

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

Tuesday, May 22, 2018 - 6:30 pm

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

**Mayor Pro Tem John Harabedian
via teleconference from
Chicago Marriott Downtown Miracle Mile
540 North Michigan Avenue
Chicago, IL 60611**

*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 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 Rachelle Arizmendi

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 8, 2018.

MAYOR AND CITY COUNCIL REPORTS

Council Member activities relating to City business.

PUBLIC COMMENT

Regarding items not on the Agenda.

PRESENTATION

Sierra Madre Civic Club donations to various community organizations

PRESENTATION

Presentation of Sierra Madre Police Department personnel.

ACTION ITEMS

1. CONSENT

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 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.

DISCUSSION

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

Recommendation that the City Council

1. Maintain the same level of assessment with no increases for the 2018-2019 Fiscal Year.
2. Adopt Resolution of Intention 18-24 initiating proceedings for:
 - a. Downtown Landscaping (District 3)
 - b. Downtown Parking (District 5)
 - c. Community Facilities District No 1,
One Carter
 - d. Bonita Sewer District
 - e. Miramonte Sewer District
 - f. Downtown Lighting District Zone A
 - g. Downtown Lighting District Zone B
 - h. Santa Anita Lighting District No 1
3. Set June 12, 2018 as a date for a Public Hearing on the matter of the City's assessment districts.
4. Approve the Engineer's Report.

LIBRARY SURVEY RESULTS

3.

Recommendation that the City Council provide staff with direction.

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

Recommendation that the City Council:

1. Adopt the draft 2018 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 2018 Comprehensive Water and Wastewater Cost of Services Study.

3. 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.
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.

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 12, 2018.

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City of Sierra Madre Agenda Report

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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: Michael Amerio, City Treasurer *MA*
Hillary Guirola-Leon, Senior Accountant *HJG*

REVIEWED BY: Gabriel Engeland, City Manager *GE*

DATE: May 22, 2018

SUBJECT: Treasurer's Report – Quarter Ending March 31, 2018

STAFF RECOMMENDATION

Receive and file the Treasurer's Report for the cash and investment portfolio for quarter ending March 31, 2018.

SUMMARY

Attached is the 3rd quarter of the Treasurer's Report for the 2017-18 fiscal year.

ANALYSIS

The fiscal officer is presenting to the City Council a quarterly treasurer's report along with a statement that the City has sufficient investment liquidity and revenues to be able to meet the City's expenditure requirements for the next six months. In addition, the statement verifies that the investments are in compliance with the City's Statement of Investment Policy.

Cash held in demand deposit accounts are kept at a level to ensure that all city outstanding warrants are covered, to maximize interest income and to minimize bank fees. Idle cash is invested in LAIF and other investments in compliance with the City's Investment Policy.

FINANCIAL REVIEW

No fiscal impact from this action.

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.

Attachment(s):
Treasurer's Report for January-March 2018

**CITY OF SIERRA MADRE
TREASURER'S REPORT
CASH AND INVESTMENT PORTFOLIO
January-March 2018**

CITY CASH

ACCOUNT	INSTITUTION	BALANCE	RATE
ALL	BANK OF THE WEST	\$ 1,926,576.84	0.000%
	TOTAL	\$ 1,926,576.84	

ACCOUNT NAME	INSTITUTION	BEGINNING BALANCE	+ DEPOSITS	(-) WITHDRAWALS	ENDING BALANCE
General Account	BANK OF THE WEST	3,794,025.55	6,200,844.59	(8,068,293.30)	1,926,576.84
	TOTAL	\$ 3,794,025.55	\$ 6,200,844.59	\$ (8,068,293.30)	\$ 1,926,576.84

CITY INVESTMENT

ISSUER	BOOK VALUE	FACE VALUE	MARKET VALUE	PERCENT OF PORTFOLIO	STATED RATE
LOCAL AGENCY INVESTMENT FUND	\$ 12,308,202.58	\$ 12,308,202.58	\$ 12,308,202.58	59.26%	1.524%
BANK OF THE WEST -BNP PARIBAS	\$ 8,585,732.26	\$ 8,600,000.00	\$ 8,462,717.50	40.74%	See Attached
TOTAL	\$ 20,893,934.84	\$ 20,908,202.58	\$ 20,770,920.08	100.00%	

ISSUER	BEGINNING BALANCE	+ DEPOSITS	(-) WITHDRAWALS	ENDING BALANCE	STATED RATE
LOCAL AGENCY INVESTMENT FUND	\$ 8,331,410.56	\$ 4,476,792.02	(500,000.00)	\$ 12,308,202.58	1.524%
BANK OF THE WEST -BNP PARIBAS	\$ 8,585,732.26	\$ 0.00	0.00	\$ 8,585,732.26	See Attached
TOTAL	\$ 16,917,142.82	\$ 4,476,792.02	\$ (500,000.00)	\$ 20,893,934.84	

CITY - TOTAL CASH AND INVESTMENT \$ 22,820,511.68

FISCAL AGENT

ISSUER	BOOK VALUE	FACE VALUE	MARKET VALUE	PERCENT OF PORTFOLIO	STATED RATE
BNY MELLON	404,353.28	\$ 404,353.28	\$ 404,353.28	100.00%	0.00%
TOTAL	\$ 404,353.28	\$ 404,353.28	\$ 404,353.28	100.00%	

ISSUER	BEGINNING BALANCE	+ DEPOSITS/ PURCHASES	(-) WITHDRAWALS/ SALES/ MATURITIES	ENDING BALANCE	STATED RATE
BNY MELLON/ Tax 1998 Reserve Fund	403,478.74	874.54	0.00	404,353.28	0.00%
TOTAL	\$ 403,478.74	\$ 874.54	\$ 0.00	\$ 404,353.28	

CITY - TOTAL FISCAL AGENT \$ 404,353.28

In compliance with the California Code Section 53646, as the City Treasurer of the City of Sierra Madre, I hereby certify that sufficient investment liquidity and anticipated revenues are available to meet the City's expenditure requirements for the next six months and that all investments are in compliance to the City's Statement of Investment Policy.
I also certify that this report reflects all Government Agency pooled investments and all City's bank balances.

Michael Amerio 5/9/18

Michael Amerio, City Treasurer

Date

City of Sierra Madre
Treasurer's Report
Cash Balances by Fund
For the Quarter Ended March 31, 2018

Fund No.	Fund	Balance			Balance 3/31/18
		1/1/18	Receipts	Disbursements	
10000	General	\$ 7,675,866	\$ 3,212,652	\$ 1,831,333	9,057,185
26002	Misc Grants	4,479	10,478	11,350	3,606
32XXX	Assessment Districts	799,175	56,225	17,791	837,609
34002	Development Impact Fees	1,411,992	-	-	1,411,992
34003	Art In Public Places	58,367	-	-	58,367
35003	Police Donations	6,650	-	200	6,450
35004	PSAF	61,604	34,974	-	96,578
35005	State COPS Grant	182,173	32,630	9,013	205,790
36002	Fire Department Donations	8,121	-	4,796	3,325
37001	Community Arts Commission	6,221	-	-	6,221
37003	Recreation Donations	45,541	-	-	45,541
37004	Prop A	320,277	53,662	27,375	346,565
37005	Open Space Fund	124,866	12,395	-	137,260
37006	Senior Center	140,661	30,438	3,921	167,178
37007	SM Community Foundation	40,268	-	-	40,268
37008	Youth Activity Center	59,269	-	-	59,269
37009	Prop C	124,058	153,104	109,350	167,812
38001	CA Beverage Container	43,347	-	-	43,347
38002	CDBG	7,023	-	-	7,023
38003	AQMD	125,341	3,273	-	128,614
38004	Environmental Fund	(8,152)	25,941	39,737	(21,948)
38005	Gas Tax	(22,873)	89,844	66,382	589
38006	TDA Fund	(1,251)	13	4,089	(5,327)
38007	Measure R	383,362	32,787	28,515	387,634
38012	Measure M	44,183	37,266	-	81,449
39002	Library Gift & Memorial	144,498	101,823	740	245,581
39006	Friends of the Library	(15,819)	9,260	17,808	(24,367)
40000	Capital Projects Fund	847,214	9,100	-	856,314
47000	Low & Mod Housing	2,531	-	-	2,531
50001	Debt Service	10,469	-	91,046	(80,578)
50003	Successor Agency	199,131	116,500	15,557	300,074
60000	Internal Svcs - Fleet	434,439	1,681	120,284	315,837
60001	Internal Svcs - Facilities	1,422,156	2,919	200,637	1,224,438
60002	Internal Svcs - Admin	318,005	650	221,831	96,823
60003	Internal Svcs - Technology	452,155	8,647	181,642	279,160
60007	IS-Personnel & Risk Mgmt	726,162	933,335	905,339	754,159
60008	General Plan Update	96,699	-	-	96,699
71000	Water	2,899,792	1,414,082	506,840	3,807,034
72000	Sewer	1,232,896	235,048	145,156	1,322,787
77001	Aquatics	184,747	18,360	-	203,107
77003	Special Events	(45,617)	29,298	29,662	(45,981)
77004	Movie Details Services	161,146	88,948	55,595	194,499
	TOTALS	\$ 20,711,168	\$ 6,755,334	\$ 4,645,991	\$ 22,820,512

Account	Amount
Local Agency Investment Fund	\$ 12,308,203
Investments Bank of the West - Paribas	8,585,732
Checking - Bank of the West	1,926,577
	\$ 22,820,512

ACCOUNT NO. SIE07689

CITY OF SIERRA MADRE
232 W SIERRA MADRE BLVD
SIERRA MADRE CA 91024

DDA: 041495730
PAGE 1

SAFEKEEPING INVENTORY
03/31/18

CUSIP SETTLE	RATE MATURITY	CALL/PUT SECURITY	INFORMATION DESCRIPTION	RECP#	ORIGINAL COST UNIT/PAR VALUE	INFLATED PAR/ ORIGINAL FACE	MARKET PRICE MARKET VALUE
CLASS: TREASURY NOTES							
912828K25	.750				549,724.33		99.97000000
04/12/17	04/15/18	UST	0.750 04/15/18	033519	550,000.00		549,835.00
912828L81	.875				1,099,588.78		99.41000000
04/12/17	10/15/18	UST	0.875 10/15/18	033520	1,100,000.00		1,093,510.00
912828Q52	.875				1,097,272.76		98.69500000
04/12/17	04/15/19	UST	0.875 04/15/19	033523	1,100,000.00		1,085,645.00
912828T59	1.000				1,097,285.76		98.14800000
04/12/17	10/15/19	UST	1.000 10/15/19	033521	1,100,000.00		1,079,628.00
912828J84	1.375				1,105,593.53		98.19500000
04/12/17	03/31/20	UST	1.375 03/31/20	033522	1,100,000.00		1,080,145.00
912828Z22	1.625				1,100,795.15		98.19900000
10/23/17	10/15/20	UST	1.625 10/15/20	036183	1,100,000.00		1,080,189.00
912828Q78	1.375				988,258.34		96.93400000
10/23/17	04/30/21	UST	1.375 04/30/21	036182	1,000,000.00		969,340.00

(CONT.)



ACCOUNT NO. SIE07689

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912828U65	1.750				998,024.11		97.453000000
10/23/17	11/30/21	UST	1.750 11/30/21	036181	1,000,000.00		974,530.00
					8,036,542.76		
CLASS: GOVERNMENT AGENCIES					8,050,000.00	MARKET VALUE	7,912,822.00

3137EAEA3	.750				549,189.50		99.981000000
04/13/17	04/09/18	FHLMC	0.750 04/09/18 MTN	033526	550,000.00		549,895.50
					8,585,732.26		
GRAND TOTAL: ORIGINAL COST					8,600,000.00	MARKET VALUE	8,462,717.50
GRAND TOTAL: UNITS/CURRENT FACE							



**City of Sierra Madre
Schedule of Investments
As of May 15, 2018**

#	Investment	Purchase	Maturity	Amount	Annual Interest Rate	Projected Annual Interest Income
1	LAIF (Estimate)	Various	Any time	\$ 12,308,203	1.524%	\$ 187,577
2	US Treasury	4/12/2017	10/15/2018	1,100,000	0.90%	9,900
3	US Treasury	4/12/2017	1/15/2019	1,100,000	1.00%	11,000
4	US Treasury	4/12/2017	10/15/2019	1,100,000	1.10%	12,100
5	US Treasury	4/12/2017	3/31/2020	1,100,000	1.20%	13,200
6	US Treasury	10/23/2017	10/15/2020	1,100,000	1.55%	17,050
7	US Treasury	10/23/2017	4/30/2021	1,000,000	1.68%	16,800
8	US Treasury	10/23/2017	11/30/2021	1,000,000	1.75%	17,500
9	US Treasury	5/4/2018	4/30/2022	1,100,000	2.60%	28,600
	Total			\$ 20,908,203		\$ 313,727

Investment Income Illustration

2015	\$ 20,000
2016	\$ 80,000
Projected Future Investment Income	\$ 313,727

Investment Maturity Illustration

	Annual Maturities
2018	\$ 13,408,203
2019	2,200,000
2020	2,200,000
2021	2,000,000
2022	1,100,000
Total	\$ 20,908,203



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TO: Honorable Mayor and Members of the City Council

FROM: Marcie Medina, Assistant City Manager 

REVIEWED BY: Gabriel Engeland, City Manager 

DATE: May 22, 2018

SUBJECT: Extension of Audit Services Agreement

STAFF RECOMMENDATION

Staff recommends the City Council approve Agreement Amendment No.02 extending the Professional Services Agreement with Rogers, Anderson, Malody & Scott, and LLP for an additional year for an amount not to exceed \$61,000, and authorize the City Manager to execute amendment on behalf of the City.

SUMMARY

On March 13, 2012, the City entered into a Professional Services Agreement with Rogers, Anderson, Malody & Scott, and LLP for auditing services for a five year term. A one year extension was approved on March 2017. Staff recommends an extension of the agreement for one additional year to March 2019 in order to provide staff sufficient time to conduct a Request for Proposals (RFP).

ANALYSIS

The CPA firm of Rogers, Anderson, Malody & Scott has provided audit services to the City for the past six years. The firm has provided great service to the City and exceptional guidance on implementation of new governmental accounting standards. The contract has expired. The extension of one year would provide staff the time to conduct a new RFP.

FINANCIAL REVIEW

The amount is included in the FY2018-19 budget.

CEQA / ENVIRONMENTAL

Not Applicable.

PUBLIC NOTICE PROCESS

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Attachment(s): Amendment No.02
 Amendment No.01
 Professional Services Agreement, March 13, 2012

**AMENDMENT No.02
PROFESSIONAL SERVICES AGREEMENT**

(City of Sierra Madre / Rogers, Anderson, Malody & Scott, LLP)

THIS AMENDMENT is made and entered into this 22nd day of May, 2018 (“Effective Date”), by and between the City of Sierra Madre, a municipal corporation (“City”), and Rogers, Anderson, Malody, & Scott, LLP, a limited liability partnership (“Consultant”).

WHEREAS, City and Consultant entered into an agreement on March 13, 2012 for consultant to provide auditing services (the “Agreement”); and

WHEREAS, the parties approved Amendment No.01 on March 23, 2017 so as to extend the terms of the Agreement through March 13, 2018 and set forth Consultant compensation; and

WHEREAS, the parties desire to amend the Agreement so as to extend the term of the Agreement for one (1) year, through March 13, 2019 and set forth Consultant compensation for extended period accordingly.

WHEREAS, the City Council, on this 22rd day of May, 2018, approved this Contract Amendment and authorized the City Manager to execute this Contract Amendment.

NOW THEREFORE, the City Council and Consultant agree as follows that the Agreement be, and hereby is, amended as follows:

1. The term of the Agreement shall be extended through March 13, 2019.
2. Consultant’s compensation for the services under this Agreement shall not exceed the sum of \$61,000.
3. Except as otherwise specifically provided herein, all other provisions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, this Amendment No.02 has been executed by the parties effective on the date and year first written above.

“City”
City of Sierra Madre

“Consultant”
Rogers, Anderson, Malody & Scott, LLP

By: _____
Signature

By: _____
Signature

Printed: Gabriel L. Engeland

Printed: _____

Title: City Manager

Title: _____

Date: May 22, 2018

Date: _____

Attest:

By: _____
Laura Aguilar, Assistant City Clerk

Date: _____

Approved as to form:

By: _____
Teresa L. Highsmith, City Attorney

Date: _____

**AMENDMENT No.01
PROFESSIONAL SERVICES AGREEMENT**

(City of Sierra Madre / Rogers, Anderson, Malody & Scott, LLP)

THIS AMENDMENT is made and entered into this 23rd day of May, 2017 ("Effective Date"), by and between the City of Sierra Madre, a municipal corporation ("City"), and Rogers, Anderson, Malody, & Scott, LLP, a limited liability partnership ("Consultant").

WHEREAS, City and Consultant entered into an agreement on March 13, 2012 for consultant to provide auditing services (the "Agreement"); and

WHEREAS, the parties desire to amend the Agreement so as to extend the term of the Agreement for one (1) year, through March 13, 2018 and set forth Consultant compensation for extended period accordingly.

WHEREAS, the City Council, on this 23rd day of May, 2017, approved this Contract Amendment and authorized the City Manager to execute this Contract Amendment.

NOW THEREFORE, the City Council and Consultant agree as follows that the Agreement be, and hereby is, amended as follows:

1. The term of the Agreement shall be extended through March 13, 2018.
2. Consultant's compensation for the services under this Agreement shall not exceed the sum of \$61,000.
3. Except as otherwise specifically provided herein, all other provisions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, this Amendment No.01 has been executed by the parties effective on the date and year first written above.

"City"

City of Sierra Madre

By: _____

Signature

Printed: _____

Title: _____

Date: _____

"Consultant"

Rogers, Anderson, Malody & Scott, LLP

By: _____

Signature

Printed: _____

Title: _____

Date: _____

Attest:

By: 
City Clerk

Date: _____

Approved as to form:

By: 
Teresa L. Highsmith, City Attorney

Date: _____

PROFESSIONAL SERVICES AGREEMENT
(City of Sierra Madre / Rogers, Anderson, Malody & Scott, LLP)

1. IDENTIFICATION

THIS PROFESSIONAL SERVICES AGREEMENT ("Agreement") is entered into by and between the City of Sierra Madre a California municipal corporation ("City") and Rogers, Anderson, Malody & Scott, LLP a *California limited liability partnership* ("Consultant").

2. RECITALS

- 2.1 City has determined that it requires the following professional services from a consultant: annual audit of the City of Sierra Madre, the Sierra Madre Community Redevelopment Agency, if applicable, or its successor agency and the Public Financing Authority. In addition the following reports to the State Controller's office shall be prepared by the consultant: Annual transaction report for the City, PFA and CRA, if applicable or its successor agency, and the compensation report.
- 2.2 Consultant represents that it is fully qualified to perform such professional services by virtue of its experience and the training, education and expertise of its principals and employees. Consultant further represents that it is willing to accept responsibility for performing such services in accordance with the terms and conditions set forth in this Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions herein contained, City and Consultant agree as follows:

3. DEFINITIONS

- 3.1 "Scope of Services": Such professional services as are set forth in Consultant's February 21, 2012 proposal to City attached hereto as Exhibit A and incorporated herein by this reference.
- 3.2 "Approved Fee Schedule": Such compensation rates as are set forth in Consultant's February 21, 2012 proposal fee schedule to City attached hereto as Exhibit B and incorporated herein by this reference.
- 3.3 "Commencement Date": March 13, 2012.
- 3.4 "Expiration Date": March 13, 2017.

4. **TERM**

The term of this Agreement shall commence at 12:00 a.m. on the Commencement Date and shall expire at 11:59 p.m. on the Expiration Date unless extended by written agreement of the parties or terminated earlier in accordance with Section 17 ("Termination") below.

5. **CONSULTANT'S SERVICES**

- 5.1 Consultant shall perform the services identified in the Scope of Services. City shall have the right to request, in writing, changes in the Scope of Services. Any such changes mutually agreed upon by the parties, and any corresponding increase or decrease in compensation, shall be incorporated by written amendment to this Agreement. In no event shall the total compensation and costs payable to Consultant under this Agreement exceed the amounts presented in the proposal dated February 21, 2012, except for the following: \$1,200 (City annual transaction report to the State), \$300 (RDA annual transaction report to the State), \$200 (PFA annual transaction report to the State) and \$300 (Annual compensation report to the State) unless specifically approved in advance and in writing by City.
- 5.2 Consultant shall obtain a City business license prior to commencing performance under this Agreement.
- 5.3 Consultant shall perform all work to the highest professional standards of Consultant's profession and in a manner reasonably satisfactory to City. Consultant shall comply with all applicable federal, state and local laws and regulations, including the conflict of interest provisions of Government Code Section 1090 and the Political Reform Act (Government Code Section 81000 *et seq.*).
- 5.4 During the term of this Agreement, Consultant shall not perform any work for another person or entity for whom Consultant was not working at the Commencement Date if both (i) such work would require Consultant to abstain from a decision under this Agreement pursuant to a conflict of interest statute and (ii) City has not consented in writing to Consultant's performance of such work.
- 5.5 Consultant represents that it has, or will secure at its own expense, all personnel required to perform the services identified in the Scope of Services. All such services shall be performed by Consultant or under its supervision, and all personnel engaged in the work shall be qualified to perform such services. Scott W. Manno shall be Consultant's project administrator and shall have direct responsibility for management of Consultant's performance under this Agreement. No change shall be made in Consultant's project administrator without City's prior written consent.

6. **COMPENSATION**

- 6.1 City agrees to compensate Consultant for the services provided under this Agreement, and Consultant agrees to accept in full satisfaction for such services, payment in accordance with the Approved Fee Schedule.
- 6.2 Consultant shall submit to City an invoice, on a monthly basis or less frequently, for the services performed pursuant to this Agreement. Each invoice shall itemize the services rendered during the billing period and the amount due. City shall not withhold applicable taxes or other authorized deductions from payments made to Consultant.
- 6.3 Payments for any services requested by City and not included in the Scope of Services shall be made to Consultant by City on a time-and-materials basis using Consultant's standard fee schedule. Consultant shall be entitled to increase the fees in this fee schedule at such time as it increases its fees for its clients generally; provided, however, in no event shall Consultant be entitled to increase fees for services rendered before the thirtieth day after Consultant notifies City in writing of an increase in that fee schedule.

7. OWNERSHIP OF WRITTEN PRODUCTS

All reports, documents or other written material ("written products" herein) developed by Consultant in the performance of this Agreement shall be and remain the property of City without restriction or limitation upon its use or dissemination by City. Consultant may take and retain copies of such written products as desired, but no such written products shall be the subject of a copyright application by Consultant.

8. RELATIONSHIP OF PARTIES

Consultant is, and shall at all times remain as to City, a wholly independent contractor. Consultant shall have no power to incur any debt, obligation, or liability on behalf of City or otherwise to act on behalf of City as an agent. Neither City nor any of its agents shall have control over the conduct of Consultant or any of Consultant's employees, except as set forth in this Agreement. Consultant shall not represent that it is, or that any of its agents or employees are, in any manner employees of City.

9. CONFIDENTIALITY

All data, documents, discussion, or other information developed or received by Consultant or provided for performance of this Agreement are deemed confidential and shall not be disclosed by Consultant without prior written consent by City. City shall grant such consent if disclosure is legally required. Upon request, all City data shall be returned to City upon the termination or expiration of this Agreement.

10. INDEMNIFICATION

- 10.1 The parties agree that City, its officers, agents, employees and volunteers should, to the fullest extent permitted by law, be protected from any and all loss, injury, damage, claim, lawsuit, cost, expense, attorneys' fees, litigation costs, or any other cost arising out of or in any way related to the performance of this Agreement. Accordingly, the provisions of this indemnity provision are intended by the parties to be interpreted and construed to provide the City with the fullest protection possible under the law. Consultant acknowledges that City would not enter into this Agreement in the absence of Consultant's commitment to indemnify and protect City as set forth herein.
- 10.2 To the fullest extent permitted by law, Consultant shall indemnify, hold harmless, and when the City requests with respect to a claim provide a deposit for the defense of, and defend City, its officers, agents, employees and volunteers from and against any and all claims and losses, costs or expenses for any damage due to death or injury to any person, whether physical, emotional, consequential or otherwise, and injury to any property arising out of or in connection with Consultant's alleged negligence, recklessness or willful misconduct or other wrongful acts, errors or omissions of Consultant or any of its officers, employees, servants, agents, or subcontractors, or anyone directly or indirectly employed by either Consultant or its subcontractors, in the performance of this Agreement or its failure to comply with any of its obligations contained in this Agreement, except such loss or damage as is caused by the sole active negligence or willful misconduct of the City. Such costs and expenses shall include reasonable attorneys' fees due to counsel of City's choice, expert fees and all other costs and fees of litigation.
- 10.3 City shall have the right to offset against any compensation due Consultant under this Agreement any amount due City from Consultant as a result of Consultant's failure to pay City promptly any indemnification arising under this Section 10 and any amount due City from Consultant arising from Consultant's failure either to (i) pay taxes on amounts received pursuant to this Agreement or (ii) comply with applicable workers' compensation laws.
- 10.4 The obligations of Consultant under this Section 10 are not limited by the provisions of any workers' compensation act or similar act. Consultant expressly waives its statutory immunity under such statutes or laws as to City, its officers, agents, employees and volunteers.

- 10.5 Consultant agrees to obtain executed indemnity agreements with provisions identical to those set forth here in this Section 10 from each and every subcontractor or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this Agreement. If Consultant fails to obtain such indemnity obligations from others as required herein, Consultant agrees to be fully responsible and indemnify, hold harmless and defend City, its officers, agents, employees and volunteers from and against any and all claims and losses, costs or expenses for any damage due to death or injury to any person and injury to any property resulting from any alleged intentional, reckless, negligent, or otherwise wrongful acts, errors or omissions of Consultant's subcontractors or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this Agreement. Such costs and expenses shall include reasonable attorneys' fees incurred by counsel of City's choice.
- 10.6 City does not, and shall not, waive any rights that it may possess against Consultant because of the acceptance by City, or the deposit with City, of any insurance policy or certificate required pursuant to this Agreement. This hold harmless and indemnification provision shall apply regardless of whether or not any insurance policies are determined to be applicable to the claim, demand, damage, liability, loss, cost or expense.

