owner to replace the tree with one of comparable size, within six months of the replacement tree's demise.
 - Replacement trees shall be monitored for five years. (MM 4.6-2)
 - Location of replacement trees shall be chosen so as to mitigate the aesthetic and other impacts of development of the site.
6. Ensure that the type and location of lighting standards and the intensity of lighting shall be approved by the City Public Works Director. (MM 4.6-5c and 4.8-4)

Fire Department Conditions:

The applicant and property owner shall:

1. Prior to the issuance of Certificate of Occupancy or final inspection approval for any building, provide approved numbers or addresses on all new and existing buildings in such a position as to be plainly visible and legible from the street or road fronting the property. Numbers shall be of all color contrasting to their background. Single-family residences shall have four (4) inch letters and lot numbers, as approved by the Fire Department. (CFC 901.4.4)
2. Prior to issuance of building permits, submit fire sprinkler plans to the Fire Department for review and approval. (CFC Article 10, CBC Chapter 9)
3. Prior to issuance of building permits, submit plans for structural protection from vegetation fires to the Fire Department for review and approval. The measure shall include, but are not limited to, enclosing eaves, noncombustible barriers (cement or block walls), and fuel modification zones. (CFC Appendix II-A)
4. Prior to issuance of a building permit, submit to the Fire Department a simple plot plan or map in an electronic file of the .DWG format or another format acceptable to the Fire Department.

(end of conditions)



STONEGATE

LOT 24 SANTA BARBARA

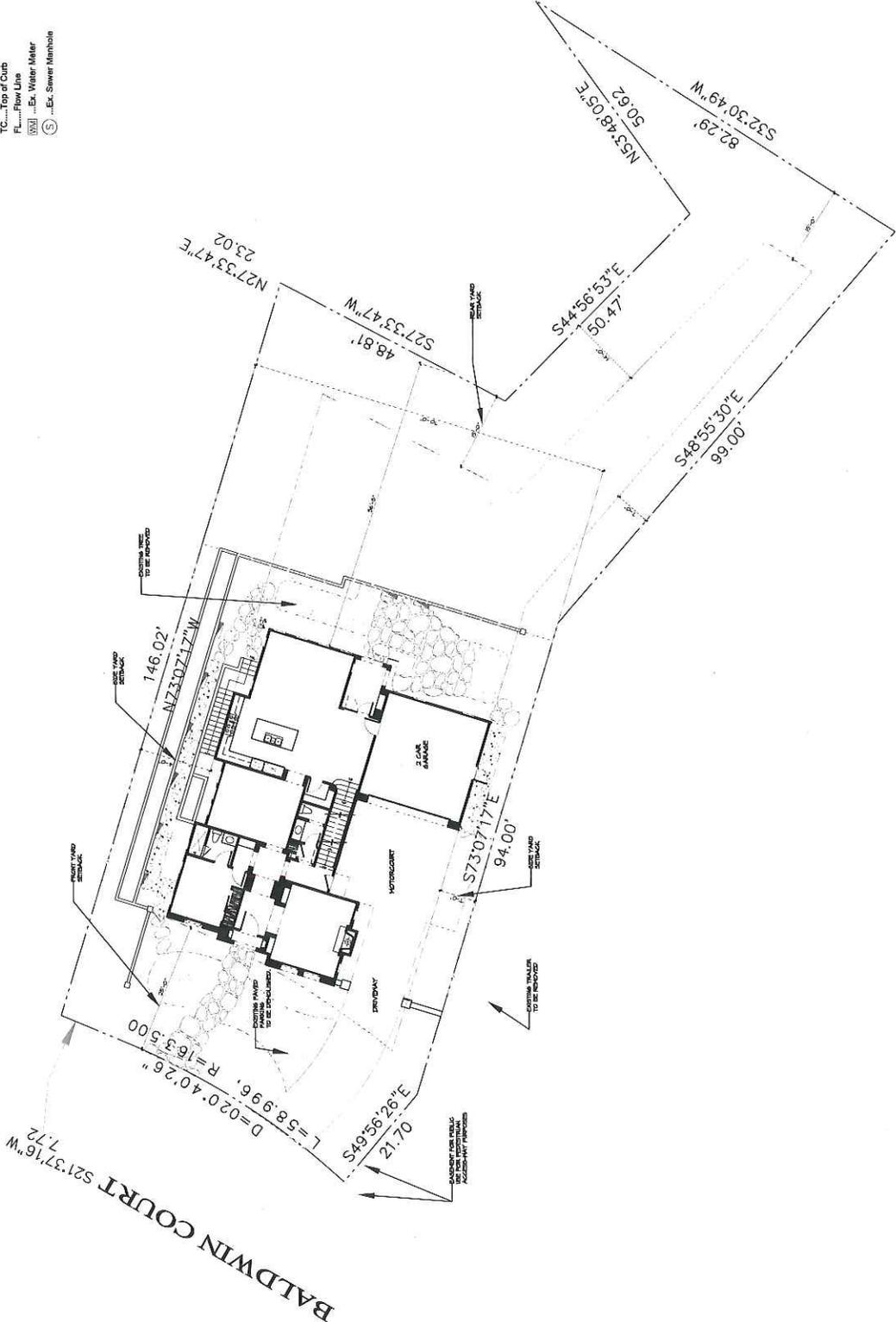
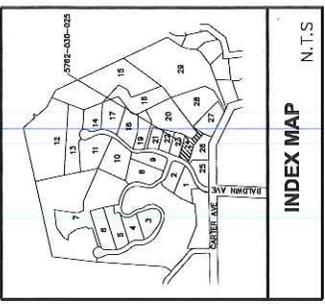
CETT

October 08, 2014

KLIM CHANG ROHLING ASSOCIATES **LCRA**

LEGEND

- Tree
- Property Line
- Ex. Building Line
- Street Center Line
- Ex. Blocking Wall
- EX...EXISTING
- TC...Top of Curb
- FL...Flow Line
- ...Ex. Water Meter
- ...Ex. Sewer Manhole



PROJECT DIRECTORY

Owner/Developer
 CETT Investment Corporation
 1515 Alhambra Ave., Suite 100
 Pasadena, CA 91106
 Frank Chen

Architect
 ADL Architects & Associates
 351 Laguna Ave., Suite 220
 Laguna Hills, CA 92653
 Adelle Chang

Landscape Architect
 TWP Inc. Landscape Architecture
 10000 Wilshire Blvd., Suite 1000
 Beverly Hills, CA 90210
 Rob Pressman

Civil Engineer
 HANK JUNG ENGINEERING
 1111 Alhambra Ave., Suite 100
 Pasadena, CA 91106
 Hank Jung

PROJECT DATA

Project Address
 610 Baldwin Ct.
 0540
 91015
 0540 24

Project Description
 Single Family Residence

APN
 5762-038-005

Building Height Limit
 25' Max. Measured from F.G.

Parking
 2

Lot Size
 13,018 sf

PROJECT SUMMARY

First Floor Area
 1,618 sf

Second Floor Area
 2,178 sf

Garage
 420 sf

Total Floor Area
 3,725 sf

Max Allowable Floor Area
 4,153 sf

Basement Floor Area (675 sf - not counted per HMZ)
 4,153 sf

Maximum Lot Coverage: 110% of Maximum Lot FAR (Structure and Impervious ground coverage)
 4,153 sf (Lot FAR X 1.10 = 4,568 sf (max. lot coverage))

Total Structure Footprint
 2,178 sf

Exterior Stair to Basement (Impervious)
 150 sf

Permeable Paving w/ Planting Joints
 500 sf

Permeable Gravel Walk at Garage
 234 sf

Total Lot Coverage
 4,041 sf

Impervious Lot Coverage (Structure+Impervious g.m.d. coverage):
 2,317 sf

Impervious coverage:
 Maximum coverage to be no more than 60% of graded pad area. The maximum impervious coverage shall be limited to 60% of the total area of the site, including walkways, patios, swimming pools, spas and other features that do not allow percolation of water into the ground.
 4,015 sf pad area X 0.50 = 2,408 sf (max. impervious coverage)

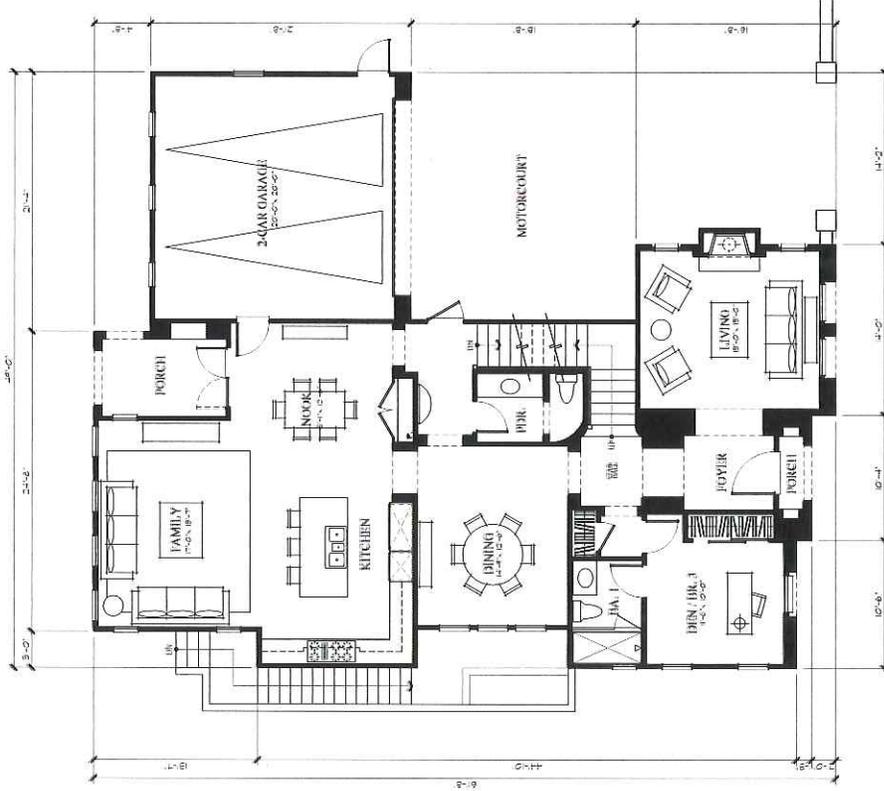
Impervious Coverage (COA-A-40b)
 2,317 sf < 2,408 sf

STONEGATE

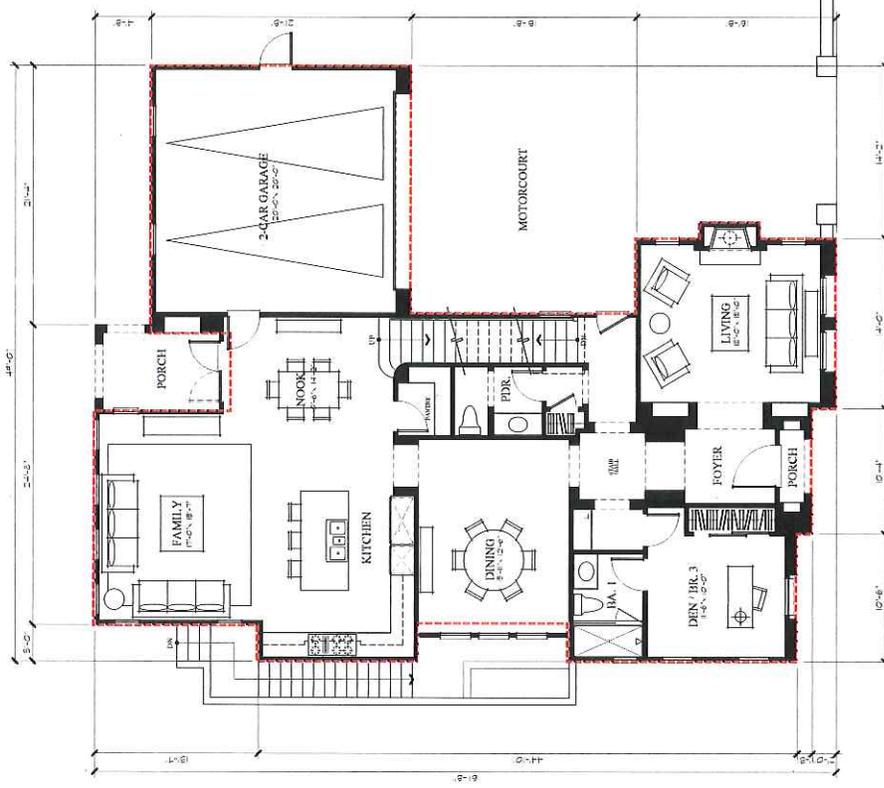
CONCEPTUAL SITE PLAN - LOT 24

CETT
 October 06, 2014

SCALE: 1/8" = 1'-0"
ELIM CHANG ROHLING ASSOCIATES



ORIGINAL FIRST FLOOR PLAN
TOTAL FLOOR AREA: 3,264 sf
 First Floor + Garage Area: 2,016 sf



CURRENT FIRST FLOOR PLAN
TOTAL FLOOR AREA: 3,125 sf
 First Floor + Garage Area: 2,030 sf



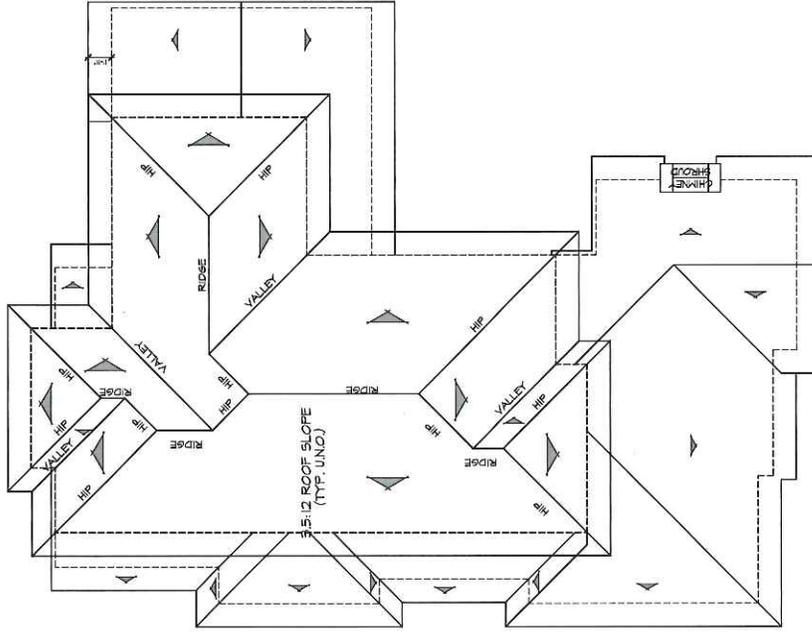
PROJECT SUMMARY

First Floor Area	1,618 sf
Second Floor Area	1,087 sf
Garage	2,705 sf
Motorcourt	3,125 sf
Total Floor Area	4,135 sf
Max Allowable Floor Area	4,153 sf
Basement Floor Area (675 sf not counted per HMZ)	
Maximum Lot Coverage - 15% of Maximum Lot PAR	(17.52, 120 sec. A-6)
Structure Footprint	2,178 sf
Exterior Stair to Basement (Impervious)	125 sf
Permeable Driveway	125 sf
Permeable Paved Driveway	800 sf
Permeable Gravel Walk at Garage	234 sf
Total Lot Coverage	4,041 sf
Impervious Lot Coverage	
(Structure+Impervious grnd. coverage):	2,317 sf

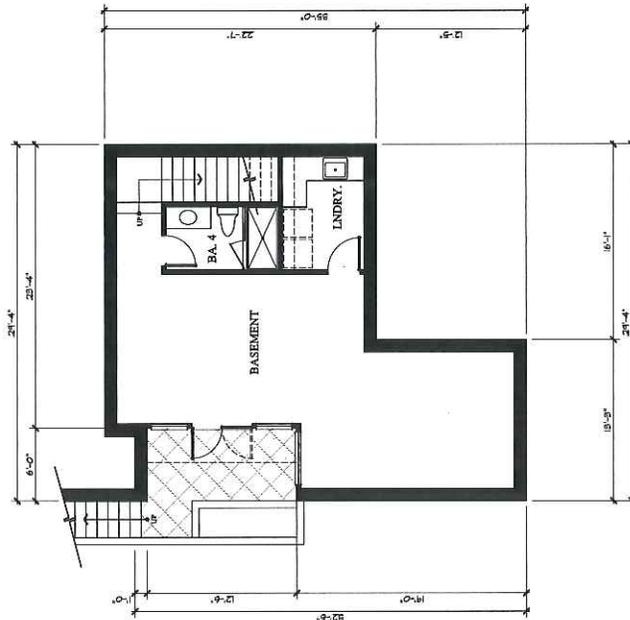
Impervious coverage to be no more than 60% of graded pad area. Impervious surfaces include building footprints, concrete driveways, patios, and other features that do not allow percolation of water into the ground. 4,015 sf pad area X 0.60 = 2,409 sf (max. Impervious coverage) (C.O.A. 40b)

Impervious Coverage 2,317 sf < 2,409 sf

*ALL BUILDING HEIGHT MEASURED FROM FINISHED GRADE.



ROOF PLAN

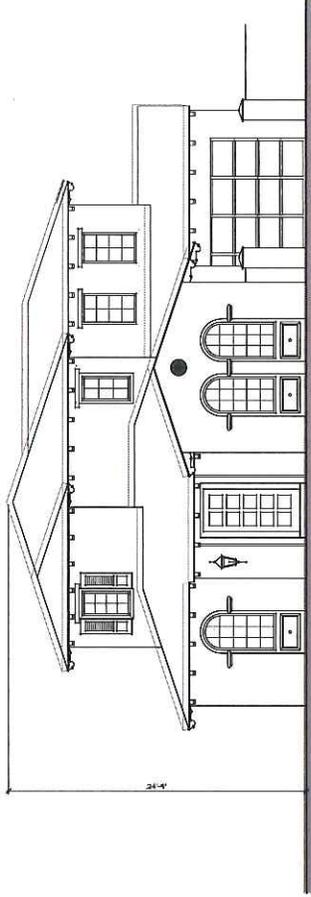


BASEMENT PLAN



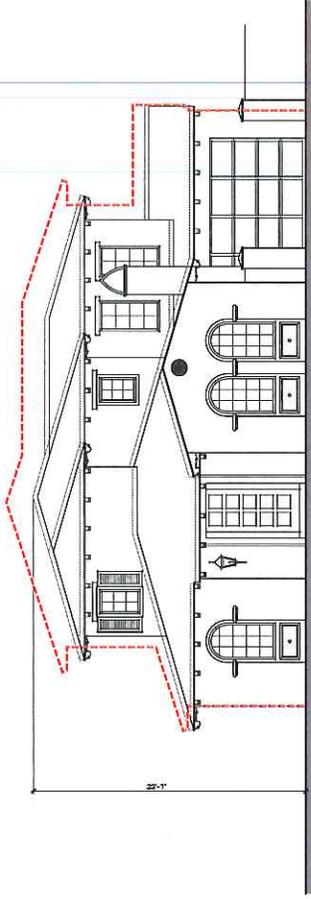
PROJECT SUMMARY

First Floor Area	1,616 sf
Second Floor Area	1,097 sf
Garage	2,763 sf
Total Floor Area	5,476 sf
Max Allowable Floor Area	4,153 sf
Basement Floor Area (675 sf not counted per HMZ)	4,153 sf
Maximum Lot Coverage: 10% of Maximum Lot FAR	17,521.20 sq. ft. (A-4)
Maximum Lot Coverage: 10% of Maximum Lot FAR	4,153 sf (max. lot coverage)
Total Structure Footprint	2,176 sf
Exterior Stair to Basement (Impervious)	125 sf
Permeable Driveway Paving	958 sf
Permeable Driveway Paving	234 sf
Permeable Gravel Walk at Garage	234 sf
Total Lot Coverage	4,041 sf
Impervious Lot Coverage (Structure/Impervious grml. coverage)	2,317 sf
Impervious coverage:	
Maximum coverage to be no more than 60% of graded pad area.	
Impervious surfaces include building footprints, concrete driveways, sidewalks, patios, decks, and other features that do not allow infiltration of water into the ground.	
4,015 sf pad area X 0.60 = 2,409 sf (max. Impervious coverage)	
Impervious Coverage	2,317 sf < 2,409 sf
(C.O.A. 40b)	
*ALL BUILDING HEIGHT MEASURED FROM FINISHED GRADE.	



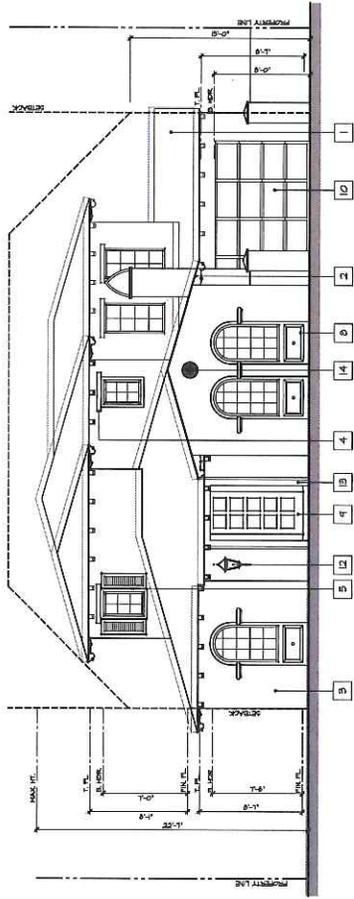
ORIGINAL WEST ELEVATION

TOTAL FLOOR AREA: 3,264 sf
 Building Height: 24'-4"



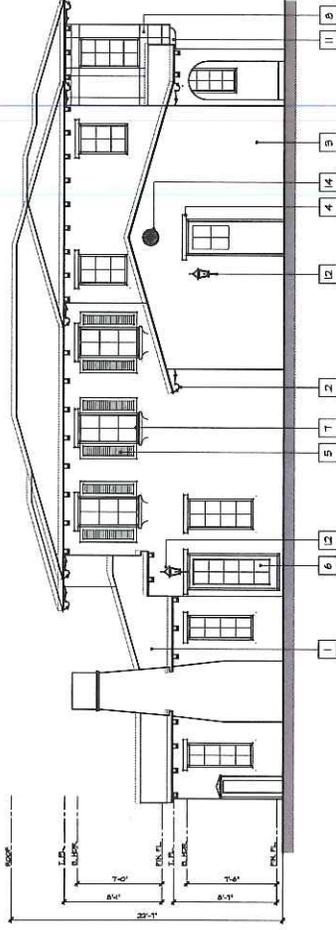
CURRENT WEST ELEVATION

TOTAL FLOOR AREA: 3,125 sf
 Building Height: 22'-7"



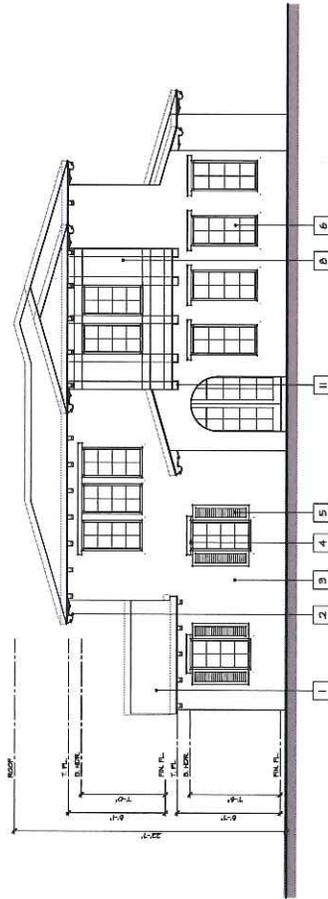
WEST ELEVATION

SANTA BARBARA
1/8" = 1'-0"



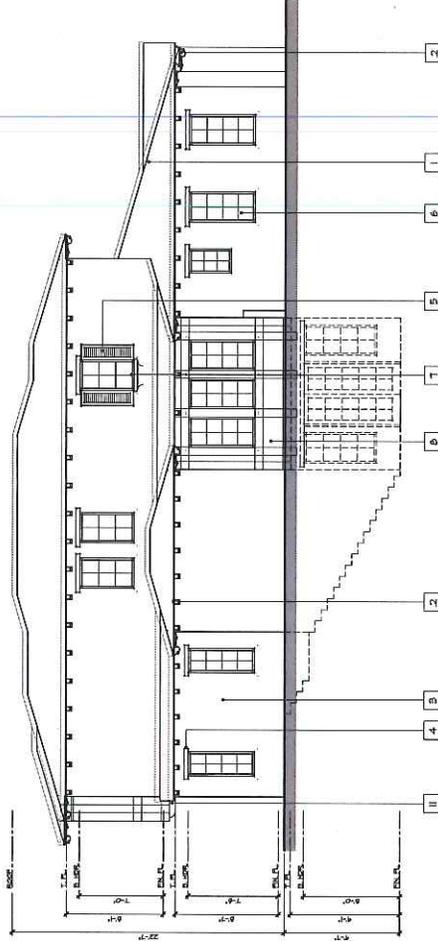
SOUTH ELEVATION

SANTA BARBARA
1/8" = 1'-0"



EAST ELEVATION

SANTA BARBARA
1/8" = 1'-0"



NORTH ELEVATION

SANTA BARBARA
1/8" = 1'-0"

ELEVATION NOTES

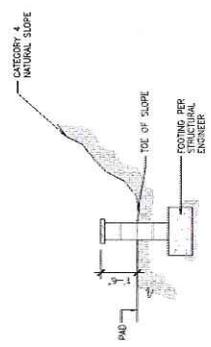
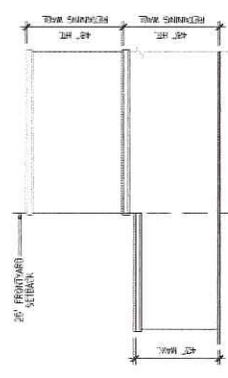
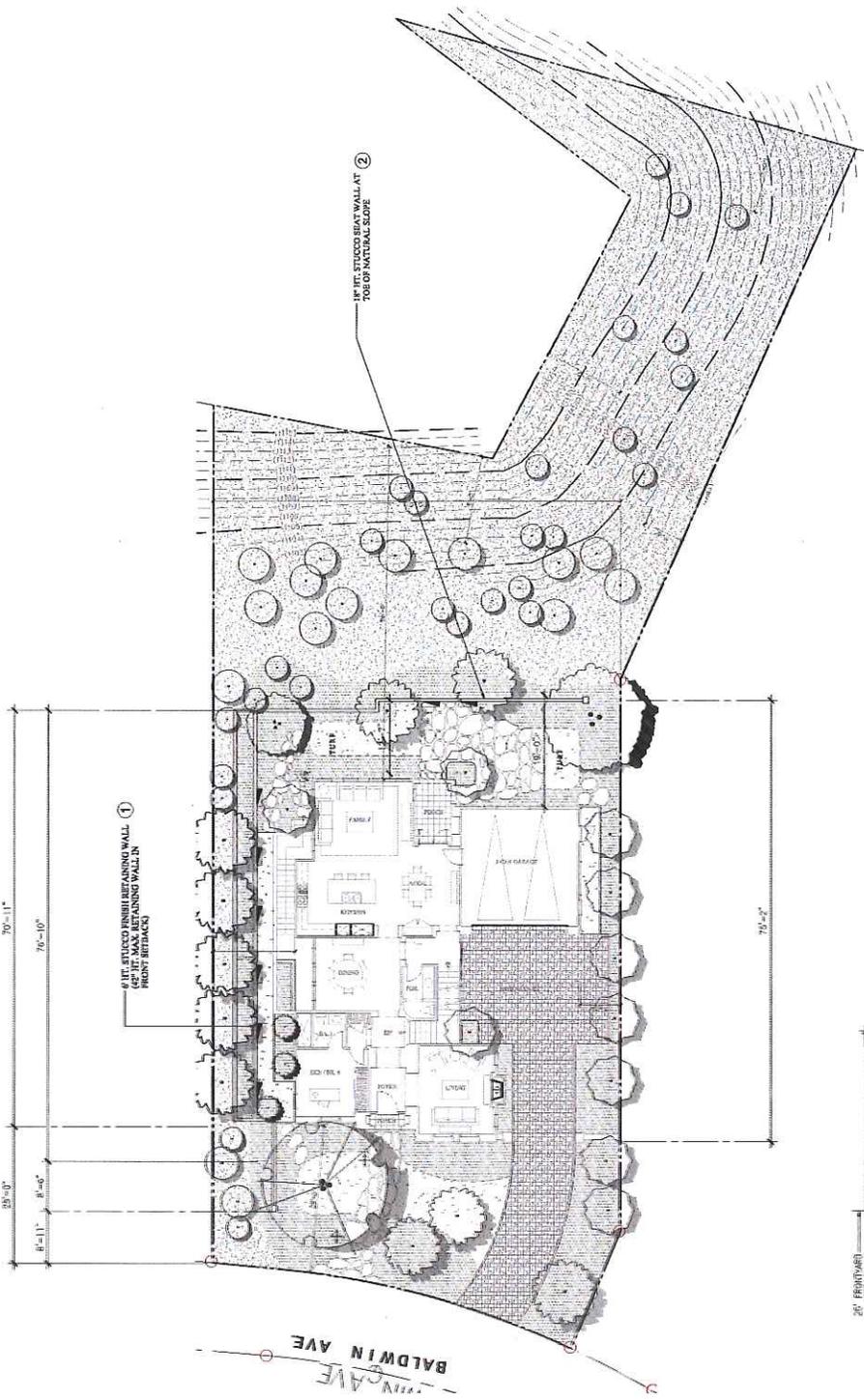
- 1 BARREL CONCRETE 5' ROOF TILES
- 2 R/S BATTER TAILS
- 3 EXTENSIVE WATER SHEDDING AND FINISH
- 4 WOOD LINELS
- 5 DECORATIVE SHUTTERS
- 6 METAL CLAD WOOD WINDOWS & FRENCH DOORS
- 7 STUCCO SILL
- 8 PAINTED R/S. WOOD PANELS
- 9 PAINTED WOOD ENTRY DOOR
- 10 PAINTED SECTIONAL GARBAGE DOOR
- 11 R/S. PAINTED CORBEL
- 12 EXTERIOR LIGHT FIXTURE
- 13 TRIM
- 14 PRECAST MEDALLION

STONEGATE

CBTT
October 08, 2014

LOT 24 - SANTA BARBARA
CONCEPTUAL ELEVATIONS

LIM CHANG ROHLING & ASSOCIATES



1 4' HT. STUCCO FINISH RETAINING WALLS
SCALE: 1/4" = 1'-0"

2 18' HT. STUCCO SEAT WALL
SCALE: 1/4" = 1'-0"



PRELIMINARY WALL PLAN - LOT 24

STONEGATE

CETT

REVIEWED BY: _____
PUBLIC WORKS DIRECTOR **DATE:** _____
CITY ENGINEER **DATE:** _____

CONCEPTUAL GRADING & DRAINAGE PLAN
 SCALE: 1"=10'-0"

LEGAL DESCRIPTION: TRACT 54016, PART OF SECTION 16, T4S, R12E, S10W, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, COUNTY RECORDS OF PLAT BOOKS, PAGE 10000.

BENCH MARKS:
 B.M. 10000 (1985)
 B.M. 10001 (1985)
 B.M. 10002 (1985)
 B.M. 10003 (1985)
 B.M. 10004 (1985)
 B.M. 10005 (1985)
 B.M. 10006 (1985)
 B.M. 10007 (1985)
 B.M. 10008 (1985)
 B.M. 10009 (1985)
 B.M. 10010 (1985)
 B.M. 10011 (1985)
 B.M. 10012 (1985)
 B.M. 10013 (1985)
 B.M. 10014 (1985)
 B.M. 10015 (1985)
 B.M. 10016 (1985)
 B.M. 10017 (1985)
 B.M. 10018 (1985)
 B.M. 10019 (1985)
 B.M. 10020 (1985)



CONSTRUCTION NOTES:

1. CONSTRUCT NEW JEROME APPROACH.
2. CONSTRUCT PARKWAY DRIVE.
3. CONSTRUCT CONCRETE DRIVEWAY.
4. CONSTRUCT CONCRETE DRIVEWAY.
5. CONSTRUCT RETAINING WALL FOR SUBSIDIARY PIP.
6. CONSTRUCT PVC DRAINAGE PIPE.
7. CONSTRUCT CONCRETE WALKWAY.
8. CONSTRUCT SIDEWALK FOR SOIL DIMENSION'S REQUIREMENT.
9. REMOVE EX. TRAIL.
10. REMOVE EX. TRAIL.
11. REMOVE EX. TRAIL.
12. REMOVE EX. TRAIL.
13. CONSTRUCT PLANTER WALL FOR ARCHITECTURAL PLAN.
14. CONSTRUCT 12" PVC SCH. 40 PERFORATED PVC SUBSIDIARY PIPE.

PRIVATE ENGINEER'S NOTICE TO CONTRACTOR:

THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE CITY OF PASADENA AND THE COUNTY OF LOS ANGELES. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE CITY OF PASADENA AND THE COUNTY OF LOS ANGELES. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE CITY OF PASADENA AND THE COUNTY OF LOS ANGELES.

EARTHWORK:

REMOVE EX. SIDEWALK APPROX. 10' X 10'.

REMOVE EX. TRAIL APPROX. 10' X 10'.

REMOVE EX. TRAIL APPROX. 10' X 10'.

REMOVE EX. TRAIL APPROX. 10' X 10'.

GENERAL NOTES:

1. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE CITY OF PASADENA AND THE COUNTY OF LOS ANGELES.
2. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE CITY OF PASADENA AND THE COUNTY OF LOS ANGELES.
3. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE CITY OF PASADENA AND THE COUNTY OF LOS ANGELES.
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6. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE CITY OF PASADENA AND THE COUNTY OF LOS ANGELES.
7. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE CITY OF PASADENA AND THE COUNTY OF LOS ANGELES.
8. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE CITY OF PASADENA AND THE COUNTY OF LOS ANGELES.
9. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE CITY OF PASADENA AND THE COUNTY OF LOS ANGELES.
10. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE CITY OF PASADENA AND THE COUNTY OF LOS ANGELES.





City of Sierra Madre Agenda Report

Denise Delmar, Mayor
John Harabedian, Mayor Pro Tem
Rachelle Arizmendi, Council Member
John Capoccia, Council Member
Gene Goss, Council Member

Sue Spears, City Clerk
Michael Amerio City Treasurer

TO: Honorable Mayor and Members of the City Council

FROM: Jose Reynoso, Utility Services Director

REVIEWED BY: Gabriel Engeland, City Manager 

DATE: June 12, 2018

SUBJECT: **Adoption of Comprehensive Water and Wastewater Cost of Service Study and Implementation of Proposition 218 Process for Water and Sewer Rate Adjustments**

STAFF RECOMMENDATION

Staff is recommending the City Council:

1. Adopt the draft City of Sierra Madre Comprehensive Water and Wastewater Cost of Service Study, as amended with Council direction to include the updated infrastructure fixed cost and the updated wastewater cost of service.
2. Direct staff to initiate the Proposition 218 Notification and Protest ballot process based on the recommendations of the April 23, 2018 Comprehensive Water and Wastewater Cost of Services Study (**Attachment A**). Please note this attachment may be amended based on Council direction at the June 12, 2018 Council Meeting with respect to the establishment of the infrastructure fixed charge and the updated waste water cost of service analysis.
3. Review and approve supporting documentation for the Proposition 218 process comprised of the Official Protest Ballot (**Attachment B**) and the Guidelines for the Submission and Tabulation of Protests (**Attachment C**).
4. Set July 31, 2018 at 9:30am at Sierra Madre City Hall for the public tabulation of protests and July 31, 2018 at 6:30pm at Sierra Madre City Hall for the Public Hearing as required by Proposition 218.

Adoption of Comprehensive Water and Wastewater Cost of Service Study and Implementation of Proposition 218 Process for Water and Sewer Rate Adjustments

June 12, 2018

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ALTERNATIVES

1. City Council may recommend changes to the supporting documentation.
2. City Council may delay or decline the implementation of the Proposition 218 process.

SUMMARY

At the May 22, 2018 City Council meeting, staff received direction from City Council to update the infrastructure fixed charge (IFC) in the Comprehensive Water Cost of Service Study to accurately reflect the amount of infrastructure expenses necessary annually to meet the need of repair and replacement of the City's Water Infrastructure. Staff worked with Raftelis to calculate infrastructure fixed charges based on the 2017 Sierra Madre Water Master Plan.

