

## **Proposition 218 Notification**

### **Notice of Public Hearing On Water and Sewer Rate Adjustments**

**Hearing Date and Time: April 18, 2017, at 6:00 pm**  
**Hearing Location: Bateman Hall • 11331 Ernestine Avenue • Lynwood, CA 90262**

**This is an updated notice for the public hearing on the proposed water and sewer rate adjustments. The previous date of March 21, 2017 has been rescheduled; the new date for the public hearing is April 18, 2017.**

The City of Lynwood (“City”) is considering a five-year water and sewer rate adjustment for all residential and non-residential customers. The proposal will be considered by the City Council at a Public Hearing on **April 18, 2017 at 6:00 pm**. If adopted, the proposed rate changes will become effective on or after June 1, 2017. You are receiving this notice because you are either an owner of property receiving water and/or sewer services from the City of Lynwood, or you are a City of Lynwood water and/or sewer customer. The purpose of the public hearing is to consider all written protests against the proposed rate changes. As the owner of record of a parcel, or a customer subject to the imposition of the proposed rate changes, you may submit a written protest against the proposed rate changes.

The majority of water customers in Lynwood are serviced by the City. However, a small portion of the water customers are serviced by Liberty Utilities. **IF YOU ARE A LIBERTY UTILITIES CUSTOMER, PLEASE NOTE THAT ONLY THE PROPOSED SEWER RATE INCREASES APPLY TO YOU.** As a Liberty Utilities customer, your water rates are set by Liberty Utilities.

#### **WHAT DO WATER AND SEWER RATES FUND?**

The City provides water and sewer utility services to residential and non-residential customers. The operation and maintenance of these two utilities are financially independent of each other. All revenue generated from customer water and sewer bills is used to pay for the ongoing operation, maintenance, repair and replacement of the existing water and sewer systems. By State law, the City may not collect more revenue than is necessary to recover the costs of providing services.

#### **WHY INCREASES TO RATES?**

The City is required by State law and City policy to collect revenues sufficient to cover the costs of operating the water and sewer systems. These revenues allow the City to protect public health; and safely and reliably treat and convey water and sewer. Costs that must be recovered through rate revenue include purchased water, electricity, equipment, supplies, treatment chemicals, debt service, along with salaries and benefits. Additionally, revenues generated from the water and sewer rate increases would be used to finance the repair and renovation of the City’s aging water and sewer infrastructure, and restore depleting reserve funds that have been drawn down to compensate for lower levels of water consumption. Currently, the City water system relies on five water wells to provide water; 4 out of the 5 wells are older than 66 years, with the oldest being in service for 85 years. Water and Sewer pipeline infrastructure is equally aged, resulting in increased water main breaks and sewer backups.

Additionally, Section 6.07 of the Indenture of Trust Agreement regarding the 2009 Water and Sewer Bonds (the debt covenants), dated May 1, 2009, established the requirements to collect sufficient revenue to annually

pay expenses, capital improvements and debt service payments, while maintaining adequate reserves. However, water and sewer rates were last increased in 2012, and revenues have dropped due to the State mandated water conservation goals, causing non-payment default of the debt covenant. The City's non-compliance with its debt covenants could cause a downgrade of the City's bond rating and may prove to be a significant obstacle to the issuance of additional debt necessary to maintain and rebuild the City's water and sewer systems, or such additional debt would be issued with significant increases in interest costs to the City. The proposed rate increases are essential to restoring compliance with the debt covenants.

The rates proposed herein were developed through a "Water and Sewer Rate Study" completed on January 11, 2017 by Black & Veatch. The rates proposed are designed to meet all legal requirements, as well as fairly and equitably recover the required revenue to properly operate the water and sewer utilities. The "Water and Sewer Rate Study" is available for review at <http://lynwood.ca.us/notices/water-rate/> and is also available for inspection at the City Clerk's Office located at 11330 Bullis Road, Lynwood, CA 90262.