11. INSURANCE

- 11.1 During the term of this Agreement, Consultant shall carry, maintain, and keep in full force and effect insurance against claims for death or injuries to persons or damages to property that may arise from or in connection with Consultant's performance of this Agreement. Such insurance shall be of the types and in the amounts as set forth below:
- 11.1.1 Comprehensive General Liability Insurance with coverage limits of not less than One Million Dollars (\$1,000,000) including products and operations hazard, contractual insurance, broad form property damage, independent consultants, personal injury, underground hazard, and explosion and collapse hazard where applicable.
- 11.1.2 Automobile Liability Insurance for vehicles used in connection with the performance of this Agreement with minimum limits of One Million Dollars (\$1,000,000) per claimant and One Million dollars (\$1,000,000) per incident.
- 11.1.3 Worker's Compensation insurance as required by the laws of the State of California.

Professional Services Agreement
City of Sierra Madre / Rogers, Anderson, Malody & Scott, LLP

- 11.1.4 Professional Errors and Omissions Insurance with coverage limits of not less than One Million Dollars (\$1,000,000).
- 11.2 Consultant shall require each of its subcontractors to maintain insurance coverage that meets all of the requirements of this Agreement.
- 11.3 The policy or policies required by this Agreement shall be issued by an insurer admitted in the State of California and with a rating of at least A:VII in the latest edition of Best's Insurance Guide.
- 11.4 Consultant agrees that if it does not keep the aforesaid insurance in full force and effect, City may either (i) immediately terminate this Agreement; or (ii) take out the necessary insurance and pay the premium thereon at Consultant's expense.
- 11.5 At all times during the term of this Agreement, Consultant shall maintain on file with City's Risk Manager a certificate or certificates of insurance showing that the aforesaid policies are in effect in the required amounts and naming the City and its officers, employees, agents and volunteers as additional insureds. Consultant shall, prior to commencement of work under this Agreement, file with City's Risk Manager such certificate(s).
- 11.6 Consultant shall provide proof that policies of insurance required herein expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Such proof will be furnished at least two weeks prior to the expiration of the coverages.
- 11.7 The general liability and automobile policies of insurance required by this Agreement shall contain an endorsement naming City and its officers, employees, agents and volunteers as additional insureds. All of the policies required under this Agreement shall contain an endorsement providing that the policies cannot be canceled or reduced except on thirty days' prior written notice to City. Consultant agrees to require its insurer to modify the certificates of insurance to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, and to delete the word "endeavor" with regard to any notice provisions.
- 11.8 The insurance provided by Consultant shall be primary to any coverage available to City. Any insurance or self-insurance maintained by City and/or its officers, employees, agents or volunteers, shall be in excess of Consultant's insurance and shall not contribute with it.

- 11.9 All insurance coverage provided pursuant to this Agreement shall not prohibit Consultant, and Consultant's employees, agents or subcontractors, from waiving the right of subrogation prior to a loss. Consultant hereby waives all rights of subrogation against the City.
- 11.10 Any deductibles or self-insured retentions must be declared to and approved by the City. At the option of City, Consultant shall either reduce or eliminate the deductibles or self-insured retentions with respect to City, or Consultant shall procure a bond in the amount of the deductible or self-insured retention to guarantee payment of losses and expenses.
- 11.11 Procurement of insurance by Consultant shall not be construed as a limitation of Consultant's liability or as full performance of Consultant's duties to indemnify, hold harmless and defend under Section 10 of this Agreement.

12. MUTUAL COOPERATION

- 12.1 City shall provide Consultant with all pertinent data, documents and other requested information as is reasonably available for the proper performance of Consultant's services under this Agreement.
- 12.2 If any claim or action is brought against City relating to Consultant's performance in connection with this Agreement, Consultant shall render any reasonable assistance that City may require in the defense of that claim or action.

13. RECORDS AND INSPECTIONS

Consultant shall maintain full and accurate records with respect to all matters covered under this Agreement for a period of three years after the expiration or termination of this Agreement. City shall have the right to access and examine such records, without charge, during normal business hours. City shall further have the right to audit such records, to make transcripts therefrom and to inspect all program data, documents, proceedings, and activities.

14. PERMITS AND APPROVALS

Consultant shall obtain, at its sole cost and expense, all permits and regulatory approvals necessary for Consultant's performance of this Agreement. This includes, but shall not be limited to, professional licenses, encroachment permits and building and safety permits and inspections.

15. NOTICES

Any notices, bills, invoices, or reports required by this Agreement shall be deemed received on: (i) the day of delivery if delivered by hand, facsimile or overnight courier service during Consultant's and City's regular business hours; or (ii) on the third business day following deposit in the United States mail if delivered by mail, postage prepaid, to the addresses listed below (or to such other addresses as the parties may, from time to time, designate in writing).

If to City

City of Sierra Madre
232 W. Sierra Madre Blvd.
Sierra Madre, CA 91024
Telephone: (626) 355-7135
Facsimile: (626) 355-2251

If to Consultant:

Rogers, Anderson, Malody & Scott, LLP
735 E. Carnegie Drive, Suite 100
San Bernardino, CA 92408
Telephone: (909) 889-0871
Facsimile: (909) 889-5361

With courtesy copy to:

Teresa L. Highsmith, Esq.
Sierra Madre City Attorney
Colantuono & Levin, P.C.
300 S. Grand Ave., Suite 2700
Los Angeles, CA 90071
Telephone: (213) 542-5700
Facsimile: (213) 542-5710

16. SURVIVING COVENANTS

The parties agree that the covenants contained in Section 9, Section 10, Paragraph 12.2 and Section 13 of this Agreement shall survive the expiration or termination of this Agreement.

17. TERMINATION

- 17.1. City may terminate this Agreement for any reason on five calendar days' written notice to Consultant. Consultant may terminate this Agreement for any reason on thirty calendar days' written notice to City. Consultant agrees to cease all work under this Agreement on or before the effective date of any notice of termination. All City data, documents, objects, materials or other tangible things shall be returned to City upon the termination or expiration of this Agreement.
- 17.2. If City terminates this Agreement due to no fault or failure of performance by Consultant, then Consultant shall be paid based on the work satisfactorily performed at the time of termination. In no event shall Consultant be entitled to receive more than the amount that would be paid to Consultant for the full performance of the services required by this Agreement.

18. GENERAL PROVISIONS

- 18.1. Consultant shall not delegate, transfer, subcontract or assign its duties or rights hereunder, either in whole or in part, without City's prior written consent, and any attempt to do so shall be void and of no effect. City shall not be obligated or liable under this Agreement to any party other than Consultant.
- 18.2. In the performance of this Agreement, Consultant shall not discriminate against any employee, subcontractor, or applicant for employment because of race, color, creed, religion, sex, marital status, sexual orientation, national origin, ancestry, age, physical or mental disability, medical condition or any other unlawful basis.
- 18.3. The captions appearing at the commencement of the sections hereof, and in any paragraph thereof, are descriptive only and for convenience in reference to this Agreement. Should there be any conflict between such heading, and the section or paragraph thereof at the head of which it appears, the section or paragraph thereof, as the case may be, and not such heading, shall control and govern in the construction of this Agreement. Masculine or feminine pronouns shall be substituted for the neuter form and vice versa, and the plural shall be substituted for the singular form and vice versa, in any place or places herein in which the context requires such substitution(s).

Professional Services Agreement
City of Sierra Madre / Rogers, Anderson, Malody & Scott, LLP

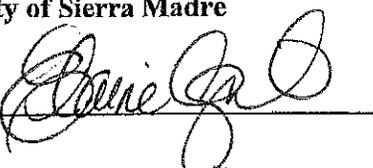
- 18.4 The waiver by City or Consultant of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or any other term, covenant or condition herein contained. No term, covenant or condition of this Agreement shall be deemed to have been waived by City or Consultant unless in writing.
- 18.5 Consultant shall not be liable for any failure to perform if Consultant presents acceptable evidence, in City's sole judgment, that such failure was due to causes beyond the control and without the fault or negligence of Consultant.
- 18.6 Each right, power and remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise shall be cumulative and shall be in addition to every other right, power, or remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise. The exercise, the commencement of the exercise, or the forbearance of the exercise by any party of any one or more of such rights, powers or remedies shall not preclude the simultaneous or later exercise by such party of any of all of such other rights, powers or remedies. If legal action shall be necessary to enforce any term, covenant or condition herein contained, the party prevailing in such action, whether reduced to judgment or not, shall be entitled to its reasonable court costs, including accountants' fees, if any, and attorneys' fees expended in such action. The venue for any litigation shall be Los Angeles County, California and Consultant hereby consents to jurisdiction in Los Angeles County for purposes of resolving any dispute or enforcing any obligation arising under this Agreement.
- 18.7 If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, then such term or provision shall be amended to, and solely to, the extent necessary to cure such invalidity or unenforceability, and in its amended form shall be enforceable. In such event, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.
- 18.8 This Agreement shall be governed and construed in accordance with the laws of the State of California.

Professional Services Agreement
City of Sierra Madre / Rogers, Anderson, Malody & Scott, LLP

18.9 All documents referenced as exhibits in this Agreement are hereby incorporated into this Agreement. In the event of any material discrepancy between the express provisions of this Agreement and the provisions of any document incorporated herein by reference, the provisions of this Agreement shall prevail. This instrument contains the entire Agreement between City and Consultant with respect to the transactions contemplated herein. No other prior oral or written agreements are binding upon the parties. Amendments hereto or deviations herefrom shall be effective and binding only if made in writing and executed by City and Consultant.

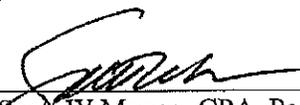
TO EFFECTUATE THIS AGREEMENT, the parties have caused their duly authorized representatives to execute this Agreement on the dates set forth below.

"City"
City of Sierra Madre

By: 

Date: 3/15/12

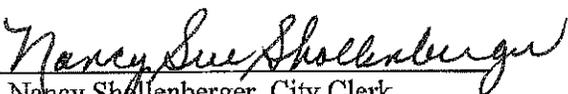
"Consultant"
Rogers, Anderson, Malody & Scott, LLP

By: 

Scott W Manno, CPA, Partner

Date: 3-15-12

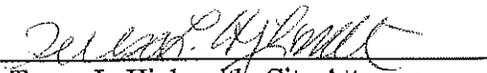
Attest:

By: 

Nancy Shollenberger, City Clerk

Date: 3-15-12

Approved as to form:

By: 

Teresa L. Highsmith, City Attorney

Date: 3-15-12

EXHIBIT A
SCOPE OF WORK

CITY OF SIERRA MADRE
PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Specific audit strategy (audit approach)

Specific audit strategy

The following is a summary of the audit team's approach for the City of Sierra Madre engagement. The audit will be divided into the following phases:

Interim phase – planning, pre-audit administration and internal control testing:

During this phase of the audit, our principal objectives will be as follows:

- ✓ Discuss the dates of the interim and year-end fieldwork.
- ✓ Gather information about the City and its environment, including internal control.
- ✓ Obtain an understanding of the City and its environment, including its internal control sufficient to plan the audit.
- ✓ Evaluate the design and effectiveness of the City's internal controls and determine whether they have been implemented.
- ✓ Perform single audit testing procedures, if applicable.
- ✓ Perform tests of controls, if applicable.

In order to achieve the desired objectives of this phase of the audit, we will:

- Meet with the City's staff in order to determine convenient dates for the City in which we can begin our audit and to discuss the assistance to be provided by City staff.
- Review and evaluate the City's accounting and reporting processes by reviewing the prior year audit work-papers, any City prepared documents such as budgets, in-house financial reports, policies and procedures manuals, minutes of council meetings, etc. and by using various analytical procedures. Analytical procedures will enhance our understanding of the City and will help us identify areas that may need further assessment and additional testing.
- Review and retain copies of any pertinent local, state, and federal statutes, regulations, or charters that apply to the City. We will also review and retain copies of any agreements or contractual obligations (e.g., bond and grant documents, lease agreements, contracts for deposit of monies, revenue agreements, etc).
- Evaluate the design of controls that are relevant to the audit by obtaining a thorough understanding of the City's internal controls over financial reporting and compliance by documenting key internal control components, utilizing questionnaires, walkthroughs, inquiring of the City's personnel, and observing and reviewing of key supporting documentation (a more thorough explanation of this process is discussed later in the technical proposal).
- Hold brainstorming sessions with engagement team members to discuss the susceptibility of the City's financial statements to material misstatement and fraud.
- Review and analyze supporting data and determine what reliance will be placed on internal controls and assess control risk.

CITY OF SIERRA MADRE
PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Specific audit strategy (audit approach) (continued)

- Test controls, if control risk is assessed below the maximum, by selecting a sample of transactions within the audit area being tested and reviewing supporting documentation, evaluating the completeness of the documentation tested, as well as the adequacy of support and approvals as they appear on the support.
- Document and review with management any findings noted during the testing of internal controls and provide a preliminary management letter that will include our recommendations for improving any weaknesses in operations noted during our internal control analysis and tests of controls. The letter will also include suggestions for improving the efficiency of the City's operations.

Year-end phase I – substantive testing:

During this phase of the audit, our principal objectives will be as follows:

- ✓ Assess the risk of material misstatement at the financial statement level and specific assertions.
- ✓ Design overall responses to assessed risks and further audit procedures.
- ✓ Perform substantive tests on all significant accounts over materiality levels and complete the audit.
- ✓ Evaluate audit findings, if applicable.

In order to achieve the desired objectives of this phase of the audit, we will:

- Determine whether our testing supports the assessed level of risk initially assigned at the financial statement level and at the assertion level.
- Identify significant risks.
- Develop a detailed audit plan.
- Design substantive tests of balances, designed and modified specifically for the City's operations and assessed level of risk (develop audit programs).

Year-end phase II – reporting/audit conclusion:

During this phase of the audit, our principal objectives will be as follows:

- ✓ Evaluate whether the financial statements, taken as a whole, are free from material misstatement.
- ✓ Form an opinion and issue the audit report.

CITY OF SIERRA MADRE
PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Specific audit strategy (audit approach) (continued)

In order to achieve the desired objectives of this phase of the audit, we will:

- Determine whether, based on our substantive testing and other procedures, the financial statements, taken as a whole, are free of material misstatement. This will provide the basis for our opinion.
- Review all audit work-papers by the engagement partner and manager to ensure that the audit was performed in accordance with the required standards (GAAS, GAGAAS, etc.).
- Prepare drafts of all required reports by the agreed upon dates.
- Conduct an independent review of financial statement draft by engagement's quality control partner.
- Issue all reports by agreed upon dates.

Sample sizes

Our sample sizes will be determined in accordance with the AICPA *Audit and Accounting Guide, Audit Sampling*, and will be selected using professional judgment, as permitted by SAS 39. Our methods are designed to provide the most audit coverage without expending excess time. Our sample sizes will depend upon our preliminary assessment of control risk, as well as our planned substantive testing and analytical procedures.

Computer technology in the audit

Our firm has adopted a paperless audit approach. Using our engagement software, all team members are linked to each other using a local router which enables them to share information at an almost real time speed. In addition, once your trial balances are entered into our software (your financial statements as well), we are able to observe your statements in the field allowing us to notice any variances and deal with them at your office. With this in mind, we would prefer all audit information in an electronic format, particularly trial balances and general ledgers. If electronic formatting is not available, all audit teams have laptops, portable scanners, and printers while on location at the clients'. In addition, we can access our accounting and auditing resources through either a wireless or wired internet connection.

Analytical procedures

We will utilize analytical review procedures throughout our audit of the City. During the *interim* phase of our audit, we will compare current and prior year unadjusted balances to determine areas that may need additional analysis; we will also compare current year actual amounts to the City's annual budget. During the *final* phase of our audit, we will perform procedures similar to those mentioned above as well as compare certain financial ratios for current and prior years. We will also conduct certain "reasonableness" tests. Finally, after we have completed our fieldwork, we will compare current and prior year audited balances, keeping in mind expected relationships obtained from our knowledge of the City and various other entities.

CITY OF SIERRA MADRE
PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Specific audit strategy (audit approach) (continued)

Understanding of internal control

Our approach to obtaining an understanding of the City's internal control over financial reporting will be performed in accordance with professional standards as promulgated by the American Institute of Certified Public Accountants -- our understanding will include the *Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring*. Our approach is as follows:

Control Environment. Through inquiry of the City's personnel, prompted by questionnaires and personal knowledge and review of the minutes of the City council meetings, we will obtain an understanding of management's and the City council's attitudes, awareness and actions concerning the control environment, focusing on the substance of the controls rather than their form.

Risk Assessment. Again, through inquiry of the City's personnel and the use of questionnaires, we will obtain sufficient knowledge of the City's risk assessment process to understand how management considers risks relevant to financial reporting objectives and decides upon actions to address those risks. This will include understanding how management identifies risks, estimates the significance of these risks, assesses the likelihood of their occurrence, and relates them to financial reporting.

Control Activities. Certain control procedures will be documented during our analysis of the control environment and the accounting system. However, many specific control procedures will still need to be documented that will focus primarily on the City's major transaction cycles. As mentioned above, we will test the City's control procedures on which we intend to rely for safeguarding assets from unauthorized use or disposition and detecting/preventing unauthorized transactions. Any flow charts, organizational charts and any other manuals, programs and financial and management information systems will be analyzed during this process.

Information and Communication. Again, through inquiry of the City's personnel, we will identify the major types of transactions engaged in by the City. Next, we will become familiar with the treatment of those transactions, including how the transactions are initiated, the related accounting records and the manner of processing the transactions. Finally, we will obtain an understanding of the City's financial reporting process used to prepare financial reports, including the approaches used to make accounting estimates and disclosures.

Monitoring. With the use of questionnaires, we will obtain sufficient knowledge of the major types of activities the City uses to monitor internal control over financial reporting. We will also determine how those activities are used to initiate corrective actions.

CITY OF SIERRA MADRE
PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Specific audit strategy (audit approach) (continued)

Approach in determining applicable laws and regulations

As governmental auditors, we realize the importance of laws and regulations in planning an audit of a local government agency. As part of our audit process, our audit team will obtain an understanding of the laws that will have a direct and material effect on the City's financial statements. In determining which laws and regulations are applicable to the City's financial statement audit; we will consult the following sources:

- ◆ AICPA Audit and Accounting Guide, *Audits of State and Local Governments*
- ◆ The Division of Local Government Fiscal Affairs Minimum Audit Requirements
- ◆ U. S. Government Accountability Office's *Government Auditing Standards* (The Yellow Book), 2011 Revision
- ◆ Applicable contracts/grants of the City of Sierra Madre
- ◆ The Single Audit Act Amendments of 1996
- ◆ Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*
- ◆ OMB Circular A-87, *Cost Principles for State and Local Governments*
- ◆ OMB's Circular A-133, *Compliance Supplement*

After consulting the applicable sources, we will design our audit to provide reasonable assurance of detecting material instances of noncompliance.

Approach in drawing samples for compliance testing

Our approach to be taken in drawing audit samples for purposes of tests of compliance will depend on the number of transactions, the amounts of financial assistance provided (as applicable) and the City's internal controls over the respective programs. We will select samples that will provide sufficient evidence of the City's compliance with the laws and regulations that will have a material effect on the financial statements.

CITY OF SIERRA MADRE
PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Identification of anticipated potential audit problems

Identification of anticipated potential audit problems

One potential problem could be the State of California eliminating California redevelopment agencies, and the creation of the successor agencies. Our approach to solving this problem has been to read the law, participate in the CRA conference calls for auditing, accounting, debt service and housing and discussing with our current clients the information provided by our research and those conference calls. We have discussed with many of our current clients the issue of how to set up and account for the "Successor Agency."

EXHIBIT B
APPROVED FEE SCHEDULE

City of Sierra Madre
RFP For Professional Auditing Services

Audit Work Cost Proposal Form

Service	Fiscal year end		
	2011/12 Dollars	2012/13 Dollars	2013/14 Dollars
City audit	\$ 23,900	\$ 24,600	\$ 25,150
Redevelopment Agency audit, if applicable	5,320	5,470	5,595
Single audit, if applicable	3,675	3,835	3,875
Out-of pocket expenses:			
Lodging/meals			
Transportation			
Other			
Total for audit services	\$ 32,895	\$ 33,905	\$ 34,620

RESOLUTION NUMBER 18-23

**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 \$403,743.04 Sierra Madre Library Warrants in aggregate amount of \$7,639.39 and Payroll Transfer in the aggregate amount of \$308,596.82 the fiscal year ending June 30, 2018.

APPROVED AND ADOPTED this 22th day of May, 2018.

Mayor, City of Sierra Madre, California

I hereby certify that the foregoing Resolution Number 18-23 was adopted by the City Council of the City of Sierra Madre at a regular meeting held on the 22th day of May, 2018.

AYES:

NOES:

ABSTAIN:

**City of Sierra Madre
Department of Finance
Warrant Register Recap
City Council Meeting of May 22, 2018**

CITY OF SIERRA MADRE AND SIERRA MADRE LIBRARY

City of Sierra Madre Warrants	\$403,743.04
Sierra Madre Library Warrants	\$7,639.39
Payroll #10 Transfer.....	\$308,596.82

Warrant Register 5/22/18**Attachment 1A**

Fiscal Year	Description	Amount	Page #
FY1718	Manual Warrants	6,245.25	1
FY1718	General Warrants- Utility Bills	13,212.74	2
FY1718	General Warrants	384,285.05	3-9
	Total	403,743.04	

Fiscal Year	Description	Amount	
FY1718	Library Warrants	7,639.39	10
	Total	7,639.39	

Date: 5/17/18	Payroll #10 Electronic Tansfers From: City of Sierra Madre-General Acct. To: City of Sierra Madre-Payroll Acct.	308,596.82	
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Check Approval Register

Page 1

Packet: APPKT04004 - BOAREISS
Vendor Set: 01 - Vendor Set 01

Check Date: 05/14/2018

Vendor Number	Vendor Name	Invoice #	Invoice Description	Account Number	Distribution Amount
Fund: 10000 - GENERAL FUND					
<u>0823</u>	BANK OF AMERICA				
APBWEST	Check	<u>INV022573</u>	GE- ECONOMIC REGISTRATION PR	10000.11000.53402	50.00
		<u>INV022572</u>	GE- MAYOR'S STATE OF ADDRESS	10000.11000.53999	50.85
		<u>INV022575</u>	GE- ELECTION SERVICES	10000.12000.52207	140.00
		<u>INV022576</u>	GE- ELECTION SERVICES	10000.12000.52207	42.95
		<u>INV022508</u>	DC-SUPPLIES	10000.50000.53304	336.54
		<u>INV022555</u>	JO- CONFERENCE	10000.50000.53402	206.20
		<u>INV022556</u>	JO- CONFERENCE	10000.50000.53402	737.16
		<u>INV022506</u>	DC- WISTERIA SUPPLIES	10000.50000.53999	104.79
		<u>INV022504</u>	MM- SAFETY SUPPLIES	10000.61000.53300	49.87
		<u>INV022509</u>	CC- CONFERENCE	10000.82000.53402	1,062.53
		<u>INV022580</u>	JS- SUBSCRIPTION	10000.90000.52200	19.99
		<u>INV022581</u>	JS- STAF TRAINING	10000.90000.52205	20.00
			Fund 10000 Total:		2,820.88
Fund: 35003 - POLICE DONATIONS					
<u>0823</u>	BANK OF AMERICA				
APBWEST	Check	<u>INV022507</u>	DC- DEPT PHOTO	35003.50000.53999	60.64
			Fund 35003 Total:		60.64
Fund: 39006 - FRIENDS OF THE LIBRARY DONATION FUND					
<u>0823</u>	BANK OF AMERICA				
APBWEST	Check	<u>INV022582</u>	JS- BOOKMARK CEREMONY	39006.90000.53999	110.02
			Fund 39006 Total:		110.02
Fund: 60001 - INT SVC FND - FACILITIES MGT					
<u>0823</u>	BANK OF AMERICA				
APBWEST	Check	<u>INV022511</u>	VG- SUPPLIES	60001.83200.56002	193.65
		<u>INV022510</u>	VG- EQUIPMENT	60001.83200.56002	1,386.02
			Fund 60001 Total:		1,579.67
Fund: 60003 - INT SVC FND - TECHNOLOGY					
<u>0823</u>	BANK OF AMERICA				
APBWEST	Check	<u>INV022505</u>	MM- CONFERENCE	60003.30000.53402	190.00
			Fund 60003 Total:		190.00
Fund: 60007 - INT SVC FND - PERSONNEL AND RISK MGMT					
<u>0823</u>	BANK OF AMERICA				
APBWEST	Check	<u>INV022502</u>	MM- INTERVIEW PANEL	60007.70100.53999	59.57
		<u>INV022503</u>	MM- INTERVIEW PANEL	60007.70100.53999	3.29
		<u>INV022574</u>	GE- HR BANNER	60007.70101.52206	99.35
			Fund 60007 Total:		162.21
Fund: 71000 - WATER ENTERPRISE FUND					
<u>0823</u>	BANK OF AMERICA				
APBWEST	Check	<u>INV022512</u>	JR- SYSTEM MONITOR	71000.81100.53200	477.83
			Fund 71000 Total:		477.83
Fund: 77003 - SPECIAL EVENTS					
<u>0823</u>	BANK OF AMERICA				
APBWEST	Check	<u>INV022570</u>	RS- MWTR SOUVENIRS	77003.79003.52999	480.00
		<u>INV022569</u>	RS- SENIOR EXCURSION	77003.79003.52999	184.00
		<u>INV022571</u>	RS- SENIOR EXCURSION	77003.79003.52999	180.00
			Fund 77003 Total:		844.00
			Report Total:		6,245.25