In addition to updating the proposed IFC, staff applied the same methodology to the proposed rate adjustments in the draft Comprehensive Wastewater Cost of Service Study.

Please see the May 22, 2018 staff report (**Attachment D**) for a summary and analysis of the Comprehensive Water and Wastewater Cost of Service Study and the Proposition 218 Process.

ANALYSIS: Infrastructure Fixed Charge

In 2017 the City Council adopted the City of Sierra Madre Water System Master Plan. This plan analyzed the current condition and performance of the City's water infrastructure and concluded *"The City's water distribution system is comprised of 47.6 miles of pipelines...A large majority of the pipelines are over 70 years beyond their useful life."*

The Master Plan concluded the City should spend a total of \$5,425,500 on prioritized pipeline replacement from FY2018/2019 through FY2023/2024 in order to replace mains which have failed.

Table ES-2 – Summary of Expenditures by Fiscal Year

Fiscal Year	Project	Expenditure
FY2018/2019	Project I	\$1,047,200
FY2019/2020	Project II	\$1,029,700
FY2020/2021	Project III	\$ 964,700
FY2021/2022	Project IV	\$1,014,500
FY2022/2023	Project V	\$1,083,900
FY2023/2024	Project VI	\$ 285,500
Total Project Cost		\$5,425,500

Adoption of Comprehensive Water and Wastewater Cost of Service Study and Implementation of Proposition 218 Process for Water and Sewer Rate

Adjustments

June 12, 2018

Page 3 of 5

The prioritized pipeline replacement recommended, over a 6 year budget period, replacing 9% of all current Sierra Madre water mains. In addition to this, the Master Plan identified an additional 19% of pipe as necessary for replacement based on likelihood of failure and cost of failure. In the attached presentation staff has categorized the 9% identified in the Master Plan as “urgent” replacement, the 19% as “priority 1” replacement, and the remaining 36% of necessary main replacements as “priority 2” replacements. In total, staff recommends a replacement plan for 64% of Sierra Madre water main.

Using the proposed infrastructure fixed charge in the draft Comprehensive Water Cost of Service Study \$700,000 would be raised annually for infrastructure. Using this amount it would take 53.8 years to replace all of the necessary mains in Sierra Madre, including 8 years to fix the “urgent” mains which have failed and an additional 16.9 years to replace the “priority 1” mains which are likely to fail.

Implementing an infrastructure fixed charge which matches the annual need of main replacements with the ability of staff to design and replace the mains would raise \$1,225,000 annually. Using this amount it would take 30.8 years to replace all of the necessary mains in Sierra Madre, including 4.6 years to fix the “urgent” mains which have failed and an additional 9.6 years to replace the “priority 1” mains which are likely to fail.

This option is the scenario which most closely matches the recommendation in the Water Master Plan taking into account updated information about the current condition of water mains in Sierra Madre since the adoption of the Water Master Plan in 2017.

Infrastructure Fixed Charge Proposals	% Increase from Proposal	Revenue Raised	Years to Replace System Need (64%)	Years to Replace Urgent (9%)	Years to Replace Priority 1 (19%)
Current (5/22/18)	0.0%	\$700,000	53.8	8.0	16.9
Water Master Plan	10.0%	\$1,225,000	30.8	4.6	9.6

ANALYSIS: Wastewater Cost of Service

Responding to Council direction at the May 22, 2018 meeting, staff worked with Raftelis to propose wastewater rates which would ensure the Sewer Fund would have positive net income, beginning in FY2019, provide continuous funding for capital repair and replacement, as well as build adequate reserve levels within the range of best practices.

The previous proposed rates, presented at the May 22 Council Meeting, called for a 5% increase of wastewater rates upon adoption with 4% increases annually thereafter throughout the 5 year

Adoption of Comprehensive Water and Wastewater Cost of Service Study and Implementation of Proposition 218 Process for Water and Sewer Rate

Adjustments

June 12, 2018

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study period. Using this proposal the Sewer Fund would not have met minimum reserve recommendations during the 5 year study period. The proposed rates also projected a negative net income for the Sewer Fund in future years.

The updated proposed water rates, shown in the table below, call for an initial 10% rate increase for wastewater service, followed by 3% increases thereafter for the duration of the study period.

Current and Recommended Bi-Monthly Fixed Charges

Customer Class	FYE 2019 Recommended Fixed Charge	FYE 2020 Recommended Fixed Charge	FYE 2021 Recommended Fixed Charge	FYE 2022 Recommended Fixed Charge	FYE 2023 Recommended Fixed Charge
Residential	\$35.36	\$36.42	\$37.51	\$38.64	\$39.80
Non-Residential					
Commercial	\$28.70	\$29.56	\$30.45	\$31.36	\$32.30
Institutional	\$28.70	\$29.56	\$30.45	\$31.36	\$32.30

Current and Recommended Variable Charges (\$/ccf)

Customer Class	FYE 2019 Recommended Variable Charge	FYE 2020 Recommended Variable Charge	FYE 2021 Recommended Variable Charge	FYE 2022 Recommended Variable Charge	FYE 2023 Recommended Variable Charge
Non-Residential					
Commercial	\$0.65	\$0.67	\$0.69	\$0.71	\$0.73
Institutional	\$0.65	\$0.67	\$0.69	\$0.71	\$0.73

FINANCIAL REVIEW

The financial impacts of implementing the Proposition 218 process consists of an estimated \$5,000 for the printing and mailing of ballots plus staff time for the tabulation of protests and reporting of results. There will also be staff time dedicated to updating the utility billing rate structure software.

PUBLIC NOTICE PROCESS

This item has been noticed through the regular agenda notification process. Copies of this report are available at the City Hall public counter, at the Sierra Madre Public Library, and can be accessed on the City's website at www.cityofsierramadre.com.

Adoption of Comprehensive Water and Wastewater Cost of Service Study and Implementation of Proposition 218 Process for Water and Sewer Rate Adjustments

June 12, 2018

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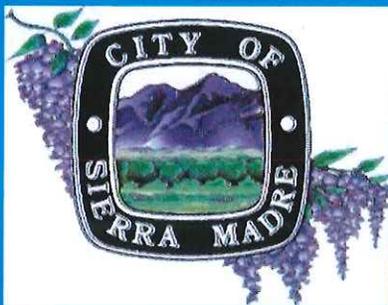
Attachments:

- A) 2018 Comprehensive Water and Wastewater Cost of Services Study
- B) Proposition 218 protest ballot
- C) Guidelines for the Submission and Tabulation of Protests
- D) Agenda report submitted to the City Council on May 22, 2018

The City of Sierra Madre

Comprehensive Water and Wastewater Cost of Service Study

Draft Report / May 18, 2018





24640 Jefferson Avenue
Suite 207
Murrieta, CA 92562

Phone 951.698.0145

www.raftelis.com

May 18, 2018

Mr. Jose Reynoso
Utilities Services Director
232 W. Sierra Madre Blvd.
Sierra Madre, CA 91024

Subject: Comprehensive Water and Wastewater Cost of Service Study Report

Dear Mr. Reynoso,

Raftelis Financial Consultants, Inc. (RFC) is pleased to provide this Comprehensive Water and Wastewater Cost of Service Study Report (Report) for the City of Sierra Madre (City). This Study includes a comprehensive review of the City's financial plan, usage trends, accounts, customer types, available water supplies, capital improvement plan, and reserves to establish equitable rates that provide sufficient revenue over a five-year planning period. The recommended rate structures and resulting rates were derived based on the cost of service principles and are proportionate and in compliance with Proposition 218.

The major objectives of the study include the following:

- » Develop financial plans for the water and wastewater utilities to ensure financial sufficiency, meet operation and maintenance (O&M) costs, and ensure sufficient funding for capital replacement and refurbishment (R&R) needs.
- » Develop sound and sufficient reserve fund targets.
- » Review current rate structures for the water and wastewater utilities and determine if any adjustments to the rates are required to more closely reflect costs incurred and adequately recover the utility's revenue requirements over the planning period.

The Report summarizes the key findings and recommendations related to the development of the financial plans for the Water and Wastewater utilities and the development of updated rates.

Sincerely,

RAFTELIS FINANCIAL CONSULTANTS, INC.

A handwritten signature in blue ink that reads 'Habib Isaac'.

Habib Isaac
Senior Manager

A handwritten signature in blue ink that reads 'Franklin Gonzalez'.

Franklin Gonzalez
Associate Consultant

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APPENDIX A: Detailed Financial Plans

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1. EXECUTIVE SUMMARY

1.1 BACKGROUND

In 2017, the City of Sierra Madre (City) engaged Raftelis to conduct a Comprehensive Water and Wastewater Cost of Service Study (Study) to update the City's financial plans and rates for the City's utilities over the next five years. Sierra Madre is located in the foothills of the San Gabriel Valley below the southern edge of the Angeles National Forest. The City provides water which serves approximately 3,900 customer accounts and conveys wastewater generated by approximately 4,550 units.

1.1.1 Objectives of the Study

The major objectives of the study include the following:

- » Develop financial plans for the water and wastewater utilities to ensure financial sufficiency, meet operation and maintenance (O&M) costs, ensure sufficient funding for capital replacement and refurbishment (R&R) needs, and enhance the financial health of the enterprises.
- » Develop sound and sufficient reserve fund targets.
- » Review current rate structures for the water and wastewater utilities and determine any adjustments to the rates to closely reflect costs incurred and adequately recover each utility's revenue requirements over the planning period.

1.2 CURRENT RATES

1.2.1 Water Rates

The City's water utility serves approximately 3,900 customers, as shown in Table 1-1.

Table 1-1: Water Utility Meter Count

Meter Size	Number of Meters
5/8"	1,222
3/4"	1,684
1"	631
1 1/2"	227
2"	100
3"	8
4"	1
Total	3,873

The current water rate structure consists of four main components:

1. Bi-monthly Water Service Charge that varies by meter size.
2. Water Consumption Charge that varies by tier allotment (hcf¹) for Residential Customers.
3. Uniform Water Consumption Charge for Non-Residential Customers (\$/hcf).
4. Bi-monthly Private Fire Service Charge that varies by size of line.

¹ One unit of water is equal to 748 gallons or 100 cubic feet (1 hcf)

The following tables summarize the current rate structure of the City. Table 1-2 provides a summary of the bi-monthly charges by meter size and a discount rate schedule for eligible customers. Table 1-3 summarizes the current variable unit charges by customer class and by tier as well as the tier widths. As shown, the City's current variable rate structure is comprised of four inclining tiers for Residential Customers and a uniform rate for Non-residential customers. Table 1-4 details the bi-monthly Private Fire Line charges by connection size.

Table 1-2: Current Bi-Monthly Water Charges

Meter Size	FYE 2018 Water Service Charge (\$ / Bi-Month)	FYE 2018 Low Income Discount (\$ / Bi-Month)
5/8"	\$79.68	\$51.79
3/4"	\$79.68	\$51.79
1"	\$107.00	\$69.55
1 1/2"	\$152.54	\$99.15
2"	\$207.18	\$134.67
3"	\$334.68	\$217.54
4"	\$516.83	\$335.94

Table 1-3: Current Variable Usage Charge

Customer Class / Tiers	Tier Width (hcf)	FYE 2018 Water Usage Charge (\$/hcf)
Residential		
Tier 1	(0-11)	\$2.69
Tier 2	(12-33)	\$3.47
Tier 3	(34-66)	\$4.08
Tier 4	(>66)	\$5.55
Non-Residential		
Uniform	N/A	\$3.89

Table 1-4: Current Fire Line Service Charge

Connection Size	FYE 2018 Rate (\$/Bi-Month)
2"	\$6.29
4"	\$38.95

1.2.2 Wastewater Rates

Currently, the City conveys wastewater for approximately 4,550 units, as seen in Table 1-5.

Table 1-5: Wastewater Utility Unit Count

Customer Class	Number of Units ¹
Residential	4,414
Commercial	94
Institutional	40
Total	4,548

¹ Wastewater customers are being charged on a per dwelling unit basis, rather than per account. Therefore, one account may have multiple dwelling units.

The current wastewater rates structure consists of a bi-monthly base charge for all customers and flow rates for non-residential customers. The following table (Table 1-6) summarizes the current wastewater rate structure of the City.

Table 1-6: Current Wastewater Rate Structure

Customer Class	FYE 2018 Charges
Fixed Charge	
Residential	\$32.24
Non-Residential	\$19.53
Usage Rate (per HCF)	
Commercial	\$0.72
Institutional	\$0.43

1.3 FINANCIAL HEALTH AND RECOMMENDATIONS

As part of the financial plan development, Raftelis first reviewed the City's projected revenue requirements over a 10-year planning horizon to determine the financial health of the City's utility over the short-term and long-term to determine if the current rates could support the utility's revenue needs.

1.3.1 Water Utility Financial Health (Maintain \$5.2M in Revenue)

For Fiscal Year 2017-18 (FYE 2018) the City's total beginning reserve balance for the water utility is approximately \$747,740. As part of Best Management Practices of utilities, it is recommended that a utility have at least 60 to 90 days of operating reserves as well as sufficient funds available to ensure the utility's capital plan can move forward as scheduled without any delays due to insufficient funds on hand.

The water utility is projected to generate total rate revenue of \$5,203,094 in FYE 2018 at current rates, which includes penalty charges (adopted pursuant to the City's Municipal Code and applied to the water fund), and \$5,274,094 in total revenue, when accounting for non-operating revenue of \$71,000. The City is currently meeting its operating costs and has positive net income to go towards necessary capital projects; however, the City's annual planned capital projects are

over \$300k and there are additional asset repair & replacement required above and beyond what is currently planned. By ensuring base rate revenue is maintained at approximately \$5.2M for Fiscal Year 2018-19, the City would only need modest cost of living adjustments for subsequent years (based on percentage change in the consumer price index (CPI) for Los Angeles-Orange-Riverside). Without any revenue adjustments in subsequent years, the City will not be able to fund operations and maintenance (O&M) and debt expenses beginning in FYE 2023, as shown in Figure 1-1, and would be in technical default of its bond covenants, which require 120% debt coverage. In addition to O&M and debt expenses, the City also needs to reinvest back into its utility system to ensure the continued delivery of safe and clean water. Figure 1-2 identifies the City's capital plan, where 1 years' worth of capital based on 5-Year Average of Capital Improvement Plan is approximately \$300K and is inflated each year by 3%.

Figure 1-3 illustrates the total reserves balances for each fiscal year after operating and capital is funded. As shown in the figure, the City will have negative reserve balances starting in FYE 2023.

Figure 1-1: Water Utility Operating Financial Plan (Maintain Revenue of \$5.2M)

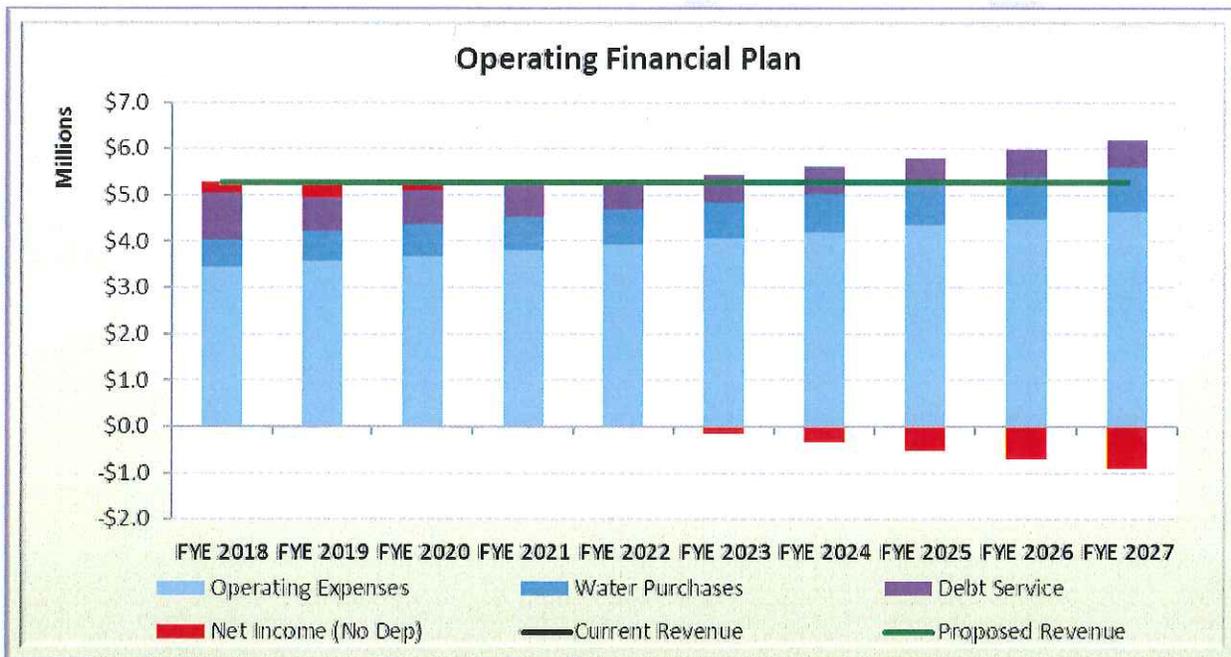


Figure 1-2: Baseline Water Capital Improvement Plan and Funding Source

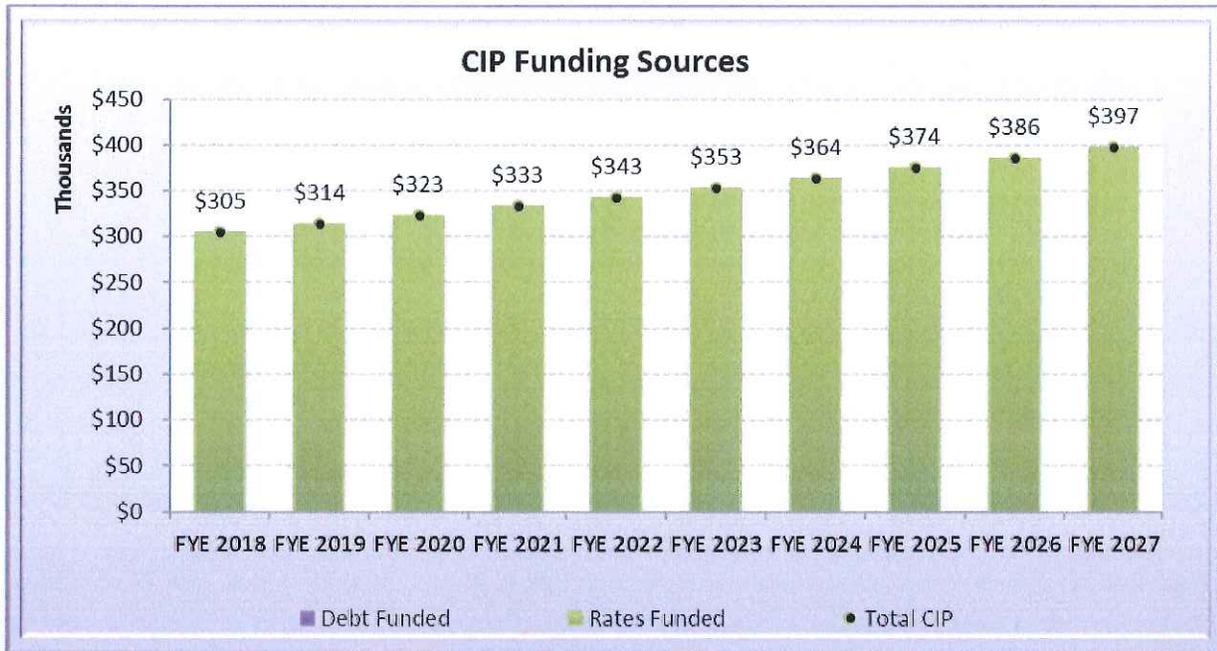
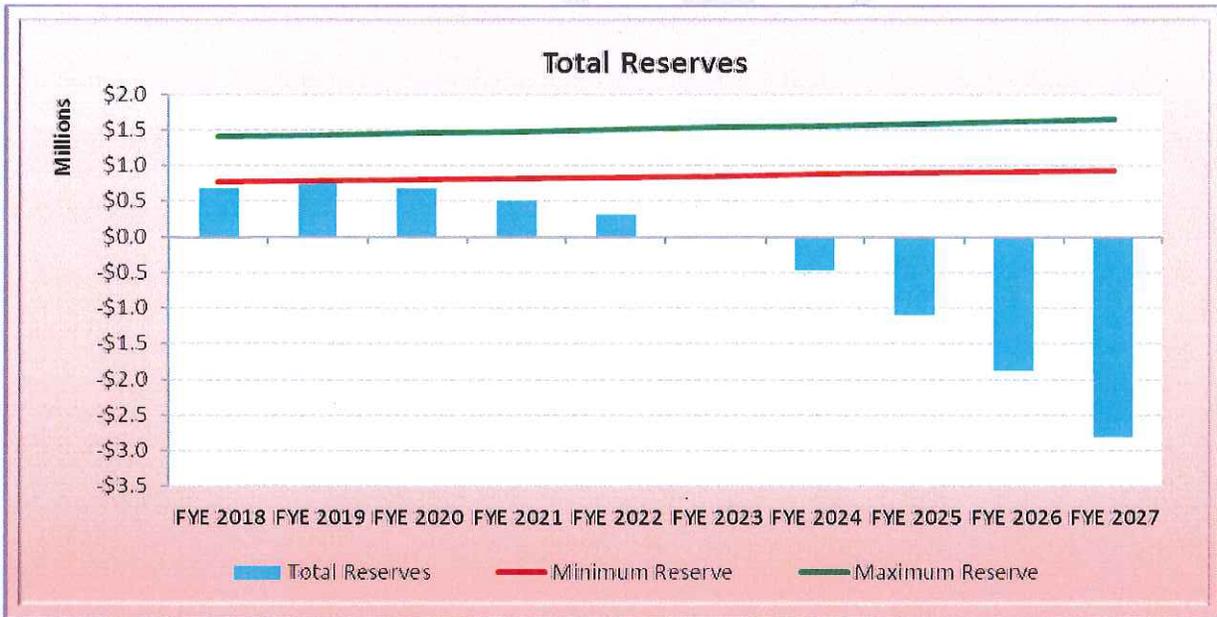


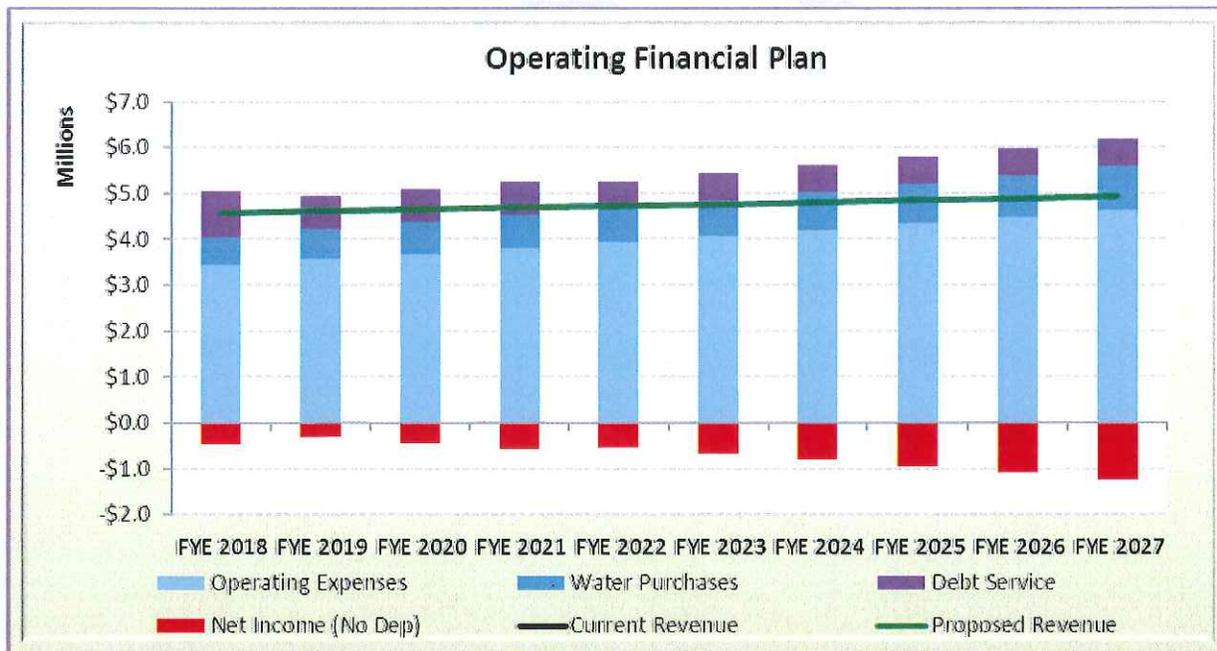
Figure 1-3: Water Utility Total Reserves



1.3.2 Water Utility Financial Health (Base Rates Only)

As identified in Section 1.3.1, the City is currently charging penalties for customers who failed to conserve water when the state imposed a mandate requiring the City to conserve 30% of total water production; additionally, the Watermaster's determination that the City's adjudicated ground water pumping rights would be reduced from 1,764 acre feet to 940 acre feet until the aquifer returned to a level exceeding 500' MSL, resulted in greater reliance on expensive imported water to meet customer usage—including customers who failed to conserve as required. As part of this Study, the primary objective was to ensure base rates of the Water Enterprise generates sufficient revenue to provide service to water customers which adequately meets the demands, including importation of water, infrastructure replacement and maintenance, and water production. As such, Raftelis reviewed the City's Financial outlook, taking into account the reduction in water usage when compared to pre-drought conditions and the steep increase in water imports due to the reduction of adjudicated pumping rights, the water utility would only generate approximately \$4.5M in FYE 2018. At this level of utility revenues currently collected by existing rates, the City would not be able to fund the total cost of operations and maintenance (O&M) and would not fulfill its debt obligations through the study period, as illustrated in Figure 1-4 . In addition, there would be no on-going funding for the City's capital improvement plan.

Figure 1-4: Current Water Operating Financial Plan (Base Rates Only)



Therefore, a new infrastructure fixed charge is recommended in addition to the fixed and variable charges in the previous rate study. As such, with the inclusion of an infrastructure fixed charge and the proposed financial plan would meet and/or maintain the following criteria:

- » Maintain base revenue at \$5.2 million in FYE 2019 by establishing an infrastructure fixed charge.
- » Cover increases in imported water through pass-through charges.

- » Ensure positive net operating cash income each Fiscal Year (FY) of the planning period with cost of living indexing.
- » Fully fund planned capital projects and fund a portion of deferred maintenance.
- » Establish and maintain the following reserves by the end of the Study Period (FYE 2019 – 2023):
 - Water Operating Fund – minimum of 60 days of operating expenses.
 - Water Replacement Fund – 1 years’ worth of capital based on 5-Year Average of Capital Improvement Plan.

After discussing with City Staff, Raftelis recommends to index water rate increases based on the consumer price index (CPI) beginning in FYE 2020 to ensure the utility is keeping up with cost of inflation in the out years. Overall, the recommended financial plan for the water system aims to strike a balance between maintaining a strong financial position and minimizing rate increases to its customers through a multi-year measured approach. Under the recommended plan, the City will maintain a positive net income and will build healthy reserves over the five-year study period.

To determine the appropriate rate structure for meeting the City’s revenue requirements, Raftelis reviewed the current rate structure and consumption data, worked closely with City staff, and, where possible, incorporated feedback on policies and objectives. As such, Raftelis recommends the following adjustments to the current structure:

- » Move from a 4-tiered rate structure for Residential accounts to a 2-tiered rate structure with modifications to the Tier 1 and Tier 2 allotments (also referred to as tier widths) to directly correlate with the amount of groundwater available to the City.
- » Tier 1 would correspond to the amount of groundwater available on a per account basis. The result provided 14 hcf per account, which is the Tier 1 allotment for Single Family Residential. Tier 2 would be for any usage over the 14 hcf and would reflect the cost of using imported water.
- » Maintain a uniform structure for specific non-residential customers and multi-family accounts, but the uniform rate would still account for the fair share amount of groundwater for these accounts with the remaining demand covered by imported water.

The recommended variable rate structure is set forth in Table 1-7. The recommended Bi-Monthly Service Charge is shown in Table 1-8, the recommended Infrastructure Fixed Charge is detailed in Table 1-9, and the recommended Variable Service Charge can be seen in Table 1-10.

Table 1-7: Current and Recommended Variable Rate Structure

Customer Class / Tiers	Current Tier Width (hcf)	Recommended Tier Width (hcf)
Single Family¹		
Tier 1	(0-11)	(0-14)
Tier 2	(12-33)	(>14)
Tier 3	(34-66)	N/A
Tier 4	(>66)	N/A
Multi Family	Same as Residential	Uniform
Non-Residential	Uniform	Uniform

¹ Single Family accounts consist of single unit housing and duplexes (two units).

Table 1-8: FYE 2019 Recommended Bi-Monthly Service Charges²

Meter Size	FYE 2019 Recommended Bi-Monthly Service Charge
3/4" or less	\$79.57
1"	\$97.22
1 1/2"	\$140.92
2"	\$193.58
3"	\$360.52
4"	\$606.17

Table 1-9: FYE 2019 Recommended Infrastructure Fixed Charge (\$/Bi-Month)³

Meter Size	FYE 2019 Recommended Infrastructure Charge
3/4" or less	\$21.75
1"	\$36.32
1 1/2"	\$72.43
2"	\$115.93
3"	\$253.82
4"	\$456.75

² Rates for subsequent years after FYE 2019 shall adjust based on the percentage change in CPI.

³ Rates for subsequent years after FYE 2019 shall adjust based on the percentage change in CPI.

Table 1-10: FYE 2019 Recommended Variable Charge (\$/hcf)⁴

Customer Class	FYE 2019 Recommended Variable Charge
Single Family	
Tier 1	\$2.70
Tier 2	\$4.23
Multi-Family	\$3.73
Non-Residential	\$3.71
Irrigation	\$3.81
Institutional	\$4.10

1.3.3 Wastewater Utility Financial Health

In FYE 2018, the City’s total beginning reserve balance for the wastewater utility is approximately \$333,177. These reserves have been built up over time and will be used to fund the necessary upcoming capital projects totaling approximately \$130,000 during the next 5 years. Based on the City’s revenue requirements, reserve policies, capital planning schedule, and current revenues, the existing wastewater rates will:

- » Result in negative net operating cash for FYE 2018 and for each subsequent fiscal year.
- » Fully fund capital projects through PAYGO for FYE 2018 and for each subsequent fiscal year (with depreciation value transfer to reserves).
- » The existing rates are not sufficient to fund the following reserve funds beyond FYE 2022:
 - Wastewater Operating Fund – minimum of 60 days of operating expenses
 - Wastewater Replacement Fund – target of 5-Year Average of Asset Management Plan

Without revenue adjustments, the Wastewater Utility will fully deplete reserves by FYE 2021 and will no longer be able to fund capital projects. Figure 1-5 illustrates the current operating financial plan with current revenues depicted by the green horizontal trend line and expenses symbolized by the blue and purple stacked graph bars.

Figure 1-6 identifies the City’s capital plan, and Figure 1-7 details the total reserves balance for each fiscal year.

⁴ Rates for subsequent years after FYE 2019 shall adjust based on the percentage change in CPI.

Figure 1-5: Current Wastewater Operating Financial Plan

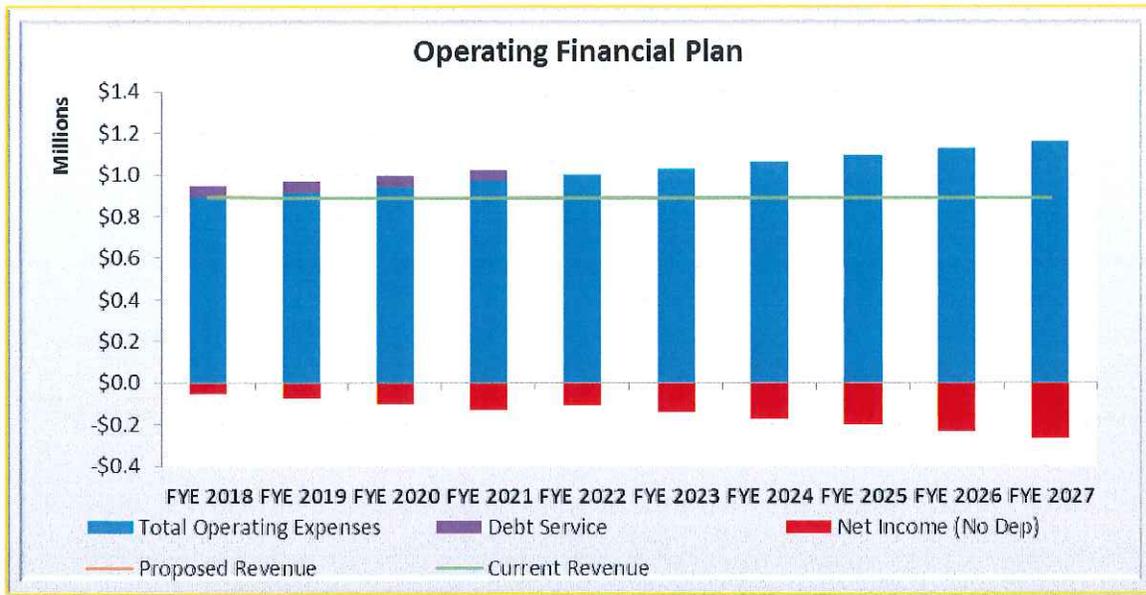


Figure 1-6: Wastewater Capital Improvement Plan

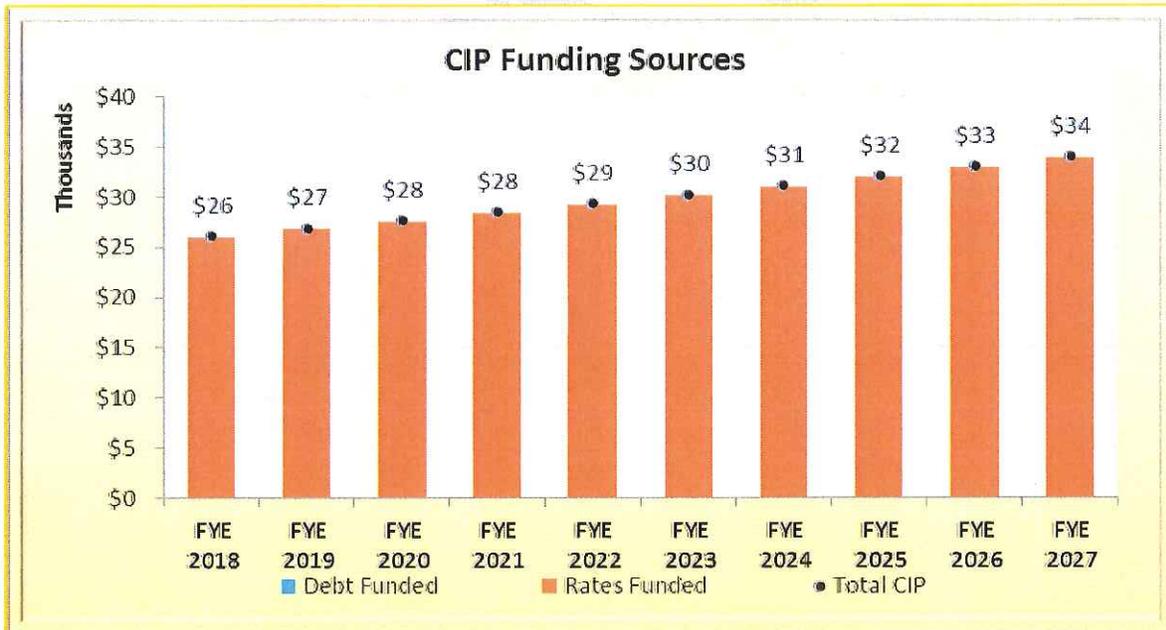
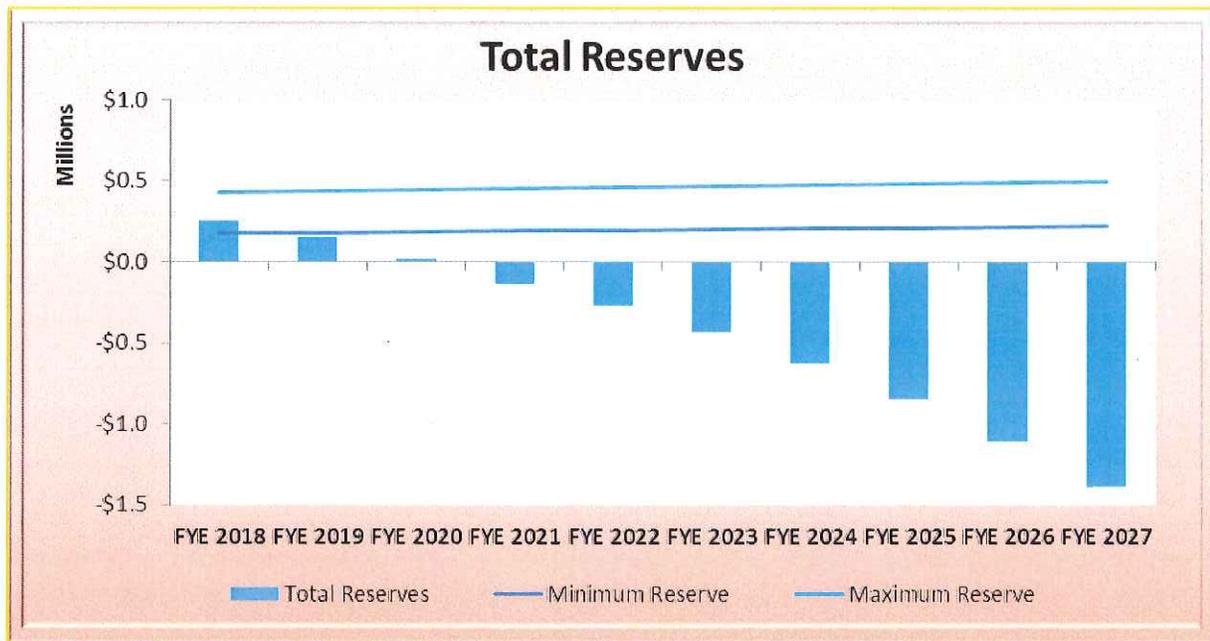


Figure 1-7: Current Wastewater Total Reserve Balance



Under the recommended financial plan, Raftelis recommends a 5% revenue adjustment in FYE 2019, and 4% annual revenue adjustments for FYE 2020 through FYE 2023. In addition, it is projected that the City may need 3% revenue adjustments in subsequent years outside the Study Period. To determine the appropriate rate structure for meeting the City’s revenue requirements, Raftelis reviewed the current rate structure and flow data, worked closely with City staff, and, where possible, incorporated feedback on policies and objectives. As such, Raftelis recommends retaining the current wastewater rate structure, but updated with most recent flow information of the City’s customers.