### PROPOSED WATER RATES

The City's current water charge has two components: 1) a fixed monthly charge referred to as a "Readiness-to-Serve" charge and; 2) a variable consumption charge referred to as a "Commodity Charge". The "Readiness-to-Serve" charge is based on meter size (see Table 1 below). The typical residential customers has 3/4" meter. The "Commodity Charge" is based on a uniform rate for all water consumed measured in hundred cubic feet (HCF) or 748 gallons.

In addition, the City has "Fire Line Charges" based on meter size; these charges only apply to customers that have a dedicated fire line (See Table 2).

The following tables (see Table 1 and Table 2) show the current and proposed water rates over the next five years.

**TABLE 1**

Description	Current	Proposed FY 16/17	Percent Change	Proposed FY 17/18	Percent Change	Proposed FY 18/19	Percent Change	Proposed FY 19/20	Percent Change	Proposed FY 20/21	Percent Change
<b>Readiness to Serve Charge</b>	<b>(\$/Month)</b>	<b>(\$/Month)</b>	<b>Percent Change</b>	<b>(\$/Month)</b>	<b>Percent Change</b>	<b>(\$/Month)</b>	<b>Percent Change</b>	<b>(\$/Month)</b>	<b>Percent Change</b>	<b>(\$/Month)</b>	<b>Percent Change</b>
3/4"	\$14.73	\$15.35	4.2%	\$17.66	15.0%	\$20.31	15.0%	\$23.36	15.0%	\$26.87	15.0%
1"	\$22.10	\$20.93	-5.3%	\$24.07	15.0%	\$27.69	15.0%	\$31.85	15.0%	\$36.63	15.0%
1.5"	\$44.18	\$34.76	-21.3%	\$39.98	15.0%	\$45.98	15.0%	\$52.88	15.0%	\$60.82	15.0%
2"	\$66.27	\$51.42	-22.4%	\$59.14	15.0%	\$68.02	15.0%	\$78.23	15.0%	\$89.97	15.0%
3"	\$125.16	\$95.90	-23.4%	\$110.29	15.0%	\$126.84	15.0%	\$145.87	15.0%	\$167.76	15.0%
4"	\$220.88	\$145.88	-34.0%	\$167.77	15.0%	\$192.94	15.0%	\$221.89	15.0%	\$255.18	15.0%
6"	\$294.50	\$284.67	-3.3%	\$327.38	15.0%	\$376.49	15.0%	\$432.97	15.0%	\$497.92	15.0%
8"	\$515.39	\$506.84	-1.7%	\$582.87	15.0%	\$670.31	15.0%	\$770.86	15.0%	\$886.49	15.0%
<b>Commodity Charge</b>	<b>(\$/HCF)</b>	<b>(\$/HCF)</b>	<b>Percent Change</b>	<b>(\$/HCF)</b>	<b>Percent Change</b>	<b>(\$/HCF)</b>	<b>Percent Change</b>	<b>(\$/HCF)</b>	<b>Percent Change</b>	<b>(\$/HCF)</b>	<b>Percent Change</b>
All Customers	\$2.92	\$3.53	20.9%	\$4.06	15.0%	\$4.67	15.0%	\$5.38	15.2%	\$6.19	15.1%

**TABLE 2**

Description	Current	Proposed FY 16/17	Proposed FY 17/18	Proposed FY 18/19	Proposed FY 19/20	Proposed FY 20/21					
Fire Line Charges	(\$/Month)	(\$/Month)	Percent Change	(\$/Month)	Percent Change	(\$/Month)	Percent Change	(\$/Month)	Percent Change	(\$/Month)	Percent Change
1"	\$3.46	\$10.35	199.1%	\$11.91	15.1%	\$13.70	15.0%	\$15.76	15.0%	\$18.13	15.0%
1.5"	\$5.19	\$13.66	163.2%	\$15.71	15.0%	\$18.07	15.0%	\$20.79	15.1%	\$23.91	15.0%
2"	\$10.39	\$17.65	69.9%	\$20.30	15.0%	\$23.35	15.0%	\$26.86	15.0%	\$30.89	15.0%
3"	\$15.58	\$28.31	81.7%	\$32.56	15.0%	\$37.45	15.0%	\$43.07	15.0%	\$49.54	15.0%
4"	\$20.77	\$40.29	94.0%	\$46.34	15.0%	\$53.30	15.0%	\$61.30	15.0%	\$70.50	15.0%
6"	\$31.15	\$73.53	136.1%	\$84.56	15.0%	\$97.25	15.0%	\$111.84	15.0%	\$128.62	15.0%
8"	\$41.54	\$126.76	205.2%	\$145.78	15.0%	\$167.65	15.0%	\$192.80	15.0%	\$221.72	15.0%
10"	\$51.92	\$199.94	285.1%	\$229.94	15.0%	\$264.44	15.0%	\$304.11	15.0%	\$349.73	15.0%