Packet: APPKT04000 - UB050318
Vendor Set: 01 - Vendor Set 01

Check Date: 05/10/2018

Vendor Number	Vendor Name	Invoice #	Invoice Description	Account Number	Distribution Amount
Fund: 10000 - GENERAL FUND					
<u>1439</u>	TIME WARNER CABLE				
APBWEST	Check	<u>8448300220131806</u>	CABLE SVC PD EQUIP 1-12	10000.50000.52200	439.29
Fund 10000 Total:					439.29
Fund: 32005 - LIGHTING DISTRICT #1 - OAKWOOD/VISTA					
<u>0384</u>	SOUTHERN CALIF. EDISON CO.				
APBWEST	Check	<u>2011946423-050818</u>	ELEC CHGS 4/1-5/1/18	32005.83500.55003	140.50
Fund 32005 Total:					140.50
Fund: 32006 - LIGHTING DISTRICT - ZONE A					
<u>0384</u>	SOUTHERN CALIF. EDISON CO.				
APBWEST	Check	<u>2011946423-050818</u>	ELEC CHGS 4/1-5/1/18	32006.83000.55003	243.66
Fund 32006 Total:					243.66
Fund: 32007 - LIGHTING DISTRICT - ZONE B					
<u>0384</u>	SOUTHERN CALIF. EDISON CO.				
APBWEST	Check	<u>2011946423-050818</u>	ELEC CHGS 4/1-5/1/18	32007.83000.55003	1,037.65
Fund 32007 Total:					1,037.65
Fund: 38005 - GAS TAX FUND					
<u>0384</u>	SOUTHERN CALIF. EDISON CO.				
APBWEST	Check	<u>2011946423-050818</u>	ELEC CHGS 4/1-5/1/18	38005.83500.55003	4,158.61
Fund 38005 Total:					4,158.61
Fund: 60000 - INT SVC FND - FLEET					
<u>0216</u>	THE GAS COMPANY				
APBWEST	Check	<u>11826147883-05041</u>	GAS CHGS 4/1-5/1/18	60000.83100.55001	217.32
Fund 60000 Total:					217.32
Fund: 60001 - INT SVC FND - FACILITIES MGT					
<u>0129</u>	AT&T				
APBWEST	Check	<u>81824637835914-04</u>	TELECOM DIV 4/23-5/22/18	60001.83200.55005	389.66
<u>0384</u>	SOUTHERN CALIF. EDISON CO.				
APBWEST	Check	<u>2011946423-050818</u>	ELEC CHGS 4/1-5/1/18	60001.83200.55003	164.07
		<u>3001259211-050418</u>	ELEC CHGS 4/4-5/3/18	60001.83200.55003	1,125.78
<u>0216</u>	THE GAS COMPANY				
APBWEST	Check	<u>19591871009-050818</u>	GAS CHGS 4/5-5/4/18	60001.83200.55004	19.30
		<u>16861877005-050818</u>	GAS CHGS 4/5-5/4/18	60001.83200.55004	60.20
		<u>16651877009-050818</u>	GAS CHGS 4/5-5/4/18	60001.83200.55004	5.00
		<u>13511935002-050918</u>	GAS CHGS 4/6-5/7/18	60001.83200.55004	93.17
Fund 60001 Total:					1,857.18
Fund: 60003 - INT SVC FND - TECHNOLOGY					
<u>VEN02792</u>	FRONTIER CALIFORNIA INC				
APBWEST	Check	<u>62635514140920175</u>	PH CHGS 5/1-5/31/18	60003.30000.55005	566.36
<u>VEN03086</u>	GC PIVOTAL LLC				
APBWEST	Check	<u>49726203</u>	DSL MON CHGS 1/31-2/27/18	60003.30000.52200	1,298.31
		<u>GC_INV_970417</u>	DSL MON CHGS 6/1-6/30/18	60003.30000.52200	1,297.94
<u>0942</u>	TELEPACIFIC COMMUNICATIONS				
APBWEST	Check	<u>102778449-0</u>	PH SVCS 4/23-5/22/18	60003.30000.55005	462.19
<u>1439</u>	TIME WARNER CABLE				
APBWEST	Check	<u>8448300220137019</u>	CALBLE SVCS 5/6-6/5/18	60003.30000.52200	259.98
<u>0642</u>	VERIZON WIRELESS - LA				
APBWEST	Check	<u>9806119304-042518</u>	CELL PH CHGS 3/26-4/25/18	60003.30000.55005	1,233.75
Fund 60003 Total:					5,118.53
Report Total:					13,212.74



Packet: APPKT04011 - GEN052218
Vendor Set: 01 - Vendor Set 01

Check Date: 05/16/2018

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>9951241088</u>	FY 2017-18 MEDICAL OXYGEN	10000.64000.53300	477.02
<u>1644</u>	AMAZON						
	APBWEST	Check		<u>INV022554</u>	FD SUPPLIE	10000.61000.53999	41.84
						10000.64000.53999	46.04
<u>0514</u>	ANDREA WALSH						
	APBWEST	Check		<u>INV022589</u>	Recreation Classes - Yoga	10000.77000.52200	321.10
<u>1552</u>	ARNOLD'S FRONTIER HARDWARE						
	APBWEST	Check		<u>084536</u>	FY 2017-18 HARDWARE SUPPLIES	10000.61000.53204	13.50
<u>0122</u>	ARNOLD'S FRONTIER HARDWARE						
	APBWEST	Check		<u>084292</u>	Arnolds	10000.61000.53204	3.82
<u>1552</u>	ARNOLD'S FRONTIER HARDWARE						
	APBWEST	Check		<u>084476</u>	FY 2017-18 HARDWARE SUPPLIES	10000.61000.53204	5.25
				<u>084522</u>	FY 2017-18 HARDWARE SUPPLIES	10000.61000.53204	12.19
				<u>084493</u>	FY 2017-18 HARDWARE SUPPLIES	10000.61000.53204	8.75
<u>0122</u>	ARNOLD'S FRONTIER HARDWARE						
	APBWEST	Check		<u>084123</u>	FY 17-18 PARK MAINTENANCE SUPPLIES	10000.83300.53001	23.48
				<u>084153</u>	FY 17-18 PARK MAINTENANCE SUPPLIES	10000.83300.53001	4.75
				<u>084288</u>	Street Maintenance Supplies	10000.83500.53206	15.29
				<u>084250</u>	Street Maintenance Supplies	10000.83500.53206	7.49
				<u>084335</u>	Street Maintenance Supplies	10000.83500.53206	29.43
<u>VEN02856</u>	BEE EMERGENCY RESPONSE TEAM						
	APBWEST	Check		<u>35395</u>	BEE REMOVAL	10000.83300.53001	250.00
<u>1200</u>	BLUE DIAMOND MATERIALS						
	APBWEST	Check		<u>1158536</u>	ASPHALT	10000.83500.53206	42.95
				<u>1156079</u>	ASPHALT	10000.83500.53206	35.59
				<u>1156215</u>	ASPHALT	10000.83500.53206	21.22
				<u>1158639</u>	ASPHALT	10000.83500.53206	20.89
				<u>1156120</u>	ASPHALT	10000.83500.53206	24.80
				<u>1156266</u>	ASPHALT	10000.83500.53206	21.05
<u>VEN03072</u>	CA DEPT OF TAX AND FEE ADMINISTRATION						
	APBWEST	Check		<u>57425204-043018</u>	Fuel tax return	10000.00000.21003	395.71
<u>VEN02965</u>	CALIFORNIA ASSOC. OF CODE ENFORCEMENT OFFICERS						
	APBWEST	Check		<u>300007424</u>	MEMBERSHIP	10000.40000.53409	95.00
<u>0169</u>	CITY ELECTRIC SUPPLY						
	APBWEST	Check		<u>PDA/005091</u>	Facilities Maintenance supplies	10000.83300.53202	1,540.67
<u>0326</u>	CITY OF PASADENA						
	APBWEST	Check		<u>104642</u>	blanket po - inmate housing	10000.50000.52003	1,290.00
<u>1121</u>	COLANTUONO, HIGHSMITH & WHATLEY, PC						
	APBWEST	Check		<u>35620A</u>	LEGAL SERVICES APRIL 2018	10000.21000.52201	6,532.66
				<u>35617</u>	BPO- LEGAL SERVICES- RETAINER	10000.21000.52201	8,400.00
				<u>35621</u>	LEGAL SERVICES APRIL 2018	10000.40000.52201	2,668.12
				<u>35622</u>	LEGAL SERVICES APRIL 2018	10000.81201.52001	94.00
<u>VEN02871</u>	CYBERREEF SOLUTIONS INC						
	APBWEST	Check		<u>1910</u>	DATA PLAN	10000.50000.52200	299.78
<u>0636</u>	CYNTHIA SIRLIN						
	APBWEST	Check		<u>INV022590</u>	Recreation Classes - Tai Chi Chuan	10000.77000.52200	83.20
<u>0841</u>	DAPEER, ROSENBLIT & LITVAK,LLP						
	APBWEST	Check		<u>14309</u>	Legal services	10000.40000.52201	11,352.00
				<u>14204</u>	Legal services	10000.40000.52201	288.59
				<u>14424</u>	Legal services	10000.40000.52201	12,024.48
<u>0713</u>	DEPT OF JUSTICE						
	APBWEST	Check		<u>301425</u>	blanket po - fingerprinting	10000.50000.52200	49.00

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Vendor Number	Vendor Name	Bank Code	Payment Type	Invoice #	Invoice Description	Account Number	Distribution Amount
<u>1657</u>	EMERGENCY SERVICES MARKETING	APBWEST	Check	<u>INV022568</u>	lamResponding- subscrip renewal	10000.61000.53409	810.00
<u>VEN01936</u>	FOOTHILL COMMUNICATIONS LLC	APBWEST	Check	<u>2458</u>	RADIO INSTALLATIONS	10000.50000.53301	600.00
				<u>2448</u>	MOTOROLA RADIOS	10000.50000.53301	98.54
<u>VEN03012</u>	GREG FIELDS	APBWEST	Check	<u>INV022514</u>	Greg Fields PM License Renewal	10000.64000.52205	200.00
<u>1404</u>	JAMES CARLSON	APBWEST	Check	<u>INV022565</u>	CONFERENCE	10000.81201.52205	71.40
<u>0397</u>	KEVORK TCHARKHOUTIAN	APBWEST	Check	<u>2018-004D</u>	FY 17-18 CITY ENGINEER SERVICES PLAN CHECK	10000.82000.52100	5,760.00
				<u>2018-004R</u>	FY 17-18 RETAINER	10000.82000.52100	800.00
<u>VEN01382</u>	KIDZ LOVE SOCCER	APBWEST	Check	<u>INV022591</u>	Recreation Classes - Kidz Love Soccer	10000.77000.52200	698.10
<u>0515</u>	LANDSCAPE WAREHOUSE	APBWEST	Check	<u>2554432</u>	FY 17-18 IRRIGATION SUPPLIES	10000.83300.53001	160.53
				<u>2555062</u>	FY 17-18 IRRIGATION SUPPLIES	10000.83300.53001	69.66
				<u>2554804</u>	FY 17-18 IRRIGATION SUPPLIES	10000.83300.53001	39.92
				<u>2555459</u>	FY 17-18 IRRIGATION SUPPLIES	10000.83300.53001	23.18
<u>VEN01628</u>	LAW ENFORCEMENT MEDICAL SERVICES, INC	APBWEST	Check	<u>13611</u>	BLOOD WITHDRAWL	10000.50000.53304	55.00
<u>VEN03091</u>	LINDA HUDSON	APBWEST	Check	<u>2018-6</u>	Election Services	10000.12000.52207	2,975.00
<u>0925</u>	MARTIN & CHAPMAN CO.	APBWEST	Check	<u>2018183</u>	Election Services	10000.12000.52207	2,838.24
<u>1690</u>	MERCHANTS LANDSCAPE SVC INC	APBWEST	Check	<u>51847</u>	FY 17-18 LANDSCAPE MAINTENANCE	10000.81201.52200	208.33
						10000.83300.52200	6,566.67
<u>0884</u>	MOBILE MINI, INC.	APBWEST	Check	<u>9004123781</u>	RENTAL STORAGE	10000.50000.53304	114.38
<u>VEN03153</u>	NEIL WEINBERGER	APBWEST	Check	<u>INV022588</u>	SECURITY DEPOSIT	10000.00000.23200	500.00
						10000.00000.47023	115.00
<u>0786</u>	OFFICE DEPOT, INC	APBWEST	Check	<u>131579875001</u>	OFFICE SUPPLIES	10000.40000.53100	25.70
				<u>130810443001</u>	blanket po - office supplies	10000.50000.53100	454.21
				<u>131579875001</u>	OFFICE SUPPLIES	10000.70000.53100	18.19
<u>0323</u>	PASADENA HUMANE SOCIETY	APBWEST	Check	<u>MAY2018CtySM</u>	blanket po - animal control	10000.50000.52004	2,371.72
<u>1483</u>	PRO PRINTING INC	APBWEST	Check	<u>48918</u>	BUSINESS CARDS	10000.50000.53102	55.85
				<u>48942</u>	BUSINESS CARDS	10000.50000.53102	76.65
<u>VEN02937</u>	RCI IMAGE SYSTEMS	APBWEST	Check	<u>75659</u>	Document Scanning	10000.40000.52200	1,420.19
				<u>75695</u>	Document Scanning	10000.40000.52200	1,165.80
				<u>75658</u>	Document Scanning	10000.40000.52200	497.68
				<u>75696</u>	Document Scanning	10000.40000.52200	1,167.41
<u>0381</u>	SOUTHEAST CONSTRUCTION PRODUCT	APBWEST	Check	<u>1804-063030</u>	FY 17-18 CONSTRUCTION MATERIAL	10000.83500.53206	26.87
<u>1245</u>	THE WORKSHOP	APBWEST	Check	<u>64409</u>	STATE OF THE CITY POST CARDS	10000.11000.53999	710.00
<u>0425</u>	WILLDAN ASSOCIATES	APBWEST	Check	<u>002-19375</u>	Plan Check / Inspection Services 17/18	10000.40000.52100	25,189.88
<u>1094</u>	ZUMAR INDUSTRIES, INC.	APBWEST	Check	<u>0174600</u>	PARKS	10000.83300.53001	902.00
Fund 10000 Total:							103,325.76
Fund: 32008 - PARKING ASSMNT DIST							
<u>1690</u>	MERCHANTS LANDSCAPE SVC INC	APBWEST	Check	<u>51847</u>	FY 17-18 LANDSCAPE MAINTENANCE	32008.83000.52200	1,000.00
Fund 32008 Total:							1,000.00

Vendor Number	Vendor Name	Invoice #	Invoice Description	Account Number	Distribution Amount
Fund: 37004 - LOCAL TRANSPORTATION/PROP A					
<u>0267</u>	REGIONAL TAP SERVICE CENTER				
APBWEST	Check	<u>6006263</u>	CPOS Tap Card	37004.70000.52001	195.00
				Fund 37004 Total:	195.00
Fund: 38004 - ENVIRONMENTAL FUND					
<u>0574</u>	WEST COAST ARBORISTS, INC.				
APBWEST	Check	<u>136050</u>	FY 17-18 ANNUAL TREE MAINTENANCE	38004.83300.52200	8,788.80
				Fund 38004 Total:	8,788.80
Fund: 38005 - GAS TAX FUND					
<u>1690</u>	MERCHANTS LANDSCAPE SVC INC				
APBWEST	Check	<u>51847</u>	FY 17-18 LANDSCAPE MAINTENANCE	38005.83500.52200	1,750.00
				Fund 38005 Total:	1,750.00
Fund: 38006 - BIKEWAY/SIDEWALK FUND					
<u>VEN01613</u>	GANAHL LUMBER COMPANY				
APBWEST	Check	<u>140985628</u>	LUMBER AND HARDWARE	38006.83600.53211	94.15
		<u>140981421</u>	LUMBER AND HARDWARE	38006.83600.53211	24.07
		<u>140984951</u>	LUMBER AND HARDWARE	38006.83600.53211	24.07
				Fund 38006 Total:	142.29
Fund: 60000 - INT SVC FND - FLEET					
<u>VEN02212</u>	BLACK & WHITE EMERGENCY VEHICLES				
APBWEST	Check	<u>2431</u>	VEHICLE REPAIR	60000.83100.56006	10,080.57
<u>1487</u>	BOB WONDRIES FORD				
APBWEST	Check	<u>557908</u>	FY 17-18 FLEET MAINTENANCE	60000.83100.53208	2,233.09
		<u>PC93016</u>	POLICE INTERCEPTOR VEHICLE PURCHASE	60000.83100.56006	32,985.96
<u>0207</u>	ERNIE'S AUTO PARTS				
APBWEST	Check	<u>14N325054</u>	FY 17-18 VEHICLE MAINTENANCE	60000.83100.53208	46.88
<u>1608</u>	MUNICIPAL MAINTENANCE EQUIP IN				
APBWEST	Check	<u>0127125-IN</u>	SEWER TRUCK MAINTENANCE	60000.83100.53208	1,003.03
		<u>0127226-IN</u>	SEWER TRUCK MAINTENANCE	60000.83100.53208	1,764.12
<u>0360</u>	QUINN COMPANY				
APBWEST	Check	<u>PC10810388</u>	FY 17-18 HEAVY EQUIPMENT PARTS	60000.83100.53208	7.03
<u>VEN01194</u>	THORSON MOTOR CENTER				
APBWEST	Check	<u>324077</u>	FY 17-18 AUTO PARTS	60000.83100.53208	129.03
				Fund 60000 Total:	48,249.71
Fund: 60001 - INT SVC FND - FACILITIES MGT					
<u>VEN02961</u>	ARAMARK UNIFORM & CAREER APPAREL GROUP INC				
APBWEST	Check	<u>533236136</u>	FY 17-18 JANITORIAL SUPPLIES	60001.83200.53200	155.84
		<u>533253352</u>	FY 17-18 JANITORIAL SUPPLIES	60001.83200.53200	260.97
		<u>533287471</u>	FY 17-18 JANITORIAL SUPPLIES	60001.83200.53200	260.97
		<u>533253351</u>	FY 17-18 JANITORIAL SUPPLIES	60001.83200.53200	86.15
		<u>533304661</u>	FY 17-18 JANITORIAL SUPPLIES	60001.83200.53200	260.97
		<u>533270348</u>	FY 17-18 UNIFORM CLEANING	60001.83200.53303	64.40
		<u>533218814</u>	FY 17-18 UNIFORM CLEANING	60001.83200.53303	260.97
		<u>533304660</u>	FY 17-18 UNIFORM CLEANING	60001.83200.53303	69.27
		<u>533270349</u>	FY 17-18 UNIFORM CLEANING	60001.83200.53303	260.97
		<u>533287470</u>	FY 17-18 UNIFORM CLEANING	60001.83200.53303	85.58
<u>0122</u>	ARNOLD'S FRONTIER HARDWARE				
APBWEST	Check	<u>084342</u>	FY 17-18 FACILITY MAINTENANCE SUPPLIES	60001.83200.53200	17.47
		<u>084254</u>	FY 17-18 FACILITY MAINTENANCE SUPPLIES	60001.83200.53200	25.57
		<u>084235</u>	FY 17-18 FACILITY MAINTENANCE SUPPLIES	60001.83200.53200	43.18
		<u>084249</u>	FY 17-18 FACILITY MAINTENANCE SUPPLIES	60001.83200.53200	15.55
		<u>084391</u>	FY 17-18 FACILITY MAINTENANCE SUPPLIES	60001.83200.53200	19.69
<u>0714</u>	CINTAS CORPORATION #693				
APBWEST	Check	<u>693105677</u>	UNIFORM	60001.83200.53303	173.45
		<u>693103665</u>	UNIFORM	60001.83200.53303	120.95
		<u>693105676</u>	UNIFORM	60001.83200.53303	121.35
<u>0791</u>	CITY ELECTRIC SUPPLY				
APBWEST	Check	<u>PDA/004782</u>	FY 17-18 ELECTRICAL SUPPLIES / FACILITY	60001.83200.53200	296.75
<u>VEN02997</u>	DYNAMIC BUILDING MAINT INC				

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Vendor Number	Vendor Name	Bank Code	Payment Type	Invoice #	Invoice Description	Account Number	Distribution Amount
		APBWEST	Check	12	FY 17-18 JANITORIAL SERVICES MONTHLY	60001.83200.52200	2,919.00
<u>VEN02986</u>	EKCOS INNOVATIONS						
		APBWEST	Check	<u>EKCOS-10006</u>	FY 17-18 URINAL FILTERS	60001.83200.53200	880.63
<u>1724</u>	LAWRENCE ROLL-UP DOORS INC						
		APBWEST	Check	<u>1816076</u>	FY 17-18 FD ROLL UP DOOR MAINTENANCE	60001.83200.52200	602.70
				<u>1818694</u>	FY 17-18 FD ROLL UP DOOR MAINTENANCE	60001.83200.52200	3,029.62
<u>1690</u>	MERCHANTS LANDSCAPE SVC INC						
		APBWEST	Check	<u>51847</u>	FY 17-18 LANDSCAPE MAINTENANCE	60001.83200.52200	2,475.00
<u>1278</u>	MICHAEL E POWERS & ASSOC INC.						
		APBWEST	Check	<u>12726</u>	Planning Department Build Out	60001.83200.56002	12,759.50
				<u>6194</u>	CITY HALL CUSTOMER SERVICE COUNTER PROJE	60001.83200.56010	1,573.51
<u>1372</u>	ORKIN COMMERCIAL SERVICES						
		APBWEST	Check	<u>169190668</u>	FY 17-18 PEST CONTROL	60001.83200.52200	158.52
				<u>168140507</u>	FY 17-18 PEST CONTROL	60001.83200.52200	250.00
				<u>168140785</u>	FY 17-18 PEST CONTROL	60001.83200.52200	200.38
				<u>168139733</u>	FY 17-18 PEST CONTROL	60001.83200.52200	70.00
				<u>169190817</u>	FY 17-18 PEST CONTROL	60001.83200.52200	200.38
				<u>168140643</u>	FY 17-18 PEST CONTROL	60001.83200.52200	158.52
				<u>169190524</u>	FY 17-18 PEST CONTROL	60001.83200.52200	250.00
				<u>169189685</u>	FY 17-18 PEST CONTROL	60001.83200.52200	70.00
				<u>169190667</u>	FY 17-18 PEST CONTROL	60001.83200.52200	158.52
<u>0346</u>	RED WING SHOES						
		APBWEST	Check	<u>15-1-31777</u>	FY 17-18 SAFETY BOOTS	60001.83200.53303	147.80
				<u>15-1-31719</u>	FY 17-18 SAFETY BOOTS	60001.83200.53303	190.00
				<u>15-1-31539</u>	FY 17-18 SAFETY BOOTS	60001.83200.53303	187.22
				<u>15-1-31714</u>	FY 17-18 SAFETY BOOTS	60001.83200.53303	172.46
				<u>15-1-31478</u>	FY 17-18 SAFETY BOOTS	60001.83200.53303	190.00
				<u>15-1-31776</u>	FY 17-18 SAFETY BOOTS	60001.83200.53303	190.00
				<u>15-1-31717</u>	FY 17-18 SAFETY BOOTS	60001.83200.53303	186.13
				<u>15-1-34784</u>	FY 17-18 SAFETY BOOTS	60001.83200.53303	190.00
				<u>15-1-31535</u>	FY 17-18 SAFETY BOOTS	60001.83200.53303	190.00
				<u>15-1-31483</u>	FY 17-18 SAFETY BOOTS	60001.83200.53303	190.00
				<u>15-1-33373</u>	FY 17-18 SAFETY BOOTS	60001.83200.53303	190.00
<u>VEN02740</u>	SHAFFER AWARDS						
		APBWEST	Check	<u>0004188</u>	CASHIERING SIGNS	60001.83200.56002	107.20
<u>0399</u>	TELETRONIC ALARM SYSTEMS						
		APBWEST	Check	<u>B6426026-MAY 18</u>	FY 17-18 LIBRARY ALARM SERIVES MONTHLY	60001.83200.52200	62.00
<u>VEN02280</u>	VISTA PAINT CORP						
		APBWEST	Check	<u>2018-163428-00</u>	CITY HALL PLANNING DEPT REMODEL	60001.83200.56010	52.21
Fund 60001 Total:							30,601.35
Fund:	60002 - INT SVC FND - ADMINISTRATION						
<u>1121</u>	COLANTUONO, HIGHSMITH & WHATLEY, PC						
		APBWEST	Check	<u>35617</u>	BPO- LEGAL SERVICES- RETAINER	60002.21000.52201	2,100.00
<u>0814</u>	HDL, COREN & CONE						
		APBWEST	Check	<u>0025185-IN</u>	FY 17-18 PROF SVCS/ PROP TAX CONSULTANTS	60002.30000.52100	1,980.00
<u>0786</u>	OFFICE DEPOT, INC						
		APBWEST	Check	<u>13549629001</u>	Office Supplies	60002.30000.53100	245.19
<u>0680</u>	POSTMASTER						
		APBWEST	Check	<u>PO BOX #457-INV022</u>	PO BOX#457 RENEWAL FEE 18	60002.30000.53101	338.00
<u>1799</u>	TYLER TECHNOLOGIES INC						
		APBWEST	Check	<u>25-220612</u>	MAINT FA, PROJ ACCTNG & CALL CENTER	60002.30000.52200	5,452.52
Fund 60002 Total:							10,115.71
Fund:	60003 - INT SVC FND - TECHNOLOGY						
<u>VEN02953</u>	CPACINC.COM						
		APBWEST	Check	<u>SI-1284670</u>	FY 17-18 COMPUTER SUPPLIES	60003.30000.53103	457.00
				<u>SI-1284499</u>	FY 17-18 COMPUTER SUPPLIES	60003.30000.53103	654.72
				<u>SI-1283806</u>	FY 17-18 COMPUTER SUPPLIES	60003.30000.53103	74.46
				<u>SI-1284825</u>	FY 17-18 COMPUTER SUPPLIES	60003.30000.53103	1,035.87
				<u>SI-1284239</u>	FY 17-18 COMPUTER SUPPLIES	60003.30000.53103	1,278.37
<u>1641</u>	RICOH AMERICAS CORP						