The recommended rate structure is set forth in Table 1-11. As shown in Table 1-11, the residential bi-monthly charge includes a flow charge for all residential customers. The recommended Bi-Monthly Fixed Charges and Variable Charges are shown in Table 1-12 and Table 1-13, respectively.

Table 1-11: Recommended Wastewater Rate Structure

Customer Class	Number of Bills	Accounts	Flow Charge	Proposed FYE 2019 Fixed Charge (\$/Bi-Month)
Residential	26,484	\$27.43	\$6.36	\$33.79
Non-Residential				
Commercial	564	\$27.43	-	\$27.43
Institutional	240	\$27.43	-	\$27.43

Table 1-12: FYE 2019-FYE 2023 Recommended Bi-Monthly Fixed Charges

Customer Class	FYE 2019 Recommended Fixed Charge	FYE 2020 Recommended Fixed Charge	FYE 2021 Recommended Fixed Charge	FYE 2022 Recommended Fixed Charge	FYE 2023 Recommended Fixed Charge
Residential	\$33.79	\$35.14	\$36.55	\$38.01	\$39.53
Non-Residential					
Commercial	\$27.43	\$28.53	\$29.67	\$30.86	\$32.09
Institutional	\$27.43	\$28.53	\$29.67	\$30.86	\$32.09

Table 1-13: FYE 2019-FYE 2023 Recommended Variable Charges (\$/ccf)

Customer Class	FYE 2019 Recommended Variable Charge	FYE 2020 Recommended Variable Charge	FYE 2021 Recommended Variable Charge	FYE 2022 Recommended Variable Charge	FYE 2023 Recommended Variable Charge
Non-Residential					
Commercial	\$0.62	\$0.64	\$0.67	\$0.70	\$0.73
Institutional	\$0.62	\$0.64	\$0.67	\$0.70	\$0.73

2. INTRODUCTION

2.1 STUDY APPROACH

This report was prepared using principles established by the American Water Works Association (AWWA). The AWWA “Principles of Water Rates, Fees, and Charges: Manual of Water Supply Practices M1 Manual (M1 Manual) establishes commonly accepted professional standards for cost of service studies. The M1 Manual principles of rate structure design and the objectives of the Study are described below.

According to the M1 Manual, the first step in ratemaking analysis is to determine the adequate and appropriate level of funding for a given utility. This is referred to as determining the “revenue requirements”. This analysis typically considers the short-term and long-term service objectives of the utility over a given planning horizon, including capital facilities, system operations and maintenance, and financial reserve policies to determine the adequacy of a utility’s existing rates to recover its costs. A number of factors may affect these projections, including the number of customers served, water-use trends, nonrecurring sales, weather, conservation, water use restrictions, inflation, interest rates, wholesale contracts, capital finance needs, changes in tax laws, and other changes in operating and economic conditions, among others.

After determining the utility’s revenue requirement, the next step was determining the cost of service. Utilizing the City’s approved budget, financial reports, operating data, and capital improvement plans, a rate study generally categorizes (functionalizes) **system costs** (e.g., treatment, storage, pumping, etc.), including operating and maintenance and asset costs, among **major operating functions** to determine the cost of service.

After the asset values and operating costs are properly categorized by function, these functionalized costs are allocated first to cost causation components, and then distributed to the various customer classes (e.g., single family residential, multi-family residential, commercial, and irrigation) by determining the characteristics of those classes and the contribution of each to cost causation components such as customer costs, supply costs, peaking costs, and delivery costs.

Rate design is the final element of the rate-making procedure and uses the revenue requirement and cost of service analysis to determine rates for each customer class that reflect the cost of providing service to those customers. Rates utilize “rate components” that build-up to the total commodity rates, and fixed charge rates, for the various customer classes. In the case of tiered rates, the rate components allocate the cost of service within each customer class, effectively treating each tier as a sub-class and determining the cost to serve each tier.

2.2 LEGAL REQUIREMENTS

2.2.1 California Constitution - Article XIII D, Section 6 (Proposition 218)

Proposition 218, reflected in the California Constitution as Article XIII D, was enacted in 1996 to ensure that rates and fees are reasonable and proportional to the cost of providing service. The principal requirements for fairness of the fees, as they relate to public water or wastewater services are as follows:

1. Revenues derived from the charge shall not exceed the costs required to provide the property related service.
2. Revenues derived from the charge shall not be used for any purpose other than that for which the charge was imposed.
3. The amount of the charge imposed upon any parcel shall not exceed the proportional cost of service attributable to the parcel.
4. No charge may be imposed for a service unless that service is actually used or immediately available to the owner of property.
5. No charge may be imposed for general governmental services including, but not limited to, police, fire, ambulance or library services, where the service is available to the public at large in substantially the same manner as it is to property owners.
6. A public agency must hold a public hearing to consider the adoption of the recommended new or increase in an existing charge; written notice of the public hearing and recommended charge shall be mailed to the record owner of each parcel at least 45 days prior to the public hearing; if the public agency receives written protests to the recommended charge from a majority of the property owners, the charge may not be imposed.

As stated in AWWA's *M1 Manual*, "water rates and charges should be recovered from classes of customers in proportion to the cost of serving those customers." Raftelis follows industry standard rate setting methodologies set forth by the AWWA *M1 Manual* to ensure this study meets Proposition 218 requirements and develops rates that do not exceed the proportionate cost of providing water services.

2.2.2 Cost-Based Rate Setting Methodology

As stated in the AWWA M1 Manual, "the costs of water rates and charges should be recovered from classes of customers in proportion to the cost of serving those customers." To develop utility rates that comply with Proposition 218 and industry standards while meeting other emerging goals and objectives of the City, there are four major steps discussed below and previously addressed in Section 2.1.

1. Calculate Revenue Requirement

The rate-making process starts by determining the test year (rate setting year) revenue requirement, which for this study is FYE 2019. The revenue requirement should sufficiently fund the utility's O&M, debt service, capital expenses, and reserves.

2. Cost of Service Analysis (COS)

The annual cost of providing service is distributed among customer classes commensurate with their service requirements. A COS analysis involves the following:

- a) Functionalize costs. Examples of functions are supply, treatment, transmission, distribution, storage, meter servicing, and customer billing and collection

- b) Allocate functionalized costs to cost causation components. Cost causation components include, but are not limited to, supply, base⁵, maximum day, maximum hour⁶, fire protection, meter capacity, and customer service
- c) Distribute the cost causation components. Distribute cost components, using unit costs, to customer classes in proportion to their demands on the system. This is described in the M1 Manual

A COS analysis for water considers both the average quantity of water consumed (base costs) and the peak rate at which it is consumed (peaking or capacity costs as identified by maximum day and maximum hour demands).⁷ Peaking costs are costs that are incurred during peak times of consumption. There are additional costs associated with designing, constructing, and operating and maintaining facilities large enough to meet peak demands. These peak demand costs need to be allocated to those imposing such costs on the utility. In other words, not all customer classes share the same responsibility for peaking related costs. In addition, the proposed redesign rate structure, herein, also accounts for the limited amount of groundwater available to the City and the amount of imported water the City purchases to cover the overall water demand of City customers.

3. Rate Design and Calculations

Rates do more than simply recover costs. Within the legal framework and industry standards, properly designed rates should support and optimize a blend of various utility objectives, such as deterring water waste, supporting affordability for essential needs, and ensuring revenue stability among other objectives. Rates may also act as a public information tool in communicating these objectives to customers.

4. Rate Adoption

Rate adoption is the last step of the rate-making process to comply with Proposition 218. Raftelis documents the rate study results in this Study Report to serve as the City's administrative record and a public education tool about the recommended changes, the rationale and justifications behind the changes, and their anticipated financial impacts.

⁵ Base costs are those associated with meeting average day demands and unrelated to meeting peaking demands.

⁶ Collectively maximum day and maximum hour costs are known as peaking costs or capacity costs.

⁷ System capacity is the system's ability to supply water to all delivery points at the time when demanded. Coincident peaking factors are calculated for each customer class at the time of greatest system demand. The time of greatest demand is known as peak demand. Both the operating costs and capital asset related costs incurred to accommodate the peak flows are generally allocated to each customer class based upon the class's relative demands during the peak month, day, and hour event.

3. KEY ASSUMPTIONS

The Study uses the City’s FYE 2018 budget as the base year and the model projects the City’s revenue requirements through FYE 2027; however, the recommended water rates herein are for FYE 2018 through FYE 2022, as the City will continue to periodically review rates and take a measured approach with any potential rate adjustments. Certain cost escalation assumptions and inputs were incorporated into the Study to adequately model expected future costs of the City expenses. Furthermore, the City has an adjudicated right to extract 1,740 AF/Yr (acre-feet per year) of groundwater; however, when the groundwater level is below 500 MSL (500 feet above mean sea-level), the adjudicated pumping rights are reduced to 980 AF/Yr. Currently, the City is operating under its reduced groundwater allocation and the difference between demand and allowable extraction is made up by imported water. The City purchases water from the San Gabriel Municipal Water District. In FYE 2017, the City purchased 1,619 AF of water at a rate of \$370/AF (acre-feet), which is connected directly into the City’s groundwater basin and pumped out to cover the City’s total water demand. The difference of total water production of 2,081 AF and 980 AF of groundwater availability results in 1,101 AF that is required to supply City demand. The amount of imported purchased water is above the amount required to serve City demand, therefore, the surplus will be used to recharge groundwater supply. For water loss, Raftelis reviewed total water production versus water sales based on data provided by the City and confirmed with the City that their water loss is approximately 23.5%. This water loss is significantly higher than what is typically seen in the industry, which averages 10%. We recommend that the City reinvest in its water distribution system to mitigate the amount of water loss, which in turn, would allow the City to avoid imported water costs. Table 3-1 and Table 3-2 identify the assumptions based on discussions with and/or direction from City management.

Table 3-1: Inflationary Factor Assumptions

Inflationary Factors	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
General	3.0%	3.0%	3.0%	3.0%	3.0%
Salary	3.0%	3.0%	3.0%	3.0%	3.0%
Benefits	3.0%	3.0%	3.0%	3.0%	3.0%
Capital	3.0%	3.0%	3.0%	3.0%	3.0%
Energy	5.0%	5.0%	5.0%	5.0%	5.0%
Water loss	23.5%	23.5%	23.5%	23.5%	23.5%
Consumer Price Index (CPI ¹)	2.0%	2.0%	2.0%	2.0%	2.0%

¹ For financial plan forecasting, a CPI index of 2% was assumed to reflect increases of water rates. Actual increases will be based on the actual percentages in the CPI index.

Table 3-2: Growth, Water Supplies, Demand, and Revenue Assumptions

Line #	Categories	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	Account Growth¹					
1	All Customer Classes	0%	0%	0%	0%	0%
2	Total Water Production (AF)	2,081	2,081	2,081	2,081	2,081
	Groundwater Supply					
3	Groundwater Supply (AF)	980	980	980	980	980
4	Groundwater less Water Loss (AF)	749.70	749.70	749.70	749.70	749.70
5	Groundwater less Water Loss (ccf)	326,569	326,569	326,569	326,569	326,569
	Imported Water Supply					
6	Purchased Imported Water (AF)	1,619	1,619	1,619	1,619	1,619
7	Imported Water to Serve Demand (AF)	1,101	1,101	1,101	1,101	1,101
8	Imported Water to Serve Demand less water loss (AF)	842.27	842.27	842.27	842.27	842.27
9	Imported Water for Recharge (AF)	518	518	518	518	518
	Water Sales					
10	Total Usage (ccf)	692,280	692,280	692,280	692,280	692,280
11	Water Demand Factor ²	100%	100%	100%	100%	100%
	Revenues Factors					
12	Non-Operating Revenues	0%	0%	0%	0%	0%
13	Reserve Interest Rate	1%	1%	1%	1%	1%

¹ For financial planning purposes, account growth was conservatively set at 0% which means that the City is not relying on growth to help fund ongoing operating and maintenance costs.

² Demand factors can be used to project changes in water usage and flow patterns. For the purposes of this Study, no changes were made to either the water or flow patterns.

4. WATER RATE STUDY

4.1 WATER UTILITY – FINANCIAL PLAN

This section describes the development of the water utility financial plan, the results of which were used to determine the revenue adjustments needed to meet ongoing expenses and provide fiscal sustainability to the City. Establishing a utility’s revenue requirement is a key step in the rate setting process. The review involves analysis of projected annual operating revenues under the current rates, O&M expenses, capital expenditures, transfers between funds, and reserve requirements. This section of the report provides a discussion of the projected revenues, O&M and capital expenditures, the capital improvement financing plan, and overall revenue requirements required to ensure the fiscal sustainability of the Water Utility.

4.1.1 Revenue from Current Rates

The current water rate structure consists of three main components:

1. Bi-Monthly Fixed Charge that varies by meter size (Table 4-1 summarizes the projected revenue).
2. Bi-Monthly Low Discount Fixed Charge that varies by meter size (Table 4-2 summarizes the projected revenue).
3. City Usage Charge that varies by customer class and water usage (Table 4-3 summarizes the projected city usage revenue).

In addition to these components, the City also charges a fire protection charge to those customers with private fire lines. Private fire line customers are charged a bi-monthly fixed charge that varies by connection size (Table 4-4 summarizes the connections by size, the current monthly Private Fire Line charges, and the projected private fire protection revenue).

Table 4-1: Projected Annual Water Service Charge Revenue (Full-Rate)

Meter size	# of Meters ¹ [A]	Current Bi-Monthly Water Service Charges [B]	Projected Annual Water Service Charge Revenue ² (A x B x 6)
3/4" or less	2,853	\$79.68	\$1,363,962
1"	624	\$107.00	\$400,608
1 1/2"	227	\$152.54	\$207,759
2"	100	\$207.18	\$124,308
3"	8	\$334.68	\$16,065
4"	1	\$516.83	\$3,101
Annual Water Service Revenue	3,813		\$2,115,803

¹ Includes all customer classes except exempt meters.

² Revenue was rounded to the nearest dollar.

Table 4-2: Projected Annual Low-Income Discount Fixed Charge Revenue

Meter Size	# of Meters ¹ [A]	Current Bi-Monthly Discount Fixed Charges [B]	Projected Annual Discount Fixed Charge Revenue ² (A x B x 6)
3/4" or less	53	\$51.79	\$16,469
1"	7	\$69.55	\$2,921
Annual Discount Fixed Revenue	60		\$19,390

¹ Includes only exempt meters.

² Revenues were rounded to the nearest dollar.

Table 4-3: Projected City Usage Charge Revenue

Customer Classes	Current Tiers (width)	Projected Annual Usage [A]	Current City Distribution Rate [B]	Projected City Usage Charge Revenue ¹ (A x B)
Residential				
Tier 1	(0-11)	271,186	\$2.69	\$729,490
Tier 2	(12-33)	212,409	\$3.47	\$737,059
Tier 3	(34-66)	92,735	\$4.08	\$378,359
Tier 4	(>66)	41,656	\$5.55	\$231,191
Non-Residential				
Uniform	N/A	74,294	\$3.89	\$289,004
City Distribution Revenue		692,280		\$2,365,103

¹Revenues were rounded to the nearest dollar.

Table 4-4: Projected Annual Fire Line Charge Revenue

Connection Size	Projected Number of Connections [A]	Current Fire Line Service Charge [B]	Projected Fire Line Revenue ¹ (A x B x 6)
2"	6	\$6.29	\$226
4"	11	\$38.95	\$2,571
Fire Line Charge Revenue	17		\$2,797

¹Revenues were rounded to the nearest dollar.

Using account growth, water demand factors, and other revenue assumptions from Table 3-2, Raftelis projected the revenues for the water utility⁸. Table 4-5 summarizes the rate revenue as well as other revenues. As shown in the table, since Raftelis assumed zero growth and no increase in water demand, the

⁸ Although only the Study Period is shown here, Raftelis projected the revenues through FYE 2027.

rates and rate revenue remained constant during the Study Period. The projected water sales by customer class and tier remained constant and was based on the total FYE 2018 usage.

Table 4-5: Projected Water Revenues

Line #	Revenue	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	Water Utility Revenues					
1	Fixed Revenue	\$2,135,194	\$2,135,194	\$2,135,194	\$2,135,194	\$2,135,194
2	Fire Revenue	\$2,797	\$2,797	\$2,797	\$2,797	\$2,797
3	Variable Revenue	\$2,365,103	\$2,365,103	\$2,365,103	\$2,365,103	\$2,365,103
4	Penalty Charges	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000
5	Subtotal Rate Revenue	\$5,203,094	\$5,203,094	\$5,203,094	\$5,203,094	\$5,203,094
6	Other Revenues	\$71,000	\$71,000	\$71,000	\$71,000	\$71,000
7	Total Revenues	\$5,274,094	\$5,274,094	\$5,274,094	\$5,274,094	\$5,274,094

4.1.2 O&M Expenses

The City’s FYE 2018 budget values and the assumed inflation factors (Table 3-1) for the study period were used as the basis for projecting O&M costs. Table 4-6 shows the total projected O&M expenses for FYE 2018 through FYE 2022⁹. Water purchase costs are calculated by taking the product of purchased water and the rate charged by San Gabriel Municipal Water District. Total Production is the cost of electrical energy required to pump groundwater from the basin and serve City customers. Also, as shown in the table (Line 10), the water utility currently has outstanding debt obligation.

Table 4-6: Projected O&M Expenses

Line #	O&M Categories	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
1	Water Purchase Charge	\$599,030	\$647,600	\$647,600	\$647,600	\$647,600
	Expenditures					
2	Total Personnel Services	\$827,900	\$852,737	\$878,319	\$904,669	\$931,809
3	Total Purchased Services	\$280,100	\$288,503	\$297,158	\$306,073	\$315,255
4	Total Purchased Materials	\$291,500	\$300,245	\$309,252	\$318,530	\$328,086
5	Total Cost Allocations	\$1,177,200	\$1,212,516	\$1,248,891	\$1,286,358	\$1,324,949
6	Total Utilities	\$15,700	\$16,485	\$17,309	\$18,175	\$19,083
7	Total Capital Outlay – R&M	\$350,000	\$360,500	\$371,315	\$382,454	\$393,928
8	Total Production	\$508,300	\$533,715	\$560,401	\$588,421	\$617,842
9	Total Operating Expenditures	\$4,049,730	\$4,212,301	\$4,362,626	\$4,518,659	\$4,680,630
10	Debt Service	\$991,533	\$731,709	\$731,708	\$731,708	\$586,021
11	Total Expenses	\$5,041,263	\$4,944,010	\$5,094,334	\$5,250,367	\$5,266,651

⁹ Although only the Study Period is shown here, Raftelis projected the expenses through FYE 2027.

4.1.3 Capital Improvement Plan

The City provided the asset management plan to address future water capital improvement project (CIP) needs. Raftelis worked closely with City staff to adjust the CIP to reflect a measured multi-year approach. Based on discussions with City Staff, the 5-year average CIP costs were used as the baseline for each year of the Study Period. Raftelis indexed the capital expenditures by a 3% inflationary compounding rate from Table 3-1 to account for increased construction costs in future years.

Table 4-7 summarizes the 5-Year Average CIP (Line 1), the cumulative inflationary factor (Line 2), and the resulting total anticipated CIP costs (Line 3).

Table 4-7: Water Utility Capital Improvement Plan¹⁰

Line #		FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
1	Asset Management Plan (5-Yr Average)	\$304,500	\$304,500	\$304,500	\$304,500	\$304,500
2	Cumulative Inflationary Factor	100%	103%	106%	109%	113%
3	Inflated CIP	\$304,500	\$313,635	\$323,044	\$332,735	\$342,717

4.1.4 Reserve Requirements

In FYE 2018, the City's projected beginning reserve balance for the water utility is approximately \$747,740. Currently, the City maintains a water operating fund and water replacement fund. As part of Best Management Practices of utilities, it is recommended that a utility have at least 60-90 days of operating reserves as well as sufficient funds available to ensure that the utility's capital plan can move forward as scheduled and is not delayed due to insufficient funds on hand.

4.1.5 Current Financial Outlook (Maintaining \$5.2M Revenue)

Based on the financial plan review and maintaining total revenue at \$5.275M for FYE 2019, the City would only need modest cost of living adjustments for subsequent years (based on percentage change in the consumer price index for Los Angeles-Orange-Riverside) (CPI). Without any revenue adjustments, the City will not be able to fund operational and debt expenses in FYE 2023, as shown in Figure 4-1, where expenses are shown by stacked bars and the total revenues at current rates are shown by the horizontal green trend line. In addition, the City would also be in technical default of its bond covenants starting in FYE 2023, which require 120% debt coverage. Figure 4-3 illustrates the total reserves balances for each fiscal year after operating and capital in funded.

¹⁰ There may be differences due to rounding.

Figure 4-1: Operating Financial Position at Current Rates

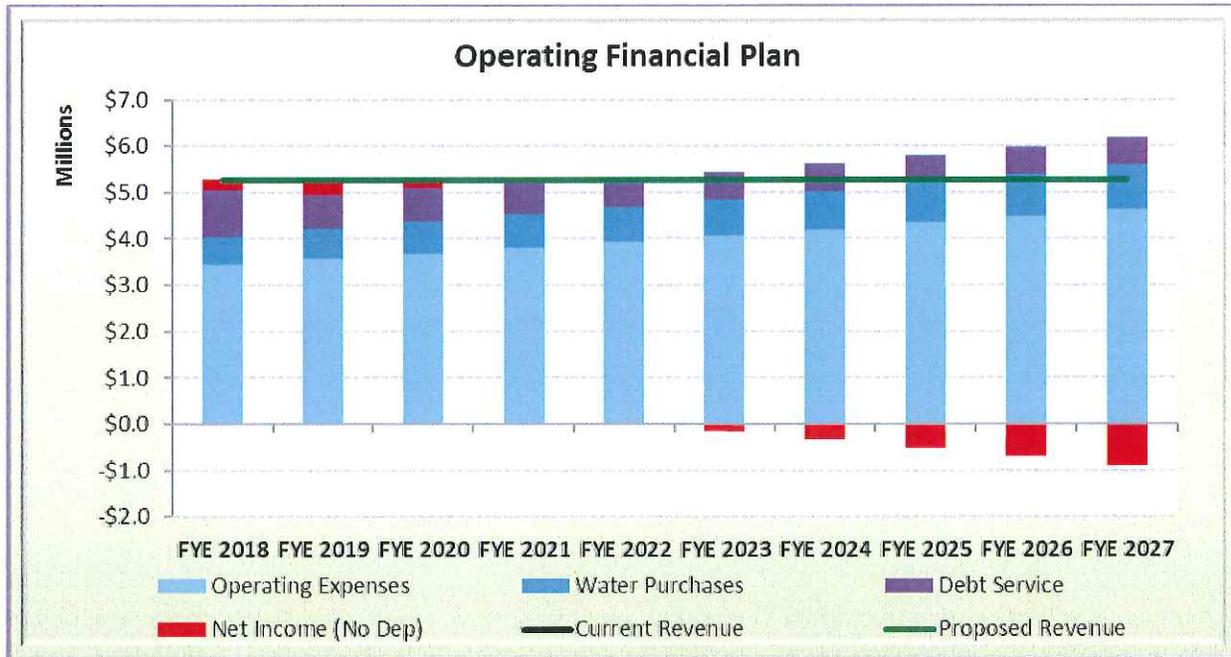


Figure 4-2: Baseline Water Capital Improvement Plan and Funding Source

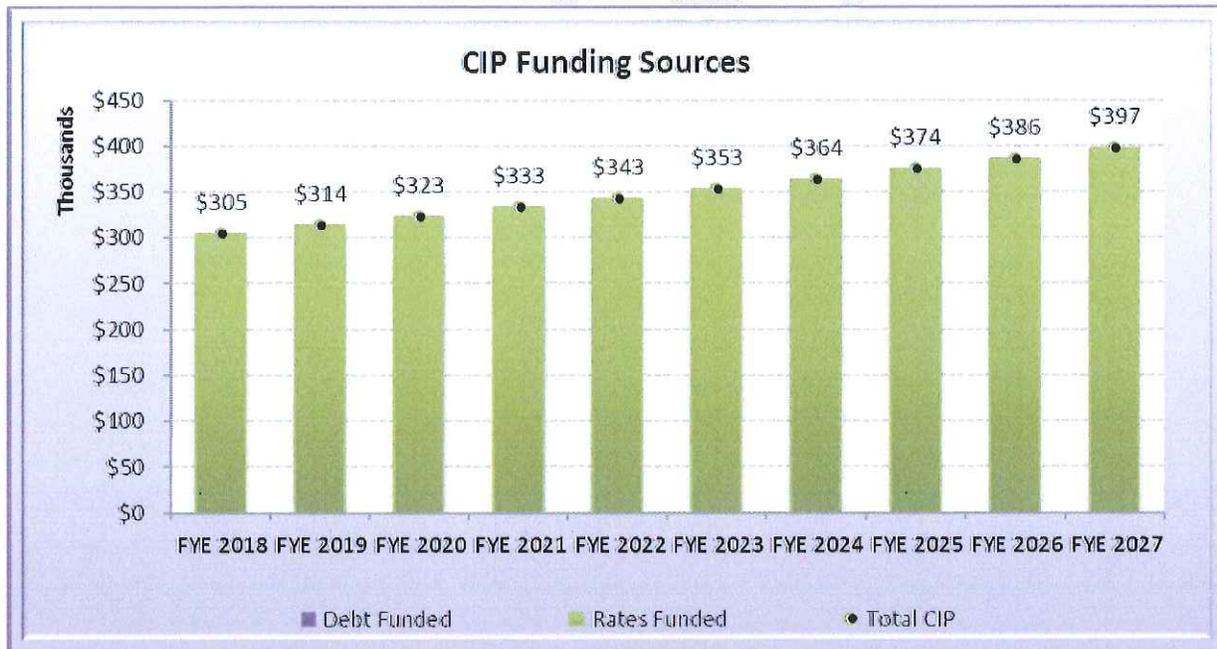
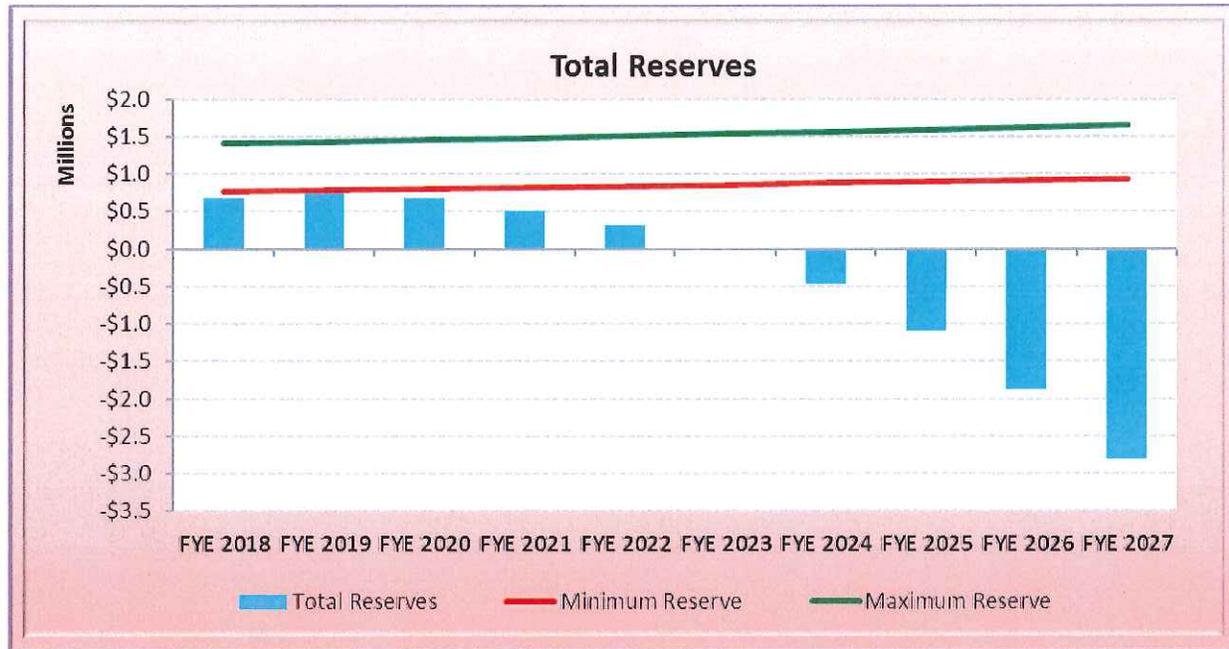


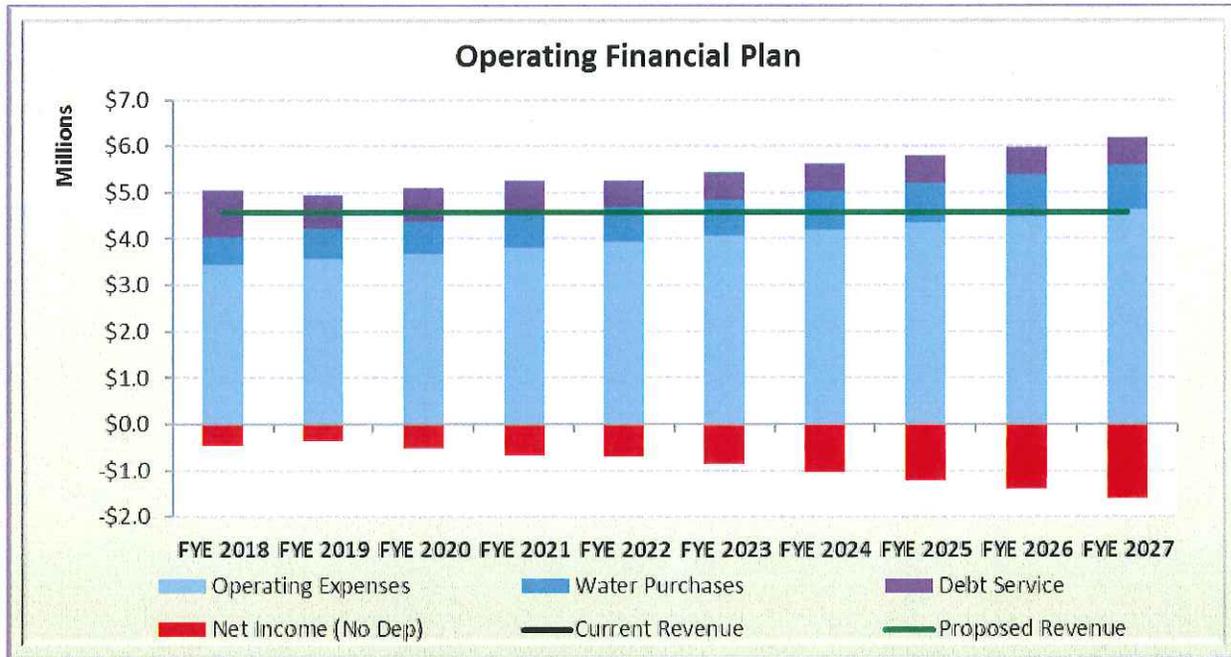
Figure 4-3: Projected Ending Water Reserves at Current Rates



4.1.6 Current Financial Outlook (Base Rates Only)

In reviewing the utility with revenue solely generated from current base rates and miscellaneous revenues, the water utility would only generate approximately \$4.5M in FYE 2019 which is insufficient to meet the costs of purchasing imported water, producing and delivering water to the customers and maintain operation and maintenance costs and on-going funding for the City's capital improvement plan; the City also fails to meet its bond debt coverage during the Study Period under the existing base rates. Figure 4-4 illustrates the operating position of the water utility, where expenses are shown by stacked bars; and the total revenues at current rates are shown by the horizontal green trend line. As shown below, the City will have negative net income for all fiscal years and would be unable to fund necessary capital reinvest into its utility system to ensure the continued delivery of safe and clean water.

Figure 4-4: Operating Financial Plan at Base Rates



4.1.7 Financial Plan Recommendations

After reviewing the City’s revenue requirements, reserve policies, capital planning schedule, and current revenues, a financial plan was developed to meet the following criteria:

- » Ensure positive net operating cash income each Fiscal Year (FY) of the planning period with cost of living indexing. This will allow revenues to exceed operational and maintenance expenses for each fiscal year.
- » Generate \$5.2M rate revenue in 2019 by establishing an infrastructure charge.
- » Establish pass-through charge for future increases of imported water costs not controlled by the City.
- » Meet the bond covenants for each fiscal year by meeting the required debt coverage of 120%.
- » Build up reserves through the Study Period (FYE 2019 – FYE 2023) with the following targets:
 - Water Operating Fund – minimum of 60 days of operating expenses.
 - Water Replacement Fund – 1 years’ worth of capital based on 5-Year Average of Capital Improvement Plan.
- » For subsequent fiscal years, commencing in FYE 2020, the Financial Plan model assumes indexing rates to the price change in the CPI-index for Los Angeles – Orange – Riverside to account for cost of inflation.

With these elements, the City will be able to fund its operations and maintenance costs, meet the debt coverage each fiscal year, and fund necessary capital during the Study Period.

4.1.7.1 Recommended Reserves

Raftelis recommends maintaining the following reserves:

Water Operating Reserve – The operating reserve is used primarily to meet ongoing cash flow requirements. Raftelis recommends establishing an operating reserve target of 60-days of O&M expenses. A 60-day reserve ensures working capital to support the operation, maintenance, and administration of the

utility. Maintaining this level of reserves also provides liquid funds for the continued ongoing operations of the utility in the event of unforeseen costs or interruption with the utility or the billing system.

Water Replacement Reserve – The replacement reserve is used primarily to meet the City’s capital improvement requirements. The City’s revised capital improvement plan—over the five-year period—is approximately \$1.6M. The ideal target for the capital reserve should be to have a reserve sufficient to fund a year’s worth of capital costs, which would ensure that the City can continue to reinvest in the water system and that necessary capital improvements are not delayed or deferred due to cash flow concerns. Raftelis recommends establishing a capital reserve based on one year’s worth of the average 5-year asset management plan, which is approximately \$300K.

