



NOTICE TO PROPERTY OWNERS OF PUBLIC HEARING REGARDING PROPOSED WATER RATES

Hearing Date & Time: April 19, 2016 6:00 PM
Hearing Location: Norwalk Council Chambers
12700 Norwalk Boulevard, Norwalk, CA. 90650

Why are you receiving this notice?

The City of Norwalk (the "City") is providing this notice because you are a customer of the Norwalk Municipal Water System (the "Water System"), and are either directly liable for payment of water service fees, or are the owner of property that receives water service. This notice describes proposed changes to the Water System's water service fees, and provides notice of a public hearing regarding these proposed changes, to be held on **Tuesday, April 19, 2016 at 6:00 p.m. at the Norwalk Council Chambers, 12700 Norwalk Boulevard, Norwalk, CA 90650.**

What do water rates fund?

The Water System provides water service to approximately 5,400 customers. Bi-monthly water service fees charged to Water System customers are the primary source of revenue to operate the utility, and are used solely for this purpose. Water service fees fund costs related to system operations, capital projects, payments on outstanding debt, administration, as well as costs related to prudent long-term operational or financial management of the Water System, such as maintaining adequate fund reserves and planning for contingencies.

The proposed water service fees (rates) are based on a comprehensive rate study and financial plan. The City of Norwalk will annually review revenues and expenditures for the Water System to ensure that sufficient and appropriate revenues are collected to effectively provide for the short and long-term water service needs of the community. Revenues received from water charges are restricted solely for the use of the Water System.

Why are rate increases needed?

A financial rate study conducted by an independent consultant has demonstrated that existing water rates will not fully recover costs associated with operation, maintenance, and capital projects for the Water System. Due to moderate decreases in water sales as a result of conservation efforts, and the need to fund several significant capital improvement projects, it is expected that the Water System will utilize existing reserve funds, until the balance in the reserve is reduced to the minimum amount allowed under the City's financial policy. In order to maintain an adequate minimum reserve balance going forward, it is anticipated that new borrowing will need to occur to fund remaining capital projects. Without an increase in water system fees, the City will be unable to generate sufficient revenue to operate and maintain the system, repay debt, and maintain an adequate reserve fund balance.

Required revenue is based on projected expenses for operations, maintenance, repayment of debt, and required repairs and/or replacement for capital facilities and equipment. Based on the projected required revenue to operate the Water System, the proposed total Water System maximum revenue adjustments for the Water System are as follows: 6% for Fiscal Year 2016-17, 6% for Fiscal Year 2017-18, 6% for Fiscal Year 2018-19, 6% for Fiscal Year 2019-20, and 6% for Fiscal Year 2020-21. A Fiscal Year starts on July 1, and ends on June 30th. These total revenue adjustments are broken down into the updated Fixed and Flow charges as described in the following section.

New water rates

The proposed new bi-monthly rates are based upon the revenue required to operate the system, and are comprised of two basic components: a Base (fixed) Charge and a Flow Charge. The Base Charge varies for different water customers depending on their meter size, but is the same amount each billing period in a given Fiscal Year, regardless of the amount of water used. The Flow Charge for each customer is calculated for each billing period based upon actual water used. The rate structure was designed so that Water System users will be charged an amount that is proportional to the cost of serving that user.

The City is proposing to phase in a series of annual water rate adjustments. The yearly rate adjustments will take place July 16th of each year, starting on July 16, 2016 in the amounts and period of time set forth in the chart below.

Please note that 1 CCF = 748 gallons and meter sizes below are presented in inches.