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Vendor Number	Vendor Name	Bank Code	Payment Type	Invoice #	Invoice Description	Account Number	Distribution Amount
		APBWEST	Check	56761429	FY 17-18 COPIER LEASE	60003.30000.53210	752.86
<u>VEN02829</u>	RINGCENTRAL INC						
		APBWEST	Check	475024	FY 17-18 VOIP TELEPHONE SERVICES	60003.30000.55005	4,898.70
<u>0429</u>	XEROX CORPORATION						
		APBWEST	Check	093109613	FY 17-18 COPIER LEASE	60003.30000.53210	446.96
				093109612	FY 17-18 COPIER LEASE	60003.30000.53210	635.43
				093109614	FY 17-18 COPIER LEASE	60003.30000.53210	467.81
<u>VEN02951</u>	YOHTEK CORP						
		APBWEST	Check	2042	Auvik Network Monitor Software	60003.30000.52200	550.00
Fund 60003 Total:							11,252.18
Fund:	60007 - INT SVC FND - PERSONNEL AND RISK MGMT						
<u>1121</u>	COLANTUONO, HIGHSMITH & WHATLEY, PC						
		APBWEST	Check	35618	LEGAL SERVICES APRIL 2017	60007.70100.52201	540.50
				35620	LEGAL SERVICES APRIL 2018	60007.70100.52201	1,644.67
<u>1359</u>	HIRERIGHT, LLC						
		APBWEST	Check	H0130544	BACKGROUND SCREENING SERVICES	60007.70101.52100	99.88
<u>0913</u>	IRWINDALE INDUSTRIAL CLINIC						
		APBWEST	Check	2130-787977	PRE-EMPLOYMENT PD/DOT PW	60007.70101.52106	90.00
<u>VEN02218</u>	SOCIETY FOR HUMAN RESOURCE MANAGEMENT						
		APBWEST	Check	01830621	SHRM - MEMBERSHIP	60007.70100.53409	209.00
Fund 60007 Total:							2,584.05
Fund:	71000 - WATER ENTERPRISE FUND						
<u>0122</u>	ARNOLD'S FRONTIER HARDWARE						
		APBWEST	Check	084506	FY 17-18 WATER MAINTENANCE SUPPLIES	71000.81100.53200	2.39
				084201	FY 17-18 WATER MAINTENANCE SUPPLIES	71000.81100.53200	12.03
				084526	FY 17-18 WATER MAINTENANCE SUPPLIES	71000.81100.53200	17.84
				084504	FY 17-18 WATER MAINTENANCE SUPPLIES	71000.81100.53200	28.88
				084081	FY 17-18 WATER MAINTENANCE SUPPLIES	71000.81100.53200	5.02
<u>1200</u>	BLUE DIAMOND MATERIALS						
		APBWEST	Check	1156215	ASPHALT	71000.81100.53206	84.86
				1158639	ASPHALT	71000.81100.53206	83.56
				1158536	ASPHALT	71000.81100.53206	171.82
				1156079	ASPHALT	71000.81100.53206	142.37
				1156266	ASPHALT	71000.81100.53206	84.22
				1156120	ASPHALT	71000.81100.53206	99.22
<u>0146</u>	BYRD INDUSTRIAL ELECTRONICS						
		APBWEST	Check	405-18	FY 17-18 SCADA PC SERVICES	71000.81100.52200	120.00
<u>1666</u>	CARBON ACTIVATED CORP.						
		APBWEST	Check	42131	GAC REPLACEMENT	71000.81100.53209	21,400.38
				42129	GAC REPLACEMENT	71000.81100.53209	42,800.76
				42130	GAC REPLACEMENT	71000.81100.53209	42,800.76
<u>1121</u>	COLANTUONO, HIGHSMITH & WHATLEY, PC						
		APBWEST	Check	35619	LEGAL SERVICES APRIL 2018	71000.81100.52201	1,903.50
<u>VEN01500</u>	INLAND WATER WORKS SUPPLY CO.						
		APBWEST	Check	51010866.001	FY 17-18 DISTRIBUTION SYSTEM REPAIR SUPPLI	71000.81100.53200	102.93
<u>VEN01747</u>	Kazarrians & Associates, Inc.						
		APBWEST	Check	5385.02-01	CalArp Compliance	71000.81100.52100	1,633.00
<u>0786</u>	OFFICE DEPOT, INC						
		APBWEST	Check	131579875001	OFFICE SUPPLIES	71000.81100.53100	23.91
<u>0447</u>	RAYMOND BASIN MANAGEMENT BOARD						
		APBWEST	Check	5MDR-FY 1819	Raymond Basin Assessment	71000.81100.52001	35,347.00
<u>VEN01396</u>	STEPHEN DORECK EQUIP RENTALS						
		APBWEST	Check	18MS06-01	MAIN LINE REPLACEMENT	71000.81100.56010	7,672.48
<u>1820</u>	TARGET MAILING SERVICES INC						
		APBWEST	Check	36191	FY 17-18 MAILING SERVICES/ WATER BILLING	71000.32000.53101	1,170.00
<u>1799</u>	TYLER TECHNOLOGIES INC						
		APBWEST	Check	025-221145	FY 17-18 MON UB ONLINE & WEBSITE COMP	71000.32000.52200	180.00
<u>0158</u>	VULCAN MATERIALS COMPANY						
		APBWEST	Check	71799779	ASPHALT COLD MIX	71000.81100.53206	545.11
<u>0335</u>	WATERLINE TECHNOLOGIES						

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Vendor Number	Vendor Name	Invoice #	Invoice Description	Account Number	Distribution Amount
<u>Bank Code</u> APBWEST	<u>Payment Type</u> Check	<u>5408101</u>	FY 17-18 CHLORINE GAS CYLINDER	71000.81100.53209	3,500.63
		<u>5408869</u>	RETURNED ON 150LB CYLINDER	71000.81100.53209	-750.00
Fund 71000 Total:					159,182.67
Fund: 72000 - SEWER					
<u>2110</u>	PLUMBERS DEPOT INC.				
APBWEST	Check	<u>PD-38058</u>	SEWER EQUIPMENT MAINTENACE	72000.81200.52302	134.53
<u>1799</u>	TYLER TECHNOLOGIES INC				
APBWEST	Check	<u>025-221145</u>	FY 17-18 MON UB ONLINE & WEBSITE COMP	72000.32000.52200	45.00
Fund 72000 Total:					179.53
Fund: 77003 - SPECIAL EVENTS					
<u>1464</u>	ARCADIA PARTY RENTALS INC				
APBWEST	Check	<u>127690</u>	MWTR SUPPLIES	77003.79007.52999	255.10
<u>VEN02967</u>	KAESER & BLAIR INC				
APBWEST	Check	<u>80427316</u>	MWTR SOUVENIRS	77003.79007.52999	384.00
		<u>80426386</u>	MWTR SOUVENIRS	77003.79007.52999	384.52
		<u>80426274</u>	MWTR SOUVENIRS	77003.79007.52999	701.77
<u>VEN02826</u>	STONEFIRE GRILL 6 INC				
APBWEST	Check	<u>INV022585</u>	MWTR PASTA FEED	77003.79007.52999	520.02
Fund 77003 Total:					2,245.41
Fund: 77004 - SERVICES MOVIE/OES DETAILS					
<u>VEN03150</u>	COOLER WATER PRODUCTIONS LLC				
APBWEST	Check	<u>INV022587</u>	REFUND	77004.00000.23001	2,651.00
Fund 77004 Total:					2,651.00
Report Total:					382,263.46



City of Sierra Madre, CA

Check Approval Register

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Packet: APPKT04012 - RET052218
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Check Date: 05/16/2018

Vendor Number	Vendor Name	Bank Code	Payment Type	Invoice #	Invoice Description	Account Number	Distribution Amount
Fund: 60007 - INT SVC FND - PERSONNEL AND RISK MGMT							
<u>1428</u>	DAN GINTER						
APBWEST	Check			<u>INV022562</u>	RETIREE HEALTH INSURANCE	60007.70100.51302	404.32
<u>1044</u>	JESSE TORIBIO						
APBWEST	Check			<u>INV022563</u>	RETIREE HEALTH INSURANCE	60007.70100.51302	202.16
<u>1156</u>	JOHN FORD						
APBWEST	Check			<u>INV022560</u>	RETIREE HEALTH INSURANCE	60007.70100.51302	283.02
<u>VEN01660</u>	LISA VOLPE						
APBWEST	Check			<u>INV022561</u>	RETIREE HEALTH INSURANCE	60007.70100.51302	323.45
<u>1113</u>	RUBEN ENRIQUEZ						
APBWEST	Check			<u>INV022564</u>	RETIREE HEALTH INSURANCE	60007.70100.51302	404.32
<u>2016</u>	STEVE POCK						
APBWEST	Check			<u>INV022559</u>	RETIREE HEALTH INSURANCE	60007.70100.51302	404.32
Fund 60007 Total:							2,021.59
Report Total:							2,021.59



Packet: APPKT04010 - LIB052218
Vendor Set: 01 - Vendor Set 01

Check Date: 05/16/2018

Vendor Number	Vendor Name	Invoice #	Invoice Description	Account Number	Distribution Amount
Fund: 10000 - GENERAL FUND					
<u>0132</u>	BAKER & TAYLOR, INC.				
APBWEST	Check	<u>4012195079</u>	Books & Reference, Processing Fees & Media	10000.90000.52200	36.00
		<u>4012200187</u>	Books & Reference, Processing Fees & Media	10000.90000.52200	31.44
		<u>4012195975</u>	Books & Reference, Processing Fees & Media	10000.90000.52200	11.75
		<u>4012208129</u>	Books & Reference, Processing Fees & Media	10000.90000.52200	24.25
		<u>4012207113</u>	Books & Reference, Processing Fees & Media	10000.90000.52200	19.15
		<u>4012207112</u>	Books & Reference, Processing Fees & Media	10000.90000.53406	559.10
		<u>4012195974</u>	Books & Reference, Processing Fees & Media	10000.90000.53406	230.75
		<u>4012200186</u>	Books & Reference, Processing Fees & Media	10000.90000.53406	729.84
		<u>4012208128</u>	Books & Reference, Processing Fees & Media	10000.90000.53406	470.50
<u>0145</u>	BRODART				
APBWEST	Check	<u>498017</u>	BOOKS	10000.90000.53100	130.09
<u>0786</u>	OFFICE DEPOT, INC				
APBWEST	Check	<u>129569175001</u>	Office Supplies	10000.90000.53100	57.19
Fund 10000 Total:					2,300.06
Fund: 39002 - LIBRARY - GIFT AND MEMORIAL					
<u>0132</u>	BAKER & TAYLOR, INC.				
APBWEST	Check	<u>4012199957</u>	BOOKS	39002.90000.53406	8.94
Fund 39002 Total:					8.94
Fund: 39006 - FRIENDS OF THE LIBRARY DONATION FUND					
<u>1644</u>	AMAZON				
APBWEST	Check	<u>6584252</u>	Misc-Library(Books/Ref/Prog/Media/Supplies	39006.90000.53406	13.78
		<u>8856250</u>	Misc-Library(Books/Ref/Prog/Media/Supplies	39006.90000.53406	19.67
		<u>5747447</u>	Misc-Library(Books/Ref/Prog/Media/Supplies	39006.90000.53406	10.94
		<u>4008250</u>	Misc-Library(Books/Ref/Prog/Media/Supplies	39006.90000.53999	22.20
<u>VEN03149</u>	ANDRE GIRALDO				
APBWEST	Check	<u>INV022583</u>	SUMMER PROGRAMMING PERFMNCE	39006.90000.53999	200.00
<u>0132</u>	BAKER & TAYLOR, INC.				
APBWEST	Check	<u>T79363200</u>	Books & Reference, Processing Fees & Media	39006.90000.53406	96.65
		<u>T79247490</u>	Books & Reference, Processing Fees & Media	39006.90000.53406	12.29
		<u>T79571050</u>	Books & Reference, Processing Fees & Media	39006.90000.53406	114.89
		<u>T79694120</u>	Books & Reference, Processing Fees & Media	39006.90000.53406	49.21
		<u>T79363201</u>	Books & Reference, Processing Fees & Media	39006.90000.53406	37.74
		<u>4012195078</u>	Books & Reference, Processing Fees & Media	39006.90000.53406	133.57
		<u>T79694121</u>	Books & Reference, Processing Fees & Media	39006.90000.53406	25.44
<u>1379</u>	CALIFA GROUP				
APBWEST	Check	<u>10331</u>	Califa - EBSCO NOVELIST& LIBRARY AWARE	39006.90000.53406	3,327.93
<u>VEN03107</u>	CHRISTOPHER BARNES				
APBWEST	Check	<u>INV022584</u>	SUMMER PROGRAMMING PERFMNCE	39006.90000.53999	275.00
<u>0218</u>	GAYLORD BROTHERS				
APBWEST	Check	<u>2533931</u>	Archival Supplies	39006.90000.53999	126.08
<u>VEN03152</u>	NANCY EVANS DANCE THEATRE				
APBWEST	Check	<u>1001</u>	SUMMER PROGRAMMING PERMNCE	39006.90000.53999	500.00
<u>VEN03103</u>	SCIENCETELLERS				
APBWEST	Check	<u>7719</u>	SUMMER PROGRAMMING PERFMNCE	39006.90000.53999	365.00
Fund 39006 Total:					5,330.39
Report Total:					7,639.39

RESOLUTION NUMBER 18-23

**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 \$403,743.04 Sierra Madre Library Warrants in aggregate amount of \$7,639.39 and Payroll Transfer in the aggregate amount of \$308,596.82 the fiscal year ending June 30, 2018.

APPROVED AND ADOPTED this 22th day of May, 2018.

Mayor, City of Sierra Madre, California

I hereby certify that the foregoing Resolution Number 18-23 was adopted by the City Council of the City of Sierra Madre at a regular meeting held on the 22th day of May, 2018.

AYES:

NOES:

ABSTAIN:

ABSENT:

City Clerk, City of Sierra Madre, California

**City of Sierra Madre
Department of Finance
Warrant Register Recap
City Council Meeting of May 22, 2018**

CITY OF SIERRA MADRE AND SIERRA MADRE LIBRARY

City of Sierra Madre Warrants	\$403,743.04
Sierra Madre Library Warrants	\$7,639.39
Payroll #10 Transfer.....	\$308,596.82



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 
Marcie Medina, Assistant City Manager 
Kev Tcharkhoutian, City Engineer

REVIEWED BY: Gabriel Engeland, City Manager 

DATE: May 22, 2018

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

STAFF RECOMMENDATION

It is recommended that:

1. The City Council maintain the same level of assessment with no increases for the 2018-2019 Fiscal Year.
2. The City Council adopt Resolution of Intention 18-24 initiating proceedings for:
 - a. Downtown Landscaping (District 3)
 - b. Downtown Parking (District 5)
 - c. Community Facilities District No 1 , One Carter
 - d. Bonita Sewer District
 - e. Miramonte Sewer District
 - f. Downtown Lighting District Zone A
 - g. Downtown Lighting District Zone B
 - h. Santa Anita Lighting District No 1
3. The City Council set June 12, 2018 as a date for a public hearing on the matter of the City's assessment districts.
4. The City Council approve the Engineer's report as attached.

SUMMARY

The City of Sierra Madre has established a number of districts throughout the years. At

present the City maintains 8 districts, one landscaping , one parking, and 2 lighting districts in the downtown area, one lighting district in the easterly residential area near Santa Anita Avenue, 2 sewer districts, and one facilities district for Carter One. The basis for these assessments is the principle of benefit assessments, which means all the parcels within the districts receive a certain benefit from the City in the form of maintenance of improvements, energy and maintenance costs associated with lighting and a general upkeep of the benefit area.

The City collects charges associated with the benefits on a bi-annually basis in conjunction with the Los Angeles County property tax collections in April and November of each year.

The Landscaping and Lighting Act of 1972, which is the legislative tool for the downtown parking and landscaping districts requires that the City Council adopt a Resolution of Intention and a Resolution of Confirmation to collect these assessments. In addition a public hearing is required at the time of the adoption of the Resolution of Confirmation. At tonight's meeting a Resolution of Intention is introduced to the City Council for adoption, and a date is proposed for a public hearing.

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)

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 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

PROPOSED RESTRUCTURING AND CONSOLIDATION OF THE DISTRICTS

At last year’s City Council meeting, staff sought authorization to conduct a feasibility study on a restructuring and consolidation proposal. Under this proposed plan a restructuring and consolidation of the 4 downtown districts into one district would be accomplished. This could be achieved by combining the cost centers of the different districts into one single district, and charging the parcels within the district to defray the actual cost of maintain the systems. A shortfall into one district could be compensated by a surplus in the other district, resulting in an overall reduction of the charges. Staff has been diligently working on collection data. Staff obtained LA County tax property records to determine the actual assessments charged to each parcel. Of importance are the charges of the downtown district lighting charges. Staff, with assistance from the City Attorney’s office has been working on different consolidation strategies, within the legal framework of the statutes which initially established the Districts. Staff will provide progress reports, in the future, on this endeavor.

FINANCIAL REVIEW

The Los Angeles County Assessor's Office collects the assessments. The assessment districts are identified as direct assessments and are added to the annual County property tax bill. 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 2018-2019.

CEQA / ENVIRONMENTAL

NA

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.

Attachment:

RESOLUTION NO. 18-24

A RESOLUTION OF INTENTION OF THE CITY COUNCIL OF THE CITY OF SIERRA MADRE, INITIATING PROCEEDINGS FOR THE LEVY AND COLLECTION OF ASSESSMENTS IN CONNECTION WITH DISTRICT NO. 3, CENTRAL BUSINESS DISTRICT LANDSCAPE MAINTENANCE; DISTRICT NO. 5 CENTRAL BUSINESS PARKING DISTRICT; COMMUNITY FACILITIES DISTRICT NO 1; E. MIRAMONTE SEWER ASSESSMENT DISTRICT; AND E. BONITA SEWER ASSESSMENT DISTRICT FOR FISCAL YEAR 2018-2019, APPROVING THE ENGINEER'S REPORT, AND SETTING JUNE 12, 2018 AS THE DATE FOR A PUBLIC HEARING ON THE MATTER

THE CITY COUNCIL OF THE CITY OF SIERRA MADRE DOES HERE BY RESOLVE:

WHEREAS, pursuant to the provisions of the Landscaping and Lighting Act of 1972 (Streets & Highways Code Sec. 22500 et seq.) (the "Act") the City has previously established districts within which the City levies assessments to finance the maintenance of irrigation systems, landscaping areas, lighting and street trees; and

WHEREAS, the City Council desires to initiate proceedings to levy these assessments for Fiscal Year 2018-2019;

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

Section 1. Recitals.

The above recitals are true and correct.

Section 2. Initiation of Proceedings.

The City Council hereby initiates proceedings for the levy of assessments for Fiscal Year 2018-2019 in connection within the following assessment districts:

District No. 3 Central Business District Landscape Maintenance
District No. 5 Central Business District Parking.
Community Facilities District No 1
E. Miramonte Sewer Assessment District
E. Bonita Sewer Assessment District

Section 3. Improvements.

No new improvements or substantial changes to existing improvements are proposed for Fiscal Year 2018-2019, for District 3 Sierra Madre Landscaping District, District 5 Sierra Madre Parking District, and Community Facilities District No 1

Section 5. Designation Of Engineer.

The City Council designates the City Engineer as Assessment Engineer.

Section 6. Engineer's Report.

The City Council orders the Assessment Engineer to prepare and file a report in accordance with Article 4 of Chapter 1 of the Act with the assessments for Fiscal Year 2018-2019. As the districts were each established prior to 1996 and fund the maintenance and servicing of improvements that are integral to the City's streets, this report need not be an "Engineer's Report" as that phrase is defined in Article XIID of the California Constitution.

Section 7. Public Hearing.

June 12, 2018, at 6:30 PM or as soon thereafter as the matter may be heard, in the City Council Chambers located at 232 W. Sierra Madre Boulevard, Sierra Madre, California 91024 is fixed as the time and place for a hearing by the City Council on the levy of the assessments for Fiscal Year 2018-2019.

Section 8. Notice.

The City Clerk shall give notice of the public hearing pursuant to Section 22556 of the Act.

Section 9. Certification.

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

Approved and Adopted on the 22th day of May, 2018.

I, the undersigned, hereby certify that the foregoing Resolution Number No. 18-24 was duly adopted by the Sierra Madre City Council following a roll call vote:

AYES:

NOES:

ABSENT:

Denise Delmar, Mayor

ATTEST:

Laura Aguilar, Assistant City Clerk

RESOLUTION NO. 18-24

A RESOLUTION OF INTENTION OF THE CITY COUNCIL OF THE CITY OF SIERRA MADRE, INITIATING PROCEEDINGS FOR THE LEVY AND COLLECTION OF ASSESSMENTS IN CONNECTION WITH DISTRICT NO. 3, CENTRAL BUSINESS DISTRICT LANDSCAPE MAINTENANCE; DISTRICT NO. 5 CENTRAL BUSINESS PARKING DISTRICT; COMMUNITY FACILITIES DISTRICT NO 1; E. MIRAMONTE SEWER ASSESSMENT DISTRICT; AND E. BONITA SEWER ASSESSMENT DISTRICT FOR FISCAL YEAR 2018-2019, APPROVING THE ENGINEER'S REPORT, AND SETTING JUNE 12, 2018 AS THE DATE FOR A PUBLIC HEARING ON THE MATTER

THE CITY COUNCIL OF THE CITY OF SIERRA MADRE DOES HERE BY RESOLVE:

WHEREAS, pursuant to the provisions of the Landscaping and Lighting Act of 1972 (Streets & Highways Code Sec. 22500 et seq.) (the "Act") the City has previously established districts within which the City levies assessments to finance the maintenance of irrigation systems, landscaping areas, lighting and street trees; and

WHEREAS, the City Council desires to initiate proceedings to levy these assessments for Fiscal Year 2018-2019;

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

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District No. 5 Central Business District Parking.
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E. Miramonte Sewer Assessment District
E. Bonita Sewer Assessment District

Section 3. Improvements.

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The City Clerk shall give notice of the public hearing pursuant to Section 22556 of the Act.

Section 9. Certification.

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

Approved and Adopted on the 22th day of May, 2018.

I, the undersigned, hereby certify that the foregoing Resolution Number No. 18-24 was duly adopted by the Sierra Madre City Council following a roll call vote:

AYES:

NOES:

ABSENT:

Denise Delmar, Mayor

ATTEST:

Laura Aguilar, Assistant City Clerk

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



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: May 22, 2018
SUBJECT: Library Survey Results

STAFF RECOMMENDATION

It is recommended that City Council provide staff with direction.

SUMMARY

In 2018 the City of Sierra Madre contracted with National Research Center, Inc. (NRC) to administer a survey to all Sierra Madre households to gauge the level of support for the location of and services provided by the Library.

The Sierra Madre Library Survey was administered by mail to all households within the City limits. A total of 4,910 surveys were mailed; 1,770 surveys were completed for a response rate of 37%. The margin of error is plus or minus two percentage points around any given percentage point for all respondents.

The Sierra Madre Library Survey, Report of Results (attachment A) summarizes the key findings of the survey. The PowerPoint presentation (attachment B) supplements the report and highlights which of the four options Sierra Madre residents support or oppose and to what extent.

ANALYSIS

Please see the Sierra Madre Library Survey, Report of Results and accompanying PowerPoint presentation.

FINANCIAL REVIEW

There is no financial impact related to the discussion item. Staff time was incurred in the preparation of this staff report.

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.
Attachment:



SIERRA MADRE LIBRARY SURVEY

REPORT OF RESULTS

APRIL 2018



NRC
National Research Center Inc

2955 Valmont Road Suite 300 • Boulder, CO 80301
303-444-7863 • nrc@n-r-c.com • www.n-r-c.com

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Executive Summary

Survey Background

In 2018 the City of Sierra Madre contracted with National Research Center, Inc. (NRC) to administer a survey to all Sierra Madre households to gauge the level of support for the location of and services provided by the Library.

The Sierra Madre Library Survey was administered by mail all households within the city limits. A total of 4,910 surveys were mailed; 1,770 surveys were completed for a response rate of 37%. The margin of error is plus or minus two percentage points around any given percentage point for all respondents.

When a table for a question that only permitted a single response does not total to exactly 100%, it is due to the customary practice of rounding values to the nearest whole number.

Survey Highlights

The highlights below discuss the survey findings overall as well as responses for select respondent characteristics. Generally, those who voice “strong” support for or opposition to an initiative have a tendency maintain their stance regardless of other factors or information. However, opinions of those who “somewhat” support or oppose an action could be swayed by additional information. Decision-makers will want to take into consideration both the “extreme” and “persuadable” groups of respondents when deliberating possible courses of action.

The survey informed respondents that the current Library building does not meet a number of federal American Disabilities Act (ADA) standards or seismic building codes; the building needs repairs to make it safe and accessible. Respondents evaluated four different potential solutions to address these issues.

Most Sierra Madre residents oppose doing nothing with the current Library location and programming.

- The majority of respondents opposed taking no action. Half of residents (51%) strongly opposed keeping the Library at its current location, reducing services and limiting public access until alternative funding for ADA compliance could be secured; 20% somewhat opposed this solution. Only 29% of residents supported taking no action.
- Residents indicated which of the four options they preferred most. Only 12% preferred the option to do nothing, which was the least preferred option.
- Survey responses were compared by respondent subgroups. Those who reported not using the Library in an average month were more supportive of the City taking no action with regards to the Library location and programming than were those who used the Library 1-2 times a month on average. Similarly, those who lived in the community 10 years or more and those who were 55 years or

older were more supportive of not taking action than were those who had lived in the community for less than 10 years or were younger than 55 years.

Survey respondents favor repairing the Library, moving some programs and not increasing taxes.

- The majority of respondents supported keeping the Library at its current location, moving some Library programs, selling the back parcel, and not increasing taxes; 32% of respondents strongly supported this option, which was the highest levels of “strong” support of any of the options provided. An additional 27% of respondents somewhat supported this option, for a total of 59% in favor. This was the only option that garnered support from more than 50% of residents and also the only option more respondents strongly supported (32%) than strongly opposed (22%).
- This option also had the lowest percentage of strongly opposition, at 22%, and another 19% somewhat opposed (41% opposed in total).
- About 30% of respondents selected repairing the Library, moving some programs and not increasing taxes as their “most preferred” option.
 - When looking at responses by respondent subgroups, residents who had children under the age of 18 were more supportive of this option than were those without children under 18.

Survey respondents are divided about the two remaining potential actions the City can take regarding the future Library location.

- Half of residents (50%) supported enhancing and expanding the Library at its existing location, expanding services and programming and funding these options with a property tax increase, while half opposed this option. Slightly fewer respondents strongly supported (30%) than strongly opposed (37%) this option.
- The most frequent Library users (those who used it at least 3 times a month) were significantly more supportive of enhancing and expanding the Library and its services at the existing location and funding the expansion with a property tax increase than were those who used the Library less frequently or not at all. Those who had lived in the community less than 3 years and those with children under the age of 18 were more supportive of this option than were those who had lived in the community 10 years or more and those without children under 18.
- A slight majority of respondents (54%) were opposed to moving the Library to the Sierra Madre Recreation Center and selling the current Library properties for development, while 46% supported this option. Looking at those who felt strongly one way or another is more telling. Respondents were 1.5 times more likely to strongly oppose this option (42%) than strongly support it (27%).
 - Those who reported not using the Library in an average month were more supportive of moving it from its current location to the Recreation Center than were those who used the Library. Residents who had lived in Sierra Madre for less than 10 years and were under the age of 55 voiced more support for this

option than did those who had lived in the community for 10 years or more and were 55 years of age or older.