4.1.7.2 Pass-Through Provision

The City relies on imported water from the San Gabriel Valley Municipal Water District (SGVMWD) to cover a majority of the City’s total water usage. The proposed financial plan projected increases in the cost of imported water that the City purchases; however, the proposed rates only include the current costs of purchased water because Raftelis recommends that the City include authorization for automatic pass-through adjustments to the rates for any increase in imported water cost above the rate known today (a Pass-Through). Authorizing automatic Pass-Through adjustments mitigates the risk of unknown rate increases by the SGVMWD as the City’s water seller. Automatic Pass-Through adjustments in the rates are allowed through the provisions of Government Code Section 53756 and provide the following benefits to the City:

- » Clear transparency between costs that are controlled by the City versus uncontrolled costs from outside agencies.
- » Provides increased revenue stability.
- » Tracks increases in costs to the City from SGVMWD and recovers the incremental increase through a direct rate adjustment.
 - Any incremental increase in cost due to increase in the current rate charged for purchased water would be spread over all units of water purchased.
 - The “Pass-Through” adjustments would increase as SGVMWD imported water rates increase and would also apply to increases in electric charges from Southern California Edison.

4.1.7.3 Infrastructure Charge

In addition to the recommendations mentioned above, Raftelis recommends implementing an Infrastructure Charge beginning in FYE 2019. The purpose of the Infrastructure Charge is to provide funding for debt and ongoing capital costs. The new rates will apply to all customers in the water system, and the charge will vary by each customer’s meter size.

Table 4-8 summarizes the recommended financial plan (see Appendix A – Exhibit A for a detailed financial plan). Figure 4-5 illustrates the operating position of the City where expenses, inclusive of reserve funding, are shown by stacked bars and total revenues at both current rates and recommended rates are shown by the horizontal trend lines. Figure 4-6 summarizes the projected CIP and its funding sources (100% PAYGO). Figure 4-7 displays the ending total reserve balance for the water utility, inclusive of operating and capital funds. Although the total reserve balances for each fiscal year are slightly under the minimum reserve target, once water loss is mitigated through capital improvements, the City’s avoided imported water costs should provide additional reserve funding over time to reach the minimum target in certain fiscal years. The horizontal trends line indicates the minimum and target reserve balances and the bars indicate ending

reserve balance. No new debt is recommended to be issued as part of the recommended five-year financial plan.

Table 4-8: Recommended Water Financial Plan

Line #	Category	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	Revenues					
1	Rate Revenue	\$5,203,094	\$5,203,094	\$5,203,094	\$5,203,094	\$5,203,094
2	Other Misc. Revenues ¹	\$71,000	\$71,000	\$71,000	\$71,000	\$71,000
3	Proposed Additional Rate Revenue ²	\$0	\$0	\$104,062	\$210,205	\$318,471
4	Total Pass-Through Revenue	\$0	\$48,570	\$80,950	\$114,949	\$150,648
5	Total Revenues	\$5,274,094	\$5,322,664	\$5,459,106	\$5,599,248	\$5,743,213
	Less: Expenditures					
6	Water Purchases	\$599,030	\$647,600	\$647,600	\$647,600	\$647,600
7	Total Operating Expenditures	\$3,450,700	\$3,564,701	\$3,682,646	\$3,804,680	\$3,930,952
8	Total Debt Service	\$991,533	\$731,709	\$731,708	\$731,708	\$586,021
9	Total Expenditures	\$5,041,263	\$4,944,010	\$5,094,334	\$5,250,367	\$5,266,651
10	Net Cashflow (Line 5 – Line 9)	\$232,831	\$378,654	\$364,771	\$348,881	\$476,562
11	Total Depreciation	\$727,000	\$748,810	\$771,274	\$794,413	\$818,245
12	Net Cashflow w/ Depreciation	(\$494,169)	(\$370,156)	(\$406,503)	(\$445,532)	(\$341,683)
	Operating Reserve					
14	Beginning Balance	\$747,740	\$453,950	\$473,931	\$490,024	\$506,670
15	Net Cashflow (Line 10)	\$232,831	\$378,654	\$260,710	\$138,676	\$158,091
16	Transfers In/Out - Capital Improvement Reserve	-\$526,621	-\$363,288	-\$249,412	-\$126,989	-\$145,976
17	Ending Balance	\$453,950	\$469,315	\$485,229	\$501,711	\$518,785
18	Interest Income	\$0	\$4,616	\$4,796	\$4,959	\$5,127
	Capital Improvement Reserve					
19	Beginning Balance	\$0	\$222,121	\$274,244	\$307,568	\$315,125
	Plus:					
20	Transfer In/Out - from Operating Reserve (Line 16)	\$526,621	\$363,288	\$353,474	\$337,194	\$464,447
21	New Debt Issue	\$0	\$0	\$0	\$0	\$0
	Less:					
22	Capital Projects	(\$304,500)	(\$313,635)	(\$323,044)	(\$332,735)	(\$342,717)
23	Ending Balance	\$222,121	\$271,774	\$304,674	\$312,027	\$436,855
24	Interest	\$0	\$2,469	\$2,895	\$3,098	\$3,760
25	Total Reserves – Ending Balance	\$676,071	\$741,089	\$789,902	\$813,739	\$955,639
26	Reserve Target³	\$1,407,925	\$1,430,973	\$1,454,843	\$1,479,567	\$1,505,177

¹ Other Revenues are based on the City's FYE 17-18 Budget and include transfers, fees, late charges, and other service charges.

² For forecasting, CPI adjustments are assumed to be 2%, but the actual adjustment will be based on the percentage change in CPI for Los Angeles-Orange-Riverside area.

³ Reserve target is based on 90 days of operating plus one year of depreciation.

Figure 4-5: Operating Financial Position at Recommended Rates

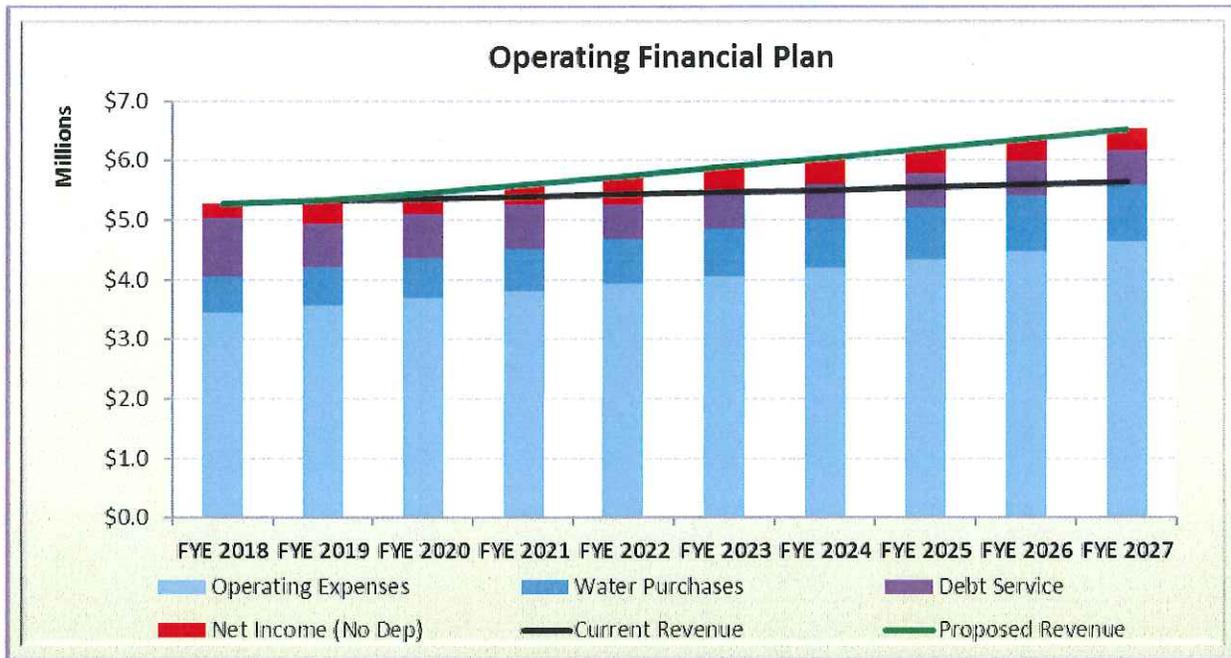


Figure 4-6: Recommended Water Capital Improvement Plan and Funding Source

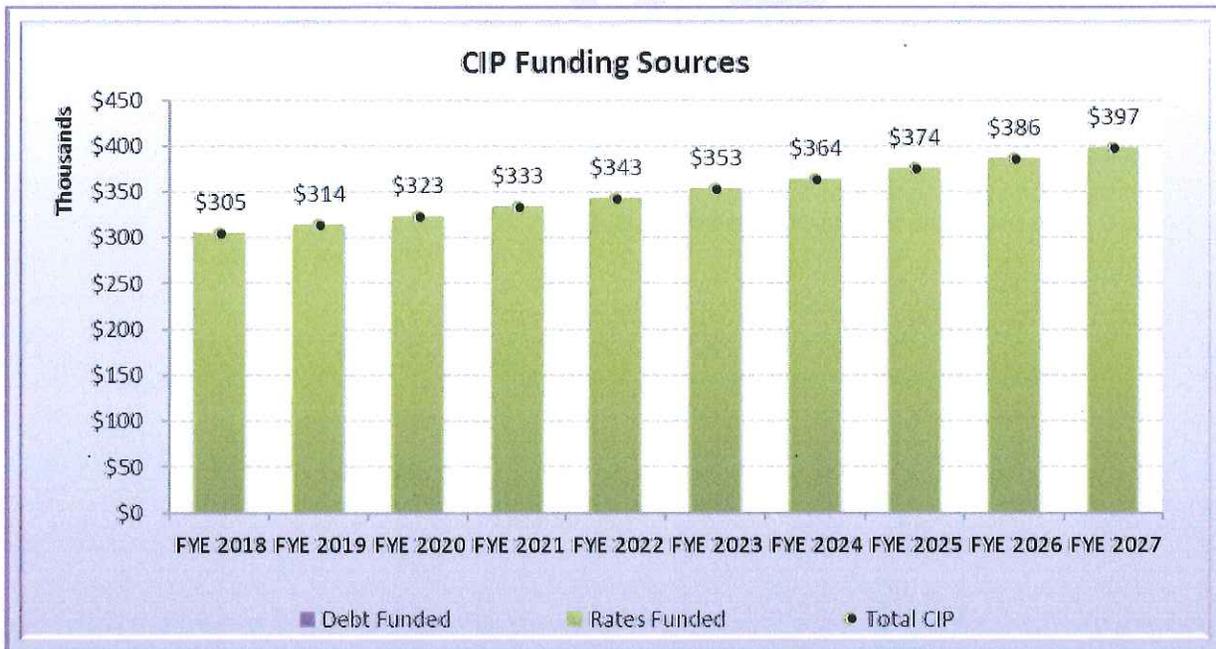
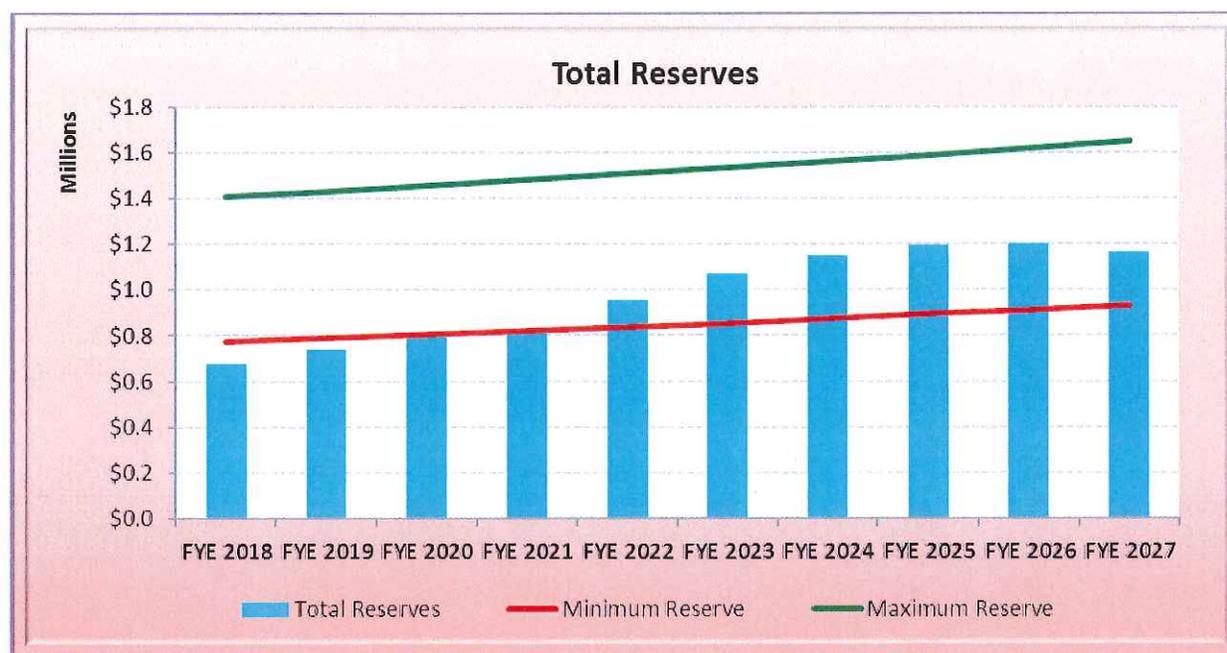


Figure 4-7: Projected Ending Water Reserves at Proposed Rates



4.2 WATER UTILITY – COST OF SERVICE STUDY

4.2.1 Proportionality

Demonstrating proportionality when calculating rates is a critical component of ensuring compliance with Proposition 218. For costs that are recovered through the City’s recommended fixed meter charge, the Study spreads the costs either over all accounts or by meter size, depending on the type of expense. As such, customer classes and usage are not considered nor necessary for calculating each customer’s fixed charge. Conversely, costs that were determined as variable are allocated among customer classes based on their demand on the system and water supply. As stated in the Manual M1, the AWWA Rates and Charges Subcommittee agree with Proposition 218 that “the costs of water rates and charges should be recovered from classes of customers in proportion to the cost of serving those customers.” The City’s revenue requirements are, by definition, the cost of providing service. This cost is then used as the basis to develop unit costs for the water components and to allocate costs to the various customer classes in proportion to the water services rendered.

Individual customer demands vary depending on the nature of the utility use at the location where service is provided. For example, water service demand for a family residing in a typical single-family home is different than the water service demand for an irrigation customer, primarily due to peak use behavior which drives the need for and costs of sizing infrastructure to meet this demand. The concept of proportionality requires that cost allocations consider both the average quantity of water consumed (base) and the peak rate at which it is consumed (peaking). Use of peaking is consistent with the cost of providing service because a water system is designed to meet peak demands and the additional costs associated with designing, constructing and maintaining facilities required to meet these peak demands need to be allocated to those customers whose usage requires the need to size facilities to meet peak demand.

In allocating the costs of service, the industry standard, as promulgated by AWWA’s M1 Manual, is to group customers with similar system needs and demands into customer classes. Rates are then developed for each customer class, with each individual customer paying the customer class’ proportionate, average allocated cost of service.

Generally speaking, customers place the following demands on the City’s water system and water supply:

- » The system capacity¹¹ (for treatment, storage, and distribution) that must be maintained to provide reliable service to all customers at all times.
- » The level of water efficiency as a collective group.
- » The number of customers requiring customer services such as bill processing, customer service support, and other administrative services.

A customer class consists of a group of customers, with common characteristics, who share responsibility for certain costs incurred by the utility. Joint costs are proportionately shared among all customers in the system based on their service requirements.

4.2.2 Cost of Service Process

A cost of service analysis distributes a utility’s revenue requirements (costs) to each customer class. Figure 4-8 provides a general overview of a cost-of-service analysis. Each step shown below will be described in greater detail in the next section.

Figure 4-8: Cost of Service Process



4.2.3 Cost of Service Analysis

4.2.3.1 Step 1 – Determine Revenue Requirement

In this Study, water rates are calculated for FYE 2019 (known as the Test Year), by calculating water purchase costs and by using the City’s FYE 2018 budget and inflationary factors. Test Year revenue requirements are used in the cost allocation process. Subsequent years’ revenue adjustments are incremental and the rates for future years are based on indexed rate increases and are applied across-the-board. The City should review the cost of service analysis at least once every five years to ensure that the rates are consistent with the costs of providing service.

¹¹ System capacity is the system’s ability to supply water to all delivery points at the time when demanded. The time of greatest demand is known as peak demand.

The revenue requirement determination is based upon the premise that the utility must generate annual revenues to meet Supply, O&M expenses, any debt service needs, reserve levels, and capital investment needs.

4.2.3.2 Step 2 – Functionalize O&M Costs

A cost of service analysis distributes a utility’s revenue requirements (costs) to each customer class. After determining a utility’s revenue requirement, the total cost of water service is analyzed by system functions to proportionately distribute costs in relation to how that cost is generally incurred. The water utility costs were categorized into the following **functions**:

- » **Groundwater Supply** – Fixed costs incurred to use available groundwater.
- » **Water Purchases** – variable costs incurred to import water from the San Gabriel Municipal Water District.
- » **Groundwater Recharge** – variable costs incurred to replenish groundwater basin.
- » **Operations & Maintenance (O&M) Expenses**
 - **Total Personnel Services** – Salaries and benefits of the staff dedicated to the water utility.
 - **Total Purchased Services** – Contract and professional services.
 - **Total Purchased Materials** – office supplies, maintenance of water supplies, and tools.
 - **Total Cost Allocations** – Indirect costs related to bank service fees, administrative costs, facilities, technology, personnel admin, self-insurance, vehicle maintenance, fuel, property insurance, and fiscal agent service costs.
 - **Total Utilities** – Utilities, gas, and energy related to water services.
 - **Capital Outlay (Repair and Maintenance)** – costs related to capital/improving projects.
 - **Infrastructure** – depreciation expense and additional planned capital costs.
- » **Debt Service** – Principle and Interest costs related to existing/outstanding debt.

Table 4-9 summarizes the functionalized costs prior to any offset adjustments.

Table 4-9: Functionalized Expenses

Line #	Functionalized Expenses	FYE 2019 Functionalized Expenses
1	Energy	\$533,715
2	Water Purchases	\$647,600
3	Total Personnel Services	\$852,737
4	Total Purchased Services	\$288,503
5	Total Purchased Materials	\$300,245
6	Total Cost Allocations	\$1,212,516
7	Total Utilities	\$16,485
8	Capital Outlay – R&M	\$360,500
9	Infrastructure	\$748,810
10	Debt Service	\$731,709
11	Total O&M Expenses	\$ 5,692,820

4.2.3.3 Step 3 – Allocate Functionalized Costs to Cost Components

The functionalization of costs allows Raftelis to better allocate the costs based on how they are incurred. This is commonly referred to as **cost causation**. Essentially, cost causation means that the City incurs a cost of providing service because of the demands or burdens the customer places on the system and water resources. Raftelis used the Base-Extra Capacity method to allocate the functionalized costs to various rate components (cost causation components), as described in the M1 Manual. The City's costs were allocated to the following cost causation components:

1. **Customer Service** includes customer related costs such as billing, collecting, customer accounting, and customer call center. These costs are incurred at the same level regardless of the type of land use or the total amount of water that the utility delivers.
2. **Meter Capacity** includes maintenance and capital costs associated with serving meters. These costs are assigned based on the meter size or equivalent meter capacity.
3. **Infrastructure** includes depreciation expense and additional planned capital.
4. **Groundwater Supply** represents the costs to pump available groundwater to all City customers to meet demands.
5. **Imported Supply** represents the cost of importing water from the San Gabriel Valley Metropolitan Water District and delivered by the MWD.
6. **Groundwater Recharge** represents the cost of replenish groundwater supply for all City customers.
7. **Fire Protection** represents the costs incurred as a result of sizing the distribution infrastructure in order to be able to serve fire protection infrastructure.
8. **Base/Delivery** are those operating and capital costs of the water system associated with serving customers at a constant, or average, rate of use. These costs tend to vary with the total quantity of water used.
9. **Peaking Costs** or Extra Capacity Costs represent those costs incurred to meet customer peak demands for water in excess of average day usage. Total extra capacity costs are subdivided into costs associated with maximum day and maximum hour demands. The maximum day demand is the maximum amount of water used in a single day in a year. The maximum hour (Max Hour) demand is the maximum usage in an hour on the maximum usage day (Max Day). Various facilities are designed to meet customer peaking needs. For example, reservoirs are designed to meet Max Day requirements and have to be designed larger than they would be if the same amount of water were being used at a constant rate throughout the year. The cost associated with constructing a reservoir is based on system wide peaking factors. For example, if the Max Day factor is 2.0, then certain system facilities must be designed larger than what would be required if the system only needed to accommodate average daily demand. In this case, half of the cost would be allocated to Base (or average day demand) and the other half allocated to Max Day. The calculation of the Max Hour and Max Day demands is explained below.

Allocating costs into these components allows us to distribute these cost components to the various customer classes based on their respective base, extra capacity, and customer requirements for service. To allocate costs to delivery and peaking cost components, system peaking factors are used. The base demand is assigned a value of 1.0 signifying no peaking demands. The Max Day and Max Hour factors shown in Table 4-10 were based on historical data and discussions with City staff. The peaking factors were calculated based on system-wide max months and average months of recent consumption data provided by the City. A max day peaking factor of 1.37 means that the system delivers approximately 1.37 times the average daily demand during a peak day. A max hour peaking factor of 2.05 means that delivery during the max hour is

approximately 1.5 times the average hour during the max day. Since certain facilities are designed to meet max hour requirements while also meeting fire flow requirements, an allocation is provided for fire flow. Based on Raftelis and City staff estimates, fire flow was assigned 8% of max day and max hour demands.

Table 4-10: System-Wide Peaking Factors

	Factor	Base	Max Day	Max Hour	Fire
Base	1.00	100.00%	0.00%	0.00%	0.00%
Max Day¹	1.37	69.15%	22.85%	0.00%	8.00%
Max Hour²	2.05	46.10%	15.23%	30.67%	8.00%

¹ Max Day = 1.37 times average day

² Max Hour = 1.5 times the average hour during the max day

Specific Allocation

The Specific expenses consists of three functionalized categories: Water Purchases, Energy, and Infrastructure. Table 4-13 details the breakdown of these specific allocation costs. The City currently purchases more imported water than what is necessary to serve demand after groundwater is used. Therefore, the amount of purchased imported water above what is needed to serve demand (32% of purchased imported water) remains in the water basin as groundwater recharge. Table 4-11 details the calculation of purchased imported water cost percentages.

Table 4-11: Calculation of Purchased Imported Water Cost Percentages

Water Source	Amount of Water (AF)	% of Demand (Source/Total Supply)
Imported water for Recharge ¹	518	32.00%
Imported Water to Serve Demand ²	1,101	68.00%
Total Production³	1,619	100%

¹ Table 3-2 Line 8

² Table 3-2 Line 7

³ Table 3-2 Line 6

The City has the right to extract 980 AF of groundwater. Based on total water production of 2,081 AF, approximately 47% of demand is served by groundwater and approximately 53% of demand is served by imported water. Energy costs are allocated between groundwater and imported water based on the pro rata share of both supplies to accommodate demand. Table 4-12 details the calculation of energy cost percentages for both water supplies. Imported water is directly discharged into to the City’s groundwater basin and, thereby, all units of water regardless of their source incur pumping costs to distribute into the system. Therefore, these same percentages were used to allocate energy costs between groundwater and imported water. Lastly, 100% of infrastructure costs will be allocated to the Infrastructure Cost Component.

Table 4-12: Calculation of Energy Cost Percentages per Supply

Water Source	Amount of Water (AF)	% of Demand (Source/Total Supply)
Ground Water Supply ¹	980	47.09%
Imported Water to Serve Demand ²	1,101	52.91%
Total Production³	2,081	100%

¹ Table 3-2 Line 3

² Table 3-2 Line 7

³ Table 3-2 Line 2

Table 4-13: Water Specific Allocation (%)

Line #	Functionalized Expenses (%)	Infrastructure	Groundwater Supply ¹	Imported Supply	Groundwater Recharge	Total
1	Water Purchases			68.00%	32.00%	100%
2	Energy		47.09%	52.91%		100%
3	Infrastructure	100%				100%
	Functionalized Expenses (\$)					
4	Water Purchases			\$440,400	\$207,200	\$647,600
5	Energy		\$251,326	\$282,389		\$533,715
6	Infrastructure	\$748,810				\$748,810
7	Total Specific Allocations²	\$748,810	\$251,326	\$722,789	\$207,200	\$1,930,125
8	O&M Allocation (%)	38.80%	13.02%	37.45%	10.74%	100%

¹ Instead of one general water cost component, there are three water cost components to show separate unit prices for deriving rates.

² There may be slight differences due to rounding.

O&M Allocation

The O&M expenses consist of six functionalized categories: Total Personnel Services, Total Purchased Services, Total Purchased Materials, Total Cost Allocations, Total Utilities, and Total Capital Outlay – R&M. Raftelis reviewed the budget details related to the Operating Expenses to determine the most appropriate method for allocating the functional costs to cost causation components. Total Personnel Services was allocated 33% evenly to customer service, meter capacity, and base/delivery cost components. Total Purchased Services were allocated based on max hour percentages from Table 4-10. Total Purchased Materials was allocated 50% to Customer Service and 50% to Meter Capacity. The Cost Allocation functionalized expense was allocated 80% to customer service and 20% to base. Total Utilities were 100% allocated to the Customer Service cost component as these costs are related to billing of customer accounts and Total Capital Outlay – R&M was 100% allocated to Meter Capacity.

Using the relationship between Base, Max Day, Max Hour, and Fire, Raftelis allocated the O&M costs. Table 4-14 summarizes the percent allocations for the City O&M Expenses, the costs (prior to offsets and adjustments) allocated to the cost components, and the resulting O&M Allocation (%). The O&M Allocation

(%) will be used to allocate the Operating Requirement, including any revenue offsets or adjustments, from the revenue requirements (Table 4-16).

Table 4-14: Water O&M Allocation (%)

Line #	Functionalized Expenses (%)	Customer Service	Meter Capacity	Fire	Base	Max Day	Max Hour	Total
1	Total Personnel Services	33.33%	33.33%		33.33%			100%
2	Total Purchased Services ¹			8.00%	46.10%	15.23%	30.67%	100%
3	Total Purchased Materials	50.00%	50.00%					100%
4	Total Cost Allocations	80.00%			20.00%			100%
5	Total Utilities	100.00%						100%
6	Total Capital Outlay – R&M		100.00%					100%
	Functionalized Expenses (\$)							
7	Total Personnel Services	\$284,246	\$284,246		\$284,246			\$852,737
8	Total Purchased Services			\$23,080	\$132,996	\$43,952	\$88,474	\$288,503
9	Total Purchased Materials	\$150,123	\$150,123					\$300,245
10	Total Cost Allocations	\$970,013			\$242,503			\$1,212,516
11	Total Utilities	\$16,485						\$16,485
12	Total Capital Outlay		\$360,500					\$360,500
13	Total O&M Allocations ²	\$1,420,866	\$794,868	\$23,080	\$659,745	\$43,952	\$88,474	\$3,030,986
14	O&M Allocation (%)	46.88%	26.22%	0.76%	21.77%	1.45%	2.92%	100%

¹ Total Purchased Services allocated based on Max Hour Peaking in Table 4-10.

² There may be slight differences due to rounding.

Capital Allocation

Table 4-15 summarizes the percent allocations for the capital assets, the original cost asset values by asset category as provided within the City’s detailed asset listing¹² allocated to the cost components, and the resulting Capital Allocation (%). The Capital Allocation (%) will be used to allocate debt service (since it will be used to cover capital costs), including any revenue offsets or adjustments, from the revenue requirements (Table 4-16).

¹² Detailed Asset listing is on file with the City.

Table 4-15: Capital Allocation (%)

Line #	Functionalized Expenses (%)	Fire	Base	Max Day	Max Hour	General	Total
1	Equipment					100.00%	100%
2	Fire	100.00%					100%
3	Pump ¹	8.00%	46.10%	15.23%	30.67%		100%
4	Groundwater Supply		100.00%				100%
5	Storage ²	8.00%	69.15%	22.85%			100%
6	Transmission and Distribution ³	8.00%	46.10%	15.23%	30.67%		100%
7	Land					100.00%	100%
8	Buildings					100.00%	100%
	Functionalized Expenses (\$)						
9	Equipment					\$62,053	\$62,053
10	Fire	\$383,552					\$383,552
11	Pump	\$318,297	\$1,834,133	\$606,143	\$1,220,138		\$3,978,712
12	Groundwater Supply		\$4,209,927				\$4,209,927
13	Storage	\$1,398,224	\$12,085,549	\$3,994,027			\$17,477,800
14	Transmission and Distribution	\$628,499	\$3,621,623	\$1,196,872	\$2,409,248		\$7,856,243
15	Land					\$3,938,669	\$3,938,669
16	Buildings					\$315,374	\$315,374
17	Total Assets⁴	\$2,728,573	\$21,751,233	\$5,797,042	\$3,629,386	\$4,316,095	\$38,222,330
18	Capital Allocation	7.14%	56.91%	15.17%	9.50%	11.29%	100%
19	Debt⁵	\$52,234	\$416,395	\$110,976	\$69,479	\$82,625	\$731,709

^{1,3} Asset allocations based on Max Hour Peaking in Table 4-10.

² Asset allocation based on Max Day Peaking in Table 4-10.

⁴ There may be slight differences due to rounding.

⁵ Total cost of service requirement for debt was allocated to each cost component based on the capital allocation percentages from Line 17.

Deductions are made to account for the required net cashflows (found in Table 4-8 – Line 12)¹³ and any mid-year adjustment¹⁴. FYE 2019 cost of service to be recovered from the City’s water customers is shown in Table 4-16.

¹³ For the purposes of this Study, capital investments are funded through the Water Replacement Reserve. Meeting the minimum replacement reserve target ensures the capital projects can be funded each year of the Study Period.

¹⁴ The proposed rates are expected to be in effect at the beginning of each Fiscal Year (July 1); therefore, a mid-year adjustment does not apply.

Table 4-16: Water Revenue Requirements

Line #	Revenue Requirements	Specific Allocation	Operating	Infrastructure	Debt	Total
1	Groundwater Supply	\$251,326				\$251,326
2	Water Purchases	\$722,789				\$722,789
3	Groundwater Recharge	\$207,200				\$207,200
4	Total Personnel Services		\$852,737			\$852,737
5	Total Purchased Services		\$288,503			\$288,503
6	Total Purchased Materials		\$300,245			\$300,245
7	Total Cost Allocations		\$1,212,516			\$1,212,516
8	Total Utilities		\$16,485			\$16,485
9	Capital Outlay – R&M		\$104,500	\$256,000		\$360,500
10	Infrastructure (Depr. + Planned)			\$748,810		\$748,810
11	Debt Service				\$731,709	\$731,709
12	Total Revenue Requirements	\$1,181,315	\$2,774,986	\$1,004,810	\$731,709	\$ 5,692,820
	Less: Revenue Offsets					
13	Transfer In		\$14,000			\$14,000
14	Notices, Fees, Late Charges		\$28,000			\$28,000
15	Late Penalties		\$24,000			\$24,000
16	Other Charges for Services		\$5,000			\$5,000
17	Local Grants		\$0			\$0
18	Variable Pass-Through	\$48,570				\$48,570
19	Total Revenue Offsets	\$48,570	\$71,000	\$ -	\$ -	\$119,570
	Less: Adjustments					
20	Adjustment for Cash Balance		\$65,000	\$305,156		\$370,156
21	Adjustment for Mid-Year Increase					-
22	Total Adjustments	\$ -	\$65,000	\$305,156	\$ -	\$370,156
23	Revenue Requirements from Rates	\$1,132,745	\$2,638,986	\$699,654	\$731,709	\$5,203,094

Table 4-17 shows the revenue requirements allocated to each of the cost causation components. Specific revenue requirements were allocated based on the Specific Allocation % from Table 4-13, Operating revenue requirements were allocated based on the O&M Allocation % from Table 4-14, and Capital revenue requirements were allocated based on the Capital Allocation % from Table 4-15. The revenue requirement for General costs were reallocated to Meter Capacity to ensure minimal rate change in the proposed service charge for FYE 2019.

Table 4-17: Water Allocation of Costs to Cost Components

Revenue Requirements	Customer Service	Meter Capacity	Infrastructure	GW Supply	Imported Supply	GW Recharge	Fire	Base	Max Day	Max Hour	General	FYE 2019
Groundwater Supply				\$251,326								\$251,326
Imported Water ¹					\$674,219							\$674,219
Groundwater Recharge						\$207,200						\$207,200
Operation	\$1,237,104	\$692,067					\$20,095	\$574,420	\$38,268	\$77,032		\$2,638,986
Infrastructure			\$699,654									\$699,654
Debt							\$52,234	\$416,395	\$110,976	\$69,479	\$82,625	\$731,709
Cost of Service Requirement²	\$1,237,104	\$692,067	\$699,654	\$251,326	\$674,219	\$207,200	\$72,330	\$990,814	\$149,244	\$146,511	\$82,625	\$5,203,094
Reallocation of General		\$82,625									-\$82,625	
Cost of Service Requirement	\$1,237,104	\$774,692	\$699,654	\$251,326	\$674,219	\$207,200	\$72,330	\$990,814	\$149,244	\$146,511	\$0	\$5,203,094

¹ Based on water purchases less pass-through revenue offset.

² There may be slight differences due to rounding.

Table 4-18 summarizes the derivation of the allocation percentage for the Private Fire Protection. Raftelis calculated the Private Fire Equivalent Units (or connections) and compared it to System-Wide Fire Equivalents. The demand factor for each fire line size was calculated by using the Hazen-William equation, which calculates the total flow capacity of a pipe, given its size (diameter). The diameter for each meter size is raised to the 2.63 power to determine its hydraulic capacity, per the Hazen-Williams equation. The demand factor was then multiplied by the number of connections for each respective size to determine the fire demand equivalents. 460 fire equivalent connection were private compared to 49,979 being public. This resulted in 1% allocation to System-wide and 99% to Private Fire Protection.

Table 4-18: Private Fire Protection Allocation

Hydrants/Lines [A]	Demand Factor ($A^{2.63}$) [B]	# of Connections [C]	Fire Demand Equivalents ¹ ($B \times C$) [D]	Percent Allocation ($D \div$ 50,439) [E]	Requirement ($E \times \$72,330$) ³ [F]
Private Fire Lines					
2"	6.19	6	38		
4"	38.32	11	422		
Subtotal Private Equivalent Connections			460	1.00%	\$723
Public Fire Hydrants²	111.31	449	49,979	99.00%	\$71,606
			50,439	100%	\$72,330

¹ Rounded up to the nearest equivalent.

² Based on historical data, assuming no new fire connections have occurred.

³ There may be slight differences due to rounding.

Before the net revenue requirements from Table 4-17 can be allocated to customer class and tiers, Raftelis first needs to define the rate structure; therefore, Step 4 will be discussed in Section 4.2.4.4.

4.2.4 Rate Design

A key component of the Study includes evaluating the current rate structures and determining the most appropriate structures to model moving forward. The following subsections discuss the recommended rate structures, customer classes, and tier definitions for the water utility. Similar to the City's current rate structure, the recommended rates will include a Bi-monthly Service Charge, a Bi-monthly Infrastructure Charge, and a City Variable Usage Charge.

Tiered rates, when properly designed and differentiated by customer class as this Study does, allow a water utility to send consistent price incentives for conservation to customers. Due to the heightened interest in water conservation, tiered rates have seen widespread use, especially in the State of California. The recommended variable rate structures vary by customer class and have been discussed below.

4.2.4.1 Residential Water Rate Structure and Tiered Allotments

Residential customers are currently charged a volumetric use rate on an inclining 4-tier rate structure, where price per unit increases with each tier. Raftelis recommends moving to a 2-tiered rate structure for single-family¹⁵ customers that provides a straight-forward connection between available water supplies and tiered allotments. The City has the rights to extract 980 AF per year from the groundwater basin. However, due to water loss, the amount of available groundwater to serve customers is approximately 750 AF per year. As part of the water rate design restructuring, the net amount of available groundwater is apportioned evenly to all accounts, with duplexes counting as an additional single-family account. Doing so resulted in each account receiving a fair share amount of groundwater equal to 14 ccf per account by billing period. Therefore, the tiers for Single-Family Residential will account for the amount of available groundwater for setting the Tier 1 allotment. For all other customer classes, the 14 ccf per account per billing period is accounted for as part of the uniform rate structure by calculating a blended rate.