**PROPOSED SEWER RATES**

The City’s sewer charge is based on a fixed monthly sewer charge based on the type of customer, residential or non-residential. Non-residential fees for customers tends to be higher as these customers have higher strength parameters associated with their discharge. The following table (see Table 3) shows the current and proposed sewer rates over the next five years.

**TABLE 3**

Description	Current	Proposed FY 16/17	Proposed FY 17/18	Proposed FY 18/19	Proposed FY 19/20	Proposed FY 20/21					
Flat Charge - Sewer	(\$/Month)	(\$/Month)	Percent Change	(\$/Month)	Percent Change	(\$/Month)	Percent Change	(\$/Month)	Percent Change	(\$/Month)	Percent Change
Residential	\$7.79	\$11.17	43.4%	\$17.32	55.1%	\$19.92	15.0%	\$22.91	15.0%	\$26.35	15.0%
Commercial/ Industrial	\$38.94	\$66.25	70.1%	\$102.69	55.0%	\$118.10	15.0%	\$135.82	15.0%	\$156.20	15.0%

**IMPACT TO YOUR BILL**

If approved, water and sewer rate increases would show on your bill starting May 1, 2017, and adjust annually on January 1 of each year starting in 2018 for the next 4 years. The total amount of your water bill will depend on your total water usage. For example, water bills would be noticeably higher in the summer months, when water usage is highest. Water bills would increase for a typical single family home with median water usage (12 HCF of water per month) from \$49.77 to \$57.71 or \$7.94 more per month. Sewer bills would increase for a typical single family home from \$7.79 to \$11.17 or \$3.38 more per month.

*Please note that the City charges bi-monthly, so the bill you receive represents two months of charges.*

## 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 of the affected property owners or rate payers prior to the end of the hearing, the fees may not be increased. Please note that written protests will not be accepted by email or by 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 April 18, 2017.

The City Council will count all written protests received at the public hearing:

- If submitted by mail, the protest must be received (not postmarked) no later than 5:00 pm on April 18, 2017 at the mailing address on the form addressed to the City Clerk; or
- If hand delivered, the protest must be delivered to the City Clerk no later than at the close of the public hearing on April 18, 2017.

A written protest must include (1) your name and the original signature; (2) identification of the parcel by address; (3) the assessor's 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) your statement of the specific rate changes (water 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. Written protests may be submitted by mail or in person to the **Office of the City Clerk, 11330 Bullis Road, Lynwood, CA 90262.**

### Disclosure

The City Clerk, or her designee, shall determine the validity of all protests. The City Clerk shall not accept as valid any protest if the Clerk determines that any of the following conditions exist:

- The protest does not identify a property served by the City.
- The protest does not bear an original signature of a property owner of the parcel identified on the protest.
- The protest does not state its opposition to the proposed fees.
- The protest was not received by the City Clerk before the close of the public hearing on the proposed fees.

The City Clerk's decision that a protest is not valid shall constitute a final action of the City and shall not be subject to any internal appeal.

For more information, visit <http://lynwood.ca.us/notices/water-rate/> , call Public Works at (310) 603-0220 ext. 830 or email us at [cleanwater@lynwood.ca.us](mailto:cleanwater@lynwood.ca.us) .