- When asked to indicate which of the four options they preferred most, about 30% of respondents selected each of these two actions.

A majority of respondents feel that characteristics of a 21st Century Library are important.

- Eight in 10 respondents felt that having a comprehensive, up-to-date collection of materials was essential or very important, with more than half (55%) feeling this was an essential characteristic of a 21st Century Library.
- About 7 in 10 residents said that having social and educational programming for all ages and a local history archives were essential or very important 21st Century characteristic, with about 4 in 10 residents feeling each of these characteristics were essential.
- Two-thirds of respondents felt having a flexible space for quiet study, group discussions, programs and technology was an essential or very important characteristic (about one-third felt this was essential). Just over half (54%) of residents believed that promotion of technological competency and creativity was essential or very important; however, only 23% felt this was essential.
- Overall, residents who used the Library, had lived in Sierra Madre for less than 10 years, had children under the age of 18, were less than 55 years old, were female or rented their homes were more likely to feel that characteristics of a 21st Century Library were essential or very important compared to their counterparts.

Complete Set of Survey Responses

The following pages contain a complete set of responses to each question on the survey. The percent of respondents giving a particular response is shown followed by the number of respondents. It should be noted that when a table for a question that only permitted a single response does not total to exactly 100%, it is due to the common practice of percentages being rounded to the nearest whole number.

Table 1: Question 1

The current Library building does not meet a number of federal American Disabilities Act (ADA) standards or seismic building codes, and is in need of repair to make the building safe and accessible. First, please indicate to what extent do you support or oppose each of the following options?	Strongly support	Somewhat support	Somewhat oppose	Strongly oppose	Total
Move the Library from its current location to the Sierra Madre Recreation Center at 611 E. Sierra Madre Blvd. and co-locate with the Community Services Department. This would require expanding the Recreation Center building and will allow for the enhancement of all Library and Community Services programs. Funding for the move would be provided by the sale of the current Library properties for development. (No tax increase.)	27% 430	19% 308	12% 191	42% 678	100% 1,607
Keep the Library at its current location, move some Library programs to other city locations in order to maintain current service levels, and fund repairs by selling the back lot for development. (No tax increase.)	32% 499	27% 429	19% 297	22% 339	100% 1,564
Enhance and expand the Library at its existing location, expand Library services and programming, and fund expansion with a property tax increase. (Tax increase and do not sell any city-owned property.)	30% 480	20% 309	14% 215	37% 579	100% 1,584
Keep the Library at its current location, significantly reduce Library services and limit public access to areas of the Library building until alternative funding for ADA compliance can be secured. (No tax increase and do not sell any city-owned property.)	12% 189	17% 262	20% 307	51% 798	100% 1,557

Table 2: Question 1. Most Preferred

The current Library building does not meet a number of federal American Disabilities Act (ADA) standards or seismic building codes, and is in need of repair to make the building safe and accessible. Select which ONE of the options you prefer most.	Percent	Number
Sell Library properties to fund move to and expansion of Recreation Center (no tax increase)	29%	446
Keep at current location, move some programs and fund repairs through sale of back lot (no tax increase)	30%	466
Enhance and expand at current location (tax increase and no sale of property)	29%	449
Keep at current location, reduce services and find alternative funding for ADA (no tax increase, no sale of property)	12%	191
Total	100%	1,551

Table 3: Question 2

How important, if at all, are each of the following characteristics of a 21st century Library to the Sierra Madre community?	Essential	Very important	Somewhat important	Not at all important	Total
Comprehensive up-to-date collections of materials: books, media, magazines, electronic resources	55%	27%	12%	6%	1,703
Social and educational programs for all ages, infants through seniors	38%	33%	20%	9%	1,706
Flexible space for quiet study, group discussions, programs and technology	34%	33%	26%	7%	1,706
Promotion of technological competency and creativity	23%	31%	33%	12%	1,702
Local history archives - preserving and sharing Sierra Madre's history	40%	33%	20%	6%	1,715

Table 4: Question 3

In an average month, how often do you use Library services?	Percent	Number
Not at all	25%	430
1-2 times	41%	718
3-4 times	19%	333
5 or more times	15%	258
Total	100%	1,738

Table 5: Question 4

How many years have you lived in Sierra Madre?	Percent	Number
Less than 3 years	15%	271
3-9 years	24%	424
10 years or more	60%	1,055
Total	100%	1,750

Table 6: Question 5

Do you have any children under the age of 18 living in your household?	Percent	Number
Yes	36%	632
No	64%	1,116
Total	100%	1,748

Table 7: Question 6

In which category is your age?	Percent	Number
18-34	15%	260
35-54	40%	686
55+	45%	788
Total	100%	1,734

Table 8: Question 7

What is your gender?	Percent	Number
Female	54%	911
Male	46%	770
Total	100%	1,681

Table 9: Question 8

Do you rent or own your home?	Percent	Number
Rent	36%	619
Own	64%	1,119
Total	100%	1,737

Appendix A: Subgroup Comparisons for Selected Survey Questions

For most of the questions, only one number for each question in these subgroup comparison tables is shown for ease of comparison. These summarized responses show only the proportion of respondents giving a certain answer; for example, the percent of respondents who “strongly” or “somewhat” supported moving the Library.

The subgroup comparison tables contain the crosstabulations of survey questions by selected respondent characteristics. Chi-square or ANOVA tests of significance were applied to these breakdowns of survey questions. A “p-value” of 0.05 or less indicates that there is less than a 5% probability that differences observed between groups are due to chance; or in other words, a greater than 95% probability that the differences observed in the selected categories of the sample represent “real” differences among those populations.

For each pair of subgroups that has a statistically significant difference, an upper case letter denoting significance is shown in the category with the larger column proportion. The letter denotes the category with the smaller column proportion from which it is statistically different. Differences were marked as statistically significant if the probability that the differences were due to chance alone were less than 5%. Categories were not used in comparisons when a column proportion was equal to zero or one.

Items that have no upper case letter denotation in their column and that are also not referred to in any other column were not statistically different.

For example, in Table 10 on the following page, 58% of respondents who reported not using the Library at all (A) in an average month supported moving the Library from its current location to the Sierra Madre Recreation Center. This proportion of respondents (A) was statistically significantly higher than those who had used the Library at least once a month (B, C and D), on average. Similarly, 49% of respondents who used the Library 1-2 times a month on average (B) supported moving the Library to the Recreation Center, which was statistically significantly higher than those who used the Library more frequently (C and D).

Comparisons by Library Use

Table 10: Question 1

The current Library building does not meet a number of federal American Disabilities Act (ADA) standards or seismic building codes, and is in need of repair to make the building safe and accessible. Please indicate to what extent do you support or oppose each of the following options? (Percent support)	In an average month, how often do you use Library services?				City overall
	Not at all	1-2 times	3-4 times	5 or more times	
	(A)	(B)	(C)	(D)	
Move the Library from its current location to the Sierra Madre Recreation Center at 611 E. Sierra Madre Blvd. and co-locate with the Community Services Department. This would require expanding the Recreation Center building and will allow for the enhancement of all Library and Community Services programs. Funding for the move would be provided by the sale of the current Library properties for development. (No tax increase.)	58%	49%	36%	33%	46%
Keep the Library at its current location, move some Library programs to other city locations in order to maintain current service levels, and fund repairs by selling the back lot for development. (No tax increase.)	53%	60%	63%	62%	59%
Enhance and expand the Library at its existing location, expand Library services and programming, and fund expansion with a property tax increase. (Tax increase and do not sell any city-owned property.)	29%	48%	63%	72%	50%
Keep the Library at its current location, significantly reduce Library services and limit public access to areas of the Library building until alternative funding for ADA compliance can be secured. (No tax increase and do not sell any city-owned property.)	33%	25%	29%	30%	29%

Table 11: Question 1 Most Preferred

The current Library building does not meet a number of federal American Disabilities Act (ADA) standards or seismic building codes, and is in need of repair to make the building safe and accessible. Select which ONE of the options you prefer most. (Percent most preferred)	In an average month, how often do you use Library services?				City overall
	Not at all	1-2 times	3-4 times	5 or more times	
	(A)	(B)	(C)	(D)	
Sell Library properties to fund move to and expansion of Recreation Center (no tax increase)	36%	33%	18%	19%	29%
Keep at current location, move some programs and fund repairs through sale of back lot (no tax increase)	26%	31%	35%	27%	30%
Enhance and expand at current location (tax increase and no sale of property)	19%	26%	37%	43%	29%
Keep at current location, reduce services and find alternative funding for ADA (no tax increase, no sale of property)	18%	10%	10%	12%	12%

Table 12: Question 2

How important, if at all, are each of the following characteristics of a 21st century Library to the Sierra Madre community? (Percent essential or very important)	In an average month, how often do you use Library services?				City overall
	Not at all	1-2 times	3-4 times	5 or more times	
	(A)	(B)	(C)	(D)	
Comprehensive up-to-date collections of materials: books, media, magazines, electronic resources	62%	89%	88%	91%	82%
Social and educational programs for all ages, infants through seniors	53%	75%	80%	80%	71%
Flexible space for quiet study, group discussions, programs and technology	54%	72%	71%	67%	66%
Promotion of technological competency and creativity	48%	57%	57%	54%	54%
Local history archives – preserving and sharing Sierra Madre's history	66%	79%	74%	71%	74%

Comparisons by Length of Residency

Table 13: Question 1

The current Library building does not meet a number of federal American Disabilities Act (ADA) standards or seismic building codes, and is in need of repair to make the building safe and accessible. Please indicate to what extent do you support or oppose each of the following options? (Percent support)	How many years have you lived in Sierra Madre?			City overall
	Less than 3 years	3-9 years	10 years or more	
	(A)	(B)	(C)	
Move the Library from its current location to the Sierra Madre Recreation Center at 611 E. Sierra Madre Blvd. and co-locate with the Community Services Department. This would require expanding the Recreation Center building and will allow for the enhancement of all Library and Community Services programs. Funding for the move would be provided by the sale of the current Library properties for development. (No tax increase.)	66% C	57% C	36%	46%
Keep the Library at its current location, move some Library programs to other city locations in order to maintain current service levels, and fund repairs by selling the back lot for development. (No tax increase.)	60%	59%	59%	59%
Enhance and expand the Library at its existing location, expand Library services and programming, and fund expansion with a property tax increase. (Tax increase and do not sell any city-owned property.)	57% C	52%	47%	50%
Keep the Library at its current location, significantly reduce Library services and limit public access to areas of the Library building until alternative funding for ADA compliance can be secured. (No tax increase and do not sell any city-owned property.)	24%	25%	32% A B	29%

Table 14: Question 1 Most Preferred

The current Library building does not meet a number of federal American Disabilities Act (ADA) standards or seismic building codes, and is in need of repair to make the building safe and accessible. Select which ONE of the options you prefer most. (Percent most preferred)	How many years have you lived in Sierra Madre?			City overall
	Less than 3 years	3-9 years	10 years or more	
	(A)	(B)	(C)	
Sell Library properties to fund move to and expansion of Recreation Center (no tax increase)	39% C	32% C	25%	29%
Keep at current location, move some programs and fund repairs through sale of back lot (no tax increase)	21%	30% A	33% A	30%
Enhance and expand at current location (tax increase and no sale of property)	29%	32%	28%	29%
Keep at current location, reduce services and find alternative funding for ADA (no tax increase, no sale of property)	11%	7%	15% B	12%

Table 15: Question 2

How important, if at all, are each of the following characteristics of a 21st century Library to the Sierra Madre community? (Percent essential or very important)	How many years have you lived in Sierra Madre?			City overall
	Less than 3 years	3-9 years	10 years or more	
	(A)	(B)	(C)	
Comprehensive up-to-date collections of materials: books, media, magazines, electronic resources	87% C	88% C	79%	82%
Social and educational programs for all ages, infants through seniors	85% B C	75% C	66%	71%
Flexible space for quiet study, group discussions, programs and technology	76% C	68%	63%	66%
Promotion of technological competency and creativity	61% 73%	52%	54% 78%	54%
Local history archives – preserving and sharing Sierra Madre's history	61% B	64%	63% B	74%

Comparisons by Presence of Children in Household

Table 16: Question 1

The current Library building does not meet a number of federal American Disabilities Act (ADA) standards or seismic building codes, and is in need of repair to make the building safe and accessible. Please indicate to what extent do you support or oppose each of the following options? (Percent support)	Do you have any children under the age of 18 living in your household?		City overall
	Yes	No	
	(A)	(B)	
Move the Library from its current location to the Sierra Madre Recreation Center at 611 E. Sierra Madre Blvd. and co-locate with the Community Services Department. This would require expanding the Recreation Center building and will allow for the enhancement of all Library and Community Services programs. Funding for the move would be provided by the sale of the current Library properties for development. (No tax increase.)	49%	44%	46%
Keep the Library at its current location, move some Library programs to other city locations in order to maintain current service levels, and fund repairs by selling the back lot for development. (No tax increase.)	65% B	56%	59%
Enhance and expand the Library at its existing location, expand Library services and programming, and fund expansion with a property tax increase. (Tax increase and do not sell any city-owned property.)	55% B	47%	50%
Keep the Library at its current location, significantly reduce Library services and limit public access to areas of the Library building until alternative funding for ADA compliance can be secured. (No tax increase and do not sell any city-owned property.)	26%	30%	29%

Table 17: Question 1 Most Preferred

The current Library building does not meet a number of federal American Disabilities Act (ADA) standards or seismic building codes, and is in need of repair to make the building safe and accessible. Select which ONE of the options you prefer most. (Percent most preferred)	Do you have any children under the age of 18 living in your household?		City overall
	Yes	No	
	(A)	(B)	
Sell Library properties to fund move to and expansion of Recreation Center (no tax increase)	30%	28%	29%
Keep at current location, move some programs and fund repairs through sale of back lot (no tax increase)	30%	30%	30%
Enhance and expand at current location (tax increase and no sale of property)	31%	28%	29%
Keep at current location, reduce services and find alternative funding for ADA (no tax increase, no sale of property)	9%	14% A	12%

Table 18: Question 2

How important, if at all, are each of the following characteristics of a 21st century Library to the Sierra Madre community? (Percent essential or very important)	Do you have any children under the age of 18 living in your household?		City overall
	Yes	No	
	(A)	(B)	
Comprehensive up-to-date collections of materials: books, media, magazines, electronic resources	86% B	81%	82%
Social and educational programs for all ages, infants through seniors	80% B	66%	71%
Flexible space for quiet study, group discussions, programs and technology	68%	66%	66%
Promotion of technological competency and creativity	56%	54%	54%
Local history archives - preserving and sharing Sierra Madre's history	74%	73%	74%

Comparisons by Age

Table 19: Question 1

The current Library building does not meet a number of federal American Disabilities Act (ADA) standards or seismic building codes, and is in need of repair to make the building safe and accessible. Please indicate to what extent do you support or oppose each of the following options? (Percent support)	Age			City overall
	18-34	35-54	55+	
	(A)	(B)	(C)	
Move the Library from its current location to the Sierra Madre Recreation Center at 611 E. Sierra Madre Blvd. and co-locate with the Community Services Department. This would require expanding the Recreation Center building and will allow for the enhancement of all Library and Community Services programs. Funding for the move would be provided by the sale of the current Library properties for development. (No tax increase.)	69%	49%	36%	46%
Keep the Library at its current location, move some Library programs to other city locations in order to maintain current service levels, and fund repairs by selling the back lot for development. (No tax increase.)	63%	62%	56%	59%
Enhance and expand the Library at its existing location, expand Library services and programming, and fund expansion with a property tax increase. (Tax increase and do not sell any city-owned property.)	53%	53%	47%	50%
Keep the Library at its current location, significantly reduce Library services and limit public access to areas of the Library building until alternative funding for ADA compliance can be secured. (No tax increase and do not sell any city-owned property.)	23%	25%	32%	29%

Table 20: Question 1 Most Preferred

The current Library building does not meet a number of federal American Disabilities Act (ADA) standards or seismic building codes, and is in need of repair to make the building safe and accessible. Select which ONE of the options you prefer most. (Percent most preferred)	Age			City overall
	18-34	35-54	55+	
	(A)	(B)	(C)	
Sell Library properties to fund move to and expansion of Recreation Center (no tax increase)	34%	32%	24%	29%
Keep at current location, move some programs and fund repairs through sale of back lot (no tax increase)	28%	30%	31%	30%
Enhance and expand at current location (tax increase and no sale of property)	31%	27%	30%	29%
Keep at current location, reduce services and find alternative funding for ADA (no tax increase, no sale of property)	7%	11%	14%	12%

Table 21: Question 2

How important, if at all, are each of the following characteristics of a 21st century Library to the Sierra Madre community? (Percent essential or very important)	Age			City overall
	18-34	35-54	55+	
	(A)	(B)	(C)	
Comprehensive up-to-date collections of materials: books, media, magazines, electronic resources	93%	83%	79%	82%
Social and educational programs for all ages, infants through seniors	81%	75%	66%	71%
Flexible space for quiet study, group discussions, programs and technology	68%	70%	63%	66%
Promotion of technological competency and creativity	56%	55%	54%	54%
Local history archives – preserving and sharing Sierra Madre's history	68%	72%	77%	74%

Comparisons by Gender

Table 22: Question 1

The current Library building does not meet a number of federal American Disabilities Act (ADA) standards or seismic building codes, and is in need of repair to make the building safe and accessible. Please indicate to what extent do you support or oppose each of the following options? (Percent support)	Sex		City overall
	Female	Male	
	(A)	(B)	
Move the Library from its current location to the Sierra Madre Recreation Center at 611 E. Sierra Madre Blvd. and co-locate with the Community Services Department. This would require expanding the Recreation Center building and will allow for the enhancement of all Library and Community Services programs. Funding for the move would be provided by the sale of the current Library properties for development. (No tax increase.)	47%	46%	46%
Keep the Library at its current location, move some Library programs to other city locations in order to maintain current service levels, and fund repairs by selling the back lot for development. (No tax increase.)	61%	58%	59%
Enhance and expand the Library at its existing location, expand Library services and programming, and fund expansion with a property tax increase. (Tax increase and do not sell any city-owned property.)	56% B	45%	50%
Keep the Library at its current location, significantly reduce Library services and limit public access to areas of the Library building until alternative funding for ADA compliance can be secured. (No tax increase and do not sell any city-owned property.)	27%	30%	29%

Table 23: Question 1 Most Preferred

The current Library building does not meet a number of federal American Disabilities Act (ADA) standards or seismic building codes, and is in need of repair to make the building safe and accessible. Select which ONE of the options you prefer most. (Percent most preferred)	Sex		City overall
	Female	Male	
	(A)	(B)	
Sell Library properties to fund move to and expansion of Recreation Center (no tax increase)	28%	30%	29%
Keep at current location, move some programs and fund repairs through sale of back lot (no tax increase)	30% 33%	30%	30%
Enhance and expand at current location (tax increase and no sale of property)	B	25%	29%
Keep at current location, reduce services and find alternative funding for ADA (no tax increase, no sale of property)	9%	15% A	12%

Table 24: Question 2

How important, if at all, are each of the following characteristics of a 21st century Library to the Sierra Madre community? (Percent essential or very important)	Sex		City overall
	Female	Male	
	(A)	(B)	
Comprehensive up-to-date collections of materials: books, media, magazines, electronic resources	88%		
	B	78%	82%
Social and educational programs for all ages, infants through seniors	79%		
	B	62%	71%
Flexible space for quiet study, group discussions, programs and technology	69%		
	B	64%	66%
Promotion of technological competency and creativity	57%		
	B	51%	54%
Local history archives – preserving and sharing Sierra Madre's history	73%	74%	74%

Comparisons by Housing Tenure

Table 25: Question 1

The current Library building does not meet a number of federal American Disabilities Act (ADA) standards or seismic building codes, and is in need of repair to make the building safe and accessible. Please indicate to what extent do you support or oppose each of the following options? (Percent support)	Rent or own		City overall
	Rent	Own	
	(A)	(B)	
Move the Library from its current location to the Sierra Madre Recreation Center at 611 E. Sierra Madre Blvd. and co-locate with the Community Services Department. This would require expanding the Recreation Center building and will allow for the enhancement of all Library and Community Services programs. Funding for the move would be provided by the sale of the current Library properties for development. (No tax increase.)	53% B	43%	46%
Keep the Library at its current location, move some Library programs to other city locations in order to maintain current service levels, and fund repairs by selling the back lot for development. (No tax increase.)	57% 64% B	60% 43%	59% 50%
Enhance and expand the Library at its existing location, expand Library services and programming, and fund expansion with a property tax increase. (Tax increase and do not sell any city-owned property.)	22%	32% A	29%

Table 26: Question 1 Most Preferred

The current Library building does not meet a number of federal American Disabilities Act (ADA) standards or seismic building codes, and is in need of repair to make the building safe and accessible. Select which ONE of the options you prefer most. (Percent most preferred)	Rent or own		City overall
	Rent	Own	
	(A)	(B)	
Sell Library properties to fund move to and expansion of Recreation Center (no tax increase)	28%	29%	29%
Keep at current location, move some programs and fund repairs through sale of back lot (no tax increase)	29% 35% B	31%	30% 29%
Enhance and expand at current location (tax increase and no sale of property)	9%	14% A	12%

Table 27: Question 2

How important, if at all, are each of the following characteristics of a 21st century Library to the Sierra Madre community? (Percent essential or very important)	Rent or own		City overall
	Rent	Own	
	(A)	(B)	
Comprehensive up-to-date collections of materials: books, media, magazines, electronic resources	89% B	79%	82%
Social and educational programs for all ages, infants through seniors	81% B	67%	71%
Flexible space for quiet study, group discussions, programs and technology	75% B	62%	66%
Promotion of technological competency and creativity	60% B	52%	54%
Local history archives – preserving and sharing Sierra Madre's history	74%	73%	74%

Comparisons by Importance of Preserving and Sharing History

Table 28: Question 1

Percent support	Local history archives – preserving and sharing Sierra Madre's history		City overall
	Somewhat or not at all important	Essential or very important	
	(A)	(B)	
Move the Library from its current location to the Sierra Madre Recreation Center at 611 E. Sierra Madre Blvd. and co-locate with the Community Services Department. This would require expanding the Recreation Center building and will allow for the enhancement of all Library and Community Services programs. Funding for the move would be provided by the sale of the current Library properties for development. (No tax increase.)	48%	46%	46%
Keep the Library at its current location, move some Library programs to other city locations in order to maintain current service levels, and fund repairs by selling the back lot for development. (No tax increase.)	62%	58%	59%
Enhance and expand the Library at its existing location, expand Library services and programming, and fund expansion with a property tax increase. (Tax increase and do not sell any city-owned property.)	42%	53% A	50%
Keep the Library at its current location, significantly reduce Library services and limit public access to areas of the Library building until alternative funding for ADA compliance can be secured. (No tax increase and do not sell any city-owned property.)	31%	28%	29%

Table 29: Question 1 Most Preferred

The current Library building does not meet a number of federal American Disabilities Act (ADA) standards or seismic building codes, and is in need of repair to make the building safe and accessible. Select which ONE of the options you prefer most. (Percent most preferred)	Local history archives – preserving and sharing Sierra Madre's history		City overall
	Somewhat or not at all important	Essential or very important	
	(A)	(B)	
Sell Library properties to fund move to and expansion of Recreation Center (no tax increase)	28%	30%	29%
Keep at current location, move some programs and fund repairs through sale of back lot (no tax increase)	29%	30%	30%
Enhance and expand at current location (tax increase and no sale of property)	27%	30%	29%
Keep at current location, reduce services and find alternative funding for ADA (no tax increase, no sale of property)	16%	B	12%
Total	100%	100%	100%

Comparisons by Importance of Library Programming

Table 30: Question 1

Percent support	Social and educational programs for all ages, infants through seniors		City overall
	Somewhat or not at all important	Essential or very important	
	(A)	(B)	
Move the Library from its current location to the Sierra Madre Recreation Center at 611 E. Sierra Madre Blvd. and co-locate with the Community Services Department. This would require expanding the Recreation Center building and will allow for the enhancement of all Library and Community Services programs. Funding for the move would be provided by the sale of the current Library properties for development. (No tax increase.)	36%	50% A	46%
Keep the Library at its current location, move some Library programs to other city locations in order to maintain current service levels, and fund repairs by selling the back lot for development. (No tax increase.)	59%	59%	59%
Enhance and expand the Library at its existing location, expand Library services and programming, and fund expansion with a property tax increase. (Tax increase and do not sell any city-owned property.)	31%	58% A	50%
Keep the Library at its current location, significantly reduce Library services and limit public access to areas of the Library building until alternative funding for ADA compliance can be secured. (No tax increase and do not sell any city-owned property.)	39% B	24%	29%

Table 31: Question 1 Most Preferred

The current Library building does not meet a number of federal American Disabilities Act (ADA) standards or seismic building codes, and is in need of repair to make the building safe and accessible. Select which ONE of the options you prefer most. (Percent most preferred)	Social and educational programs for all ages, infants through seniors		City overall
	Somewhat or not at all important	Essential or very important	
	(A)	(B)	
Sell Library properties to fund move to and expansion of Recreation Center (no tax increase)	25%	31% A	29%
Keep at current location, move some programs and fund repairs through sale of back lot (no tax increase)	35% B	27% 34%	30%
Enhance and expand at current location (tax increase and no sale of property)	18%	A	29%
Keep at current location, reduce services and find alternative funding for ADA (no tax increase, no sale of property)	22% B	8%	12%
Total	100%	100%	100%

Appendix C: Survey Methodology

The City of Sierra Madre contracted with National Research Center, Inc. (NRC) to design and conduct a resident opinion survey concerning options for the City's Library building and services. Residents were given the opportunity to weigh in on their preference of four potential financing options for the Library location and help prioritize services. The City of Sierra Madre funded this research. Please contact Rebecca Silva-Barrón of the City of Sierra Madre at Rsilva@cityofsierramadre.com if you have any questions about the survey.

Selecting Survey Recipients

Because local governments generally do not have inclusive lists of all the residences in the jurisdiction (tax assessor and utility billing databases often omit rental units), lists from the United States Postal Service (USPS), updated every three months, usually provide the best representation of all households in a specific geographic location. A list of all households within the zip codes serving Sierra Madre was purchased from Go-Dog Direct based on updated listings from the United States Postal Service.