¹⁵ Single-family customers include single units and duplexes

For single-family residential accounts, Tier 1 is based on the amount of groundwater allocated to the number of residential accounts. Through this method, the Tier 1 allotment is 14 ccf and is designed to recover costs associated with delivering groundwater water for all residential accounts. Tier 2 would capture any usage above 14 ccf, which would be fulfilled through imported water supplies. The current and recommended tier widths are shown in Table 4-19.

Table 4-19: Residential Tier Adjustments

Customer Class / Tiers	Current Tier Width (ccf)	Recommended Tier Width (ccf)
Single Family Residential		
Tier 1	(0-11)	(0-14)
Tier 2	(12-33)	(>14)
Tier 3	(34-66)	N/A
Tier 4	(+66)	N/A

4.2.4.2 Non-Residential and Multi-Family Water Rate Structure

Raftelis recommends a uniform rate for Multi-Family and Commercial or Non-Residential accounts. For this Study, Multi-Family accounts are those with more than two residential units. Because the number of units vary between multi-family complexes and each complex has a master metered to serve the total units, a uniform rate structure based on a blended rate is more equitable between complexes. The blended uniform rate would account for groundwater available per account and the amount of imported water needed to cover the remaining demand. Commercial uses and related water needs are not as homogeneous as residential accounts. Consequently, developing a tiered rate structure that can be applied to all commercial types and uses and their corresponding water needs would not be practical. As an example, the water usage needs of a Starbucks versus a restaurant versus a bookstore are substantially different and a “one-size fits all” tiered rate would unduly penalize certain commercial enterprises that use a high volume of water, even though the business may be extremely efficient with its water use. Therefore, a uniform rate for non-residential customers is a more equitable approach. Although implementing uniform rates is recommended, it is important to note that the customer class is still paying its proportionate share of the costs of providing the service based on the demand and burdens the class places on the system and is not being subsidized by another customer class. A uniform rate provides the most appropriate and equitable rate structure between accounts within this customer class.

4.2.4.3 Usage Under Recommended Tiers

The recommended tier structure increases the width of Tier 1 for single-family customers, leading to more usage in the first tier (assuming the same level of usage). For example, a residential customer using 30 units under the current structure would be billed 11 units at the Tier 1 rate and 19 units at the Tier 2 rate. Under the recommended tier structure, the same customer using 30 units would be billed 14 units at the Tier 1 rate and 16 units at the Tier 2 rate. Performing this same analysis for all accounts yields the tier totals found in Table 4-20. Note that the total usage of 692,280 ccf is the same regardless of tier structure – only the usage distribution in each residential tier is affected.

Table 4-20: Usage by Customer Class and Tier

Customer Classes	Current Tier Structure	Projected Tier Structure
Single Family Residential¹		
Tier 1	271,186	237,004
Tier 2	212,409	301,594
Tier 3	92,735	-
Tier 4	41,656	-
Multi-Family	-	79,388
Non-Residential	52,739	52,739
Irrigation	12,483	12,483
Institutional	9,072	9,072
Total Water Usage	692,280	692,280

¹ Usage of multi-family customers under current tiered structure is captured under single family residential because both customer classes are charged the same tiered rates.

4.2.4.4 Step 4 – Distribute Cost Components to Customer Classes and Tiers

To allocate costs to different customer classes, unit costs of service need to be developed for each cost causation component. The unit costs of service are developed by dividing the total annual costs allocated to each parameter by the total annual service units of the respective component. The annual units of service for each cost component from Table 4-17 are derived below and have been rounded up to the nearest whole penny.

Customer Service Component

These costs are incurred at the same level regardless of the type of land use or the total amount of water that the utility delivers; therefore, the Customer Service component is based on the number of bills and does not fluctuate with increases in meter size. The number of bills can be determined by multiplying the number of accounts, 3,873, times the number of billing periods, 6, in a year. The total Customer Service revenue requirement from Table 4-17 of \$1,237,104 is divided by the number of bills to determine the unit cost of service shown in Table 4-21.

Table 4-21: Customer Service Component - Unit Rate

Customer Service Component	
Customer Service Revenue Requirements ¹	\$1,237,104
÷ # of Bills (3,873 x 6)	23,238
Bi-Monthly Unit Rate²	\$53.24

¹Customer Service Component from Table 4-17.

²Customer Service rate was rounded up to the nearest penny.

Meter Capacity Component

The Meter Capacity Component includes costs related to a portion of personnel and materials, capital outlay, and the public portion for fire protection (hydrants). Raftelis allocated these cost components based on

meter size. To create parity across the various meter sizes, each meter size is assigned a factor relative to a 3/4" meter, which is given a value of 1. Larger meters have the potential to demand more capacity, or said differently, exert more peaking characteristics compared to smaller meters. The potential capacity demand (peaking) is proportional to the potential flow through each meter size. For the purposes of this study, the safe maximum operating capacity by meter type, as identified in the AWWA M1 Manual, 6th Edition, Table B-1, was used as a basis for calculating the equivalent meter ratio. As shown in Table 4-22, the safe maximum operating capacity for each meter was divided by the base meters safe operating capacity (20 gpm) to determine the equivalent meter ratio. The ratios represent the potential flow through each meter size compared to the flow through a 3/4" meter. Multiplying the number of meters by the AWWA Ratio results in the Equivalent Meter Units (EMUs).

Table 4-22: Equivalent Meter Units

Meter Size	AWWA Capacity [A] (gpm)	Capacity Ratio ¹ [B] (A ÷ 30)	Number of Accounts [C]	Equivalent Meter Units [D] (B x C)	Annual EMUs [E] (D x 6) ²
3/4" or less	30	30/30 = 1.00	2,906	2,906	17,436
1"	50	50/30 = 1.67	631	1,054	6,323
1 1/2"	100	100/30 = 3.33	227	756	4,535
2"	160	160/30 = 5.33	100	533	3,198
3"	350	350/30 = 11.67	8	93	560
4"	630	630/30 = 21.00	1	21	126
			3,873	5,363	32,178

¹Capacity ratios were around to the nearest tenth.

²There may be slight differences due to rounding.

Based on these ratios and taking into consideration the number of billing periods, the total annual equivalent meters equals 32,178 (see Table 4-22). Table 4-23 shows the Meter Capacity costs and Fire Protection costs from Table 4-17 allocated over the total annual equivalent meters.

Table 4-23: Meter Capacity Component – Unit Rate

Meter Capacity Component	
Meter Capacity Revenue Requirement	\$774,692
+ Fire Protection Requirement	\$72,330
Total Meter Requirements¹	\$847,022
÷ Annual Equivalent Units	32,178
Bi-Monthly Unit Rate²	\$26.33

¹ Meter Capacity + Fire Protection revenue requirement from Table 4-17.

²Bi-monthly meter capacity rate was rounded up to the nearest penny.

Infrastructure Component

The Infrastructure revenue requirement of \$699,654 from Table 4-17 was allocated to Infrastructure over the annual equivalent meters of 32,178.

Table 4-24 summarizes the determination of the unit rate for the Infrastructure Component.

Table 4-24: Infrastructure Component – Unit Rate

Infrastructure Component	
Infrastructure Requirement ¹	\$699,654
÷ Annual Meter Equivalents	32,178
Bi-Monthly Infrastructure Rate²	\$21.75

¹Infrastructure revenue requirement from Table 4-17.

²Bi-monthly infrastructure rate was rounded up to the nearest penny.

Groundwater Supply Component

The Groundwater Supply component is the cost required to pump water from the basin and deliver to customers. The revenue requirement of \$251,326 was divided by 326,569 ccf to develop a rate for all units of groundwater currently available for customers. Table 4-25 summarizes the determination of the unit rate for the Groundwater Supply Component.

Table 4-25: Groundwater Supply Component – Unit Rate

Groundwater Supply Component	
GW Supply Revenue Requirement ¹	\$251,326
÷ GW Allotment less Water Loss ²	326,569
Unit Rate (per ccf)³	\$0.77

¹ Groundwater Supply revenue requirement from Table 4-16, Line 1

² Groundwater Allotment less water loss from Table 3-2 Line 5

³ Groundwater Supply rate was rounded up to the nearest penny.

Imported Supply Component

The City incurs purchased water costs at a uniform rate; therefore, the Imported Supply cost is based on the total units of potable water produced less available groundwater allotment (see Table 4-20). \$674,219 was divided by the imported amount purchased equal to 365,711 ccf for a unit rate of \$1.85 per ccf. Table 4-26 summarizes the determination of the unit rate for the Imported Supply Component.

Table 4-26: Imported Supply Component – Unit Rate

Imported Supply Component	
Imported Supply Revenue Requirements ¹	\$674,219
÷ Total Usage less GW allotment (ccf) ²	365,711
Unit Rate (per ccf)³	\$1.85

¹Imported Supply revenue requirement from Table 4-16, Line 2 less Line 18

²From Table 3-2 Line 10 less Line 5

³Imported Supply unit rate was rounded to the nearest penny.

Groundwater Recharge

The Groundwater Recharge Component recovers the cost of additional purchased imported water, above demand, to replenish the groundwater basin. Doing so will provide the City with a more reliable water source by increasing the elevation of the groundwater in the basin to over 500 MSL. The amount of required imported water (1,101 AF) was derived by subtracting groundwater availability of 980 AF from total water production of 2,081 AF. The City purchased 1,619 AF of water from SGVMWD, which is more than the

requirement to supply City demand. The remaining 518 AF of imported water will be used to recharge groundwater supply. The cost of groundwater recharge was calculated by multiplying 518 AF by the rate of imported water of \$400/AF. Therefore, the cost to recharge groundwater equals \$207,200. This cost was divided by total water sales of 692,280 ccf from Table 4-20. Because groundwater recharge generates water reliability to all customers and potential access to additional groundwater availability, all units of water are charged the cost associated with groundwater recharge. Table 4-27 summarizes the calculation of the unit rate for the Groundwater Recharge Component.

Table 4-27: Groundwater Recharge Component

Line #	GW Recharge Calculation	
1	Total Water Production ¹	2,081 AF
2	Less Groundwater Availability ²	-980 AF
3	Required Imported Water³	1,101 AF
4	Purchased Imported Water ⁴	1,619 AF
5	Groundwater Recharge [Line 4 – Line 3]	518 AF
6	Imported Water Cost	\$400/AF
7	GW Recharge Cost [Line 5 x Line 6]	\$207,200
8	÷ Total Water Usage (ccf) ⁵	692,280
9	Unit Rate (per ccf) [Line 7 ÷ Line 8]⁶	\$0.30

^{1, 2, 3, 4, 5}Water Supply information from Table 3-2.

⁶Groundwater Recharge unit rate was rounded to the nearest penny.

Base/Delivery Component

Delivery costs are those operating and capital costs of the water system associated with delivering water to all customers at a constant average rate of use. Therefore, delivery costs are spread over all units of water, irrespective of customer class or tiers, to calculate a uniform rate.

Table 4-28 summarizes the determination of the unit rate for the Base/Delivery Component.

Table 4-28: Base/Delivery Component – Unit Rate

Base/Delivery Component	
Base Revenue Requirements ¹	\$990,814
÷ Total Projected Water Sales (ccf) ²	692,280
Unit Rate (per ccf)³	\$1.44

¹Base/Delivery revenue requirement from Table 4-17

²Total water sales/usage from Table 3-2. Line 9

³Base/Delivery unit rate was rounded to the nearest penny.

Peaking Component

Extra capacity or peaking costs represent those costs incurred to meet customer peak demands for water in excess of a baseline usage. Total extra capacity costs are apportioned between maximum day and maximum hour demands based on the type of expense. The maximum day demand is the maximum amount of water used in a single day in a year. The maximum hour demand is the maximum usage in an hour on the maximum

usage day. Different facilities are designed to meet different peaking characteristics. Therefore, extra capacity costs include capital improvements and power related costs, and have been apportioned between base, maximum day, and maximum hour. Costs allocated to base are part of the delivery costs as defined above. The Peaking Revenue Requirements, \$295,755, were determined by adding the Max Day Requirements of \$149,244 and the Max Hour Requirements of \$146,511.

Costs associated with peaking are apportioned to each defined customer class or tier based on its total demand (total water used, weighted by a peaking factor). Peaking was calculated for each customer class/tier based on City consumption data, which ensures that accounts within each customer class and tier will only recover the costs allocated to their respective customer class/tier in proportion to the cost of providing service. Table 4-29 provides the peak factor for each customer class or tier by taking the max month usage compared to the average month usage. Table 4-30 shows the peaking costs allocated to each customer class as well as the derivation of the unit rate. The peaking cost allocated to each customer class/tier is derived by weighting the peaking factor based on the total amount of water usage that is generating the peaking factor (product of Usage and Peaking Factor). The result is the weighted peaking factor and peak costs are apportioned based on the percentage of peak (Table 4-30).

Table 4-29: Class Peaking Factors

Customer Class	Max Month Usage [A]	Average Month Usage [B]	Peaking Factor [A ÷ B]
Single-Family Residential	125,466	89,766	1.40
Multi-Family	14,796	13,231	1.12
Non-Residential	11,667	8,790	1.33
Irrigation	3,228	2,081	1.56
Institutional	2,578	1,512	1.71

¹Peaking factors for each customer class were rounded up to the nearest tenth.

Table 4-30: Peaking Costs Allocated to Classes

Customer Class	Projected Usage (ccf) [A]	Peaking Factor [B]	Weighted Peaking Factor [C] (A x B)	% Allocation [D]	Revenue Requirements [E] (\$295,755 x D) ¹	Unit Rate [F] ² (E ÷ A)
Single-Family Residential	538,598	1.40	754,037	79.53%	\$235,214	Further Allocated
Multi-Family	79,388	1.12	88,915	9.38%	\$27,742	\$0.35
Non-Residential	52,739	1.33	70,143	7.40%	\$21,886	\$0.42
Irrigation	12,483	1.56	19,473	2.05%	\$6,063	\$0.49
Institutional	9,072	1.71	15,513	1.64%	\$4,850	\$0.54
Totals	692,280		948,081	100%	\$295,755	

¹There may be slight differences due to rounding.

²Unit rates were rounded up to the nearest penny.

4.2.5 Recommended Water Rates

4.2.5.1 Fixed Charges

Currently, the City's fixed monthly water charges generate approximately 48% of total rate revenues. The new rate structure will recover approximately 54% of rate revenues on the fixed bi-monthly charges. Recovering a greater portion of the costs over the fixed component will enhance revenue stability. Table 4-31 summarizes the Bi-Monthly Service Charges by meter size based on the unit rates developed in the Rate Design section. The Customer Service Component does not vary based on meter size whereas Meter Capacity increases as the size of the meter increases. The Meter Capacity rate is determined by multiplying the unit costs of \$26.33 (Table 4-23) by the appropriate capacity ratios.

Table 4-31: FYE 2019 Recommended Meter Service Charge (\$/Bi-Month)

Meter Size	Capacity Ratio	Customer Service [A]	Meter Capacity [B]	FYE 2019 Recommended Service Charge [C] (A+B)	Current Rates	Difference
3/4" or less	1.00	\$53.24	\$26.33	\$79.57	\$79.68	-\$0.11
1"	1.67	\$53.24	\$43.98	\$97.22	\$107.00	-\$9.78
1 1/2"	3.33	\$53.24	\$87.68	\$140.92	\$152.54	-\$11.62
2"	5.33	\$53.24	\$140.34	\$193.58	\$207.18	-\$13.60
3"	11.67	\$53.24	\$307.28	\$360.52	\$334.68	\$25.84
4"	21.00	\$53.24	\$552.93	\$606.17	\$516.83	\$89.34

In addition, the infrastructure cost will be charged to all customers as a fixed charge. Recovering a greater portion of the infrastructure cost over the fixed component will allow the City to cover capital costs. Table 4-32 details the Bi-monthly Infrastructure Charge based on meter capacity.

Table 4-32: FYE 2019 Recommended Infrastructure Charge (\$/Bi-Month)

Meter Size	Capacity Ratio	FYE 2019 Recommended Infrastructure Charge
3/4" or less	1.00	\$21.75
1"	1.67	\$36.32
1 1/2"	3.33	\$72.43
2"	5.33	\$115.93
3"	11.67	\$253.82
4"	21.00	\$456.75

4.2.5.2 Variable Rates

Similar to how costs may be apportioned to different groups of customers based on usage characteristics to show proportionality, maximum day and maximum hour costs were apportioned between tiers based on the

unique usage characteristics of Single-Family Residential customers within each tier. As part of our consumption analysis, Raftelis analyzed the water usage of each Single-Family Residential account for a 12-month period and grouped customers based on which tier they fell within (“Tiered Customer Class”). Doing so allowed Raftelis to group “like customers” together based on water usage and to allocate costs to each tier. As such, the cost peaking costs allocated to the Single-Family Residential customer class is further allocated between the 2 defined tiers proportionately. Table 4-33 details the derivation of the unit rates for Tier 1 and Tier 2. The peaking cost allocated to each tier is derived by weighting the peaking factor based on the total amount of water usage that is generating the peaking factor (product of Projected Usage and Peaking Factor). The percentage allocation is based on the proportionate share of weighted usage, which is then used to calculate the share of revenue requirements for both tiers. The unit rate is then derived by dividing the revenue requirements by the projected usage for each tier.

Table 4-33: Peaking Factor for Single-Family Residential Tiers

Customer Class	Projected Usage (ccf) [A]	Peaking Factor [B]	Weighted Peaking Factor [C] (A x B)	% Allocation [D]	Revenue Requirements [E]	Unit Rate ¹ [F] (E ÷ A)
Single Family Residential					\$235,214	
Tier 1	237,004	1.00	237,004	19%	\$44,691	\$0.19
Tier 2	301,594	3.36	1,013,356	81%	\$190,523	\$0.64

¹Unit rates were rounded to the nearest penny.

The components of the variable rate are added together to produce rates for each customer class and tier. Residential customers in Tier 1 are not charged with the imported supply rate as their usage is made up by groundwater allotment. Table 4-34 shows each City component rates and the final recommended FYE 2019 City Usage rates.

Table 4-34: Recommended FYE 2019 City Usage Rates (\$/ccf)

Customer Classes	GW Supply	Imported Supply	GW Recharge	Base Component	Peaking Component	Recommended FYE 2019 Variable Charge	Current Charge	Difference
Single Family Residential								
Tier 1	\$0.77	\$0.00	\$0.30	\$1.44	\$0.19	\$2.70	\$2.69	\$0.01
Tier 2	-	\$1.85	\$0.30	\$1.44	\$0.64	\$4.23	\$3.47	\$0.76
Multi-Family¹	\$0.77	\$1.85	\$0.30	\$1.44	\$0.35	\$3.73		
Non-Residential²	\$0.77	\$1.85	\$0.30	\$1.44	\$0.42	\$3.71	\$3.89	-\$0.18
Irrigation³	\$0.77	\$1.85	\$0.30	\$1.44	\$0.49	\$3.81	\$3.89	-\$0.08
Institutional⁴	\$0.77	\$1.85	\$0.30	\$1.44	\$0.54	\$4.10	\$3.89	\$0.21

¹ Multi-family is a blended rate based where approximately 20% of total usage is supplied by groundwater.

² Non-Residential is a blended rate based where approximately 27% of total usage is supplied by groundwater.

³ Irrigation is a blended rate based where approximately 25% of total usage is supplied by groundwater.

⁴ Institutional is a blended rate based where approximately 3% of total usage is supplied by groundwater.

For subsequent years, starting in FY 2019-20, both fixed and variable rates will be adjusted based on percentage change in the CPI for Los Angeles – Orange County - Riverside.

5. WASTEWATER RATE STUDY

5.1 WASTEWATER UTILITY – FINANCIAL PLAN

This section describes the development of the wastewater utility financial plan, the results of which were used to determine the revenue adjustments needed to meet ongoing expenses and provide fiscal sustainability to the City. Establishing a utility’s revenue requirement is a key step in the rate setting process. The review involves analysis of projected annual operating revenues under the current rates, O&M expenses, capital expenditures, transfers between funds, and reserve requirements. This section of the report provides a discussion of the projected revenues, O&M and capital expenditures, the capital improvement financing plan, and overall revenue requirements required to ensure the fiscal sustainability of the Wastewater Utility.

5.1.1 Revenue from Current Rates

The current wastewater rate structure consists of a bi-monthly base charge per dwelling unit for all customers, and rates per unit of flow for non-residential customers. The following tables summarize the current wastewater rate structure of the City. Table 5-1 summarizes the projected number of dwelling units, bi-monthly base charges, and the projected revenues. Table 5-2 summarizes the wastewater flows by customer class, existing flow rates, and the projected revenues.

Table 5-1: Current Wastewater Bi-Monthly Base Charge

Customer Class	# of Units [A]	FYE 2018 Base Charge (\$/Bi-Month) [B]	Projected Base Revenue ¹ [C] (A x B x 6)
Residential	4,414	\$32.24	\$853,844
Commercial	94	\$19.53	\$11,015
Institutional	40	\$19.53	\$4,687
Annual Wastewater Base Revenue	4,548		\$869,546

¹ Revenue was rounded to the nearest dollar.

Table 5-2: Current Wastewater Variable Charge

Customer Class	Projected Flow [A]	FYE 2018 Flow Rates (\$/ccf) [B]	Projected Flow Revenue ¹ [C] (A x B)
Non-Residential			
Commercial	15,954	\$0.72	\$11,487
Institutional	16,614	\$0.43	\$7,144
Annual Wastewater Flow Revenue			\$18,631

¹ Revenue was rounded to the nearest dollar.

Using account growth, flow factors, and other revenue assumptions from Table 3-2, Raftelis projected the revenues for the wastewater utility¹⁶. Table 5-3 summarizes the rate revenue as well as other revenues. As shown in the table, since Raftelis assumed zero growth and no increase in wastewater demand, the rates and rate revenue remained constant during the Study Period. The projected wastewater flow by customer class remained constant and was based on the total FYE 2018 data.

Table 5-3: Projected Wastewater Revenues

Line #	Wastewater Utility Revenues	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
1	Rate Revenues	\$888,177	\$888,177	\$888,177	\$888,177	\$888,177
2	Other Misc. Revenues	\$3,400	\$400	\$589	\$400	\$400
3	Total Revenues	\$891,577	\$888,577	\$888,766	\$888,577	\$888,577

5.1.2 O&M Expenses

The City’s FYE 2018 budget values and the assumed inflation factors (Table 3-1) for the study period were used as the basis for projecting O&M costs beyond FYE 2019. Table 5-4 shows the total projected O&M expenses for FYE 2018 through FYE 2022¹⁷. As shown in the table (Line 6), the wastewater utility does currently have outstanding debt.

Table 5-4: Projected Wastewater O&M Expenses

Line #	Expenditures	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
1	Total Personnel Services	\$511,200	\$526,536	\$542,332	\$558,602	\$575,360
2	Total Purchased Services	\$58,700	\$60,461	\$62,275	\$64,143	\$66,067
3	Total Purchased Materials	\$14,100	\$14,523	\$14,959	\$15,407	\$15,870
4	Total Cost Allocations	\$304,400	\$313,532	\$322,938	\$332,626	\$342,605
6	Debt Service	\$57,202	\$50,702	\$50,702	\$50,702	\$0
7	Total Operating Expenses	\$945,602	\$965,754	\$993,206	\$1,021,480	\$999,902
8	Reserve Direct Transfer (Depreciation)	\$207,000	\$213,210	\$219,606	\$226,194	\$232,980

5.1.3 Capital Improvement Plan

The City provided the asset management plan to address future wastewater capital improvement project (CIP) needs. Raftelis worked closely with City staff to adjust the CIP to reflect a measured multi-year approach. Based on discussions with City Staff, the 5-year average CIP costs were used as the baseline for each year of the Study Period. Raftelis indexed the capital expenditures by a 3% inflationary compounding rate from Table 3-1 to account for increased construction costs in future years. Table 5-5 summarizes the 5-Year Average CIP (Line 1), the cumulative inflationary factor (Line 2), and the resulting total anticipated CIP costs (Line 3).

¹⁶ Although only the Study Period is shown here, Raftelis projected the revenues through FYE 2027.

¹⁷ Although only the Study Period is shown here, Raftelis projected the expenses through FYE 2027.

Table 5-5: Wastewater Utility Capital Improvement Plan¹⁸

Line #	Category	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
1	Asset Management Plan (5-Yr Average)	\$26,000	\$26,000	\$26,000	\$26,000	\$26,000
2	Cumulative Inflationary Factor	100%	103%	106%	109%	113%
3	Inflated CIP	\$26,000	\$26,780	\$27,583	\$28,411	\$29,263

5.1.4 Reserve Requirements

In FYE 2018, the City’s projected beginning reserve balance for the wastewater utility is approximately \$333,177. Currently, the City maintains a wastewater operating fund and wastewater replacement fund. As part of Best Management Practices of utilities, it is recommended that a utility have at least 60-90 days of operating reserves as well as sufficient funds available to ensure that the utility’s capital plan can move forward as scheduled and is not delayed due to insufficient funds on hand.

5.1.5 Financial Outlook at Current Rates

Revenues generated from current rates, and miscellaneous revenues are approximately \$888K in FYE 2019, which does not exceed current operational expenses. Without any revenue adjustments in the subsequent years, the City will not be able to fund operational and debt expenses, as shown in Figure 5-1. The figure illustrates the operating position of the wastewater utility, where expenses are shown by stacked bars and the total revenues at current rates are shown by the horizontal green trend line. In addition, the City would fail to meet the required 120% debt coverage. The City also needs to reinvest back into its utility system to ensure the continued collection of wastewater. Furthermore, the City’s annual planned capital projected is over \$26K and there are additional asset repair & replacement required above and beyond what is currently planned. Figure 5-2 summarizes the baseline CIP and its funding sources by fiscal year (currently 100% PAYGO). Based on the financial plan review, the City would need revenue adjustments for subsequent years. Figure 5-3 illustrates the total reserves balances for each fiscal year after operating and capital in funded.

¹⁸ There may be differences due to rounding.

Figure 5-1: Wastewater Operating Financial Position at Current Rates

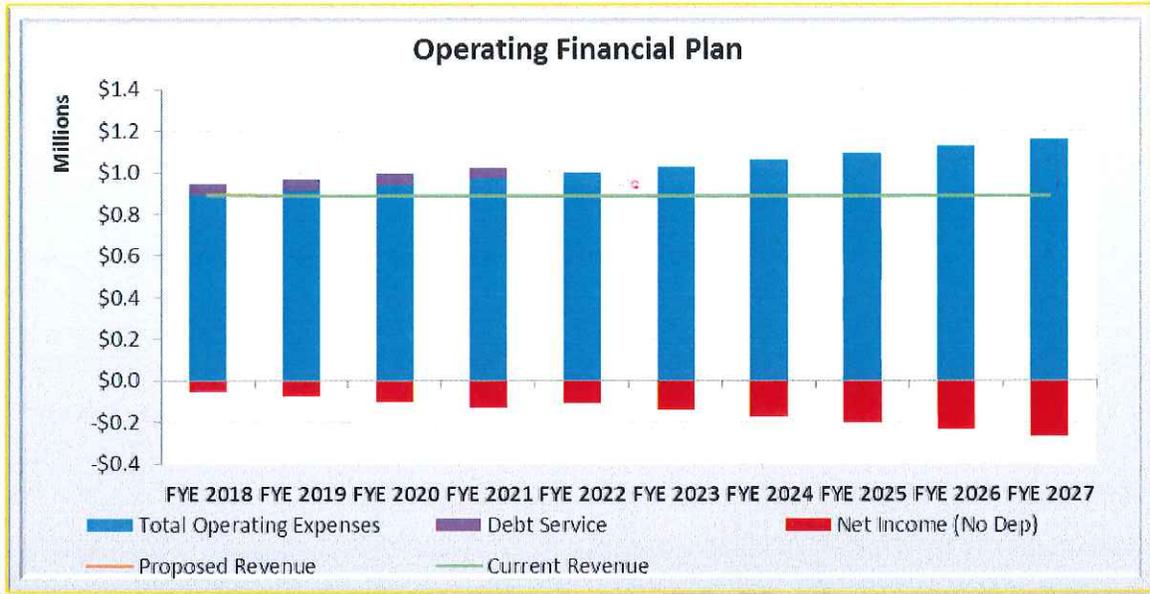


Figure 5-2: Baseline Wastewater Capital Improvement Plan and Funding Source

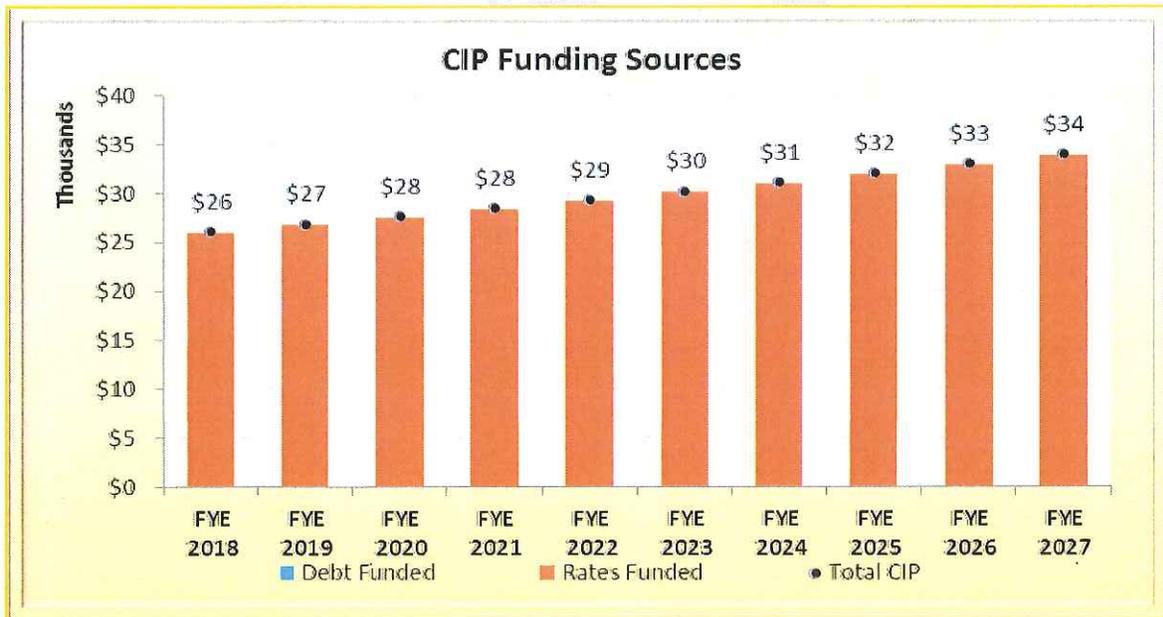
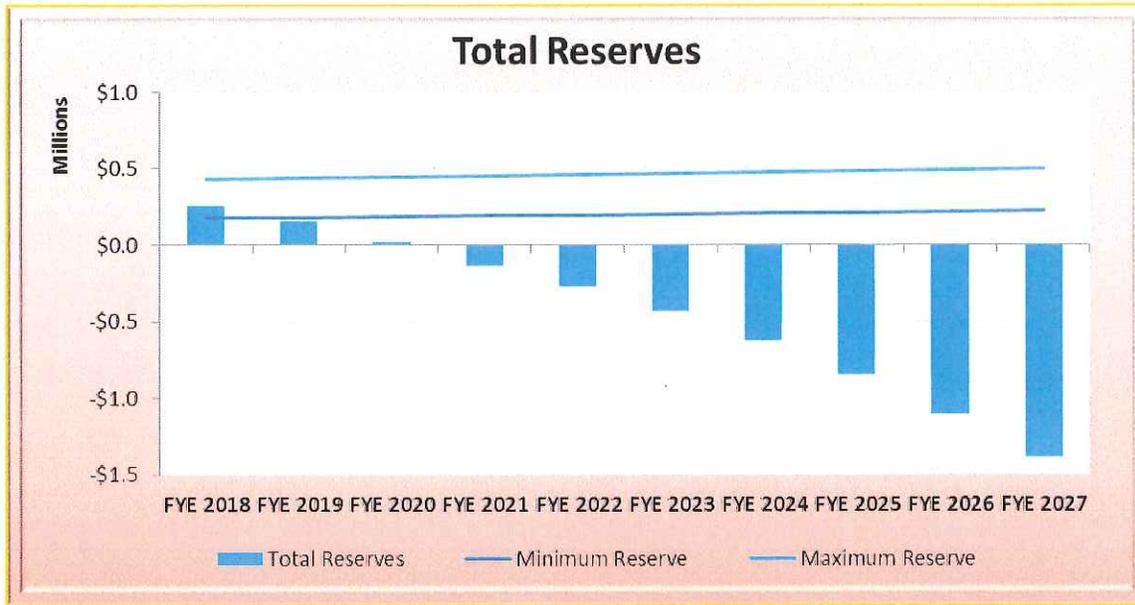


Figure 5-3: Projected Ending Wastewater Reserves at Current Rates



5.1.6 Financial Plan Recommendations

After reviewing the City’s revenue requirements, reserve policies, capital planning schedule, and current revenues, a financial plan was developed to meet the following criteria:

- » Ensure positive net operating cash income each Fiscal Year (FY) of the planning period. This will allow revenues to exceed operational and maintenance expenses beginning in FYE 2022.
- » Fully fund capital projects and deferred maintenance through Pay-As-You-Go (PAYGO)
- » Establish and maintain the following reserves by the end of the Study Period (FYE 2019 – FYE 2023):
 - Wastewater Operating Fund – minimum of 60 days of operating expenses.
 - Repair & Replacement Fund – 1 years’ worth of capital based on 5-Year Average of Capital Improvement Plan.
- » Raftelis recommends that the City implements additional revenue adjustments commencing in FYE 2019 of 5% and adjustments in FYE 2020 through FYE 2023 of 4% each year to recover the City’s wastewater revenue requirements, including capital costs and reserve funding. In subsequent years outside of the five-year planning period (FYE 2023 and beyond), it is anticipated that the City would need 3% revenue adjustments each year to fully fund reserves by FYE 2026 as shown in Figure 5-6.

5.1.6.1 Recommended Reserves

Raftelis recommends establishing the same reserves recommended for the water utility:

Wastewater Operating Reserve – The operating reserve is used primarily to meet ongoing cash flow requirements. Raftelis recommends establishing an operating reserve target of at least 60-days of O&M expenses with an ideal target of 90-days of O&M. A 60-day reserve ensures working capital to support the operation, maintenance, and administration of the utility. Maintaining this level of reserves also provides liquid funds for the continued ongoing operations of the utility in the event of unforeseen costs or interruption with the utility or the billing system.

Wastewater Replacement Reserve – The replacement reserve is used primarily to meet the City’s capital improvement requirements. The City’s revised capital improvement plan—over the five-year period—is approximately \$140K. The ideal target for the capital reserve should be to have a reserve sufficient to fund a year’s worth of capital costs, which would ensure that the City can continue to reinvest in the wastewater system and that necessary capital improvements are not delayed or deferred due to cash flow concerns. Raftelis recommends establishing a capital reserve based on one years’ worth of the average 5-year asset management plan, which is approximately \$26K.

Table 5-6 summarizes the recommended financial plan (see Appendix A – Exhibit B for a detailed financial plan)¹⁹. Figure 5-4 illustrates the operating position of the wastewater utility where expenses, inclusive of reserve funding, are shown by stacked bars; and total revenues at both current rates and recommended rates are shown by the horizontal trend lines. Figure 5-5 summarizes the projected CIP and its funding sources (100% PAYGO). Figure 5-6 displays the ending total reserve balance for the wastewater utility, inclusive of operating and capital funds. The horizontal trend lines indicate the target reserve balance and the bars indicate ending reserve balance. No new debt is recommended to be issued as part of the recommended five-year financial plan.

¹⁹ May be a slight difference due to rounding.

