

**City of Industry**  
**NOTICE OF PROPOSED INCREASE IN WATER RATES AND CHARGES AND PUBLIC HEARING**  
**REGARDING SUCH INCREASE**

Hearing Date and Time: **December 9, 2010** at **9:00 a.m.** or as soon thereafter as the matter may be heard  
Hearing Location: City of Industry, Council Chambers  
15651 Stafford Street, City of Industry, CA 91744

**Why a Water Rate Increase is Needed**

**Industry Public Utilities Water Operations**, also known as The City of Industry Waterworks System (CIWS) is owned by the City of Industry (City) and managed and operated by the La Puente Valley County Water District (LPVCWD) under an operation and management agreement. The CIWS includes approximately 31.9 miles of distribution and transmission mains, 4 wells, 4 booster pump stations, 3 pressure regulating stations and 3 reservoirs. CIWS's primary source of water supply is groundwater drawn from the Main San Gabriel Groundwater Basin. Since CIWS's last rate increase in June 2006, its costs to produce and deliver water have been increasing due to a reduction in allowable production and higher groundwater assessment rates. However, CIWS has consistently reduced or absorbed other costs without raising your rates while still maintaining a high level of customer service. The City proposes that the new rates and charges be effective January 1, 2011 with additional increases effective in each succeeding year through 2015. The proposed rates and charges collect only the estimated amount needed to recover the actual cost of water service. The City's new proposed water rates and charges, which are set forth in this notice, were developed through a Water Rate Study prepared for the City by LPVCWD and are set forth below:

**Table-1 Current and Proposed Service Charges**

Meter Size	Current Bi-Monthly Rate	2011 Bi-Monthly Rate	2012 Bi-Monthly Rate	2013 Bi-Monthly Rate	2014 Bi-Monthly Rate	2015 Bi-Monthly Rate
5/8"	\$ 22.80	\$ 27.48	\$ 32.16	\$ 36.84	\$ 41.52	\$ 46.20
3/4"	\$ 22.80	\$ 28.50	\$ 34.21	\$ 39.91	\$ 45.61	\$ 51.32
1"	\$ 32.40	\$ 38.23	\$ 44.07	\$ 49.90	\$ 55.73	\$ 61.56
1.5"	\$ 57.60	\$ 63.52	\$ 69.43	\$ 75.35	\$ 81.26	\$ 87.18
2"	\$ 66.00	\$ 76.38	\$ 86.76	\$ 97.15	\$ 107.53	\$ 117.91
3"	\$ 94.80	\$ 115.81	\$ 136.83	\$ 157.84	\$ 178.86	\$ 199.87
4"	\$ 133.20	\$ 160.50	\$ 196.75	\$ 228.53	\$ 260.30	\$ 292.08
6"	\$ 152.40	\$ 210.00	\$ 280.00	\$ 365.00	\$ 460.00	\$ 550.00
8"	\$ 194.40	\$ 280.50	\$ 410.50	\$ 560.00	\$ 700.00	\$ 850.00

**Table-2 Current and Proposed Commodity Rates Per HCF<sup>1</sup>**

User Class	Current Rate	Proposed 2011		Proposed 2012		Proposed 2013		Proposed 2014		Proposed 2015	
		0-30 HCF	>30 HCF	0-30 HCF	>30 HCF	0-30 HCF	>30 HCF	0-30 HCF	>30 HCF	0-30 HCF	>30 HCF
Residential	<b>\$1.36</b>	\$1.50	\$1.70	\$1.70	\$1.98	\$1.84	\$2.20	\$1.98	\$2.42	\$2.10	\$2.70
Commercial		\$1.65		\$1.80		\$1.95		\$2.10		\$2.25	
Multi-Family	<b>\$1.36</b>	\$1.65		\$1.80		\$1.95		\$2.10		\$2.25	

<sup>1</sup> One HCF (hundred cubic feet) is equal to 748 gallons of water.

**Table-3 Current and Proposed Fire Service Charge**

Size of Connection (inch)	Current Bi-Monthly Charge	Proposed 2011 Bi-Monthly Charge	Proposed 2012 Bi-Monthly Charge	Proposed 2013 Bi-Monthly Charge	Proposed 2014 Bi-Monthly Charge	Proposed 2015 Bi-Monthly Charge
1.5	N/A	\$ 77.08	\$ 77.08	\$ 77.08	\$ 77.08	\$ 77.08
2	N/A	\$ 85.56	\$ 85.56	\$ 85.56	\$ 85.56	\$ 85.56
3	N/A	\$ 108.20	\$ 108.20	\$ 108.20	\$ 108.20	\$ 108.20
4	\$ 34.00	\$ 53.46	\$ 80.20	\$ 100.24	\$ 113.61	\$ 133.66
6	\$ 50.00	\$ 78.50	\$ 120.00	\$ 153.29	\$ 173.73	\$ 204.39
8	\$ 67.00	\$ 95.50	\$ 135.00	\$ 185.50	\$ 245.87	\$ 289.26
10	\$ 84.00	\$ 120.25	\$ 180.00	\$ 250.00	\$ 320.00	\$ 402.43
12	\$ 101.00	\$ 180.46	\$ 257.80	\$ 360.91	\$ 438.25	\$ 515.59