All addresses falling into Sierra Madre zip code were "geocoded" to eliminate addresses from the list that were outside the study boundaries. Geocoding is a computerized process in which addresses are compared to electronically mapped boundaries and coded as inside or outside these boundaries. All addresses determined to be outside the study boundaries were eliminated from the mailing list. Any addresses that were outside of the city limits were removed and all households within the city limits were selected (4,910).

An individual within each household was selected randomly to complete the survey using the birthday method. The birthday method selects a person within the household by asking the "person whose birthday has most recently passed" to complete the questionnaire. The underlying assumption in this method is that day of birth has no relationship to the way people respond to surveys. This instruction was contained in the cover letter accompanying the questionnaire.

Survey Administration and Response

Each of the 4,910 households was contacted twice. The mailings began on January 29th, 2018. The first mailing included a cover letter explaining the purpose of the survey signed by the City Manager and a tear-off postcard survey that respondents could easily complete, detach from the letter and mail back. One week after the first mailing, a second mailing was sent to remind residents to complete the survey. Each wave of the survey also invited respondents to take the survey online and provided an access code for respondents to use to complete the survey online. The survey was available in only English. Completed surveys were collected over the following five weeks.

About 3% of the 4,910 surveys mailed were returned because the housing unit was vacant or the postal service was unable to deliver the survey as addressed. Of the remaining 4,771 households that received the survey mailings, 1,770 completed the survey (142 of which were

completed online), providing a response rate of 37%. The response rate was calculated using AAPOR's response rate #2¹ for mailed surveys of unnamed persons.

Table 32: Survey Response Rate

	Overall
Total sample used	4,911
I=Complete Interviews	1,724
P=Partial Interviews	46
R=Refusal and break off	3
NC=Non Contact	0
O=Other	0
UH=Unknown household	0
UO=Unknown other	2,976
Response rate: (I+P)/(I+P) + (R+NC+O) + (UH+UO)	37%

Confidence Intervals

It is customary to describe the precision of estimates made from surveys by a "level of confidence" and accompanying "confidence interval" (or margin of error). A traditional level of confidence, and the one used here, is 95%. The 95% confidence interval can be any size and quantifies the sampling error or imprecision of the survey results because some resident opinions are relied on to estimate all opinions. The margin of error around results for all respondents (1,770 respondents) is plus or minus two percentage points around any given percentage.

A 95% confidence interval indicates that for every 100 random samples of this many residents, 95 of the confidence intervals created will include the "true" population response. This theory is applied in practice to mean that the "true" perspective of the target population lies within the confidence interval created for a single survey. For example, if 75% of residents indicate that they thought something was "essential," then a 2% margin of error (for the 95% confidence level) indicates that the range of likely responses for the entire target population is between 73% and 77%. This source of error is called sampling error. The practical difficulties of conducting any resident survey may introduce other sources of error in addition to sampling error. Despite best efforts to boost participation and ensure potential inclusion of all desired households, some selected households will decline participation in the survey (potentially introducing non-response error) and some eligible households may be unintentionally excluded from the sample (referred to as coverage error).

Results for subgroups will have wider confidence intervals. The margin of error rises to plus or minus 14% for a subgroup of 50 respondents and plus or minus 10% for 100 respondents. Therefore, where estimates are given for subgroups, they are less precise than the overall margin of error.

Survey Processing (Data Entry)

Mailed surveys were returned to NRC via postage-paid business reply postcards. Once received, staff assigned a unique identification number to each questionnaire. Additionally, each survey was reviewed and "cleaned" as necessary. For example, a question may have asked a

¹ See AAPOR's Standard Definitions here: [http://www.aapor.org/Standards-Ethics/Standard-Definitions-\(1\).aspx](http://www.aapor.org/Standards-Ethics/Standard-Definitions-(1).aspx) for more information

respondent to select one response out of a list of four, but the respondent checked two; staff would choose randomly one of the two selected items to be coded in the dataset.

Once all surveys were assigned a unique identification number, they were entered into an electronic dataset. This dataset was subject to a data entry protocol of “key and verify,” in which survey data were entered twice into an electronic dataset and then compared. Discrepancies were evaluated against the original survey form and corrected. Range checks as well as other forms of quality control were also performed.

Data from the web surveys were automatically collected and stored while respondents answered the questions. The online survey data were downloaded, cleaned as necessary and appended to the mail survey data to create a final, complete dataset.

Data Weighting and Analysis

The demographic characteristics of the survey respondents were compared to those found in the 2010 Census estimates and the 2015 American Community Survey (ACS) estimates for adults in the City. Results were weighted using the population norms to reflect the appropriate percent of all adults (18 years or older) in the City. Other discrepancies between the whole population and the survey respondents were also aided by the weighting due to the intercorrelation of many socioeconomic characteristics.

The primary objective of weighting survey data is to make the survey respondents reflective of the larger population of the community. This is done by 1) reviewing the respondent demographics and comparing them to the population norms from the most recent Census or other sources and 2) comparing the responses to different questions for demographic subgroups. The demographic characteristics that are least similar to the Census and yield the most different results are the best candidates for data weighting.

Several different weighting “schemes” are tested to ensure the best fit for the data. The variables used for weighting were respondent housing tenure, gender and age to ensure that the results were representative of the entire adult population in Sierra Madre. No adjustments were made for design effects. The results of the weighting scheme are presented in the table below.

Table 33: Sierra Madre Library Survey Weighting Table 2018

	2010 Census	Unweighted	Weighted
Rent	38%	19%	36%
Own	62%	81%	64%
Female	54%	64%	54%
Male	46%	36%	46%
Age 18-34	18%	4%	15%
Age 35-54	39%	31%	40%
Age 55 and over	43%	66%	45%
Female 18-34	9%	3%	10%
Female 35-54	21%	21%	22%
Female 55 and over	24%	40%	21%
Male 18-34	8%	1%	5%
Male 35-54	19%	10%	18%
Male 55 and over	19%	25%	23%

Source: 2010 Census Population in Households

Analyzing the Data

The electronic dataset was analyzed by NRC staff using the Statistical Package for the Social Sciences (SPSS). For the most part, frequency distributions and the “percent positive” (the percent “strongly” or “somewhat” support, “essential” or “very important”, etc.) are presented in the report. A complete set of frequencies for each survey question is presented in the section title *Complete Set of Survey Responses*.

Also included are results by respondent characteristics (*Appendix A: Subgroup Comparisons for Selected Survey Questions*). Chi-square or ANOVA tests of significance were applied to these breakdowns of selected survey questions. A “p-value” of 0.05 or less indicates that there is less than a 5% probability that differences observed between groups are due to chance; or in other words, a greater than 95% probability that the differences observed in the selected categories of the sample represent “real” differences among those populations.

It should be noted that when a table for a question that only permitted a single response does not total to exactly 100%, it is due to the common practice of percentages being rounded to the nearest whole number.

Appendix D: Survey Materials

Following are copies of the mailed survey materials.



Library Survey



www.CityOfSierraMadre.com

City of Sierra Madre

1

Library Survey Background

- Administered to all 4,910 households in Sierra Madre
- 1,770 responses received (37%)
- Margin of error is +/- 2%
- “Strong” support or opposition is unlikely to change
- “Somewhat” support or opposition can be persuaded



www.CityOfSierraMadre.com

2

Frequency of Library Use by Residents

- 15% with use of 5 or more times/month
- 19% with use of 3-4 times/month
- 41% with use of 1-2 times/month
- 25% never use the Library



Library Survey Options

1. Move the library from its current location to the Community Center.
2. Keep the library at its current location, move programs to other locations, sell the adjoining lot to pay for structural improvements.
3. Keep the library at its current location, enhance and expand programs, fund increased services and structural improvements with a property tax.
4. Keep the library at its current location, reduce services, and limit public access. Do not sell any land or increase taxes.



Library Survey Results

Residents Support:

- *Option 2: Keeping the Library at its current location, moving some programs and selling the back lot to pay for building repairs.*



Library Survey Results

Residents Somewhat Oppose:

- *Option 1: Moving the Library from its current location to the community center and expanding services.*
- *Option 3: Keeping the Library at its current location, enhancing and expanding services, and funding improvements with a tax increase.*



Library Survey Results

Residents Strongly Oppose:

- *Option 4: Keeping the Library at its current location, significantly reducing services and limiting access.*



Library Survey Results (Support)

- *Option 2: Keep the Library at its current location, move some programs, and sell the back lot to pay for building repairs.*

Strongly Support	Somewhat Support	Somewhat Oppose	Strongly Oppose
32%	27%	19%	22%
Net Strong Support	Net Support		
+10%	+18%		



Library Survey Results (Somewhat Oppose)

- Option 1: *Move the Library from its current location to the community center and expand services.*

Strongly Support	Somewhat Support	Somewhat Oppose	Strongly Oppose
27%	19%	12%	42%
		Net Support	Net Strong Opposition
		-8%	-15%



Library Survey Results (Somewhat Oppose)

- Option 3: *Keep the Library at its current location, enhance and expand services, and fund improvements with a tax increase*

Strongly Support	Somewhat Support	Somewhat Oppose	Strongly Oppose
30%	20%	14%	37%
		Net Opposition	Net Strong Opposition
		-1%	-7%



Library Survey Results (Strongly Oppose)

- Option 4: *Keep the Library at its current location, significantly reduce services and limit access.*

Strongly Support	Somewhat Support	Somewhat Oppose	Strongly Oppose
12%	17%	20%	51%
		Net Opposition	Net Strong Opposition
		-42%	-39%



Library Survey Results: 21st Century Library

How important are each of the following characteristics of a 21st century Library?

1. Collection of materials (books, media, electronic resources, etc)
2. Social and educational programs for all ages
3. Flexible space for quiet study, group discussions, etc.
4. Promotion of technology
5. Local history archives



Library Survey Results: 21st Century Library

Library service characteristic by percentage of respondents reporting preference	Service is Essential	Essential & Very Important
Collection of materials (books, media, electronic resources, etc)	55%	78%
Local history archives	40%	73%
Social and educational programs for all ages	38%	71%
Flexible space for quiet study, group discussions, etc.	34%	67%
Promotion of technology	23%	54%



Summary

- A Majority of residents support:
 - Services which include an up-to-date collection of materials
 - 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:
 - Moving the Library to a new location
 - A significant reduction in services
 - A parcel tax to pay for a new Library or enhanced services



Thank you

- Questions or Comments





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
ADJUSTMENTS

May 22, 2018

Page 5 of 7

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	\$3.73
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.

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.

The City of Sierra Madre

Comprehensive Water and Wastewater Cost of Service Study

Draft Report / May 18, 2018





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.

Habib Isaac
Senior Manager

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 ½"	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

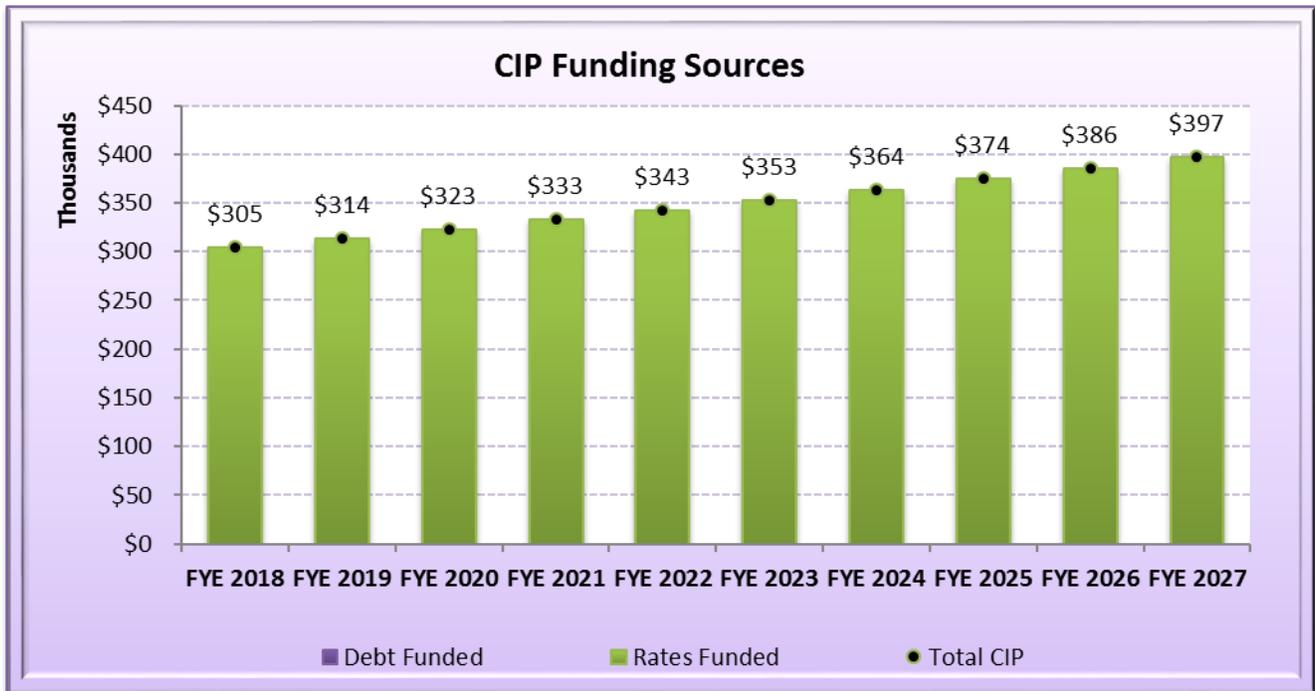
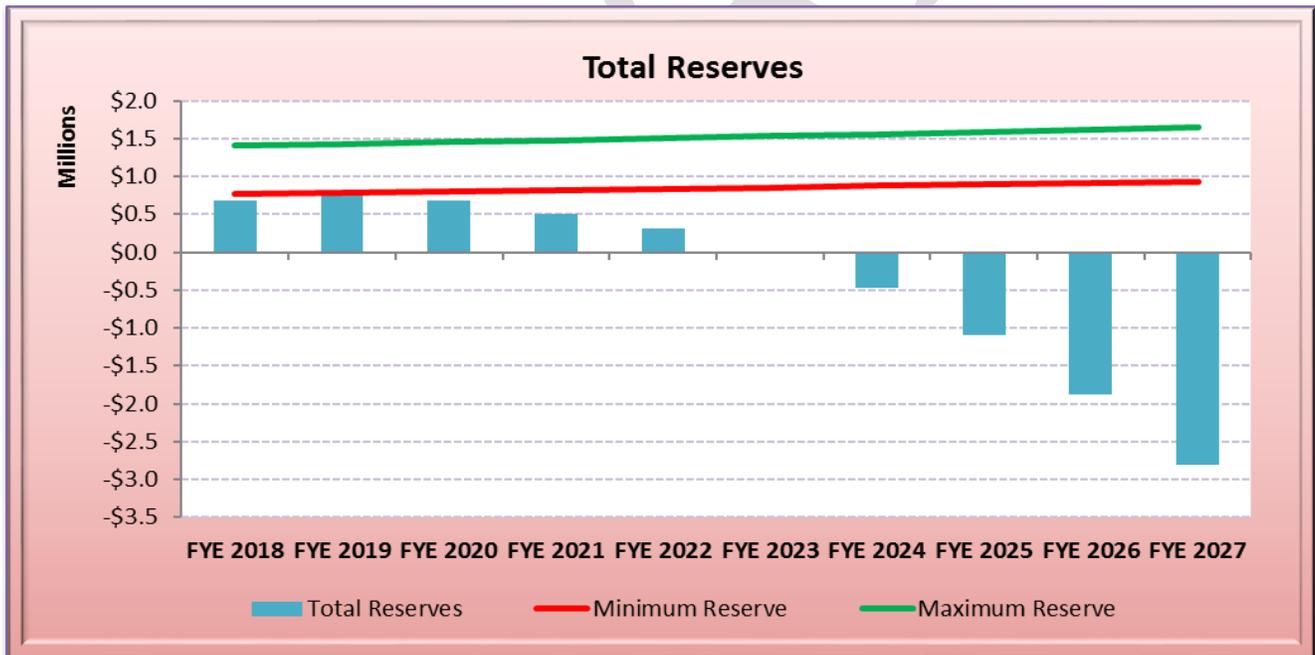


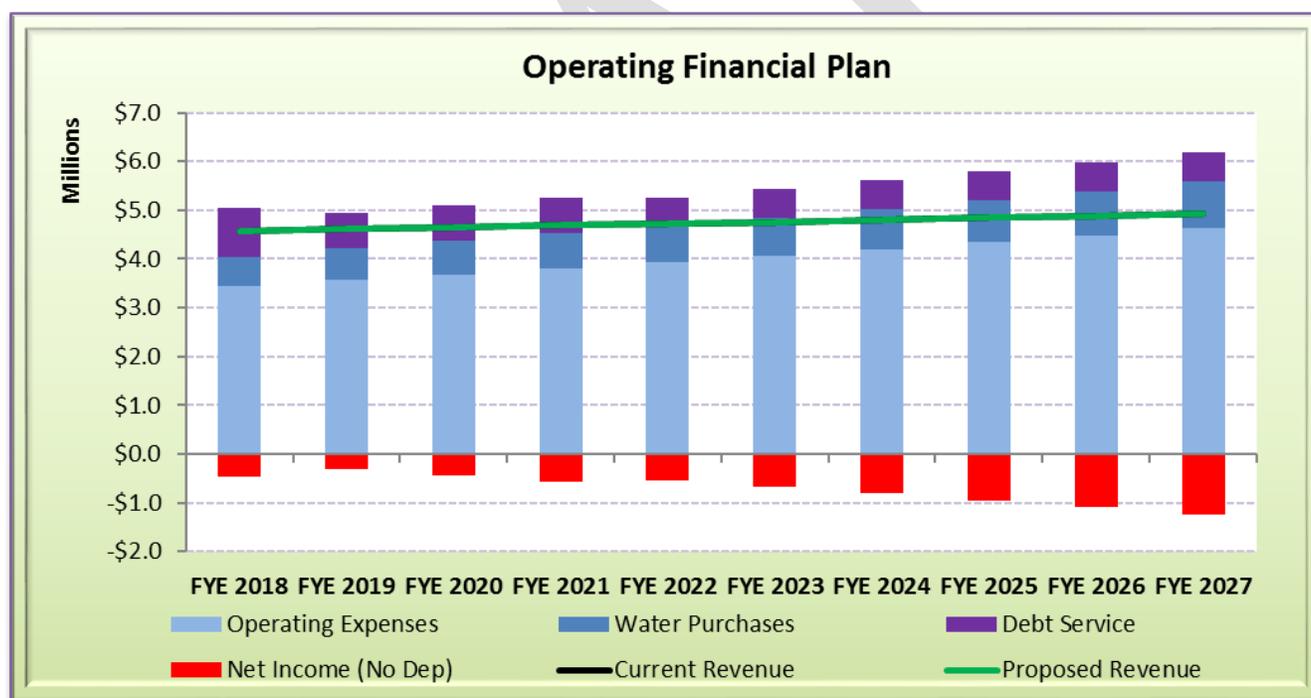
Figure 1-3: Water Utility Total Reserves



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 ongoing 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

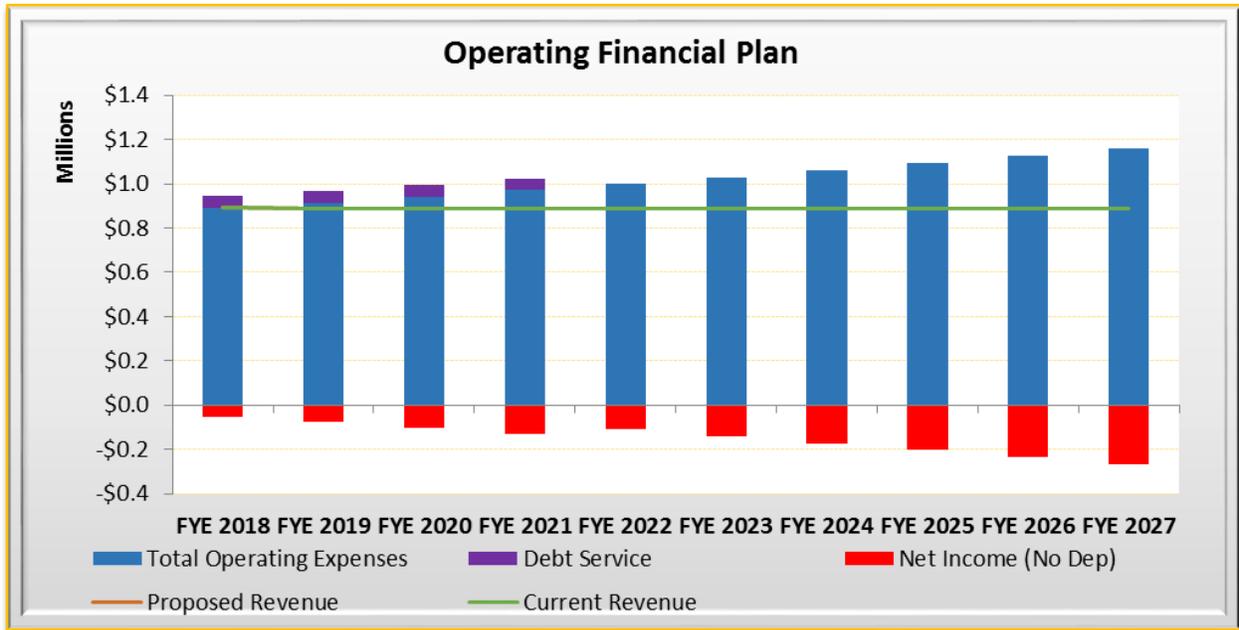


Figure 1-6: Wastewater Capital Improvement Plan

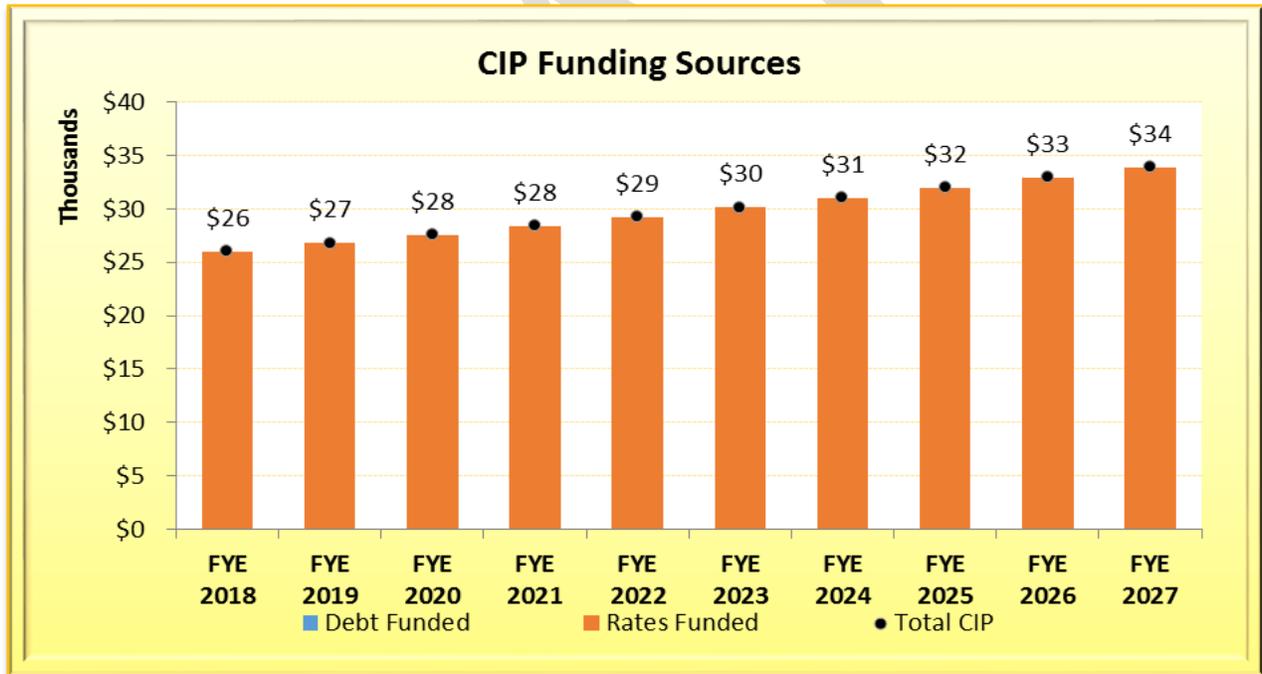
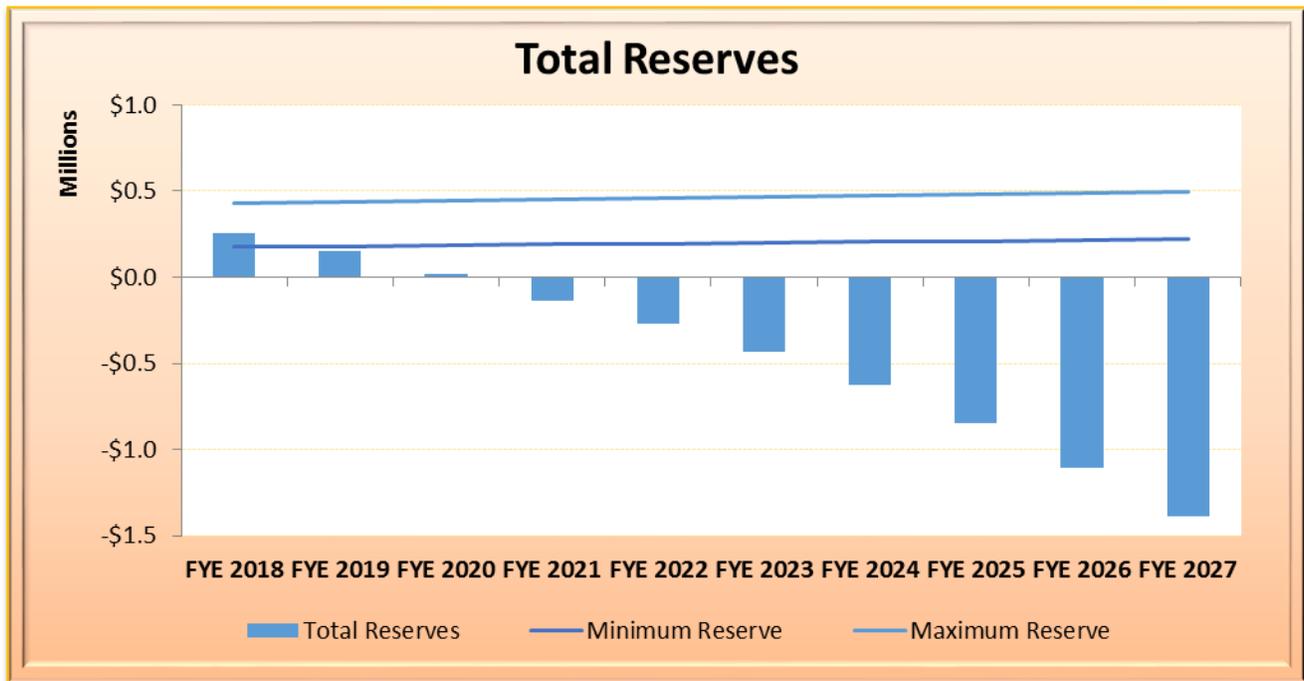