Table 5-6: Recommended Wastewater Financial Plan

Line #	Category	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	Revenues					
1	Rate Revenues	\$888,177	\$888,177	\$888,177	\$888,177	\$888,177
2	Proposed Additional Rate Revenue	\$0	\$40,708	\$81,712	\$120,508	\$160,855
3	Other Revenues ¹	\$3,400	\$400	\$400	\$400	\$400
4	Total Revenues	\$891,577	\$929,285	\$970,289	\$1,009,085	\$1,049,432
5	Less: Expenditures					
6	Total Personnel Services	\$511,200	\$526,536	\$542,332	\$558,602	\$575,360
7	Total Purchased Services	\$58,700	\$60,461	\$62,275	\$64,143	\$66,067
8	Total Purchased Materials	\$14,100	\$14,523	\$14,959	\$15,407	\$15,870
9	Total Cost Allocations	\$304,400	\$313,532	\$322,938	\$332,626	\$342,605
10	Total Debt Service	\$57,202	\$50,702	\$50,702	\$50,702	\$0
11	Total Expenditures	\$945,602	\$965,754	\$993,206	\$1,021,480	\$999,902
12	Net Cashflow (Line 4 – Line 11)	(\$54,024)	(\$36,468)	(\$22,916)	(\$12,395)	\$49,530
13	Reserve Direct Transfer (Depreciation)	\$207,000	\$213,210	\$219,606	\$226,194	\$232,980
14	Net Cashflow w/Depreciation (Line 12 – Line 13)	(\$261,024)	(\$249,678)	(\$242,522)	(\$238,590)	(\$183,450)
15	Operating Reserve					
16	Beginning Balance	\$333,177	\$72,153	(\$177,526)	(\$420,048)	(\$658,637)
17	Net Cashflow	(\$261,024)	(\$249,678)	(\$242,522)	(\$238,590)	(\$183,450)
18	Transfers In/Out - Capital Improvement Reserve	\$0	\$0	\$0	\$0	\$0
19	Ending Balance	\$72,153	(\$177,526)	(\$420,048)	(\$658,637)	(\$842,087)
20	Interest Income	\$0	\$0	\$0	\$0	\$0
21	Capital Improvement Reserve					
22	Beginning Balance	\$0	\$181,000	\$370,172	\$566,857	\$771,298
	<u>Plus:</u>					
23	Transfer In/(Out) - from Operating Reserve	\$207,000	\$213,210	\$219,606	\$226,194	\$232,980
24	New Debt Issue	\$0	\$0	\$0	\$0	\$0
	<u>Less:</u>					
25	Capital Projects	(\$26,000)	(\$26,780)	(\$27,583)	(\$28,411)	(\$29,263)
26	Ending Balance	\$181,000	\$367,430	\$562,195	\$764,640	\$975,015
27	Interest	\$0	\$2,742	\$4,662	\$6,657	\$8,732
28	Total Reserves – Ending Balance	\$253,153	\$189,904	\$142,147	\$106,003	\$132,928
29	Reserve Target²	\$429,100	\$435,763	\$442,626	\$449,695	\$456,976

1. Other Revenues are based on the City's FYE 17-18 Budget and include license fee, permits, and investment earnings.

2. Reserve target is based on 90 days of operating plus one year of depreciation.

Figure 5-4: Operating Financial Position at Recommended Rates

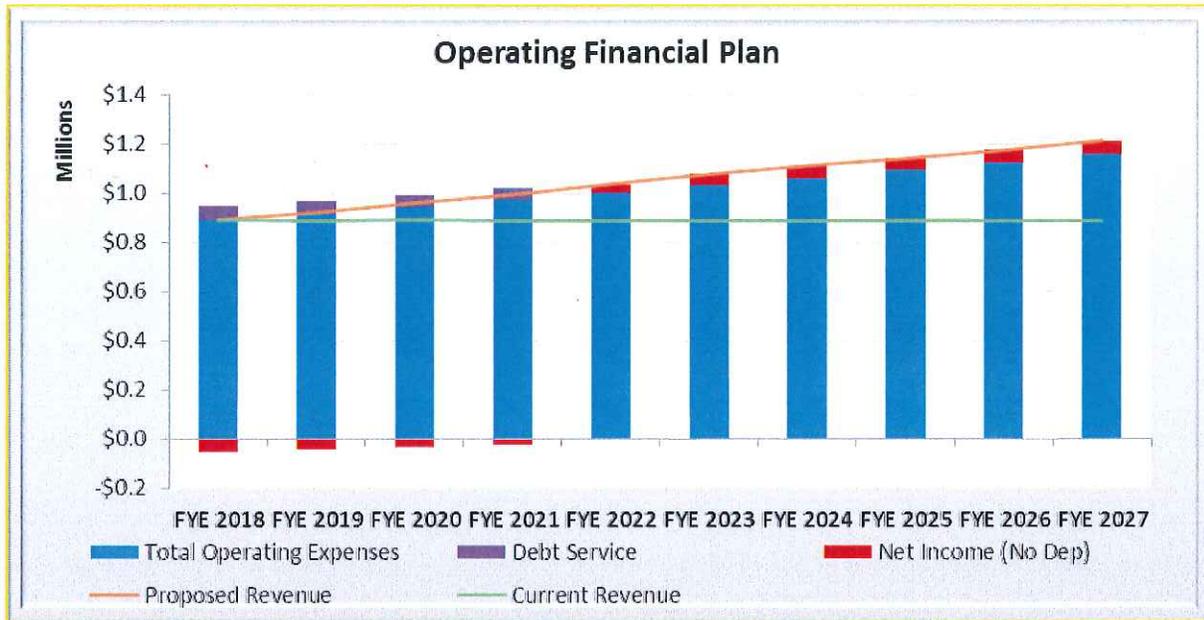


Figure 5-5: Recommended Wastewater Capital Improvement Plan and Funding Source

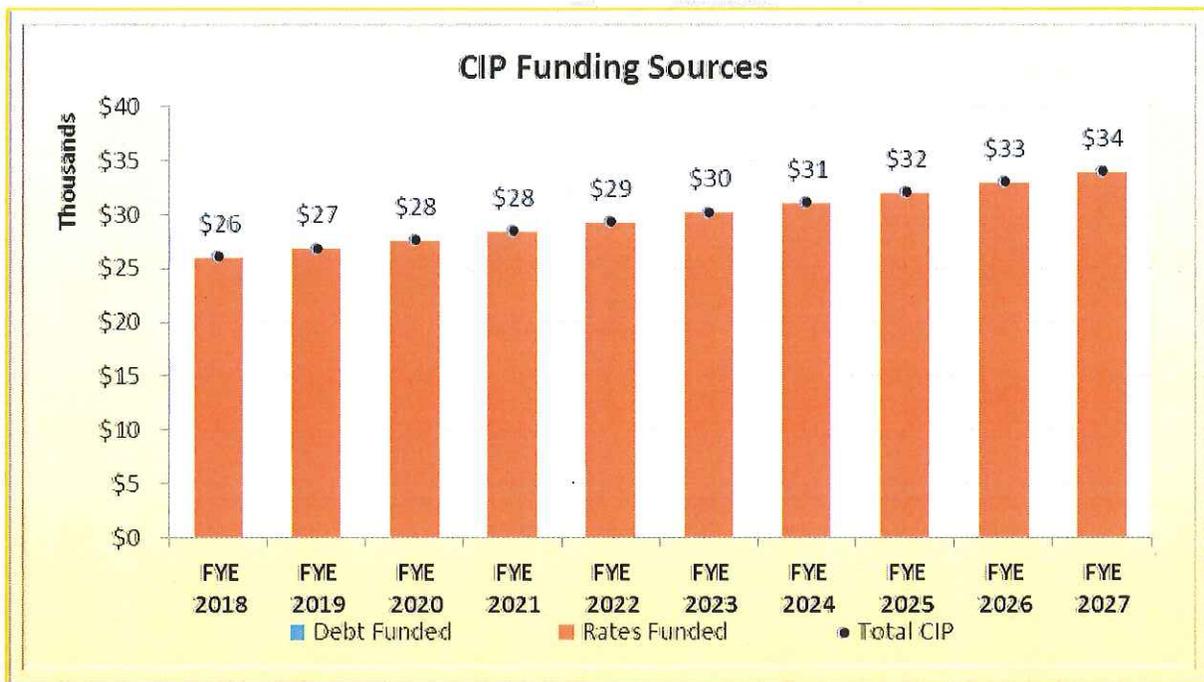
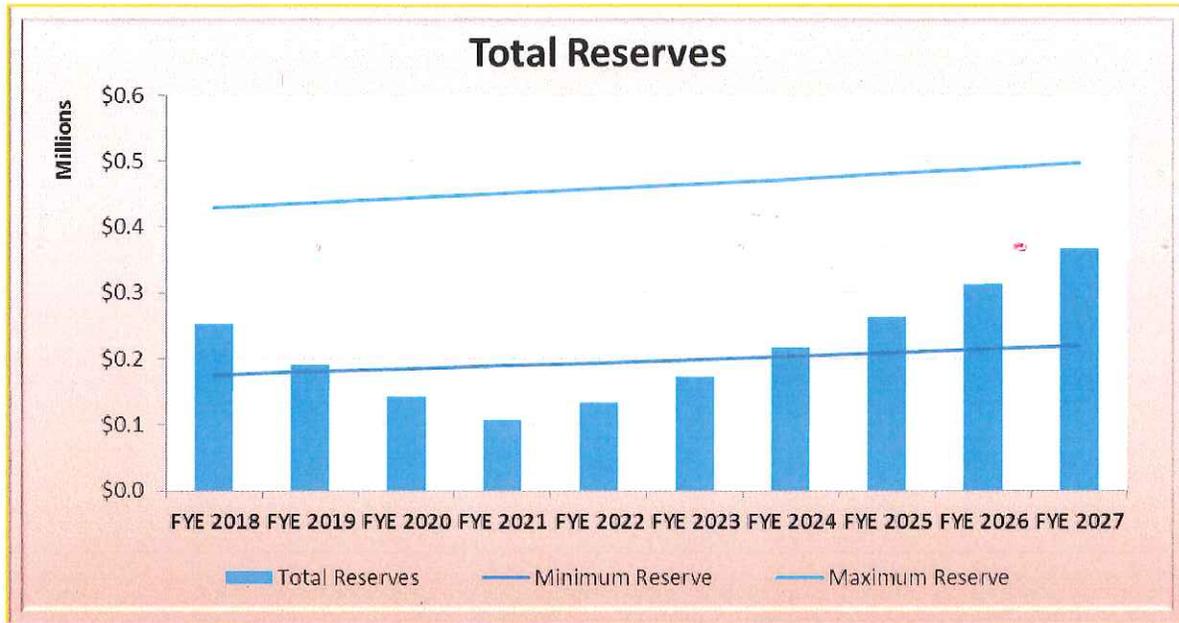


Figure 5-6: Projected Ending Wastewater Reserves at Projected Rates

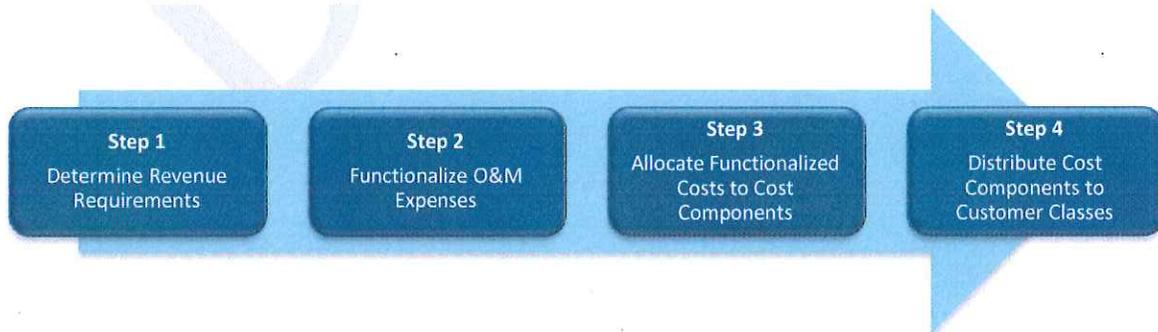


5.2 WASTEWATER UTILITY – COST OF SERVICE STUDY

5.2.1 Cost of Service Process

This section of the Report discusses the allocation of O&M expenses to the appropriate parameters consistent with industry standards, the determination of unit costs, and calculation of costs by customer class for the Wastewater Utility. The total cost of wastewater service is analyzed by system function in order to equitably distribute costs of service to the various classes of customers. For this analysis, wastewater utility costs of service are developed consistent with the guidelines for allocating costs detailed in the Water Environment Federation (WEF) Manual of Practice No. 27, Financing and Charges for Wastewater Systems, 2004. Figure 5-7 provides a general overview of a cost-of-service analysis. Each step shown below will be described in greater detail in the next section.

Figure 5-7: Wastewater Cost of Service Process



5.2.2 Cost of Service Analysis

5.2.2.1 Step 1 – Determine Revenue Requirements

In this Study, wastewater rates are calculated for the Test Year (FYE 2019), by using the City's FYE 2018 budget and inflationary factors. Test Year revenue requirements are used in the cost allocation process. Subsequent year's revenue adjustments are incremental and the proposed rates are based on FYE 2019 and the recommended revenue adjustments in subsequent years to ensure full cost recovery of the City's wastewater revenue requirements, including capital costs and reserve funding. The City should review the cost of service analysis at least once every five years to ensure that the rates are consistent with the costs of providing service.

5.2.2.2 Step 2 – Functionalize O&M Costs

A cost of service analysis distributes a utility's revenue requirements (costs) to each customer class. After determining a utility's revenue requirement, the total cost of wastewater service is analyzed by system functions to proportionately distribute costs in relation to how that cost is generally incurred. The wastewater utility costs were categorized into the following **functions**:

- » **Operations & Maintenance (O&M) Expenses:**
 - **Total Cost Allocations** – Indirect costs related to bank service fees, administrative costs, facilities, technology, personnel admin, self-insurance, vehicle maintenance, fuel, property insurance, and fiscal agent service costs.
 - **Total Purchased Services** – Contract and professional services.
 - **Total Purchased Materials** – office supplies, maintenance of water supplies, and tools.
 - **Total Personnel Services** – Salaries and benefits of the staff dedicated to the wastewater utility.
 - **Capital Outlay** – depreciation expense and additional planned capital costs.
- » **Debt Service** – Principle and interest costs related to existing/outstanding debt.

Table 5-7 summarizes the functionalized costs prior to any offset adjustments.

Table 5-7: Functionalized Expenses

Functionalized Expenses	FYE 2019 Functionalized Expenses
Total Personnel Services	\$526,536
Total Purchased Services	\$60,461
Total Purchased Materials	\$14,523
Total Cost Allocations	\$313,532
Existing Debt	\$50,702
Total Capital Outlay	\$213,210
Total O&M Expenses	\$ 1,178,964

5.2.2.3 Step 3 – Allocate Functionalized Costs to Cost Components

The wastewater utility is comprised of various facilities, each designed and operated to fulfill a given function. To provide adequate service to its customers at all times, the utility must be capable of collecting

and conveying the total amount of wastewater generated. The separation of costs by function allows allocation of such costs to the functional cost components. The City's costs were allocated to the following cost causation components:

1. **Accounts** includes related fixed costs, such as billing, collecting, customer accounting, and other customer related costs. These costs are incurred at the same level regardless of the type of land use, amount of flow, or the wastewater strength.
2. **Flow** (ccf) is the amount of wastewater estimated to enter the collection system.

O&M Allocation

The O&M expenses consist of five functionalized categories: Total Personnel Services, Total Purchased Services, Total Purchased Materials, Total Cost Allocations, and Total Capital Outlay. Raftelis reviewed the budget details related to the Operating Expenses to determine the most appropriate method for allocating the functional costs to cost causation components. Total Personnel Services and Total Purchased Services were 100% allocated to the Account cost component as these costs are related to billing of customer accounts. Total Purchased Materials were 100% allocated to Flow. Total Cost Allocations was allocated 50% evenly Accounts and Flow cost components, and Total Capital Outlay was 100% allocated to the Accounts cost component.

Table 5-8 summarizes the percent allocations for the City's O&M Expenses, the costs (prior to offsets and adjustments) allocated to the cost components, and the resulting O&M Allocation (%). The O&M Allocation (%) will be used to allocate the Operating Requirement, including any revenue offsets or adjustments, from the revenue requirement (Table 5-10).

Table 5-8: Wastewater O&M Allocation (%)

Functionalized Expenses	Accounts	Flow	Total
% Allocation			
Total Personnel Services	100.00%		100%
Total Purchased Services	100.00%		100%
Total Purchased Materials		100.00%	100%
Total Cost Allocations	50.00%	50.00%	100%
Total Capital Outlay	100.00%		100%
\$ Allocation			
Total Personnel Services	\$526,536		\$526,536
Total Purchased Services	\$60,461		\$60,461
Total Purchased Materials		\$14,523	\$14,523
Total Cost Allocations	\$156,766	\$156,766	\$313,532
Total Capital Outlay	\$213,210		\$213,210
Total O&M Expenses	\$743,763	\$171,289	\$1,128,262
O&M Allocation (%)	84.82%	15.18%	100%

Capital Allocation

Table 5-9 summarizes the percent allocations for the capital assets, the original cost asset values by asset category as provided within the City’s detailed asset listing²⁰ allocated to the cost components, and the resulting Capital Allocation (%). The Capital Allocation (%) will be used to allocate debt service (since it will be used to cover capital costs), including any revenue offsets or adjustments, from the revenue requirements (Table 5-10).

Table 5-9: Wastewater Capital Allocation (%)²¹

Line #	Functionalized Assets	Accounts	Flow	Total
	Allocation (%)			
1	Building	100.00%		100%
2	Collection		100.00%	100%
3	Equipment	100.00%		100%
	Allocation (\$)			
4	Building	\$315,499		\$315,499
5	Collection		\$8,628,178	\$8,628,178
6	Equipment	\$267,840		\$267,840
7	Total Assets	\$583,339	\$8,628,178	\$9,211,517
8	Total Capital Allocation %	6.33%	93.67%	100%
9	Debt¹	\$3,211	\$47,491	\$50,702

⁵Total cost of service requirement for debt was allocated to each cost component based on the capital allocation percentages from Line 8.

The revenue requirement determination is similar to what was described for the water utility and is based upon the premise that utility must generate annual revenues to meet O&M expenses, any debt service needs, reserve levels, and capital investments. However, the City’s wastewater enterprise’s rate revenue currently does not fully recover its annual revenue requirements. The wastewater enterprise is projected to recover its annual operational costs starting in FYE 2022 and begin to build back up reserves to the recommended targets. For FYE 2019, the cost of service to be recovered from the City’s wastewater customers is shown in Table 5-10, which includes deductions to account for revenue offsets, and resulting net cashflows (found in Table 5-6 – Line 14), and any mid-year adjustments²².

²⁰ Detailed Asset listing is on file with the City.

²¹ There may be slight differences due to rounding.

²² The mid-year adjustment takes into account rates not being implemented at the beginning of the fiscal year.

Table 5-10: FYE 2019 Wastewater Revenue Requirements

Revenue Requirements	Operating	Capital	Total
Operating Expenses	\$1,128,262		\$1,128,262
Existing Debt		\$50,702	\$50,702
Total Revenue Requirements	\$1,128,262	\$50,702	\$1,178,964
Less: Revenue Offsets			
TRANSFER IN	\$400		\$400
Total Revenue Offsets	\$400	\$0	\$400
Less: Adjustments			
Adjustment for Cash Balance	\$249,678		\$249,678
Adjustment for Mid-Year Increase		-\$3,701	-\$3,701
Total Adjustments	\$249,678	(\$3,701)	\$245,978
Revenue Requirements from Rates	\$878,184	\$54,402	\$932,586

Table 5-11 shows the revenue requirements from Table 5-10 allocated to each of the cost causation components. Operating revenue requirements and capital expenses were allocated based on the O&M Allocation (%) and Capital Allocation from Table 5-8, and Table 5-9 respectively.

Table 5-11: Wastewater Allocation of Costs to Cost Components

Category	Fixed: 80%	Variable: 20%	FYE 2019 ¹
Revenue Requirements	Accounts	Flow	Total
Operating	\$744,861	\$133,323	\$878,184
Capital	\$3,445	\$50,957	\$54,402
Cost of Service Requirement	\$748,306	\$184,280	\$932,586²

¹There may be differences due to rounding.

²Total revenue requirement of rates from Table 5-9.

Before we can allocate the cost of service requirements from Table 5-11 to customer classes, we first must define the rate structure; therefore, Step 4 will be discussed in Section 5.2.3.2.

5.2.3 Rate Design

A key component of the Study includes evaluating the current rate structure and determining the most appropriate structures to model moving forward. To determine the appropriate rate structure for meeting the City's revenue requirements, Raftelis reviewed the current rate structure and flow data, worked closely with City staff, and, where possible, incorporated feedback on policies and objectives. As such, Raftelis recommends maintaining the same rate structure for the wastewater utility.

5.2.3.1 Flow by Customer Class

Table 5-12 shows the derivation of the projected residential flow. Using the number of residential units (column A) as provided by the City, assumed gallons per capita per day (column B), and the assumed persons per household (column C), Raftelis projected the residential flow (ccf per year).

Table 5-12: Residential Flow (ccf / Yr)

Customer Class	# of Units [A]	GPCD [B]	PPH [C]	Projected Flow (ccf) [D] $(A * B * C * 365) \div 748.05^1$
Residential	4,414	55	2.29	271,264

¹1 ccf is equivalent to 748.05 gallons of water.

The remaining non-residential customer flows were estimated based on consumption data provided by City staff. Table 5-13 summarizes the projected flow for non-residential customers. Winter average flows were used to determine the projected annual flow, with a 10% discount factor to account for water usage that converts to discharge into the sewer system. Raftelis assumed a 90% return rate, as not all water will enter the sewer system for collection. Even though Raftelis is using winter average, there still may be a small portion of water usage that is used for exterior landscape.

Table 5-13: Estimated Non-Residential Flow (ccf / Yr)

Non-Residential Customers	Winter Average Flow (ccf / Yr) ¹ [A]	90% Return Rate (ccf / Yr) [B] (A x 90%)
Non-Residential		
Commercial	15,954	14,359
Institutional	16,614	14,953
Total Non-Res. Flows	32,568	29,311

¹Winter averages were determined by averaging flows of winter billing periods and annualizing them based on a bi-monthly basis.

5.2.3.2 Step 4- Distribute Cost Components to Customer Classes

To allocate costs to different customer classes, unit costs of service need to be developed for each cost causation component. The unit costs of service are developed by dividing the total annual costs allocated to each parameter by the total annual service units of the respective component. Table 5-14 summarizes the derivation of each of the annual units of service. The numbers shown in Table 5-14 are derived as follows:

- » **Number of Accounts** – Residential units were provided by the City and the Non-Residential was based on the accounts detailed in the consumption database.
- » **Annual Accounts** - # of Accounts times the number of billing periods (6).
- » **Flow (ccf / Yr)** – Residential Flow was derived in Table 5-12 and Non-Residential Flow was derived in Table 5-13.

Table 5-14: Determination of Units of Service

Customer Class	Units	Billable Units	Flow (CCF/Yr)
Residential	4,414	26,484	271,264
Non-Residential			
Commercial	94	564	14,359
Institutional	40	240	14,953
Total	4,548	27,288	300,576

The annual units of service for the fixed components from Table 5-11 is shown on the next page, and the derived rates for each component have been rounded up to the nearest whole penny. The variable revenue requirements for each component have been allocated to each customer class. Residential units will see the variable rate incorporated as a component of the fixed charge based on the average usage for residential units.

Account Component

These costs are incurred at the same level regardless of the type of land use, amount of flow, or the wastewater strength; therefore, the Accounts Component is based on the number of annual accounts/bills. The number of bills can be determined by multiplying the number of units, 4,548, times the number of billing periods, 6, in a year. The total Accounts Requirement from Table 5-11 of \$748,306 is divided by the number of annual accounts to determine the unit cost of service shown in Table 5-15.

Table 5-15: Account Component - Unit Rate

Account Component	
Account Revenue Requirements ¹	\$748,306
÷ # of Annual Accounts (Table 5-14)	27,288
Bi-Monthly Unit Rate²	\$27.43

¹Cost of service requirement for Accounts from Table 5-11.

²Unit rate was rounded up to the nearest penny.

Flow Component

Raftelis allocated the Flow Requirement of \$184,280 from Table 5-11 to each customer class based on their proportionate share of the projected flow as shown in Table 5-16. For example, since Residential units accounted for 90.25% of projected wastewater flow, Residential customers were allocated 90.25% of the revenue requirement for Flow.

Table 5-16: Flow Component Allocated to Classes

Customer Class	Projected Flow (HCF)	% Allocation	Allocated Requirement ¹
Residential	271,264	90.25%	\$166,310
Non-Residential			
Commercial	14,359	4.78%	\$8,803
Institutional	14,953	4.97%	\$9,167
Total	300,576	100%	\$184,280²

¹There may be slight differences due to rounding.

²Total allocated revenue requirement for Flow from Table 5-11.

Next, the allocated variable revenue requirements were calculated to determine the total variable requirement by customer class. The total requirement was then divided by the total billable units to determine the variable unit rate for each customer class as shown in Table 5-17.

Table 5-17: Variable Unit Rate

Customer Classes	Flow (A)	Billable Units (B)	Unit Charge ¹ (C) [A/B]
Residential	\$166,310	271,264	\$0.62
Non-Residential			
Commercial	\$8,803	14,359	\$0.62
Institutional	\$9,167	14,953	\$0.62

¹Units were rounded up to the nearest penny.

5.2.4 Recommended Wastewater Rates

5.2.4.1 Fixed Charges

For residential units, the bi-monthly fixed charge consists of an Accounts component combined with flow charge component based on the estimated flow from such units. The flow or usage units for residential is listed in .

Table 5-18. Gallons per Day per Person were multiplied by the average number of residents to arrive at the Gallons per Day per Household. Next, the total units were multiplied by their respective Gallons per Day per Household. This total was then multiplied by 365 days in one year to arrive at the total estimated usage for each residential class in gallons. This usage was then converted to ccf and used to calculate an average usage per two months.

Table 5-18: Residential Fixed Average Usage

Customer Class	Gallons per Day per Person	Average Number of Residents ¹	Gallons per Day per Household	Average ccf per Bi-Month
Residential	55	2.29	126	10.24

¹Average number of residents per household is based on 2015 Environmental Analysis for Sierra Madre General Plan Update Draft.

The average bi-monthly usage was then multiplied by the variable rate of \$0.62 (from Table 5-17) to create the flow charge component listed in Table 5-19 for Residential customers. Non-Residential customers fixed bi-monthly charge will only consist of the Account component totaling \$27.43 (from Table 5-15).

Table 5-19: Fixed Wastewater Charge by Class

Customer Class	Accounts Component [A]	Flow Charge Component ¹ [B]	Recommended FYE 2019 Fixed Charge (\$/Bi-Month) [D] (A + B+C)	Current Charge	Difference
Residential	\$27.43	\$6.36 ²	\$33.79	\$32.24	\$1.55
Non- Residential	\$27.43	See Variable Rate	\$27.43	\$19.53	\$7.90

¹Flow charge was rounded up to the nearest penny.

² The Flow charge component was calculated by multiplying the 10.24 from .

Table 5-18 by \$0.62 from Table 5-17.

5.2.4.2 Variable Rates

Table 5-20 details the recommended variable rate for non-residential customers. Since they do not exhibit the same wastewater patterns as residential customers, non-residential customers are charged at a uniform rate per ccf.

Table 5-20: Recommended Variable Wastewater Charge (\$/Bi-Month)

Customer Class	FYE 2019 Recommended Variable Rate	Current Charge	Difference
Non-Residential			
Commercial	\$0.62	\$0.72	-\$0.10
Institutional	\$0.62	\$0.43	\$0.19

Applying the proposed revenue adjustments of 5% in FYE 2019 and 4% for each of the remaining years of the Study Period (FYE 2020 through FYE 2023) yields the Proposed Rates shown in Table 5-21 and Table 5-22.

Table 5-21: FYE 2019-FYE 2023 Recommended Bi-Monthly Fixed Charges

Customer Class	FYE 2019 Recommended Fixed Charge	FYE 2020 Recommended Fixed Charge	FYE 2021 Recommended Fixed Charge	FYE 2022 Recommended Fixed Charge	FYE 2023 Recommended Fixed Charge
Residential	\$33.79	\$35.14	\$36.55	\$38.01	\$39.53
Non-Residential					
Commercial	\$27.43	\$28.53	\$29.67	\$30.86	\$32.09
Institutional	\$27.43	\$28.53	\$29.67	\$30.86	\$32.09

Table 5-22: FYE 2019-FYE 2023 Recommended Variable Charges (\$/ccf)

Customer Class	FYE 2019 Recommended Variable Charge	FYE 2020 Recommended Variable Charge	FYE 2021 Recommended Variable Charge	FYE 2022 Recommended Variable Charge	FYE 2023 Recommended Variable Charge
Non-Residential					
Commercial	\$0.62	\$0.64	\$0.67	\$0.70	\$0.73
Institutional	\$0.62	\$0.64	\$0.67	\$0.70	\$0.73

APPENDIX A:

**Detailed Financial Plan Based on
Recommended Rates**

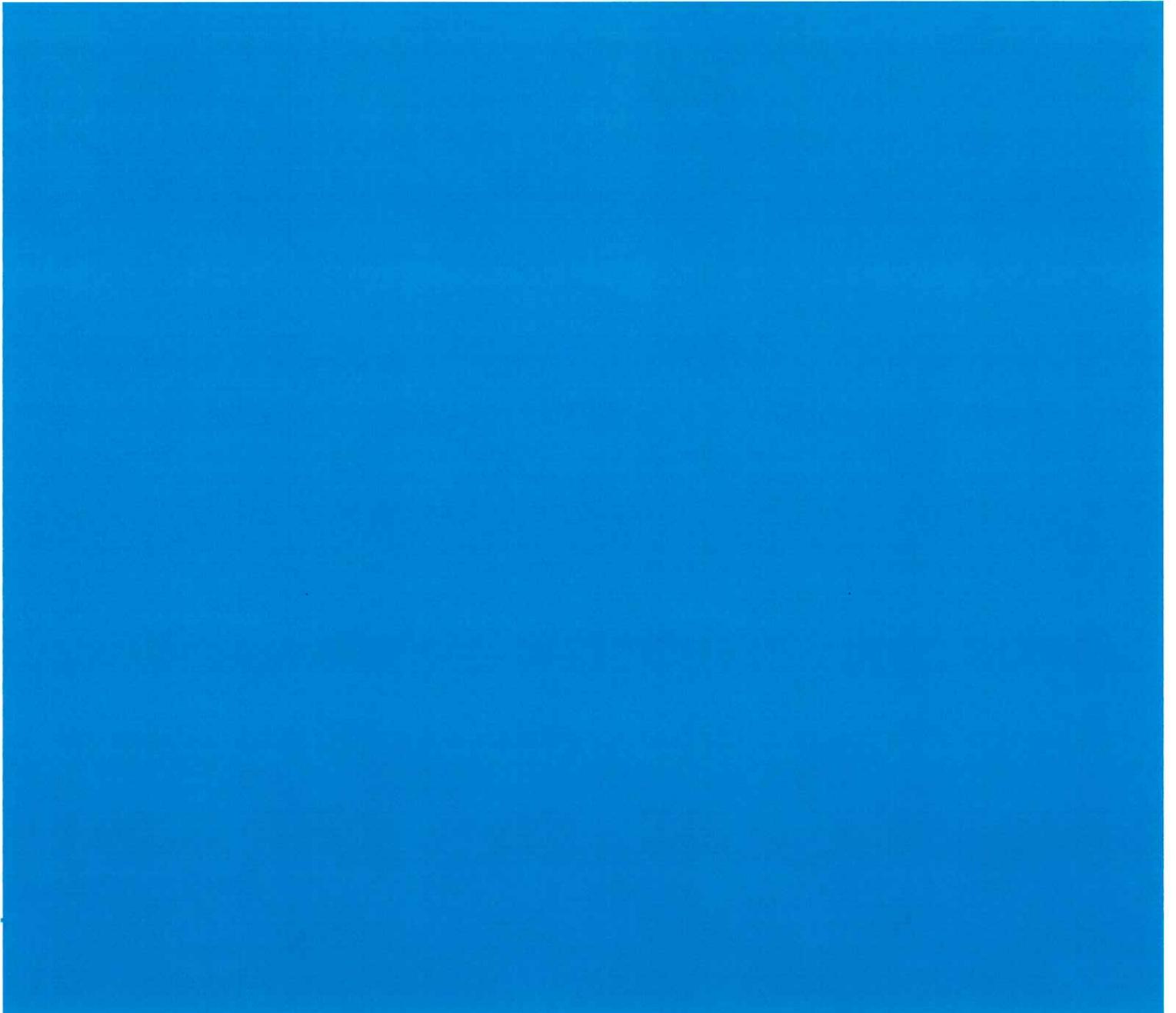


Exhibit A- Water Utility Detailed Financial Plan

Revenues

	FYE 2018 Projected	FYE 2019 Projected	FYE 2020 Projected	FYE 2021 Projected	FYE 2022 Projected	FYE 2023 Projected	FYE 2024 Projected	FYE 2025 Projected	FYE 2026 Projected	FYE 2027 Projected
Rates	\$4,503,094	\$4,503,094	\$4,503,094	\$4,503,094	\$4,503,094	\$4,503,094	\$4,503,094	\$4,503,094	\$4,503,094	\$4,503,094
Penalty Fees	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000
Subtotal	\$5,203,094	\$5,203,094	\$5,203,094	\$5,203,094	\$5,203,094	\$5,203,094	\$5,203,094	\$5,203,094	\$5,203,094	\$5,203,094
Additional Revenue Required:										
Fiscal Year										
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FYE 2018	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FYE 2019		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FYE 2020			\$104,062	\$104,062	\$104,062	\$104,062	\$104,062	\$104,062	\$104,062	\$104,062
FYE 2021				\$106,143	\$106,143	\$106,143	\$106,143	\$106,143	\$106,143	\$106,143
FYE 2022					\$108,266	\$108,266	\$108,266	\$108,266	\$108,266	\$108,266
FYE 2023						\$110,431	\$110,431	\$110,431	\$110,431	\$110,431
FYE 2024							\$112,640	\$112,640	\$112,640	\$112,640
FYE 2025								\$114,893	\$114,893	\$114,893
FYE 2026									\$117,191	\$117,191
FYE 2027										\$119,534
Total Additional Revenue	\$0	\$0	\$104,062	\$210,205	\$318,471	\$428,902	\$541,542	\$656,435	\$773,625	\$893,160
Total Rates	\$5,203,094	\$5,203,094	\$5,307,156	\$5,413,299	\$5,521,565	\$5,631,996	\$5,744,636	\$5,859,529	\$5,976,719	\$6,096,253
Incremental Pass-Through Revenue										
Variable Pass-Through	\$0	\$48,570	\$80,950	\$114,949	\$150,648	\$188,132	\$227,490	\$268,816	\$312,208	\$357,770
Total Pass-Through Revenue	\$0	\$48,570	\$80,950	\$114,949	\$150,648	\$188,132	\$227,490	\$268,816	\$312,208	\$357,770
Other Misc. Revenue										
TRANSFER IN	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000
NOTICES, FEES, LATE CHARGES	\$28,000	\$28,000	\$28,000	\$28,000	\$28,000	\$28,000	\$28,000	\$28,000	\$28,000	\$28,000
LATE PENALTIES FOR UTILITY BILLS	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000
OTHER CHARGES FOR SERVICES	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
LOCAL GRANTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Misc. Revenue	\$71,000	\$71,000	\$71,000	\$71,000	\$71,000	\$71,000	\$71,000	\$71,000	\$71,000	\$71,000
TOTAL	\$5,274,094	\$5,322,664	\$5,459,106	\$5,599,248	\$5,743,213	\$5,891,128	\$6,043,126	\$6,199,344	\$6,359,927	\$6,525,024