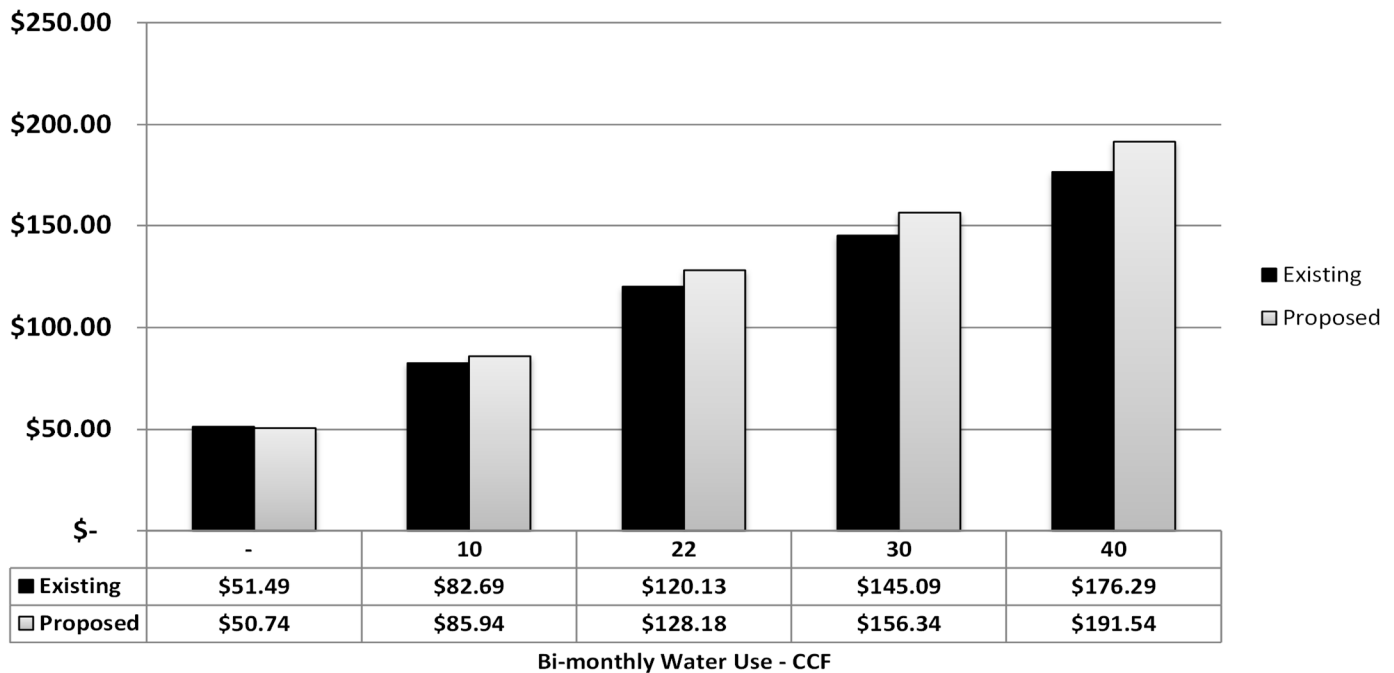
Water Final Rate Schedule						
	Existing	FY 2016 - 2017	FY 2017 - 2018	FY 2018 - 2019	FY 2019 - 2020	FY 2020 - 2021
Bi Monthly Fixed Charge - Potable Water						
3/4" METER	\$ 51.49	\$ 50.74	\$ 53.79	\$ 57.02	\$ 60.45	\$ 64.08
1" METER	107.46	67.74	71.81	76.12	80.69	85.54
1 1/2" METER	167.60	110.24	116.86	123.88	131.32	139.20
2" METER	227.09	161.24	170.92	181.18	192.06	203.59
2 1/2" METER	240.83	220.74	233.99	248.03	262.92	278.70
3" METER	337.29	280.24	297.06	314.89	333.79	353.82
4" METER	530.25	450.24	477.26	505.90	536.26	568.44
6" METER	576.20	875.24	927.76	983.43	1,042.44	1,104.99
8" METER	626.00	1,385.24	1,468.36	1,556.47	1,649.86	1,748.86
10" METER	NA	1,980.24	2,099.06	2,225.01	2,358.52	2,500.04
Bi Monthly Fixed Charge - Fire Service						
3" METER	\$ 253.45	\$ 42.65	\$ 45.21	\$ 47.93	\$ 50.81	\$ 53.86
4" METER	141.15	62.33	66.07	70.04	74.25	78.71
6" METER	197.95	132.96	140.94	149.40	158.37	167.88
8" METER	253.45	254.79	270.08	286.29	303.47	321.68
10" METER	311.73	438.04	464.33	492.19	521.73	553.04
Flow Charge per CCF						
Flow Charge -Potable Water	\$ 3.12	\$ 3.52	\$ 3.74	\$ 3.97	\$ 4.21	\$ 4.47
Flow Charge - Reclaimed Water	2.50	2.64	2.80	2.97	3.15	3.34

If adopted, the proposed rates would become effective July 16, 2016, with additional increases phased-in over the following years, through Fiscal Year 2020-2021, as outlined in this notice. Your September invoice, covering the service period from July 16th to September 15th, will reflect the above adjustments for Fiscal Year 2016/2017. The City Council will confirm the amount of revenue required during the budget process each year and will continue to look for cost saving opportunities and revenue resources in an effort to potentially reduce or suspend the implementation of the proposed maximum rate increases identified in this notice.

Impact on your bill

The proposed rates will be effective July 16, 2016. For a single family home (3/4" meter) that uses 22 CCF of potable water (1 CCF = 748 gallons), the bi-monthly bill would increase from \$120.13 (\$51.49 Fixed Charge + \$68.64 Flow Charge) to \$128.18 (\$50.74 + \$77.44). The accompanying graphs provide a summary of proposed and existing water bills under various usage levels.

Comparison of Bi-Monthly Water Bill Single Family Residential Customer



How do you file a protest or participate in the public hearing?

Any owner of property upon which the water service fees will be imposed or any tenant directly responsible for the payment of water service fees (i.e., a customer of record) may submit a written protest to the proposed increases to the water service fees; provided, however, only one protest will be counted per identified parcel.

Any written protest must: (1) state that the identified property owner or customer of record is in opposition to the proposed water service fees; (2) provide the location of the identified parcel (by assessor's parcel number or street address); and (3) include the name and signature of the property owner or customer of record submitting the protest.

Written protests may be submitted by mail or in person to the Norwalk City Clerk at: 12700 Norwalk Boulevard, Norwalk, CA 90650, or in person at the Public Hearing (date and time noted above). Regardless of how the written protest is submitted, it must be received by the City Clerk prior to the conclusion of the Public Hearing. Any protest submitted via e-mail or other electronic means will not be accepted. Please identify on the front of the envelope for any written protest, whether mailed or submitted in person to the City Clerk, that the enclosed protest is for the Public Hearing on the Proposed Water Service Fees.

The City Council will hear and consider all written and oral protests to the proposed rate increases at the Public Hearing. Oral comments at the Public Hearing will not qualify as formal protests unless accompanied by a written protest, submitted prior to the conclusion of the Public Hearing. Upon the conclusion of the Public Hearing, the City Council will consider adoption of the proposed rates for water service described in this notice. If written protests against the proposed rates, as outlined above, are not presented by a majority of property owners or customers of record, the Council may adopt the proposed rates. If adopted, the proposed rates for the water utility will be in effect beginning July 16, 2016, and be adjusted each July 16 thereafter through July 16, 2020.

If you have any questions about the proposed rate increase, please contact the City at (562) 929-5760 during normal business hours. **A complete copy of the Water Rate Study Report can be obtained in person from the City or on our website at <http://www.norwalk.org/city-hall/departments/finance/water-billing>**