Figure 1-7: Current Wastewater Total Reserve Balance



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

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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

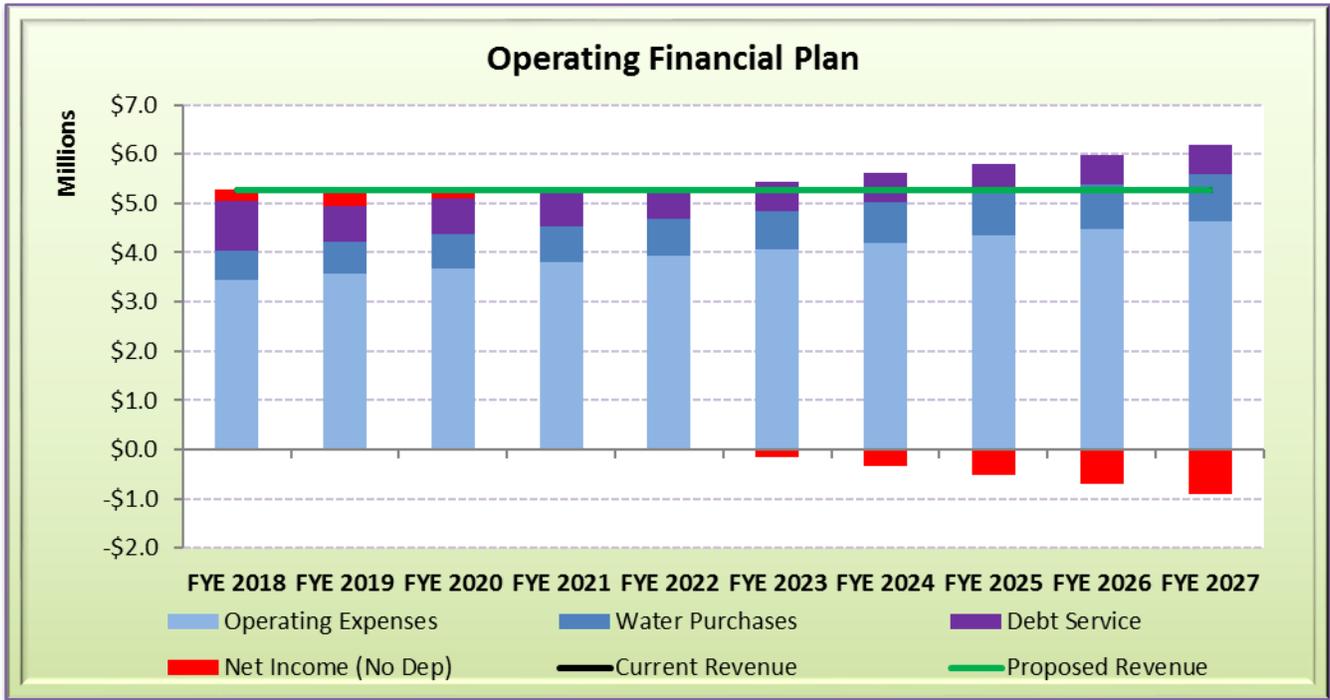


Figure 4-2: Baseline Water Capital Improvement Plan and Funding Source

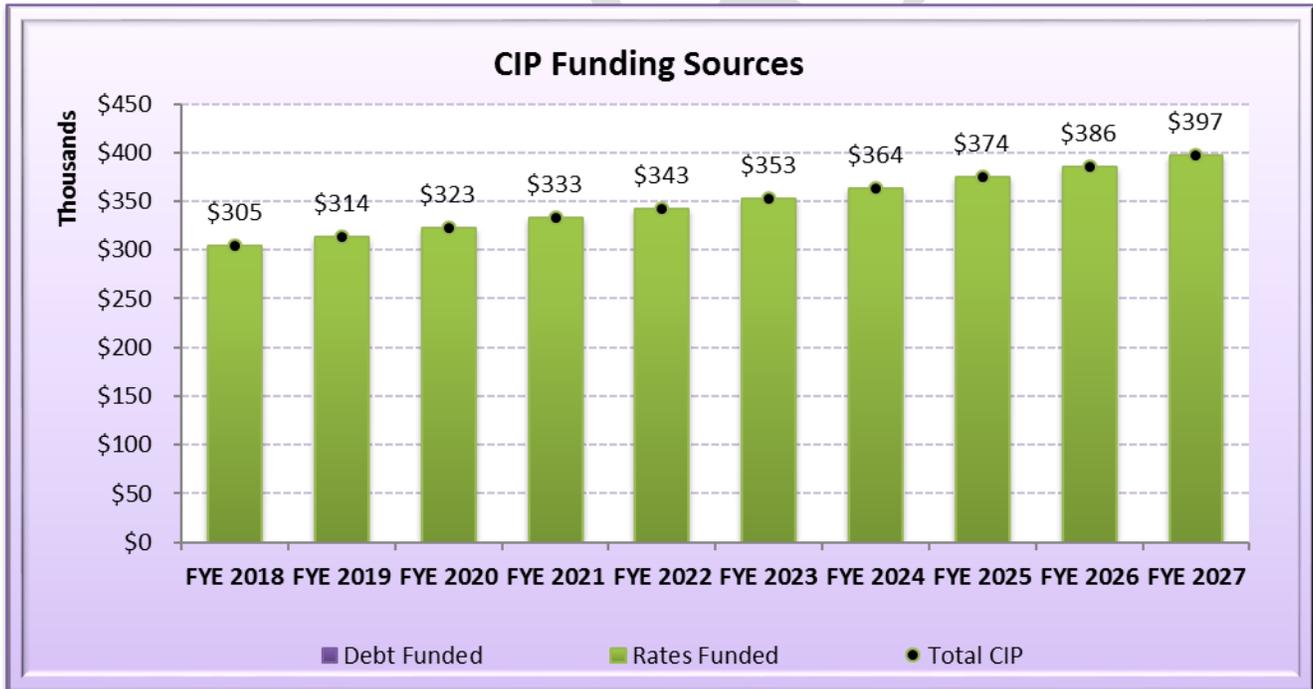
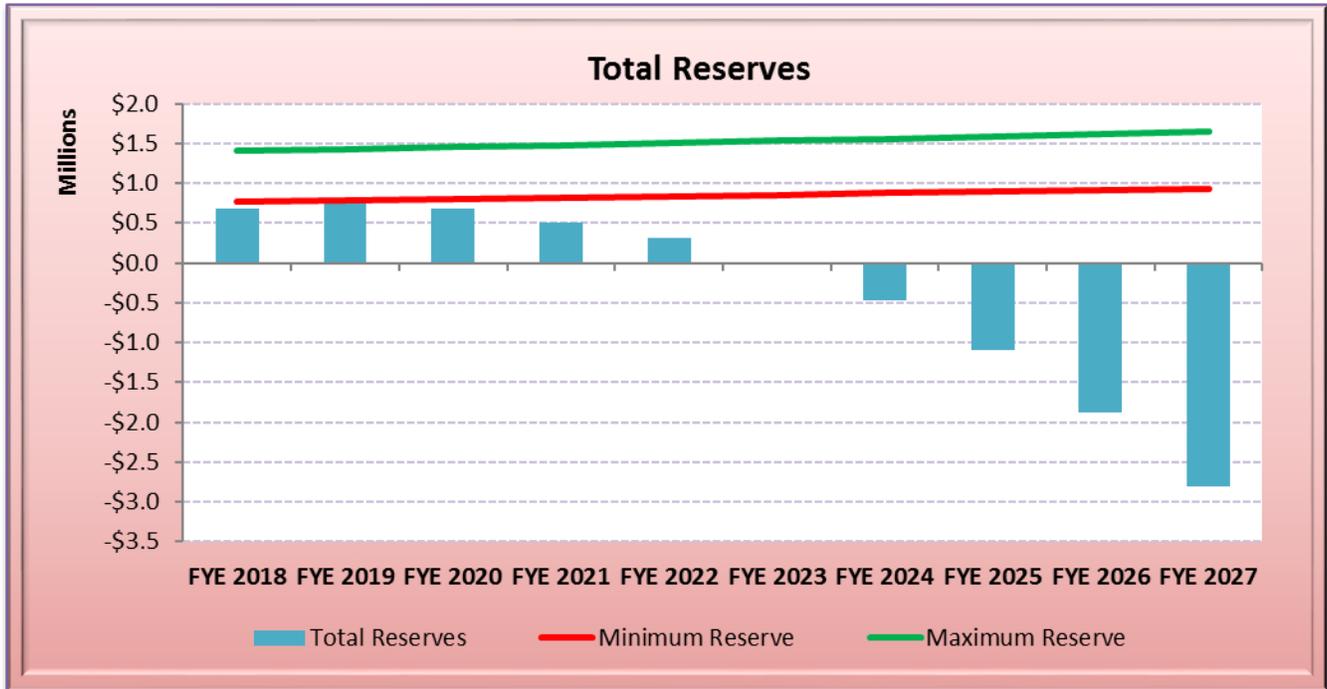


Figure 4-3: Projected Ending Water Reserves at Current Rates



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 years’ 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.

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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
	<u>Plus:</u>					
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
	<u>Less:</u>					
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	<i>Total Reserves – Ending Balance</i>	<i>\$676,071</i>	<i>\$741,089</i>	<i>\$789,902</i>	<i>\$813,739</i>	<i>\$955,639</i>
26	<i>Reserve Target³</i>	<i>\$1,407,925</i>	<i>\$1,430,973</i>	<i>\$1,454,843</i>	<i>\$1,479,567</i>	<i>\$1,505,177</i>

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

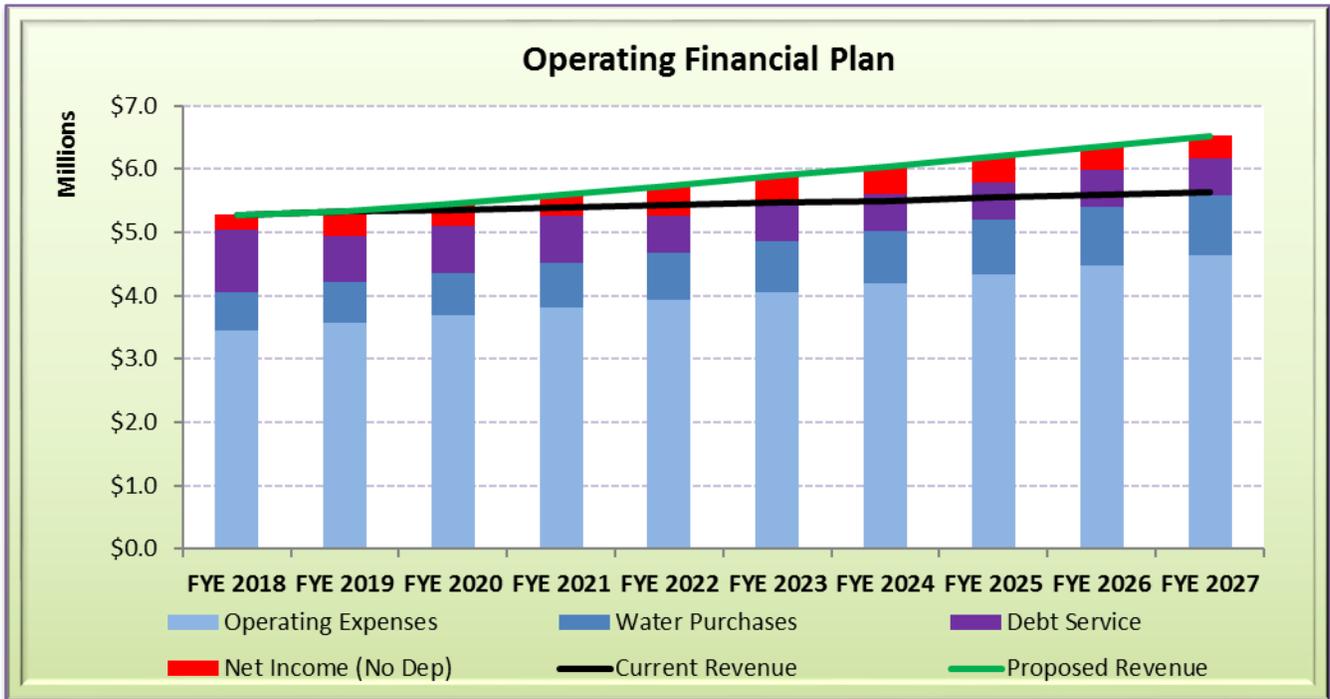


Figure 4-6: Recommended Water Capital Improvement Plan and Funding Source

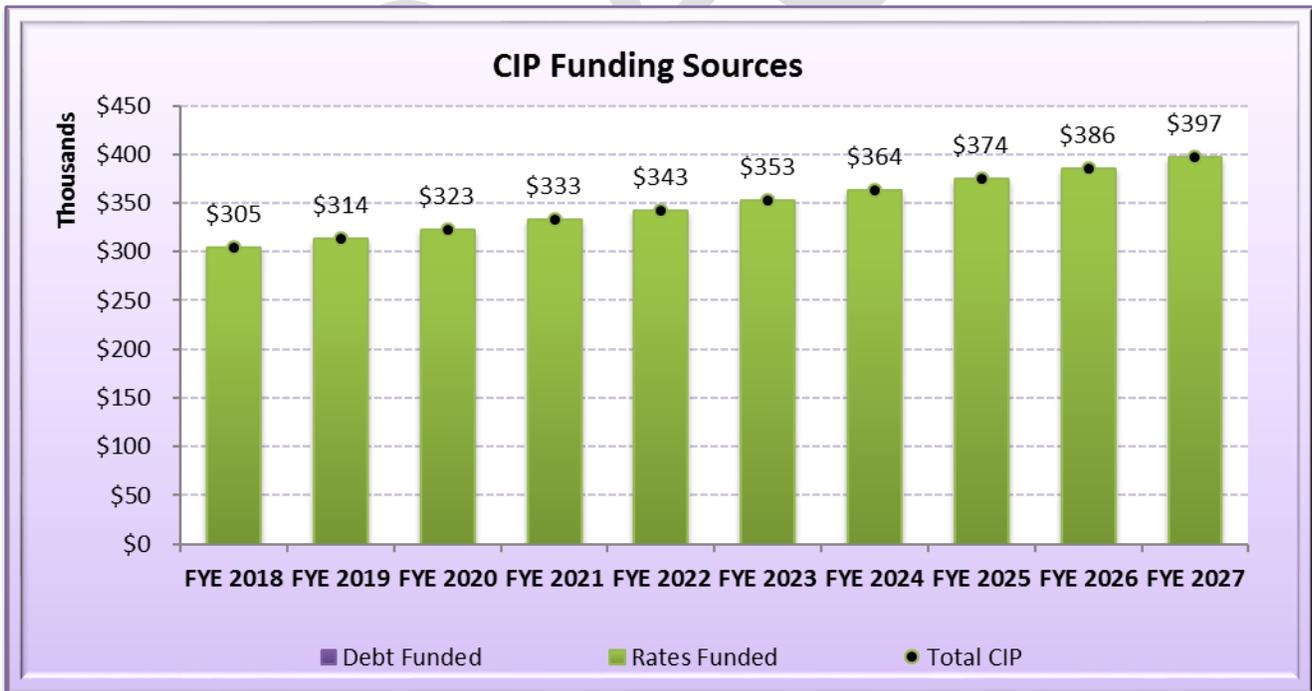
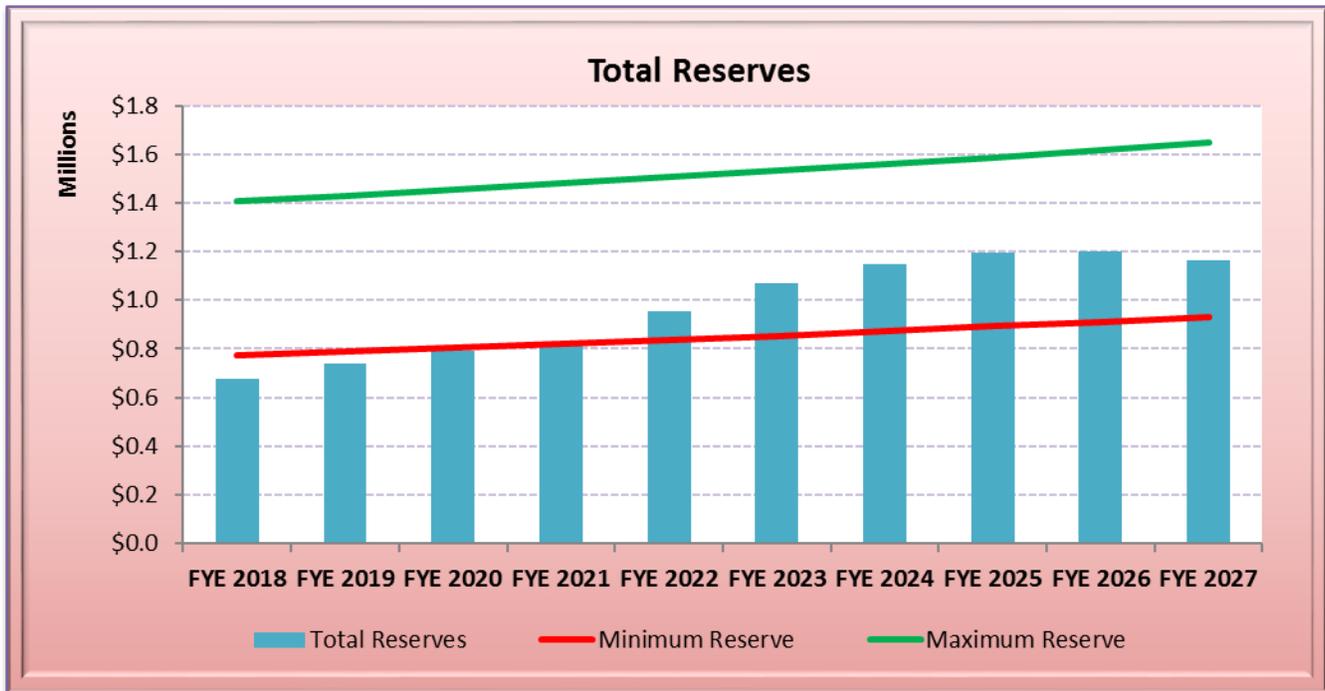


Figure 4-7: Projected Ending Water Reserves at Proposed Rates



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.

²There 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 × 2.63) [B]	# of Connections [C]	Fire Demand Equivalents ¹ (B × C) [D]	Percent Allocation (D ÷ 50,439) [E]	Requirement (E × \$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 Requirements ¹	\$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

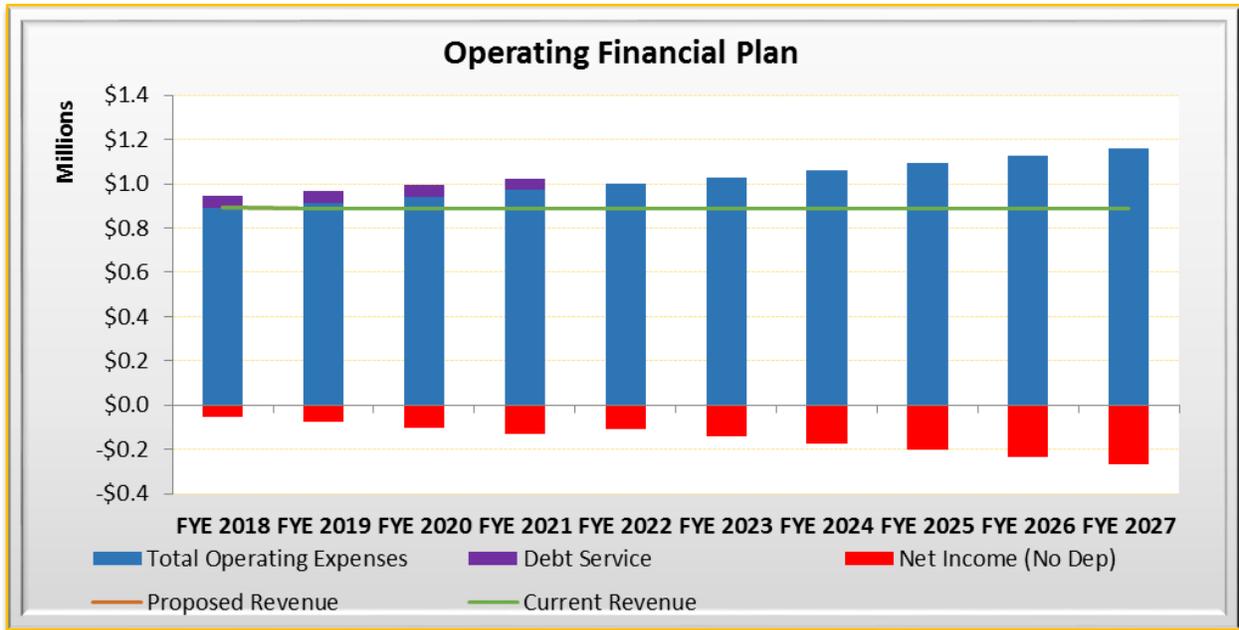


Figure 5-2: Baseline Wastewater Capital Improvement Plan and Funding Source

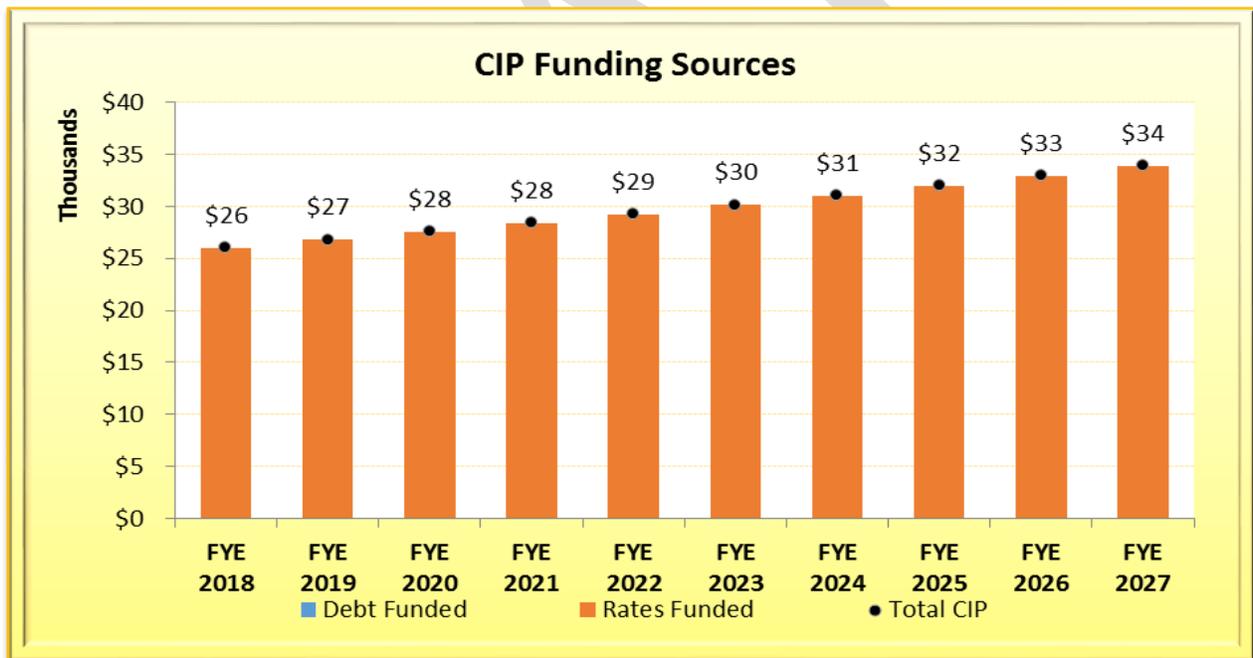
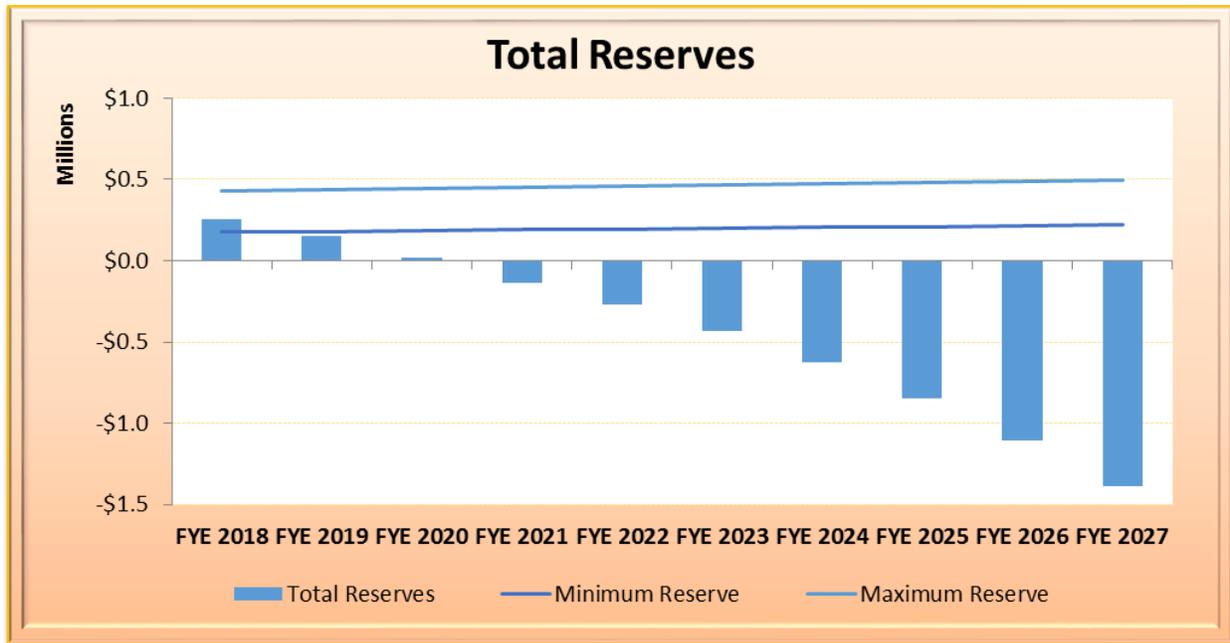