Expenditures & Net Cashflow

EXPENSES										
Total Purchase Water Charge:	\$599,030	\$647,600	\$679,980	\$713,979	\$749,678	\$787,162	\$826,520	\$867,846	\$911,238	\$956,900
Operating Expenses										
Total Personnel Services	\$827,900	\$852,737	\$878,319	\$904,669	\$931,809	\$959,763	\$988,556	\$1,018,213	\$1,048,759	\$1,080,222
Total Purchased Services	\$280,100	\$288,503	\$297,158	\$306,073	\$315,255	\$324,713	\$334,454	\$344,488	\$354,822	\$365,467
Total Purchased Materials	\$291,500	\$300,245	\$309,252	\$318,530	\$328,086	\$337,928	\$348,066	\$358,508	\$369,263	\$380,341
Total Cost Allocations	\$1,177,200	\$1,212,516	\$1,248,891	\$1,286,398	\$1,324,949	\$1,364,697	\$1,405,638	\$1,447,808	\$1,491,242	\$1,535,979
Total Utilities	\$15,700	\$16,485	\$17,309	\$18,175	\$19,083	\$20,038	\$21,040	\$22,091	\$23,196	\$24,356
Total Capital Outlay - R&M	\$350,000	\$360,500	\$371,315	\$382,494	\$393,928	\$405,746	\$417,918	\$430,456	\$443,370	\$456,671
Total Production	\$508,000	\$533,715	\$560,401	\$588,421	\$617,842	\$648,734	\$681,171	\$715,229	\$750,991	\$788,540
Total Operating Expenses	\$3,450,700	\$3,584,701	\$3,682,846	\$3,804,680	\$3,930,952	\$4,061,619	\$4,196,843	\$4,336,792	\$4,481,643	\$4,631,576
Total Debt Service Expenses	\$991,533	\$731,709	\$731,708	\$731,708	\$586,021	\$586,021	\$586,021	\$586,021	\$586,021	\$586,021
TOTAL EXPENSES	\$5,041,263	\$4,944,010	\$5,094,334	\$5,250,367	\$5,266,651	\$5,434,802	\$5,609,884	\$5,790,659	\$5,978,902	\$6,174,897
Net Cash Flow	\$232,831	\$378,654	\$364,771	\$348,881	\$476,562	\$456,326	\$433,742	\$408,685	\$381,025	\$350,627
Total Depreciation	\$727,000	\$748,300	\$777,274	\$794,413	\$813,245	\$832,792	\$853,076	\$874,103	\$920,942	\$943,570
Net Cash Flow w/ Depreciation	(\$494,169)	(\$370,156)	(\$406,503)	(\$445,532)	(\$341,683)	(\$386,466)	(\$434,334)	(\$485,418)	(\$539,916)	(\$597,943)
Reserve Direct Transfer	\$727,000	\$748,810	\$777,274	\$794,413	\$818,245	\$842,792	\$868,076	\$894,118	\$920,942	\$948,570
Calculated Debt Coverage Ratio	123%	132%	130%	148%	181%	178%	174%	170%	165%	160%
Required Debt Coverage Ratio	120%	120%	120%	120%	120%	120%	120%	120%	120%	120%

Reserves

Reserve Interest Rate	0.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
	FYE 2018 Projected	FYE 2019 Projected	FYE 2020 Projected	FYE 2021 Projected	FYE 2022 Projected	FYE 2023 Projected	FYE 2024 Projected	FYE 2025 Projected	FYE 2026 Projected	FYE 2027 Projected
Operating Reserve										
Beginning Balance	\$747,740	\$453,950	\$473,931	\$490,024	\$506,670	\$523,912	\$541,773	\$560,277	\$579,449	\$599,315
Net Cashflow	\$232,831	\$378,654	\$364,771	\$348,881	\$476,562	\$456,326	\$433,742	\$408,685	\$381,025	\$350,627
Transfers In/Out - Capital Improve	-\$526,621	-\$363,288	-\$353,474	-\$337,194	-\$464,447	-\$443,767	-\$420,720	-\$395,183	-\$367,025	-\$336,107
Ending Balance	\$453,950	\$469,315	\$485,229	\$501,711	\$518,785	\$536,471	\$554,794	\$573,779	\$593,450	\$613,834
Interest Income	\$0	\$4,616	\$4,796	\$4,959	\$5,127	\$5,302	\$5,483	\$5,670	\$5,864	\$6,066
O&M Reserve Target (Min)	\$453,950	\$469,315	\$485,229	\$501,711	\$518,785	\$536,471	\$554,794	\$573,779	\$593,450	\$613,834
O&M Reserve Target (Max)	\$680,925	\$703,973	\$727,843	\$752,567	\$778,177	\$804,707	\$832,192	\$860,669	\$890,175	\$920,751
Capital Improvement Reserve (R&R)										
Beginning Balance	\$0	\$222,121	\$274,244	\$307,568	\$315,125	\$440,615	\$536,242	\$599,022	\$625,802	\$613,260
Plus:										
Transfer In/(Out) - from Operating	\$526,621	\$363,288	\$353,474	\$337,194	\$464,447	\$443,767	\$420,720	\$395,183	\$367,025	\$336,107
New Debt Issue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less:										
Capital Projects	(\$304,500)	(\$313,635)	(\$323,044)	(\$332,735)	(\$342,717)	(\$352,999)	(\$363,589)	(\$374,497)	(\$385,731)	(\$397,303)
Ending Balance	\$222,121	\$271,774	\$304,674	\$312,027	\$436,855	\$531,382	\$593,374	\$619,709	\$607,095	\$552,064
Interest Income	\$0	\$2,469	\$2,895	\$3,098	\$3,760	\$4,880	\$5,648	\$6,094	\$6,164	\$5,827
R&R Reserve Target	\$318,479	\$318,479	\$318,479	\$318,479	\$318,479	\$318,479	\$318,479	\$318,479	\$318,479	\$318,479
Maximum Balance	\$727,000	\$727,000	\$727,000	\$727,000	\$727,000	\$727,000	\$727,000	\$727,000	\$727,000	\$727,000

Exhibit B - Wastewater Utility Detailed Financial Plan

Revenues

Projected Budget: Calculated	FYE 2018 Projected	FYE 2019 Projected	FYE 2020 Projected	FYE 2021 Projected	FYE 2022 Projected	FYE 2023 Projected	FYE 2024 Projected	FYE 2025 Projected	FYE 2026 Projected	FYE 2027 Projected
REVENUE										
Rate Revenue from Existing Rates	\$888,177	\$888,177	\$888,177	\$888,177	\$888,177	\$888,177	\$888,177	\$888,177	\$888,177	\$888,177
Additional Revenue Required:										
Fiscal Year										
FYE 2019		\$40,708	\$44,409	\$44,409	\$44,409	\$44,409	\$44,409	\$44,409	\$44,409	\$44,409
FYE 2020			\$37,303	\$37,303	\$37,303	\$37,303	\$37,303	\$37,303	\$37,303	\$37,303
FYE 2021				\$38,796	\$38,796	\$38,796	\$38,796	\$38,796	\$38,796	\$38,796
FYE 2022					\$40,347	\$40,347	\$40,347	\$40,347	\$40,347	\$40,347
FYE 2023						\$41,961	\$41,961	\$41,961	\$41,961	\$41,961
FYE 2024							\$32,730	\$32,730	\$32,730	\$32,730
FYE 2025								\$33,712	\$33,712	\$33,712
FYE 2026									\$34,723	\$34,723
FYE 2027										\$35,765
Total Additional Revenue	\$0	\$40,708	\$81,712	\$120,508	\$160,855	\$202,817	\$235,546	\$269,258	\$303,981	\$339,746
Total Revenue from Rates	\$888,177	\$928,885	\$969,889	\$1,008,685	\$1,049,032	\$1,090,994	\$1,123,724	\$1,157,435	\$1,192,158	\$1,227,923
Other Operating Revenue										
TRANSFER IN	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400
INTEREST FROM INVESTMENTS	\$3,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Revenue	\$3,400	\$400								
TOTAL REVENUE	\$891,577	\$929,285	\$970,289	\$1,009,085	\$1,049,432	\$1,091,394	\$1,124,124	\$1,157,835	\$1,192,558	\$1,228,323

Expenditures and Net Cashflow

EXPENSES										
Operating Expenses										
Total Personnel Services	\$511,200	\$526,536	\$542,332	\$558,602	\$575,360	\$592,621	\$610,400	\$628,712	\$647,573	\$667,000
Total Purchased Services	\$58,700	\$60,461	\$62,275	\$64,143	\$66,067	\$68,049	\$70,091	\$72,194	\$74,359	\$76,590
Total Purchased Materials	\$14,100	\$14,523	\$14,959	\$15,407	\$15,870	\$16,346	\$16,836	\$17,341	\$17,861	\$18,397
Total Cost Allocations	\$304,400	\$313,532	\$322,938	\$332,626	\$342,605	\$352,883	\$363,470	\$374,374	\$385,605	\$397,173
Total Capital Outlay	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Depreciation	\$207,000	\$211,210	\$219,606	\$226,194	\$232,980	\$239,970	\$247,169	\$254,584	\$262,221	\$270,088
Total Operating Expenses	\$1,095,400	\$1,128,262	\$1,162,110	\$1,196,973	\$1,232,882	\$1,269,869	\$1,307,965	\$1,347,204	\$1,387,620	\$1,429,249
Debt Service										
Sewer Fund	\$50,702	\$50,702	\$50,702	\$50,702	\$0	\$0	\$0	\$0	\$0	\$0
Expense Notes	\$6,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Proposed Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Debt Service Expenses	\$57,202	\$50,702	\$50,702	\$50,702	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL EXPENSES	\$1,152,602	\$1,178,964	\$1,212,811	\$1,247,675	\$1,232,882	\$1,269,869	\$1,307,965	\$1,347,204	\$1,387,620	\$1,429,249
Net Cash Flow w/Depreciation	(\$261,024)	(\$249,678)	(\$242,522)	(\$238,590)	(\$183,450)	(\$178,475)	(\$183,341)	(\$189,369)	(\$195,062)	(\$200,925)
Reserve Direct Transfer	\$207,000	\$213,210	\$219,606	\$226,194	\$232,980	\$239,970	\$247,169	\$254,584	\$262,221	\$270,088
Net Cash Flow	(\$54,024)	(\$36,468)	(\$22,916)	(\$12,395)	\$49,530	\$61,495	\$63,328	\$65,215	\$67,160	\$69,163

Reserves

Reserve Interest Rate	0.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
	FYE 2018 Projected	FYE 2019 Projected	FYE 2020 Projected	FYE 2021 Projected	FYE 2022 Projected	FYE 2023 Projected	FYE 2024 Projected	FYE 2025 Projected	FYE 2026 Projected	FYE 2027 Projected
Operating Reserve										
Beginning Balance	\$333,177	\$72,153	(\$177,526)	(\$420,048)	(\$658,637)	(\$842,087)	(\$1,020,562)	(\$1,204,404)	(\$1,393,772)	(\$1,588,834)
Net Cashflow	(\$261,024)	(\$249,678)	(\$242,522)	(\$238,590)	(\$183,450)	(\$178,475)	(\$183,841)	(\$189,369)	(\$195,062)	(\$200,925)
Transfers In/Out - Capital Improvement R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Balance	\$72,153	(\$177,526)	(\$420,048)	(\$658,637)	(\$842,087)	(\$1,020,562)	(\$1,204,404)	(\$1,393,772)	(\$1,588,834)	(\$1,789,759)
Interest Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
O&M Reserve Target (Min)	\$148,067	\$152,509	\$157,084	\$161,796	\$166,650	\$171,650	\$176,799	\$182,103	\$187,566	\$193,193
O&M Reserve Target (Max)	\$222,100	\$228,763	\$235,626	\$242,695	\$249,976	\$257,475	\$265,199	\$273,155	\$281,350	\$289,790
Capital Improvement Reserve (R&R)										
Beginning Balance	\$0	\$181,000	\$370,172	\$566,857	\$771,298	\$983,747	\$1,204,462	\$1,433,711	\$1,671,768	\$1,918,917
<u>Plus:</u>										
Transfer In/(Out) - from Operating Reserve	\$207,000	\$213,210	\$219,606	\$226,194	\$232,980	\$239,970	\$247,169	\$254,584	\$262,221	\$270,088
New Debt Issue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Less:</u>										
Capital Projects	(\$26,000)	(\$26,780)	(\$27,583)	(\$28,411)	(\$29,263)	(\$30,141)	(\$31,045)	(\$31,977)	(\$32,936)	(\$33,924)
Ending Balance	\$181,000	\$367,430	\$562,195	\$764,640	\$975,015	\$1,193,575	\$1,420,585	\$1,656,318	\$1,901,053	\$2,155,081
Interest Income	\$0	\$2,742	\$4,662	\$6,657	\$8,732	\$10,887	\$13,125	\$15,450	\$17,864	\$20,370
R&R Reserve Target	\$27,194	\$27,194	\$27,194	\$27,194	\$27,194	\$27,194	\$27,194	\$27,194	\$27,194	\$27,194
Maximum Balance	\$207,000	\$207,000	\$207,000	\$207,000	\$207,000	\$207,000	\$207,000	\$207,000	\$207,000	\$207,000

NOTICE TO SIERRA MADRE WATER/SEWER CUSTOMERS AND PROPERTY OWNERS OF A PUBLIC HEARING FOR
A MULTI-YEAR WATER AND SEWER RATE ADJUSTMENT

June 1, 2018

DRAFT

Name
Address
City, State Zip

Public Hearing Notice is Hereby Given

That the Sierra Madre City Council will hold a public hearing on Tuesday, July 24, 2018, at 6:30 pm in the City Council Chambers, City Hall, 232 W. Sierra Madre Boulevard, Sierra Madre, California, 91024, to consider adopting rate adjustment for water and sewer fees.

The Water rate adjustment would be implemented on August 1, 2018. The rate adjustment in 2018 will maintain current base rate revenue, and future years will only need modest cost of living adjustments (COLA) (based on percentage change in the consumer price index (CPI) for Los Angeles-Orange-Riverside). The COLA adjustment would be implemented on July 1, 2019, July 1, 2020, July 1, 2021, and July 1, 2022.

The first rate adjustment for Sewer would increase sewer rates by 5% and occur on August 1, 2018, followed by increases of 4% annually on July 1, 2019, July 1, 2020, July 1, 2021, and July 1, 2022.

Submitting a Protest

Any property owner or water and/or sewer customer directly responsible for paying the water and/or sewer bill may submit a protest. To protest the proposed water and/or sewer rate adjustments, you may either use the protest form provided below, or you may submit a written notification specifying your water and/or sewer rate increase protest. If you use the form below, please return the protest in accordance with the instructions in your protest ballot. Please note, the form below has been created for your specific City utility account. If this form is used by someone other than the person identified at the top of this letter, it will be necessary to cross out the pre-printed information and write-in the address and City Water Account number for the individual actually using the form. If you do not know your City Utility Account Number, the number can be located on your City water bill.

Only one water protest and one sewer protest will be counted per parcel. (Parcel is defined as a City water meter for which there is a City water account or a City sewer account.) If you decide not to use the form below, you may submit a written protest by including the following information: identify the property owner or water and/or sewer customer who is opposed to the proposed sewer or water rate increase; identify which rate – water, sewer, or both – you are protesting; the location of the property, by street address and by the appropriate City Account Number; and include the original signature of the property owner or water and/or sewer customer as identified in the City's water and/or sewer billing system. Please identify on the front of the sealed envelope for any protest, whether mailed or submitted in person, that a "Water or Sewer Fee Protest is Enclosed."

Please mail or personally deliver your protest to:

City Hall
Attention: Water or Sewer Protest
232 W. Sierra Madre Boulevard
Sierra Madre, CA 91024.

If you do not wish to protest the water or sewer rate adjustments, you do not need to take any action. For additional information please see the enclosed "Guidelines for Submission and Tabulation of Protests".

Please visit the City's website at www.cityofsierramadre.com/transparency for a copy of the Raftelis rate study.

Water and Sewer Rate Study

The City of Sierra Madre retained the services of Raftelis Financial Consultants, Inc. to complete a comprehensive water and sewer rate study to determine the appropriate level of revenue required to fund the water and sewer utilities. Proper funding of the water and sewer utility enables the City to ensure the delivery of reliable, quality water that meets or exceeds all state and federal standards; and ensures that the sewer system is maintained and minimizes the possible occurrences of sewage back-ups and overflows into the storm drain system, which could subject the City to large fines and penalties. A copy of the complete draft water and sewer rate study can be found on the City's website at <http://www.cityofsierramadre.com/transparency>

Water Rate Study Findings/Reasons for Rate Adjustment

The City imposes water rates in order to fund the costs of operating and maintaining the water system, as well as to pay off the costs of improvements previously made to that system (bond debt). The Water Department has worked within its budget for all routine operational costs and has been successful in reducing costs in some areas, for example; refinancing bonded debt resulting in significant savings, automating processes to reduce personnel costs, and significantly reducing the cost of overhead charged to the Water fund. However, Sierra Madre's sole water aquifer is in critical decline from overproduction over several decades and, because of this, the City is only able to produce 48% of the demand of residents through the use of ground water. The remaining water needs (52%) of Sierra Madre residents is comprised of imported water. In order to meet the needs of Sierra Madre residents the City must import water, which is significantly more expensive, for both resident demand and aquifer replenishment. Even with prudent management of the aquifer, it is unlikely Sierra Madre will be able to meet local water demand in the future without importing water.

As proposed, the water rate study would be implemented on August 1, 2018. The rate adjustment in 2018 will maintain current base rate revenue, and future years will only need modest cost of living adjustments (COLA) (based on percentage change in the consumer price index (CPI) for Los Angeles-Orange-Riverside). The COLA adjustment would be implemented on July 1, 2019, July 1, 2020, July 1, 2021, and July 1, 2022.

The proposed water study establishes an infrastructure fixed fee and impacts rates for both the fixed meter costs and rates for the variable water usage costs by the amount shown in the tables below.

The proposed water rates are a combination of 1) fixed bi-monthly charges, including customer service, meter capacity, and infrastructure charge (fire line charge for accounts with a private fire line), and 2) bi-monthly variable charges, determined by units (748 gallons/unit) of water consumed in each billing period.

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. As part of the water rate design, the net amount of available groundwater is apportioned evenly to all single-family residential accounts, with duplexes counting as an additional single-family account. Doing so resulted in each single-family residential account receiving a fair share amount of groundwater equal to 14 ccf (units) per account by billing period. For single-family residential accounts, the bi-monthly variable charge in the proposed rate study will evenly allocate the amount of water the City can produce locally to each single-family residential water customer in the City. Under the proposed plan each single-family residential account will be allocated 14 ccf of water, which is what Sierra Madre produces locally, in each billing cycle at tier 1 water rates. Every unit of water for residential customers consumed at 15 units and above, which is imported water, will be billed at tier 2 water rates.

For all other customer classes, the 14 ccf per account per billing period is accounted for as part of the uniform rate structure by calculating a blended rate.

Proposed Water Rates

Current and Recommended Variable Rate Structure

Customer Class / Tiers	Current Tier Width (hcf)	Recommended Tier Width (hcf)
Single Family¹		
Tier 1	(0-11)	(0-14)
Tier 2	(12-33)	(>14)
Tier 3	(34-66)	N/A
Tier 4	(>66)	N/A
Multi Family		
	Same as Residential	Uniform
Non-Residential		
	Uniform	Uniform

¹ Single Family accounts consist of single unit housing and duplexes (two units).

As shown in the table above, the current four-tier system will be collapsed into a two-tier system. Tier 1 in the proposed rate structure will consist of water Sierra Madre can produce from its ground source. Tier 2 will consist of water which Sierra Madre must import to meet consumption demand.

The water rate each single-family residential customer will pay will be comprised of fixed bi-monthly charges, including customer service, meter capacity, and infrastructure charge (fire line charge for accounts with a private fire line) plus the variable charge of water usage from Tier 1 and/or Tier 2.

The water rate each non-residential and multi-family residential customer will pay will be comprised of fixed bi-monthly charges, including customer service, meter capacity, and infrastructure charge (fire line charge for accounts with a private fire line) plus a uniform rate as shown in the table, *FYE 2019 Recommended Variable Charge (\$/hcf)*, below.

The next three tables below show the current Bi-Monthly fixed, variable, and fire line charges

Current Bi-Monthly Water Charges

Meter Size	FYE 2018 Water Service Charge (\$ / Bi-Month)	FYE 2018 Low Income Discount (\$ / Bi-Month)
5/8"	\$79.68	\$51.79
3/4"	\$79.68	\$51.79
1"	\$107.00	\$69.55
1 1/2"	\$152.54	\$99.15
2"	\$207.18	\$134.67
3"	\$331.98	\$217.54
4"	\$516.83	\$335.94

Current Variable Usage Charge

Customer Class / Tiers	Tier Width (hcf)	FYE 2018 Water Usage Charge (\$/hcf)
Residential		
Tier 1	(0-11)	\$2.69
Tier 2	(12-33)	\$3.47
Tier 3	(34-66)	\$4.08
Tier 4	(>66)	\$5.55
Non-Residential		
Uniform	N/A	\$3.89

Current Fire Line Service Charge

Connection Size	FYE 2018 Rate (\$/Bi-Month)
2"	\$6.29
4"	\$38.95

The water rate study proposes the rate adjustment in water will (please see the tables below for specific service charges):

- » Maintain base revenue at \$5.2 million in FYE 2019.
- » Cover increases in imported water through pass-through charges.
- » Ensure future years in the planning period are indexed to cost of living as opposed to annual set percentage increases.
- » Fund capital projects and a portion of deferred maintenance.

FYE 2019 Recommended Bi-Monthly Fixed Service Charges¹

Meter Size	FYE 2019 Recommended Bi-Monthly Service Charge
3/4" or less	\$79.57
1"	\$97.72
1 1/2"	\$140.92
2"	\$193.58
3"	\$360.52
4"	\$606.17

¹ Rates for subsequent years after FYE 2019 shall adjust based on the percentage change in CPI.

FYE 2019 Recommended Infrastructure Fixed Charge (\$/Bi-Month)²

Meter Size	FYE 2019 Recommended Infrastructure Charge
3/4" or less	\$21.75
1"	\$36.82
1 1/2"	\$72.43
2"	\$115.93
3"	\$253.82
4"	\$456.75

FYE 2019 Recommended Variable Charge (\$/hcf)³

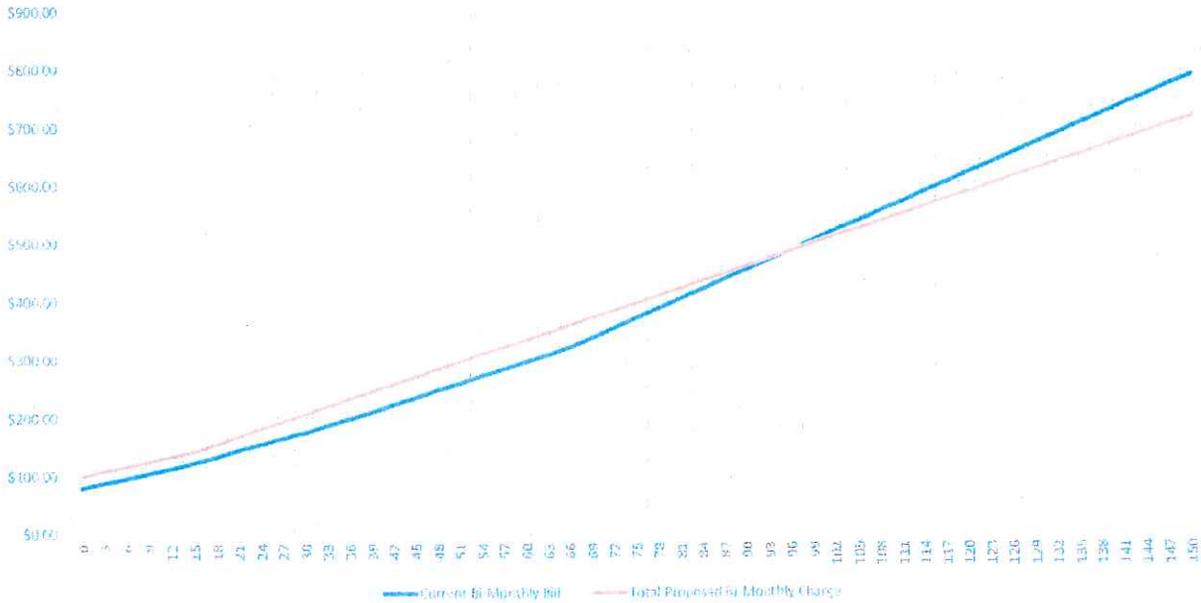
Customer Class	FYE 2019 Recommended Variable Charge
Single Family	
Tier 1	\$2.70
Tier 2	\$4.23
Multi-Family	\$3.73
Non-Residential	\$3.71
Irrigation	\$3.81
Institutional	\$4.10

² Rates for subsequent years after FYE 2019 shall adjust based on the percentage change in CPI.

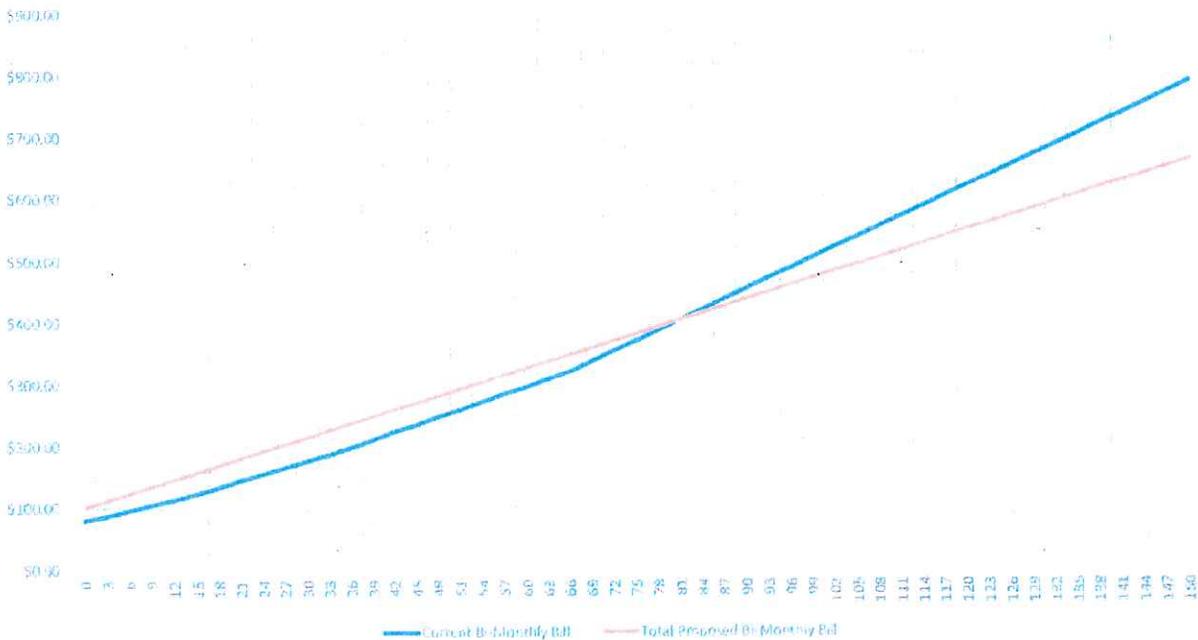
³ Rates for subsequent years after FYE 2019 shall adjust based on the percentage change in CPI.

Sample calculation of water rates based on proposed new rate structure, including all fixed and variable charges

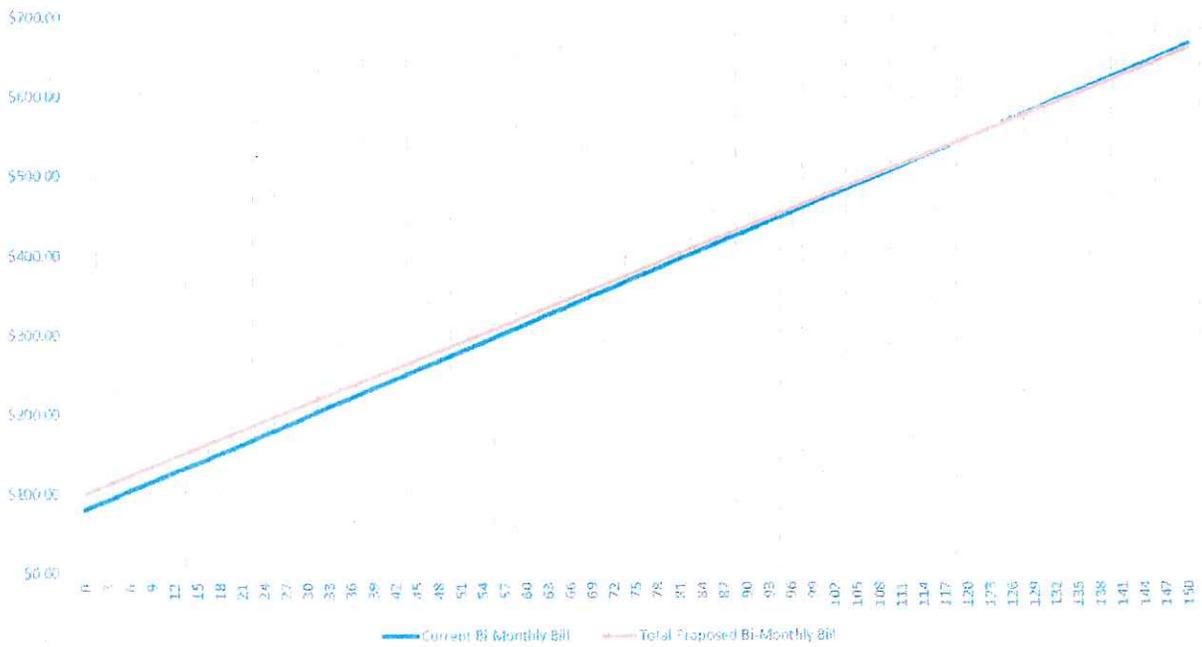
Single Family Residential, Bi-Monthly Impact at Various Use Points



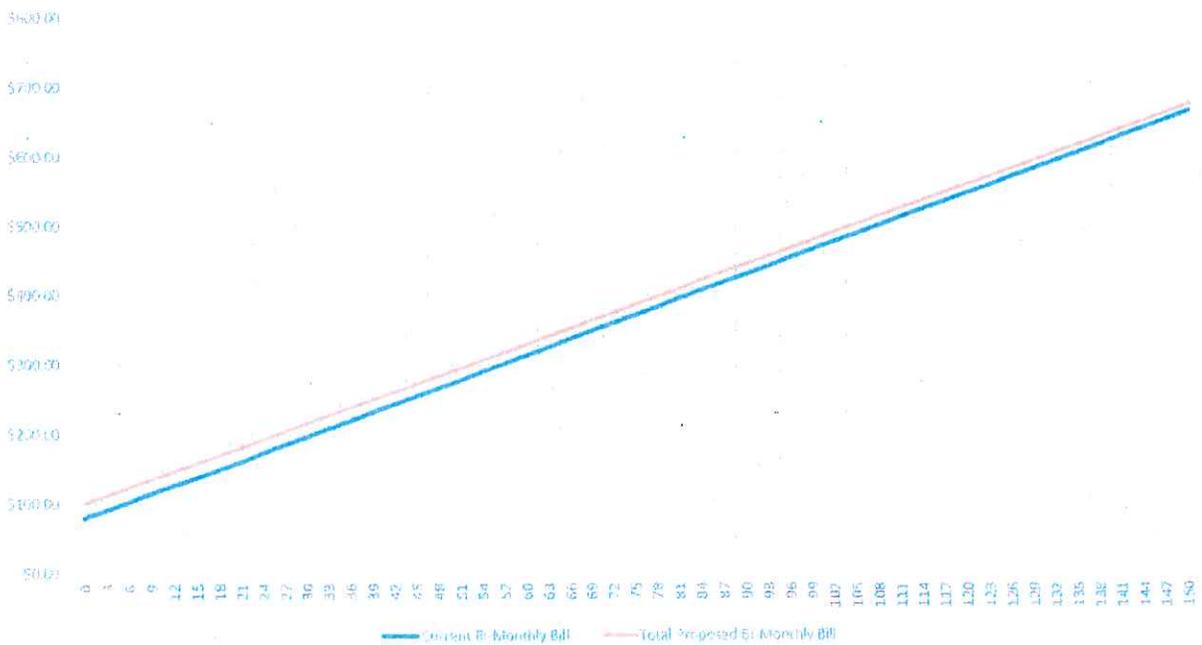
Multi-Family Residential, Bi-Monthly Impact at Various Use Points



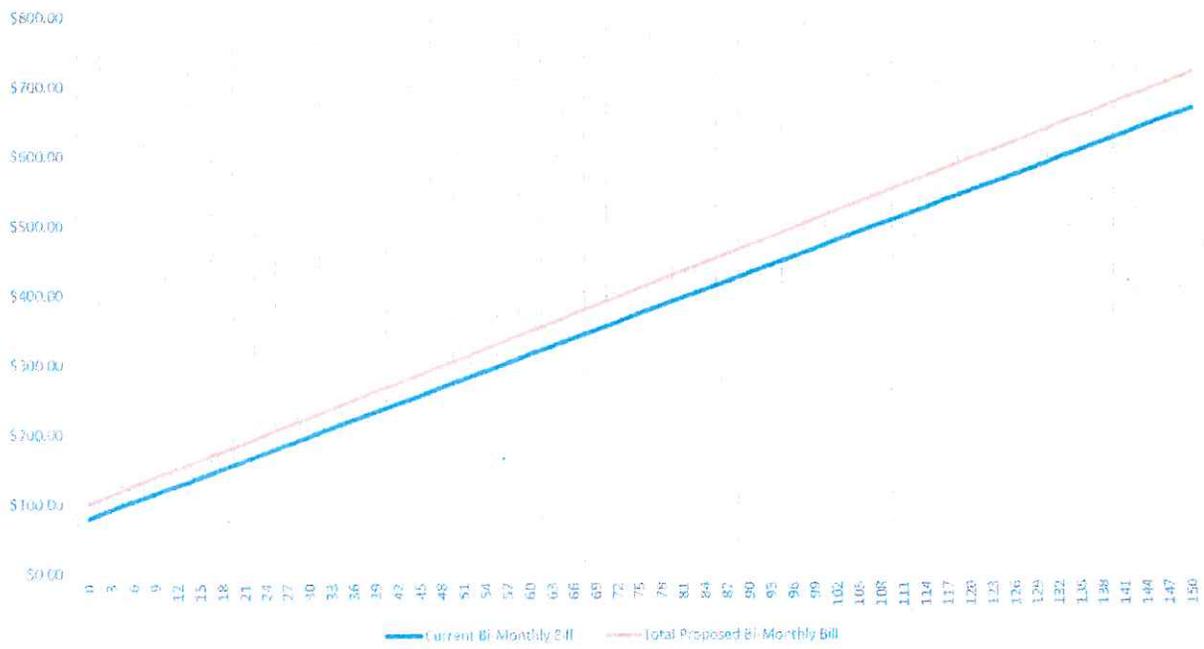
Non-Residential, Bi-Monthly Impact at Various Use Points



Irrigation, Bi-Monthly Impact at Various Use Points



Institutional, Bi-Monthly Impact at Various Use Points



Sewer Rate Study Findings/Reasons for the Rate Increase

A complete listing of rates is shown in the tables below. At the adoption of the previous Sewer Rate study (2013), operations in the Sewer fund were exceeding revenues collected through sewer rates. Instead of increasing rates as proposed, the City Council directed the Sewer Fund to draw down on the fund balance to pay for ongoing operations. The drawing down of reserves is now complete and without the recommended increases to the Sewer Rates, the Sewer Fund will be negative in the first half of the 2018-19 Fiscal Year. The proposed increases to the Sewer Rates will allow the Sewer Fund to pay for ongoing expenses and infrastructure.

Sewer rates pay for the maintenance and operation of the sewage collection and disposal system. Maintenance of the system includes annual cleaning of the entire system for removal of impediments to proper flow, and for more frequent cleaning in a number of problem areas where due to pipe slope, adjacent land uses, or damage to the existing system a higher frequency of cleaning and/or inspection is necessary to assure that the system is functioning properly. Maintenance also includes any necessary repairs and replacements of the infrastructure and the equipment necessary to maintain the sewer system. If the sewer system is not adequately maintained, a possible overflow could occur. If the proposed rate increase is approved the sewer fund is projected to attain self-sufficiency (meaning that the fund would cease using reserves to pay for current operations) in Fiscal Year 2019-2020.