Rates for the years 2011 to 2015 will be subject to increase based upon increased production assessments and higher costs incurred by CIWS resulting from a number of factors, including but not limited to: significant increases over the past several years in the Replacement Water Assessment charged by the Main San Gabriel Basin Watermaster and estimated future increases to that assessment as shown in Table-4 below, needed infrastructure improvements, including 3 reservoirs which need to be relined and recoated within the next 3 years and increased costs for power, materials, supplies and labor since the last adjustment to rates and charges in 2006.

**Table-4 Replacement Water Assessment**

Year	Rate (per acre-foot of water)	Annual Percentage Increase
2008	\$ 251.90	
2009	\$ 450.00	79%
2010	\$ 587.00	30%
2011	\$ 696.00	19%
2012	\$ 730.00	5%
2013	\$ 766.00	5%
2014	\$ 805.00	5%

CIWS's water rates are reviewed annually. While the CIWS has not enacted a rate increase in the past four years, it now, unfortunately, is unable to continue absorbing operational and maintenance increases. CIWS also needs to keep pace with the increased cost of complying with changes in Federal and State water quality regulations, rising energy and other increased operational costs. All revenue received from the proposed rates and charges will be used for the recovery of costs associated with the long history of providing reliable, high quality water service, funding necessary capital improvements and maintaining financial stability. The City is a public agency and, thus, to the extent revenues from CIWS exceeds its expenses; those revenues are either re-invested in CIWS's water supply and distribution systems, held in reserves to be used for subsequent repair or replacement of those systems, or to be held in the event of an emergency.

**Basis of Proposed Increases in Water Rates and Charges**

Costs to produce and deliver water, including replenishment assessments, are the most significant costs incurred by CIWS in providing water service. In recent years, the City has not passed through increases in those costs. However, now those costs and additional operating expense increases necessitate additional revenues to cover continuing cost increases. A copy of the Water Rate Study prepared by LPVCWD, which is incorporated by reference into this notice, is available for review at the City's office address noted herein or on the web at [www.lapuentewater.com](http://www.lapuentewater.com).

**Impact of Proposed Increases to Rates and Charges**

The proposed increases would be implemented in five phases, beginning **January 1, 2011** with additional increases effective on **January 1st** of each succeeding year, i.e. **2012, 2013, 2014** and **2015**. For convenience, current and estimated water costs for different classes of customers, based upon differing levels of consumption, and assuming certain meter sizes, are set forth in this notice. Note: Your bill may be higher or lower depending on your actual usage and the size of your meter:

Table-5 below shows bill impacts over the next three years for the Residential rate class with a (5/8-inch) meter for different levels of consumption. The CIWS average Residential customer uses approximately 40 HCF per bi-monthly billing period:

**Table-5 Residential (5/8-inch) Bill Impacts**

Usage (HCF)	Current Bi-Monthly Bill	Proposed 2011	Bi-Monthly \$ Change	% Increase from current bill	Proposed 2012	Bi-Monthly \$ Change	% Increase from 2011	Proposed 2013	Bi-Monthly \$ Change	% Increase from 2012
20	\$ 50.00	<b>\$ 57.48</b>	\$ 7.48	15%	<b>\$ 66.16</b>	\$ 8.68	15%	<b>\$ 73.64</b>	\$ 7.48	11%
30	\$ 63.60	<b>\$ 72.48</b>	\$ 8.88	14%	<b>\$ 83.16</b>	\$ 10.68	15%	<b>\$ 92.04</b>	\$ 8.88	11%
40	\$ 77.20	<b>\$ 89.48</b>	\$ 12.28	16%	<b>\$ 102.96</b>	\$ 13.48	15%	<b>\$ 114.04</b>	\$ 11.08	11%
50	\$ 90.80	<b>\$ 106.48</b>	\$ 15.68	17%	<b>\$ 122.76</b>	\$ 16.28	15%	<b>\$ 136.04</b>	\$ 13.28	11%
60	\$ 104.40	<b>\$ 123.48</b>	\$ 19.08	18%	<b>\$ 142.56</b>	\$ 19.08	15%	<b>\$ 158.04</b>	\$ 15.48	11%

Table-6 and Table-7 below show the bill impacts over the next three years for the Commercial and Multi-Family rate class for different levels of consumption based on a 1-inch and 2-inch meter size. The average use for this rate class is approximately 52 HCF (1-inch) and 200 HCF (2-inch) per bi-monthly billing period.