Figure 5-3: Projected Ending Wastewater Reserves at Current Rates



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	<i>Interest Income</i>	\$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	<i>Interest</i>	\$0	\$2,742	\$4,662	\$6,657	\$8,732
28	<i>Total Reserves – Ending Balance</i>	\$253,153	\$189,904	\$142,147	\$106,003	\$132,928
29	<i>Reserve Target</i> ²	\$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

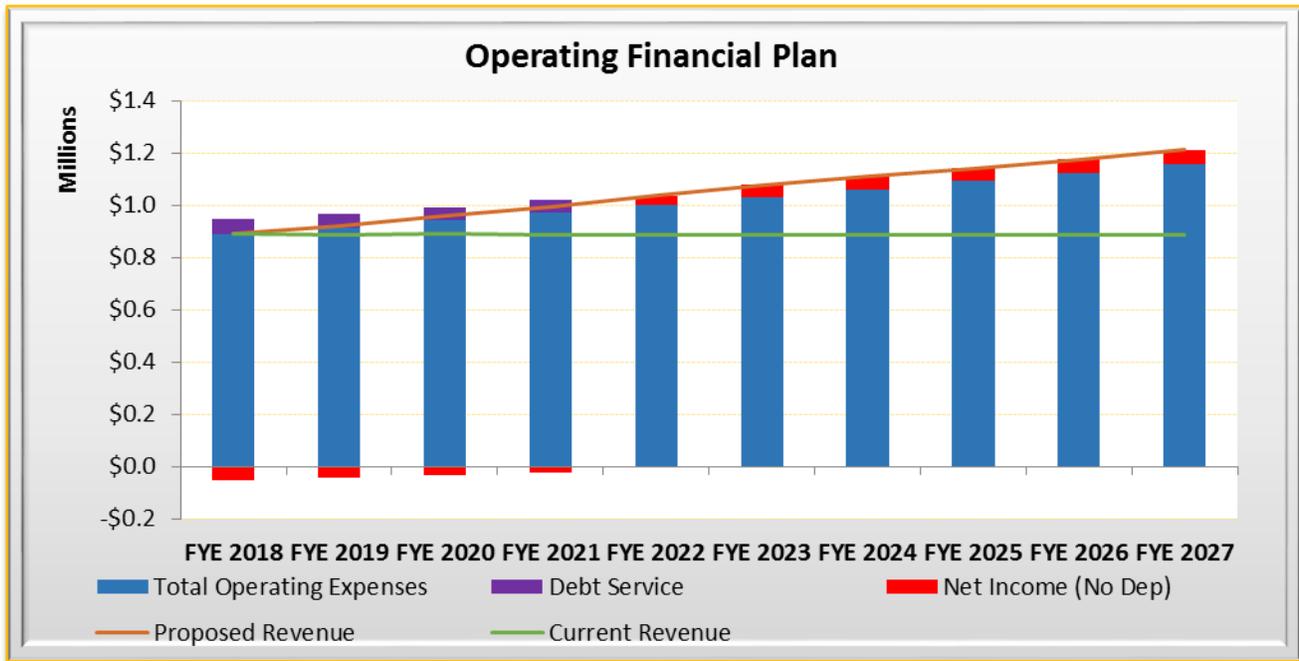


Figure 5-5: Recommended Wastewater Capital Improvement Plan and Funding Source

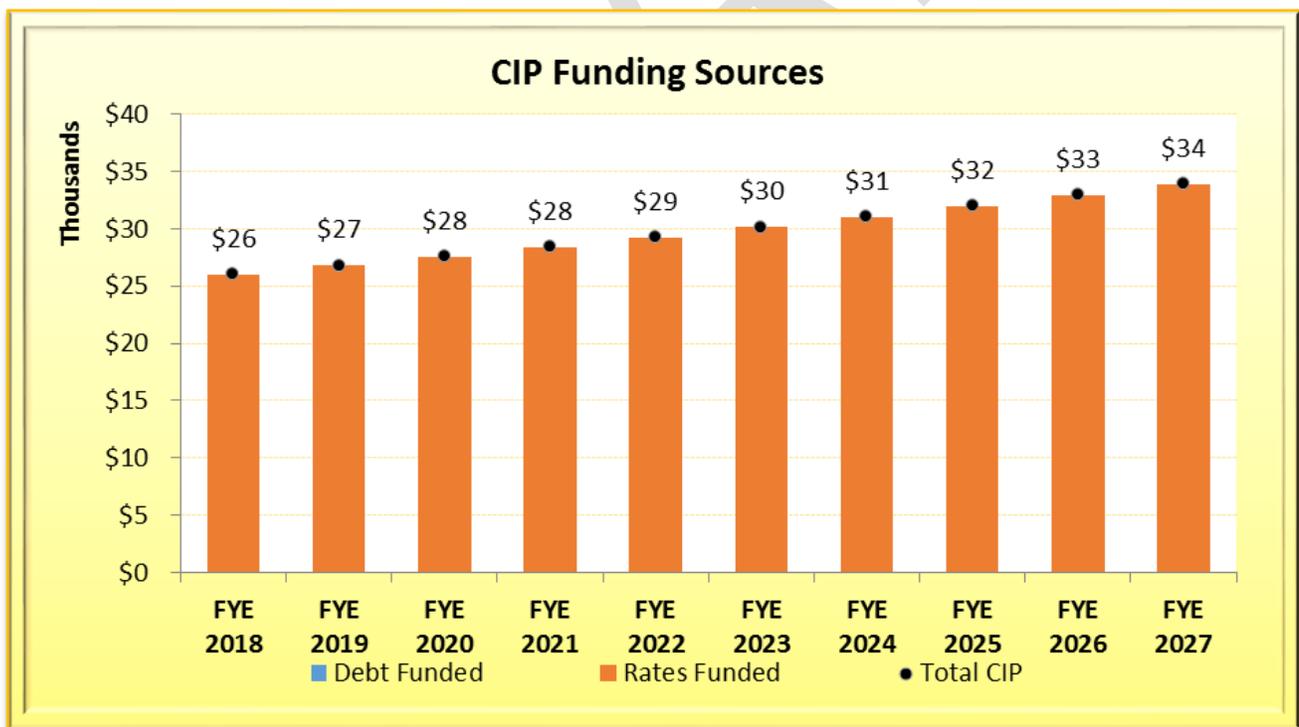
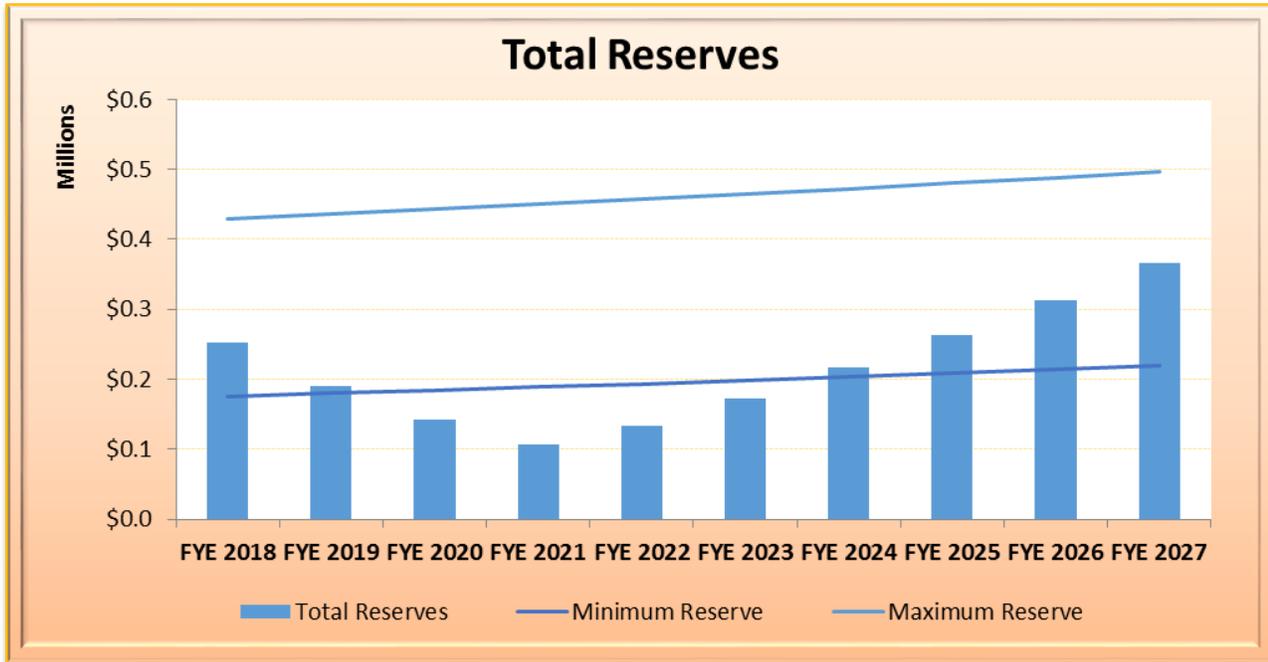


Figure 5-6: Projected Ending Wastewater Reserves at Projected Rates



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 Accounts 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) ÷ 748.05 ¹
Residential	4,414	55	2.29	271,264

¹ 1 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

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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									
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
<i>Other Misc. Revenue</i>										
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	\$956,800
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	\$1,286,358	\$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	\$382,454	\$393,928	\$405,746	\$417,918	\$430,456	\$443,370	\$456,671
Total Production	\$508,300	\$533,715	\$560,401	\$588,421	\$617,842	\$648,734	\$681,171	\$715,229	\$750,991	\$788,540
Total Operating Expenses	\$3,450,700	\$3,564,701	\$3,682,646	\$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	\$5,609,384	\$5,790,659	\$5,978,902	\$6,174,397
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	\$748,810	\$771,274	\$794,413	\$818,245	\$842,792	\$868,076	\$894,118	\$920,942	\$948,570
Net Cash Flow w/ Depreciation	(\$494,169)	(\$370,156)	(\$406,503)	(\$445,532)	(\$341,683)	(\$386,466)	(\$434,334)	(\$485,433)	(\$539,916)	(\$597,943)
Reserve Direct Transfer	\$727,000	\$748,810	\$771,274	\$794,413	\$818,245	\$842,792	\$868,076	\$894,118	\$920,942	\$948,570
Calculated Debt Coverage Ratio	123%	152%	150%	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
<u>Plus:</u>										
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
<u>Less:</u>										
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	\$4,860	\$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	\$213,210	\$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)	(\$183,841)	(\$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 Re	\$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 Reserv	\$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

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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

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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"	\$334.68	\$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"	\$97.22
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"	\$36.32
1 1/2"	\$72.43
2"	\$115.93
3"	\$253.82
4"	\$456.75

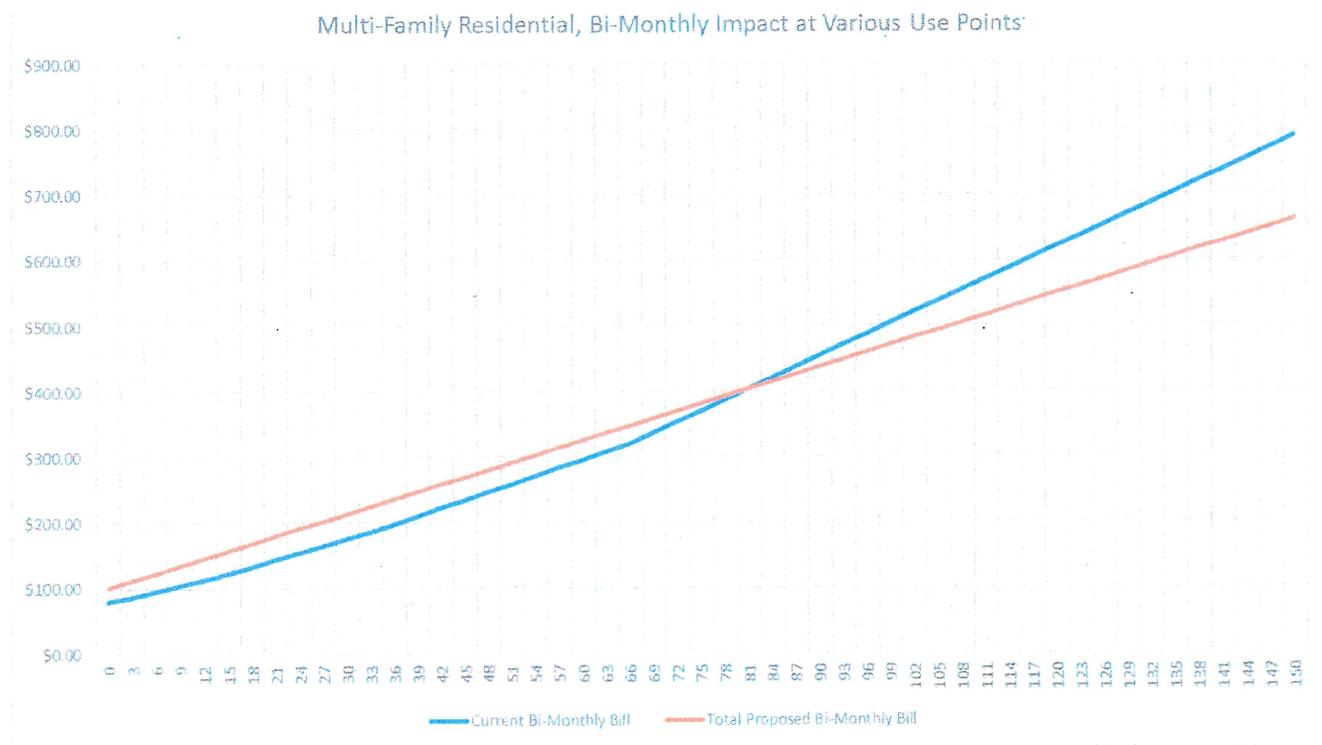
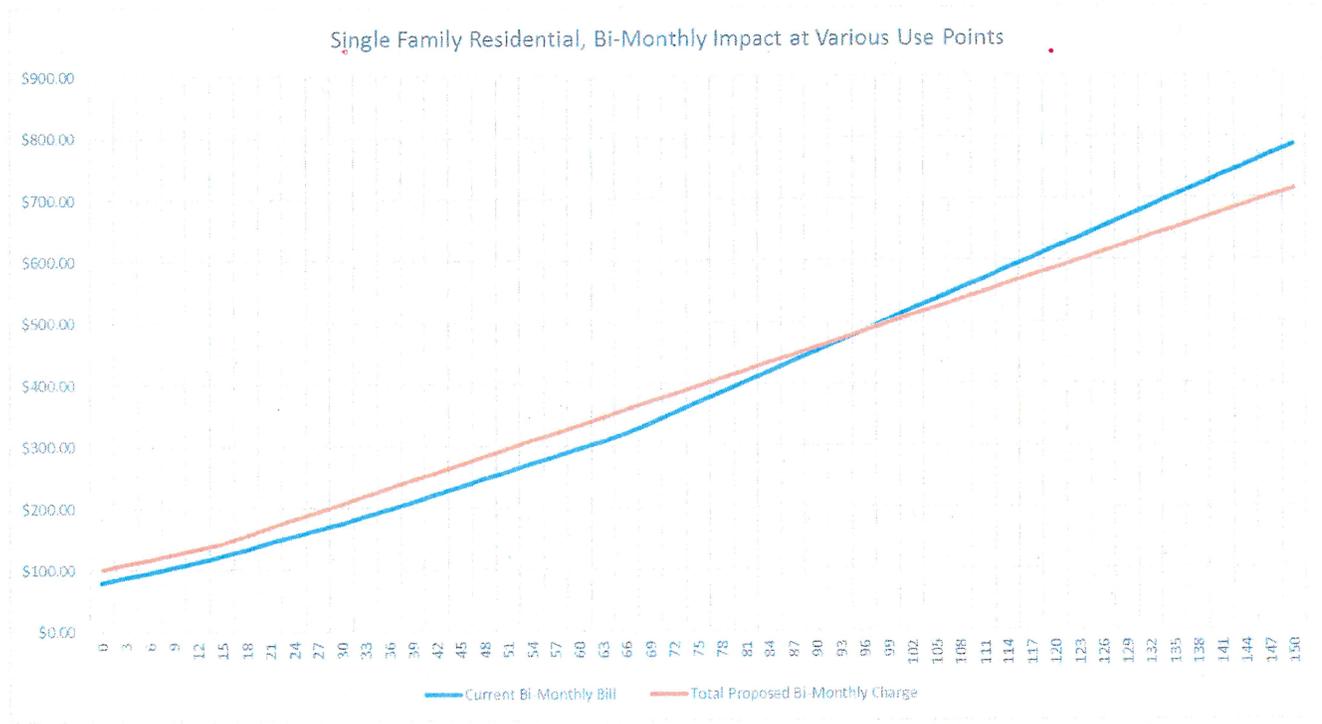
FYE 2019 Recommended Variable Charge (\$/hcf)³

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

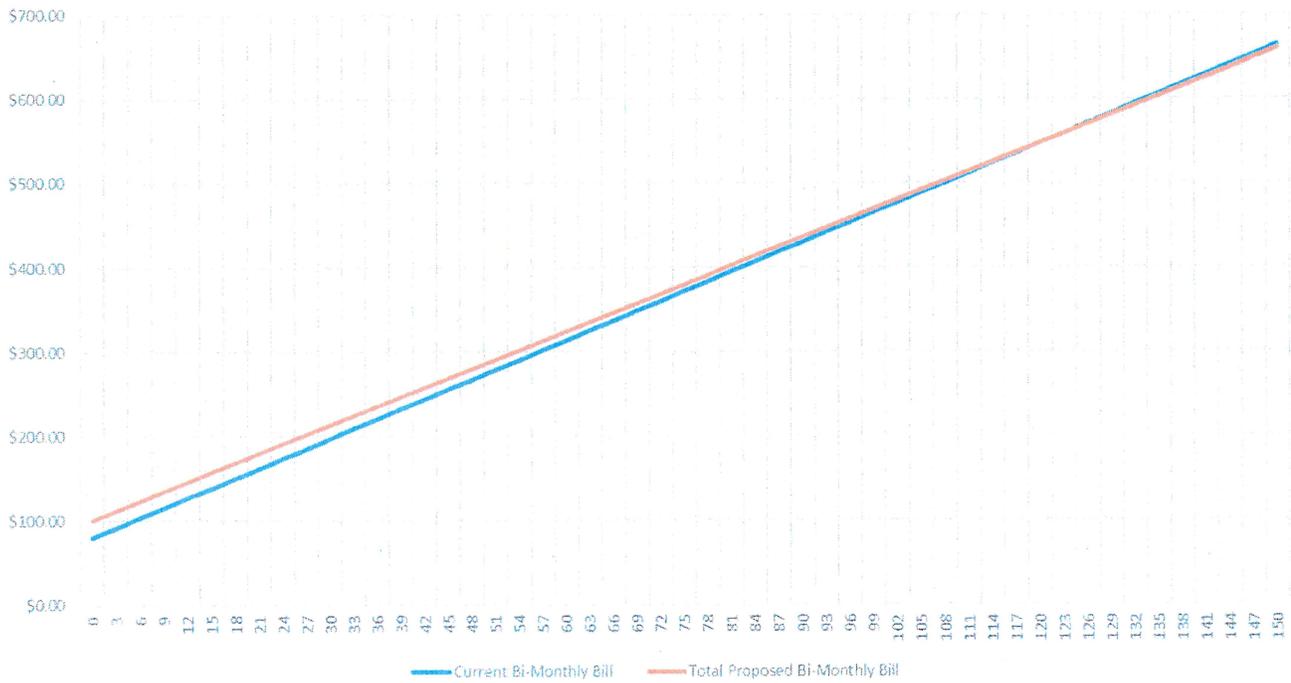
² Rates for subsequent years after FYE 2019 shall adjust based on the percentage change in CPI.

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

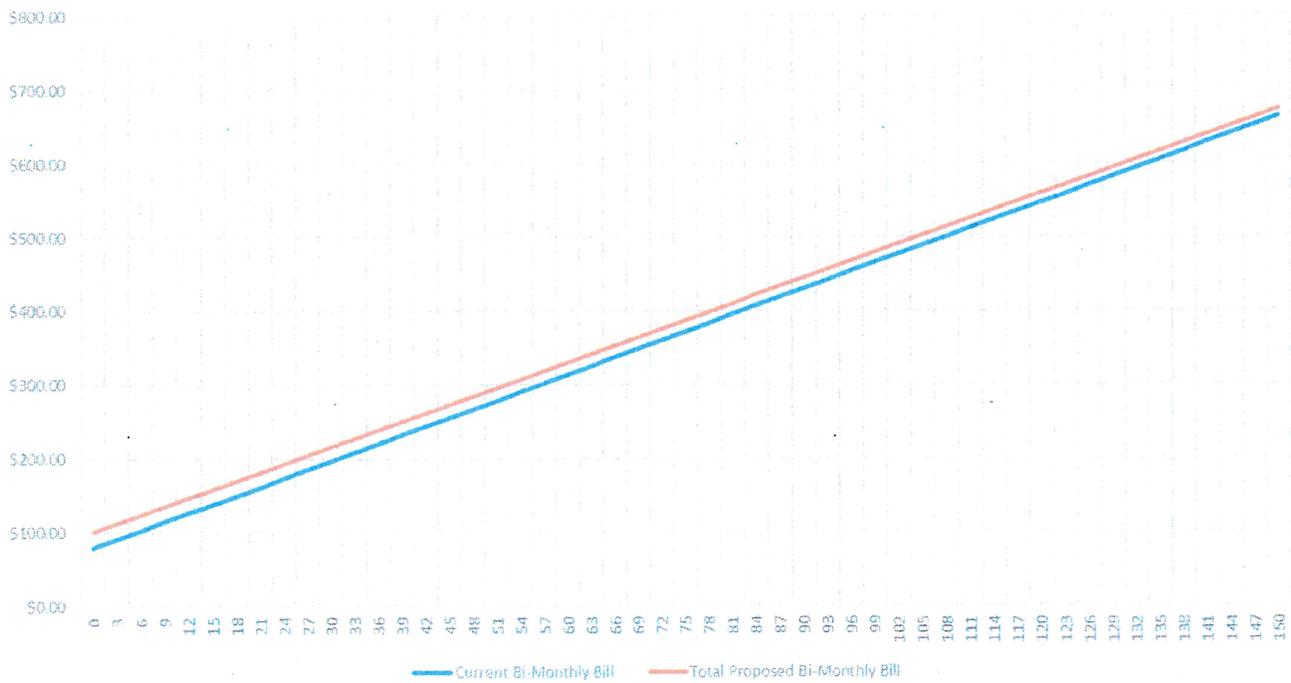
Sample calculation of water rates based on proposed new rate structure, including all fixed and variable charges



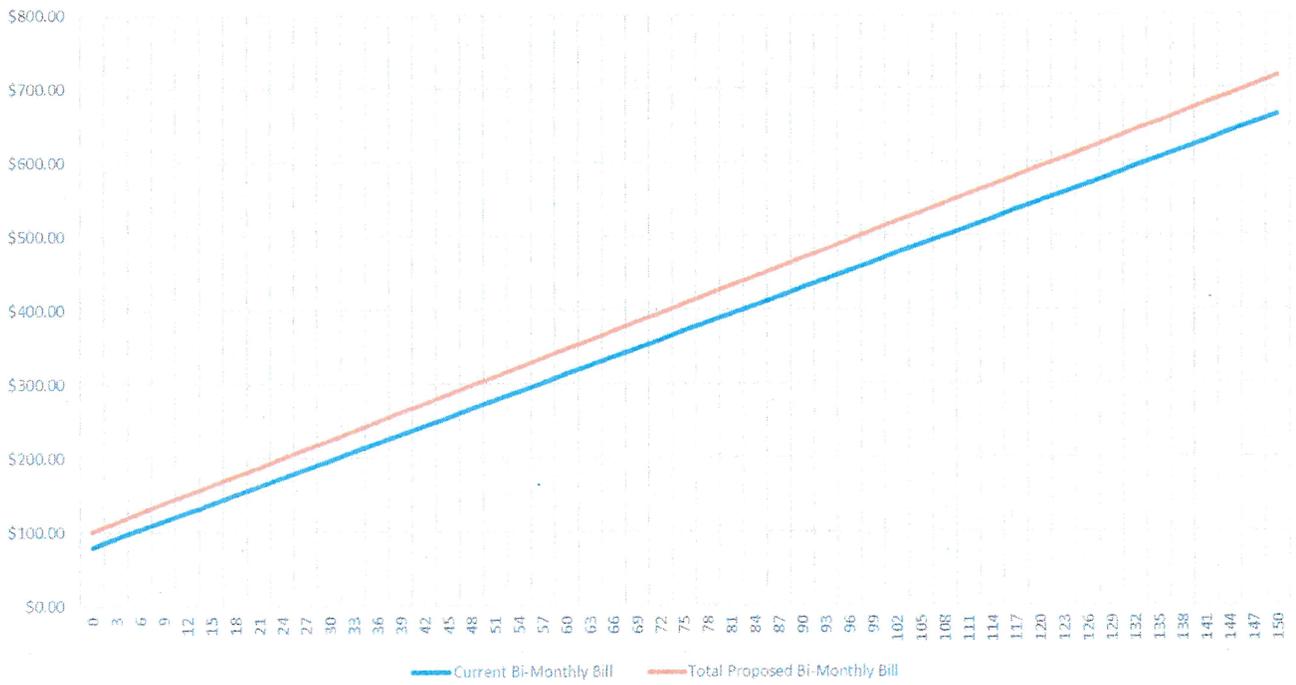
Non-Residential, Bi-Monthly Impact at Various Use Points



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.)

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.