Proposed Sewer Rates

The proposed sewer rates would increase the current bi-monthly charges by 5% on August 1, 2018, followed by 4% increases on July 1, 2019, July 1, 2020, July 1, 2021, and July 1, 2022

Table 5-1: Current Wastewater Bi-Monthly Base Charge

Customer Class	FYE 2018 Base Charge (\$/Bi-Monthly)
Residential	\$32.24
Commercial	\$19.53
Institutional	\$19.53

Table 5-2: Current Wastewater Variable Charge

Customer Class	FYE 2018 Flow Rates (\$/ccf)
Non-Residential	
Commercial	\$0.72
Institutional	\$0.43

Table 5-21: FYE 2019-FYE 2023 Recommended Bi-Monthly Fixed Charges

Customer Class	FYE 2019 Recommended Fixed Charge	FYE 2020 Recommended Fixed Charge	FYE 2021 Recommended Fixed Charge	FYE 2022 Recommended Fixed Charge	FYE 2023 Recommended Fixed Charge
Residential	\$33.79	\$35.14	\$36.55	\$38.01	\$39.53
Non-Residential					
Commercial	\$27.43	\$28.53	\$29.67	\$30.86	\$32.09
Institutional	\$27.43	\$28.53	\$29.67	\$30.86	\$32.09

Table 5-22: FYE 2019-FYE 2023 Recommended Variable Charges (\$/ccf)

Customer Class	FYE 2019 Recommended Variable Charge	FYE 2020 Recommended Variable Charge	FYE 2021 Recommended Variable Charge	FYE 2022 Recommended Variable Charge	FYE 2023 Recommended Variable Charge
Non-Residential					
Commercial	\$0.62	\$0.64	\$0.67	\$0.70	\$0.73
Institutional	\$0.62	\$0.64	\$0.67	\$0.70	\$0.73

Use this form to Protest the Proposed Water and/or Sewer Rate Increase

I, _____ protest this proposed increase to water rates.
(Print first and last name)

I, _____ protest this proposed increase to sewer rates.
(Print first and last name)

Property Address : **Mail Merge** and, City Water Account No: **Mail Merge**

Signature _____ Date: _____
(Must be signed and dated by property owner or water customer as identified in City Water Billing system.)

DRAFT

Guidelines for the Submission and Tabulation of Protests

Under Proposition 218, Sierra Madre is required to hold a protest hearing for certain property related assessments, charges and user fees, prior to the creation of, or increase in certain property related fees. The City of Sierra Madre has mailed a protest form to all water/sewer billing customers regarding a proposed increase in water rates and sewer fees.

The process of submitting, validating, counting and processing the protests is the following:

SUBMISSION OF PROTESTS

1. A protest ballot will be mailed to all water/sewer customers directly responsible for paying a water and/or sewer bill. The envelope will include a letter describing the rate adjustment, the reason for any changes to previous rates, stating the effective date of the adjustment if approved, advising the customer of the protest procedure, and stating the date of the public hearing. A ballot, along with the Guidelines for Submission and Tabulation of Protests, will be included in the mailing.
2. A utility customer or a property owner may submit a protest of the sewer or water rate increase. Each parcel gets one protest, which may be cast by the property owner or the utility customer. But only one protest per parcel will be counted.
3. The protest ballot is included in the City mailing to make it easier to submit a protest; however, it is not a requirement that protests be submitted using the protest ballot. Written protests are also allowed. A written protest must be legible and identify the affected property (by assessor's parcel number or street address) and include the signature of the utility customer or record property owner. The written protest must also state that the individual is protesting the water and/or sewer rate increase.
4. All protests must be mailed or hand delivered in a sealed envelope addressed to the City of Sierra Madre, Attention: Water or Sewer Protest, 232 W. Sierra Madre Boulevard, Sierra Madre, CA 91024.
5. To be valid the protest must bear the original signature of the utility customer or property owner of record with respect to the property identified on the protest. Emailed protests, unsigned protests, illegible protests, or protests not bearing the original signature cannot be accepted. Although oral comments at the Public Hearing will not qualify as a formal protest unless accompanied by a protest ballot or written protest, the City Council welcomes input from the community during the public hearing on the proposed fee.
6. If a parcel served by the City is the service location for more than one customer or is owned by more than a single property owner, each customer or owner may submit a protest, but only one protest will be counted per parcel and any one protest submitted in accordance with these rules will be sufficient to count as a protest for that property.
7. Any person who submits a protest may withdraw it by submitting a written request that the protest be withdrawn. The withdrawal of a protest shall contain sufficient information to identify the affected parcel and the name of the property owner or utility customer who submitted both the protest and the request that it be withdrawn.
8. A fee protest proceeding is not an election.

TABULATION OF PROTESTS

1. Written protests and protest ballots will remain sealed until tabulated.
2. Protests will be tabulated in public view, on July 24, 2018, at 9:00 a.m. in the City Council Chambers at 232 W. Sierra Madre Boulevard. The public hearing regarding the water/sewer rate increase is being held on the same date, July 24, 2018, at 6:30 pm.
3. The sealed protests will be opened and tabulated by Sierra Madre Staff members who do not reside in the City of Sierra Madre, as such, they do not have a vested interest in the outcome of the proposed fee.
4. The City Clerk and City Manager or designee shall determine the validity of all protests. The City Clerk and City Manager or designee shall not accept as valid any protest if the City Clerk and City Manager or designee determines that any of the following conditions exist:
 - a. The protest does not identify a property served by the City by an accurate City utility account number and street address.
 - b. The protest does not bear an original signature of a property owner of record, or the responsible utility customer identified on the protest.
 - c. The protest is a duplicate protest for the parcel (defined as a "water meter") identified on the protest.
 - d. The protest does not state its opposition to the proposed water or sewer fee.
 - e. The protest was not received by the City before the close of the public hearing on the proposed fees.
 - f. A request to withdraw the protest is received prior to the close of the public hearing on the proposed fees.
 - g. A written protest is illegible such that the City is unable to verify that the signatory is either the record parcel owner or the customer responsible for the water and/or sewer bill.
5. The City Clerk's and City Manager or designee's decision that a protest is not valid or does not apply to a specific fee shall constitute a final action of the City and shall not be subject to any appeal.
6. A majority protest exists if protests are timely submitted and not withdrawn by the record owners or utility customers of a majority of the parcels (water meters) subject to the proposed fee.
7. At the conclusion of the public hearing, the City Clerk and City Manager or designee shall verify the tabulation of all protests received, including those received during the public hearing and shall report the results of the tabulation to the City Council upon completion. If review of the protests received demonstrates that the number received is manifestly less than one-half of the parcels (water meters) served by the City with respect to the fees which are the subject of the protest, then the City Clerk and City Manager or designee may advise the City Council of the absence of a majority protest without determining the validity of all protests.
8. At the conclusion of the protest verification process, the protests and any resources used to analyze the ballots are deemed public records subject to public disclosure and will be made available for inspection by any interested person. Protests shall be preserved for two years, after which time the protests will be destroyed.

Definitions:

Proposition 218 is the Right to Vote on Taxes Act that was approved by California Voters in November 1996. Proposition 218 added Articles XIII C and D to the California Constitution. A State Supreme Court Case, Bighorn-Desert View Water Agency v. Beringson (July 2006) determined that utility rates (Water and Sewer) are subject to the requirements of Proposition 218, specifically, the majority protest procedure.

Parcel is defined as a “water meter” and a “Sierra Madre Utility Account Number.”

Property Owner is the owner of record as determined by the Los Angeles County Assessor’s office.

Utility Customer/Water Customer is the individual who is listed, by name, in the City’s Utility Billing System as the individual in whose name the bill is mailed. Responsible tenant is also the individual who is named in the City’s Utility Billing System and in whose name the bill is mailed.

Protest is either a written protest or a protest ballot.

Protest ballot is the ballot that is included in the City’s mailing to facilitate the submission of a protest.

Written Protest is correspondence addressed to the City that: (1) identifies the affected property (by City Utility/Water Account Number and the street address), (2) includes the original signature of the utility customer or record property owner, and (3) states that the individual is protesting the water and/or sewer rate increase.

Majority Protest occurs if protests are received from 50% plus 1 of the affected parcels. (A parcel is defined as a water meter.)

Duplicate Protest occurs when more than one protest is received for a single parcel (a parcel is defined as a water meter) and a withdrawal request(s) is not received. Only one ballot will be counted.

Proposition 218 Notification

Notice of Public Hearing
On Water and Sewer Rate AdjustmentsHearing Date and Time: July 31~~XX~~, 2018, at 6:30 PM

Hearing Location: City Council Chambers, 232 W. Sierra Madre Boulevard, Sierra Madre, CA 91024

NOTICE TO SIERRA MADRE WATER and/or SEWER CUSTOMERS AND PROPERTY OWNERS OF A PUBLIC
HEARING FOR A MULTI-YEAR WATER AND SEWER RATE ADJUSTMENT**Public Hearing Notice is Hereby Given**

That the Sierra Madre City Council will hold a public hearing on Tuesday, July 31~~24~~, 2018, at 6:30 pm in the City Council Chambers, City Hall, 232 W. Sierra Madre Boulevard, Sierra Madre, California, 91024, to consider adopting rate adjustment for water and sewer fees.

~~The Water rate adjustment would be implemented on August 1, 2018. The rate adjustment in 2018 will maintain current base rate revenue, and future years will only need modest cost of living adjustments (COLA) (based on percentage change in the consumer price index (CPI) for Los Angeles Orange Riverside). The COLA adjustment, if needed, would be implemented on July 1, 2019, July 1, 2020, July 1, 2021, and July 1, 2022.~~

~~The first rate adjustment for Sewer would increase sewer rates by 5% and occur on August 1, 2018, followed by increases of 4% annually on July 1, 2019, July 1, 2020, July 1, 2021, and July 1, 2022.~~

Water and Sewer Rates

The City provides water and sewer services to more than ~~XXXX accounts~~ 3,800 accounts within the city limits. The Water and Sewer utilities must be financially self-sufficient. Each utility operates independently from one another. Rates paid by users are the primary source of revenue. All revenue generated from your utility bills is used to maintain the water and sewer systems; it is not used for other general governmental purposes. These revenues must meet costs such as water production, imported water purchases, electricity, chemicals, infrastructure replacement, infrastructure renewal and maintenance, and costs or personnel in each utility enterprise.

Water and Sewer Rate Study

The City of Sierra Madre retained the services of Raftelis Financial Consultants, Inc. to complete a comprehensive water and sewer rate study to determine the appropriate level of revenue required to fund the water and sewer utilities. Proper funding of the water and sewer utility enables the City to ensure the delivery of reliable, quality water that meets or exceeds all state and federal standards; and ensures that the sewer system is maintained and minimizes the possible occurrences of sewage back-ups and overflows into the storm drain system, which could subject the City to large fines and penalties. A copy of the complete draft water and sewer rate study, along with additional information, can be found on the City's website at <http://www.cityofsierramadre.com/transparency>

If you are unable to access the report and information electronically, please call City Hall at (626) 355-7135~~XX~~ and the information will be ~~provided to you~~ made available for your review in hard copy.

Water Rate Study Findings/Reasons for Rate Adjustment

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).

As proposed, the water rate study would be implemented on August 1, 2018. The ~~proposed~~ rate adjustment in 2018 ~~establishes an infrastructure fixed charge and impacts rates for both the fixed meter costs and rates for the variable water usage costs by the amounts shown in the tables in this notice. will maintain current base rate revenue, and~~ In future years ~~water rates~~ will only need modest cost of living adjustments (COLA) (based on percentage change in the consumer price

index (CPI) for Los Angeles-Orange-Riverside). The COLA adjustment would be implemented on July 1, 2019, July 1, 2020, July 1, 2021, and July 1, 2022.

Proposed Water Rates

~~The proposed water study establishes an infrastructure fixed fee and impacts rates for both the fixed meter costs and rates for the variable water usage costs by the amount shown in the tables below.~~

The proposed water rates are a combination of 1) fixed bi-monthly charges, including customer service, meter capacity, and infrastructure charge (fire line charge for accounts with a private fire line), and 2) bi-monthly variable charges, determined by units (748 gallons/unit) of water consumed in each billing period.

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 be able to meet the water demand of Sierra Madre residents through locally produced water alone in the foreseeable future. In order to meet demand in excess of what can be produced locally, the City must import water.

As part of the water rate design, the net amount of available groundwater is apportioned evenly to all single-family residential accounts, with duplexes counting as an additional single-family account. Doing so resulted in each single-family residential account receiving a fair share amount of groundwater equal to 14 ccf (units) per account in a bi-monthly billing period. Every unit of water for residential customers consumed at 15 ccf (units) and above, which is imported water, will be billed at tier 2 water rates.

For all other customer classes, the 14 ccf per account per billing period is accounted for as part of the uniform rate structure by calculating a blended rate.

Current and Recommended Variable Rate Structure

Customer Class / Tiers	Current Tier Width (hcf)	Recommended Tier Width (hcf)
Single Family¹		
Tier 1	(0-11)	(0-14)
Tier 2	(12-33)	(>14)
Tier 3	(34-66)	N/A
Tier 4	(>66)	N/A
Multi Family	Same as Residential	Uniform
Non-Residential	Uniform	Uniform

¹ Single Family accounts consist of single unit housing and duplexes (two units).

As shown in the table above, the current four-tier system will be ~~collapsed into~~ replaced with a two-tier system. Tier 1 in the proposed rate structure will consist of water Sierra Madre can produce from its ground source. Tier 2 will consist of water which Sierra Madre must import to meet consumption demand.

The water rate each single-family residential customer will pay will be comprised of fixed bi-monthly charges, including customer service, meter capacity, and infrastructure charge (fire line charge for accounts with a private fire line) plus the variable charge of water usage from Tier 1 and/or Tier 2.

The water rate each non-residential and multi-family residential customer will pay will be comprised of fixed bi-monthly charges, including customer service, meter capacity, and infrastructure fixed charge plus a uniform rate as shown in the tables below.

The following tables show the current and proposed bi-monthly fixed, and variable charges, and also show the establishment of an infrastructure charge in the proposed rates.

Current Fixed Charge

Meter Size	Current Fixed Water Service Charge (\$ / Bi-Month)
5/8"	\$79.68
3/4"	\$79.68
1"	\$107.00
1 1/2"	\$152.54
2"	\$207.18
3"	\$334.68
4"	\$516.83

Proposed Fixed Charge

Meter Size	FYE 2019 Recommended Fixed Service Charge (\$ / Bi-Month)
5/8"	\$79.57
3/4"	\$79.57
1"	\$97.22
1 1/2"	\$140.92
2"	\$193.58
3"	\$360.52
4"	\$606.17

Current Variable Usage Charge

Customer Class / Tiers	Tier Width (hcf)	FYE 2018 Water Usage Charge (\$/hcf)
Residential		
Tier 1	(0-11)	\$2.69
Tier 2	(12-33)	\$3.47
Tier 3	(34-66)	\$4.08
Tier 4	(>66)	\$5.55
Non-Residential		
Uniform	N/A	\$3.89

Proposed Variable Charge (\$/hcf)¹

Customer Class	FYE 2019 Recommended Variable Charge
Single Family	
Tier 1	\$2.70
Tier 2	\$4.23
Tier 3	Eliminated in Recommended Study
Tier 4	Eliminated in Recommended Study
Multi-Family	\$3.73
Non-Residential	\$3.71
Irrigation	\$3.81
Institutional	\$4.10

FYE 2019 Recommended Infrastructure Fixed Charge (\$/Bi-Month)²

¹ Rates for subsequent years after FYE 2019 shall adjust based on the percentage change in CPI.

² Rates for subsequent years after FYE 2019 shall adjust based on the percentage change in CPI.

Meter Size	FYE 2019 Recommended Infrastructure Charge
3/4" or less	\$21.75
1"	\$36.32
1 1/2"	\$72.43
2"	\$115.93
3"	\$253.82
4"	\$456.75

The recommended infrastructure charge is a new charge ~~in water billing~~ and will be established if the rates are adopted and implemented. The infrastructure charge will be used for the replacement of water mains and other infrastructure needs in the Water utility.

Sewer Rate Study Findings/Reasons for the Rate Increase

A complete listing of rates is shown in the tables below. At the adoption of the previous Sewer Rate study (2013), the cost of sewer operations operations' costs in the Sewer fund were exceeded theing revenues collected through sewer rates. Instead of increasing rates as proposed, the City Council directed the Sewer Fund to draw down on the fund balance to pay for ongoing operations. The drawing down of reserves is now complete and without adopting the recommended increases to the Sewer Rates, the Sewer Fund will ~~be~~ fully deplete its operating reserves. The proposed increases to the Sewer Rates will allow the Sewer Fund to pay for ongoing expenses and infrastructure.

The proposed sewer rates would increase the current bi-monthly charges by 105% on August 1, 2018, followed by 43% increases on *July 1, 2019, July 1, 2020, July 1, 2021, and July 1, 2022*

Proposed Sewer Rates

Current and FYE 2019-FYE 2023 Recommended Bi-Monthly Fixed Charges

Customer Class	FYE-2018 Base-Charge (\$/Bi-Monthly) CURRENT	FYE-2019 Recommended Fixed-Charge	FYE-2020 Recommended Fixed-Charge	FYE-2021 Recommended Fixed-Charge	FYE-2022 Recommended Fixed-Charge	FYE-2023 Recommended Fixed-Charge
Residential	\$32.24	\$33.79	\$35.14	\$36.55	\$38.01	\$39.53
Non-Residential						
Commercial	\$19.53	\$27.43	\$28.53	\$29.67	\$30.86	\$32.09
Institutional	\$19.53	\$27.43	\$28.53	\$29.67	\$30.86	\$32.09

Current and FYE 2019-FYE 2023 Recommended Variable Charges (\$/ccf)

Customer Class	FYE-2018 Flow Rates (\$/ccf) CURRENT	FYE-2019 Recommended Variable Charge	FYE-2020 Recommended Variable Charge	FYE-2021 Recommended Variable Charge	FYE-2022 Recommended Variable Charge	FYE-2023 Recommended Variable Charge

Non-Residential						
Commercial	\$0.72	\$0.62	\$0.64	\$0.67	\$0.70	\$0.73
Institutional	\$0.43	\$0.62	\$0.64	\$0.67	\$0.70	\$0.73

Current and Recommended Bi-Monthly Fixed Charges

Customer Class	FYE 2018 Base Charge (\$/Bi-Monthly) CURRENT	FYE 2019 Recommended Fixed Charge	FYE 2020 Recommended Fixed Charge	FYE 2021 Recommended Fixed Charge	FYE 2022 Recommended Fixed Charge	FYE 2023 Recommended Fixed Charge
Residential	\$32.24	\$35.36	\$36.42	\$37.51	\$38.64	\$39.80
Non-Residential						
Commercial	\$19.53	\$28.70	\$29.56	\$30.45	\$31.36	\$32.30
Institutional	\$19.53	\$28.70	\$29.56	\$30.45	\$31.36	\$32.30

Current and Recommended Variable Charges (\$/ccf)

Customer Class	FYE 2018 Flow Rates (\$/ccf) CURRENT	FYE 2019 Recommended Variable Charge	FYE 2020 Recommended Variable Charge	FYE 2021 Recommended Variable Charge	FYE 2022 Recommended Variable Charge	FYE 2023 Recommended Variable Charge
Non-Residential						
Commercial	\$0.72	\$0.65	\$0.67	\$0.69	\$0.71	\$0.73
Institutional	\$0.43	\$0.65	\$0.67	\$0.69	\$0.71	\$0.73

How to Protest the Proposed Adjustments

As the owner of record of a parcel, or a water and/or sewer ratepayer subject to the imposition of the proposed rate adjustments, you may submit a written protest against the proposed rate changes. If the City receives written protests against the proposed water and sewer rates by a majority or the affected property owners or rate payers prior to the end of the hearing, the fees may not be increased. Only one water protest and one sewer protest will be counted per parcel. Please note that written protests will not be accepted by email or fax. Only one written protest will be counted per identified parcel, filed either by an owner or a tenant of a parcel.

You have the right to withdraw a written protest that you previously submitted ~~prior to 5:00 pm on~~ **no later than at the close of the public hearing on July, 31~~XX~~ 2018.**

The City Council will count all written protests received at the public hearing:

1. If submitted by mail, the protest must be received (not postmarked) no later than ~~9:30 am~~ **on July 31~~XX~~, 2018** at the mailing address on the form addressed to the City Clerk; or
2. If hand delivered, the protest must be delivered to the City Clerk no later than at the close of the public hearing **on July 31~~XX~~, 2018.**

A written protest must include (1) your name and the original signature; (2) identification of the parcel by address; (3) the assessor's ~~id-ID~~ or parcel number; (4) whether you are the owner of the parcel or the person receiving the service for which the fee is charged; ~~and~~ (5) **City Utility Account Number; and (6)** your statement of the specific rate changes (water and/or sewer) for which you protest the increase in the fee. Written protests will not be accepted by e-mail or by fax. Verbal protests will not be counted.

Please identify on the front of a sealed envelope for any protest, whether mailed or submitted in person, that a **"Water or Sewer Fee Protest is Enclosed."** Written protests may be submitted by mail or in person only to:

City Hall
Attention: Water or Sewer Protest
232 W. Sierra Madre Boulevard
Sierra Madre, CA 91024

If you do not wish to protest the water or sewer rate adjustments, you do not need to take any action.

Please visit the City's website at www.cityofsierramadre.com/transparency for a copy of the Raftelis rate study.

Use this form to Protest the Proposed Water and/or Sewer Rate Increase

I, _____ protest this proposed increase to water rates.
(Print first and last name)

I, _____ protest this proposed increase to sewer rates.
(Print first and last name)

Parcel Identification by Address : _____

Assessor's ID or Parcel Number: _____

Property Owner (Yes or No): _____ Person Receiving Service (Yes or No): _____

City Water Account No: **Mail Merge** _____

Signature _____ Date: _____

(Must be signed and dated by property owner or water customer as identified in City Water Billing system.)

DRAFT

Guidelines for the Submission and Tabulation of Protests

Under Proposition 218, Sierra Madre is required to hold a protest hearing for certain property related assessments, charges and user fees, prior to the creation of, or increase in certain property related fees. The City of Sierra Madre has mailed a protest form to all water/sewer billing customers regarding a proposed increase in water rates and sewer fees.

The process of submitting, validating, counting and processing the protests is the following:

SUBMISSION OF PROTESTS

1. A protest ballot will be mailed to all water/sewer customers directly responsible for paying a water and/or sewer bill. The envelope will include a letter describing the rate adjustment, the reason for any changes to previous rates, stating the effective date of the adjustment if approved, advising the customer of the protest procedure, and stating the date of the public hearing. A ballot, along with the Guidelines for Submission and Tabulation of Protests, will be included in the mailing.
2. A utility customer or a property owner may submit a protest of the sewer or water rate increase. Each parcel gets one protest, which may be cast by the property owner or the utility customer. But only one protest per parcel will be counted.
3. The protest ballot is included in the City mailing to make it easier to submit a protest; however, it is not a requirement that protests be submitted using the protest ballot. Written protests are also allowed. A written protest must be legible and identify the affected property (by assessor's parcel number or street address) and include the signature of the utility customer or record property owner. The written protest must also state that the individual is protesting the water and/or sewer rate increase.
4. All protests must be mailed or hand delivered in a sealed envelope addressed to the City of Sierra Madre, Attention: Water or Sewer Protest, 232 W. Sierra Madre Boulevard, Sierra Madre, CA 91024.
5. To be valid the protest must bear the original signature of the utility customer or property owner of record with respect to the property identified on the protest. Emailed protests, unsigned protests, illegible protests, or protests not bearing the original signature cannot be accepted. Although oral comments at the Public Hearing will not qualify as a formal protest unless accompanied by a protest ballot or written protest, the City Council welcomes input from the community during the public hearing on the proposed fee.
6. If a parcel served by the City is the service location for more than one customer or is owned by more than a single property owner, each customer or owner may submit a protest, but only one protest will be counted per parcel and any one protest submitted in accordance with these rules will be sufficient to count as a protest for that property.
7. Any person who submits a protest may withdraw it by submitting a written request that the protest be withdrawn. The withdrawal of a protest shall contain sufficient information to identify the affected parcel and the name of the property owner or utility customer who submitted both the protest and the request that it be withdrawn.
8. A fee protest proceeding is not an election.

TABULATION OF PROTESTS

1. Written protests and protest ballots will remain sealed until tabulated.
2. Protests will be tabulated in public view, on July 31, 2018, at 9:30 a.m. in the City Council Chambers at 232 W. Sierra Madre Boulevard. The public hearing regarding the water/sewer rate increase is being held on the same date, July 31, 2018, at 6:30 pm.
3. The sealed protests will be opened and tabulated by Sierra Madre Staff members who do not reside in the City of Sierra Madre, as such, they do not have a vested interest in the outcome of the proposed fee.
4. The City Clerk and City Manager or designee shall determine the validity of all protests. The City Clerk and City Manager or designee shall not accept as valid any protest if the City Clerk and City Manager or designee determines that any of the following conditions exist:
 - a. The protest does not identify a property served by the City by an accurate City utility account number and street address.
 - b. The protest does not bear an original signature of a property owner of record, or the responsible utility customer identified on the protest.
 - c. The protest is a duplicate protest for the parcel (defined as a "water meter") identified on the protest.
 - d. The protest does not state its opposition to the proposed water or sewer fee.
 - e. The protest was not received by the City before the close of the public hearing on the proposed fees.
 - f. A request to withdraw the protest is received prior to the close of the public hearing on the proposed fees.
 - g. A written protest is illegible such that the City is unable to verify that the signatory is either the record parcel owner or the customer responsible for the water and/or sewer bill.
5. The City Clerk's and City Manager or designee's decision that a protest is not valid or does not apply to a specific fee shall constitute a final action of the City and shall not be subject to any appeal.
6. A majority protest exists if protests are timely submitted and not withdrawn by the record owners or utility customers of a majority of the parcels (water meters) subject to the proposed fee.
7. At the conclusion of the public hearing, the City Clerk and City Manager or designee shall verify the tabulation of all protests received, including those received during the public hearing and shall report the results of the tabulation to the City Council upon completion. If review of the protests received demonstrates that the number received is manifestly less than one-half of the parcels (water meters) served by the City with respect to the fees which are the subject of the protest, then the City Clerk and City Manager or designee may advise the City Council of the absence of a majority protest without determining the validity of all protests.
8. At the conclusion of the protest verification process, the protests and any resources used to analyze the ballots are deemed public records subject to public disclosure and will be made available for inspection by any interested person. Protests shall be preserved for two years, after which time the protests will be destroyed.

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Definitions:

Proposition 218 is the Right to Vote on Taxes Act that was approved by California Voters in November 1996. Proposition 218 added Articles XIII C and D to the California Constitution. A State Supreme Court Case, Bighorn-Desert View Water Agency v. Beringson (July 2006) determined that utility rates (Water and Sewer) are subject to the requirements of Proposition 218, specifically, the majority protest procedure.

Parcel is defined as a "water meter" and a "Sierra Madre Utility Account Number."

Property Owner is the owner of record as determined by the Los Angeles County Assessor's office.

Utility Customer/Water Customer is the individual who is listed, by name, in the City's Utility Billing System as the individual in whose name the bill is mailed. Responsible tenant is also the individual who is named in the City's Utility Billing System and in whose name the bill is mailed.

Protest is either a written protest or a protest ballot.

Protest ballot is the ballot that is included in the City's mailing to facilitate the submission of a protest.

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Majority Protest occurs if protests are received from 50% plus 1 of the affected parcels. (A parcel is defined as a water meter.)

Duplicate Protest occurs when more than one protest is received for a single parcel (a parcel is defined as a water meter) and a withdrawal request(s) is not received. Only one ballot will be counted.



City of Sierra Madre Agenda Report

Denise Delmar, Mayor
John Harabedian, Mayor Pro Tem
Rachelle Arizmendi, Council Member
John Capoccia, Council Member
Gene Goss, Council Member

Sue Spears, City Clerk
Michael Amerio City Treasurer

TO: Honorable Mayor and Members of the City Council

FROM: Jose Reynoso, Utility Services Director

REVIEWED BY: Gabriel Engeland, City Manager 



DATE: May 22, 2018

SUBJECT: **Implementation of Proposition 218 Process for Water and Sewer Rate Adjustments**

STAFF RECOMMENDATION

Staff is recommending the City Council:

1. Adopt the draft City of Sierra Madre Comprehensive Water and Wastewater Cost of Service Study.
2. Direct staff to initiate the Proposition 218 Notification and Protest ballot process based on the recommendations of the April 23, 2018 Comprehensive Water and Wastewater Cost of Services Study (**Attachment A**).
3. Review and approve supporting documentation for the Proposition 218 process comprised of the Official Protest Ballot (**Attachment B**) and the Guidelines for the Submission and Tabulation of Protests (**Attachment C**).
4. Set July 24, 2018 at 9:00am at Sierra Madre City Hall for the public tabulation of protests and July 24, 2018 at 6:30pm at Sierra Madre City Hall for the Public Hearing as required by Proposition 218.

ALTERNATIVES

1. City Council may recommend changes to the supporting documentation.
2. City Council may delay or decline the implementation of the Proposition 218 process.

SUMMARY

City Staff and the Water Subcommittee have been working with Raftelis Financial Consultants, Inc. to produce an updated Comprehensive Water and Wastewater Cost of Service Study Report (Study). It has been determined that an updated Study was needed due to considerable changes in the delivery of water and sewer services to the community.

- 1. The City is now importing more than 50% of its water to meet consumption demand.*
- 2. Water customers have expressed the complexity of the current billing structure is unacceptable.*
- 3. A focus on infrastructure improvements has been proven to be paramount in the short and long-term viability of the Water Department.*
- 4. Current and expected improvements in operational efficiencies should be reflected in cost-of-service determinations for the next five years.*

The full Study is included as **Attachment A** in this report, and staff has provided a summary with illustrations and analysis below.

ANALYSIS

Proposition 218 Process

Under Proposition 218, the amount of the charge imposed upon any parcel of land must not exceed the proportional cost of service attributable to the parcel. The costs of water (and sewer) rates and charges should be recovered from classes of customers in proportion to the cost of serving those customer classes. Prop 218 provides that utility rates cannot be arbitrary and capricious. Raftelis has strictly followed the guidelines of Proposition 218 in order to ensure that the proposed rates are equitable for all customers. Critical to the design of the utility rates is the nexus between the costs incurred and the rates established. Once revenue goals are set, there is limited flexibility in rate design, other than pass-through costs of imported water or electricity costs and modest cost of living adjustments for subsequent years, both of which are built into the new rate structure.

The Proposition 218 election process requires a 45-day notice and a public hearing.

At the direction of Council, staff will mail protest ballots (**Attachment C**) to explain the process as well as findings for the proposed new rates.

If, at the close of the July 24, 2018 Public Hearing, the City does not receive the required 50% plus one protests, the new rates will go into effect beginning on August 1, 2018, followed by



potential cost of living increases on July 1, 2019, July 1, 2020, July 1, 2021, and July 1, 2022, should a COLA as calculated in the rate study be necessary, or should pass-through costs to the City for imported water or electricity increase. Additional guidelines will be provided to water customers in the mailing and are included with this report as **(Attachment B)**.

Proposed Water Rates

Current and Recommended Variable Rate Structure

Customer Class / Tiers	Current Tier Width (hcf)	Recommended Tier Width (hcf)
Single Family¹		
Tier 1	(0-11)	(0-14)
Tier 2	(12-33)	(>14)
Tier 3	(34-66)	N/A
Tier 4	(>66)	N/A
Multi Family		
	Same as Residential	Uniform
Non-Residential		
	Uniform	Uniform

¹ Single Family accounts consist of single unit housing and duplexes (two units).

As shown in the table above, the current four-tier system will be collapsed into a two-tier system. Tier 1 in the proposed rate structure will consist of water Sierra Madre can produce from its ground source. Tier 2 will consist of water which Sierra Madre must import to meet consumption demand.

The water rate each single-family residential customer will pay will be comprised of fixed bi-monthly charges, including customer service, meter capacity, and infrastructure charge (fire line charge for accounts with a private fire line) plus the variable charge of water usage from Tier 1 and/or Tier 2.

The water rate each non-residential and multi-family residential customer will pay will be comprised of fixed bi-monthly charges, including customer service, meter capacity, and infrastructure charge (fire line charge for accounts with a private fire line) plus a uniform rate as shown in the table, *FYE 2019 Recommended Variable Charge (\$/hcf)*, below.



The next three tables below show the current Bi-Monthly fixed, variable, and fire line charges.

Current Bi-Monthly Water Charges

Meter Size	FYE 2018 Water Service Charge (\$ / Bi-Month)	FYE 2018 Low Income Discount (\$ / Bi-Month)*
5/8"	\$79.68	\$51.79
3/4"	\$79.68	\$51.79
1"	\$107.00	\$69.55
1 1/2"	\$152.54	\$99.15
2"	\$207.18	\$134.67
3"	\$334.68	\$217.54
4"	\$516.83	\$335.94

*Low Income Discount are subsidized by the General Fund and not by the rate payers and the Water Fund.

Current Variable Usage Charge

Customer Class / Tiers	Tier Width (hcf)	FYE 2018 Water Usage Charge (\$/hcf)
Residential		
Tier 1	(0-11)	\$2.69
Tier 2	(12-33)	\$3.47
Tier 3	(34-66)	\$4.08
Tier 4	(>66)	\$5.55
Non-Residential		
Uniform	N/A	\$3.89

Current Fire Line Service Charge

Connection Size	FYE 2018 Rate (\$/Bi-Month)
2"	\$6.29
4"	\$38.95

IMPLEMENTATION OF PROP. 218 PROCESS FOR WATER AND SEWER RATE
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The water rate study proposes the rate adjustment in water will (please see the tables below for specific service charges):

- » Maintain base revenue at \$5.2 million in FYE 2019.
- » Cover increases in imported water through pass-through charges.
- » Ensure future years in the planning period are indexed to cost of living as opposed to annual set percentage increases.
- » Fund capital projects and a portion of deferred maintenance.
- »

FYE 2019 Recommended Bi-Monthly Service Charges¹

Meter Size	FYE 2019 Recommended Bi-Monthly Service Charge
3/4" or less	\$79.57
1"	\$97.22
1 1/2"	\$140.92
2"	\$193.58
3"	\$360.52
4"	\$606.17

FYE 2019 Recommended Infrastructure Fixed Charge (\$/Bi-Month)²

Meter Size	FYE 2019 Recommended Infrastructure Charge
3/4" or less	\$21.75
1"	\$36.32
1 1/2"	\$72.43
2"	\$115.93
3"	\$253.82
4"	\$456.75

1 Rates for subsequent years after FYE 2019 shall adjust based on the percentage change in CPI.

2 Rates for subsequent years after FYE 2019 shall adjust based on the percentage change in CPI.



FYE 2019 Recommended Variable Charge (\$/hcf)³

Customer Class	FYE 2019 Recommended Variable Charge Per Unit
Single Family	
Tier 1	\$2.70
Tier 2	\$4.23
Multi-Family	
Non-Residential	\$3.71
Irrigation	\$3.81
Institutional	\$4.10

Sewer Charges

At the adoption of the previous Sewer Rate study (2013), operations in the Sewer fund were exceeding revenues collected through sewer rates. Instead of increasing rates as proposed, the City Council directed the Sewer Fund to draw down on the fund balance to pay for ongoing operations. The drawing down of reserves is now complete and without the recommended increases to the Sewer Rates, the Sewer Fund will be negative in the first half of the 2018-19 Fiscal Year. The proposed increases to the Sewer Rates will allow the Sewer Fund to pay for ongoing expenses and infrastructure.

The proposed sewer rates would increase the current bi-monthly charges by 5% on August 1, 2018, followed by 4% increases on July 1, 2019, July 1, 2020, July 1, 2021, and July 1, 2022

FYE 2019-FYE 2023 Recommended Bi-Monthly Fixed Charges

Customer Class	FYE 2019 Recommended Fixed Charge	FYE 2020 Recommended Fixed Charge	FYE 2021 Recommended Fixed Charge	FYE 2022 Recommended Fixed Charge	FYE 2023 Recommended Fixed Charge
Residential	\$33.32	\$34.66	\$36.05	\$37.49	\$38.99
Non-Residential					
Commercial	\$27.48	\$28.58	\$29.72	\$30.91	\$32.15
Institutional	\$27.48	\$28.58	\$29.72	\$30.91	\$32.15

³ Rates for subsequent years after FYE 2019 shall adjust based on the percentage change in CPI.

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FYE 2019-FYE 2023 Recommended Non-Residential Variable Charges (\$/ccf)

Customer Class	FYE 2019 Recommended Variable Charge	FYE 2020 Recommended Variable Charge	FYE 2021 Recommended Variable Charge	FYE 2022 Recommended Variable Charge	FYE 2023 Recommended Variable Charge
Non-Residential					
Commercial	\$0.57	\$0.59	\$0.61	\$0.63	\$0.66
Institutional	\$0.57	\$0.59	\$0.61	\$0.63	\$0.66

FINANCIAL REVIEW

The financial impacts of implementing the Proposition 218 process consists of an estimated \$5,000 for the printing and mailing of ballots plus staff time for the tabulation of protests and reporting of results. There will also be staff time dedicated to updating the utility billing rate structure software.

PUBLIC NOTICE PROCESS

This item has been noticed through the regular agenda notification process. Copies of this report are available at the City Hall public counter, at the Sierra Madre Public Library, and can be accessed on the City's website at www.cityofsierramadre.com.