**Table-6 Commercial/Multi-Family (1-inch) Bill Impacts**

Usage (HCF)	Current Bi-Monthly Bill	Proposed 2011	Bi-Monthly \$ Change	% Increase from current bill	Proposed 2012	Bi-Monthly \$ Change	% Increase from 2011	Proposed 2013	Bi-Monthly \$ Change	% Increase from 2012
30	\$ 73.20	<b>\$ 87.73</b>	\$ 14.53	20%	<b>\$ 98.06</b>	\$ 10.33	12%	<b>\$ 108.39</b>	\$ 10.33	11%
40	\$ 86.80	<b>\$ 104.23</b>	\$ 17.43	20%	<b>\$ 116.06</b>	\$ 11.83	11%	<b>\$ 127.89</b>	\$ 11.83	10%
50	\$ 100.40	<b>\$ 120.73</b>	\$ 20.33	20%	<b>\$ 134.06</b>	\$ 13.33	11%	<b>\$ 147.39</b>	\$ 13.33	10%
60	\$ 114.00	<b>\$ 137.23</b>	\$ 23.23	20%	<b>\$ 152.06</b>	\$ 14.83	11%	<b>\$ 166.89</b>	\$ 14.83	10%
70	\$ 127.60	<b>\$ 153.73</b>	\$ 26.13	20%	<b>\$ 170.06</b>	\$ 16.33	11%	<b>\$ 186.39</b>	\$ 16.33	10%
80	\$ 141.20	<b>\$ 170.23</b>	\$ 29.03	21%	<b>\$ 188.06</b>	\$ 17.83	10%	<b>\$ 205.89</b>	\$ 17.83	9%

**Table-7 Commercial/Multi-Family (2-inch) Bill Impacts**

Usage (HCF)	Current Bi-Monthly Bill	Proposed 2011	Bi-Monthly \$ Change	% Increase from current bill	Proposed 2012	Bi-Monthly \$ Change	% Increase from 2011	Proposed 2013	Bi-Monthly \$ Change	% Increase from 2012
100	\$ 202.00	<b>\$241.38</b>	\$ 39.38	19%	<b>\$266.76</b>	\$ 25.38	11%	<b>\$292.15</b>	\$ 25.38	10%
150	\$ 270.00	<b>\$323.88</b>	\$ 53.88	20%	<b>\$356.76</b>	\$ 32.88	10%	<b>\$389.65</b>	\$ 32.88	9%
200	\$ 338.00	<b>\$406.38</b>	\$ 68.38	20%	<b>\$446.76</b>	\$ 40.38	10%	<b>\$487.15</b>	\$ 40.38	9%
250	\$ 406.00	<b>\$488.88</b>	\$ 82.88	20%	<b>\$536.76</b>	\$ 47.88	10%	<b>\$584.65</b>	\$ 47.88	9%
300	\$ 474.00	<b>\$571.38</b>	\$ 97.38	21%	<b>\$626.76</b>	\$ 55.38	10%	<b>\$682.15</b>	\$ 55.38	9%
350	\$ 542.00	<b>\$653.88</b>	\$ 111.88	21%	<b>\$716.76</b>	\$ 62.88	10%	<b>\$779.65</b>	\$ 62.88	9%

**Public Hearing**

The California Constitution requires that the City provide notice of the proposed rate increases to all property owners of record. The City is also providing this notice as a courtesy to its customers who may be occupants of real property who are directly liable to pay water bills. This notice must be given at least forty-five (45) days prior to the City holding a public hearing to consider the proposed rate increases. The City Council will hold a public hearing on these proposed increases based on the needs discussed above on **December 9, 2010**, or as soon thereafter as the matter may be heard, at the **City of Industry, Council Chambers, 15651 Stafford Street, City of Industry, CA 91744**.

**Your Right to Protest**

You may file a written and signed protest against the proposed increases with the City Clerk at or before the close of the public hearing. A protest must contain a description of the property owned sufficient to identify the property. If you own more than one parcel, you may file a single protest, but it must identify each parcel you own. If the name on the written protest is not a current customer or shown on the last equalized assessment roll of the county as the owner of the property, the signer of the protest must submit written evidence of entitlement to protest. At the hearing, the City Council shall consider all protests. Written protests may be mailed or delivered in person to:

**City of Industry**  
**Attn: City Clerk**  
**15625 East Stafford Street #100**  
**City of Industry, California 91744**