



Water Rate Model

SIERRA MADRE CITY COUNCIL
June 13, 2017

2 Tier Rate Structure

☐ **Tier 1 Available Ground Water:**

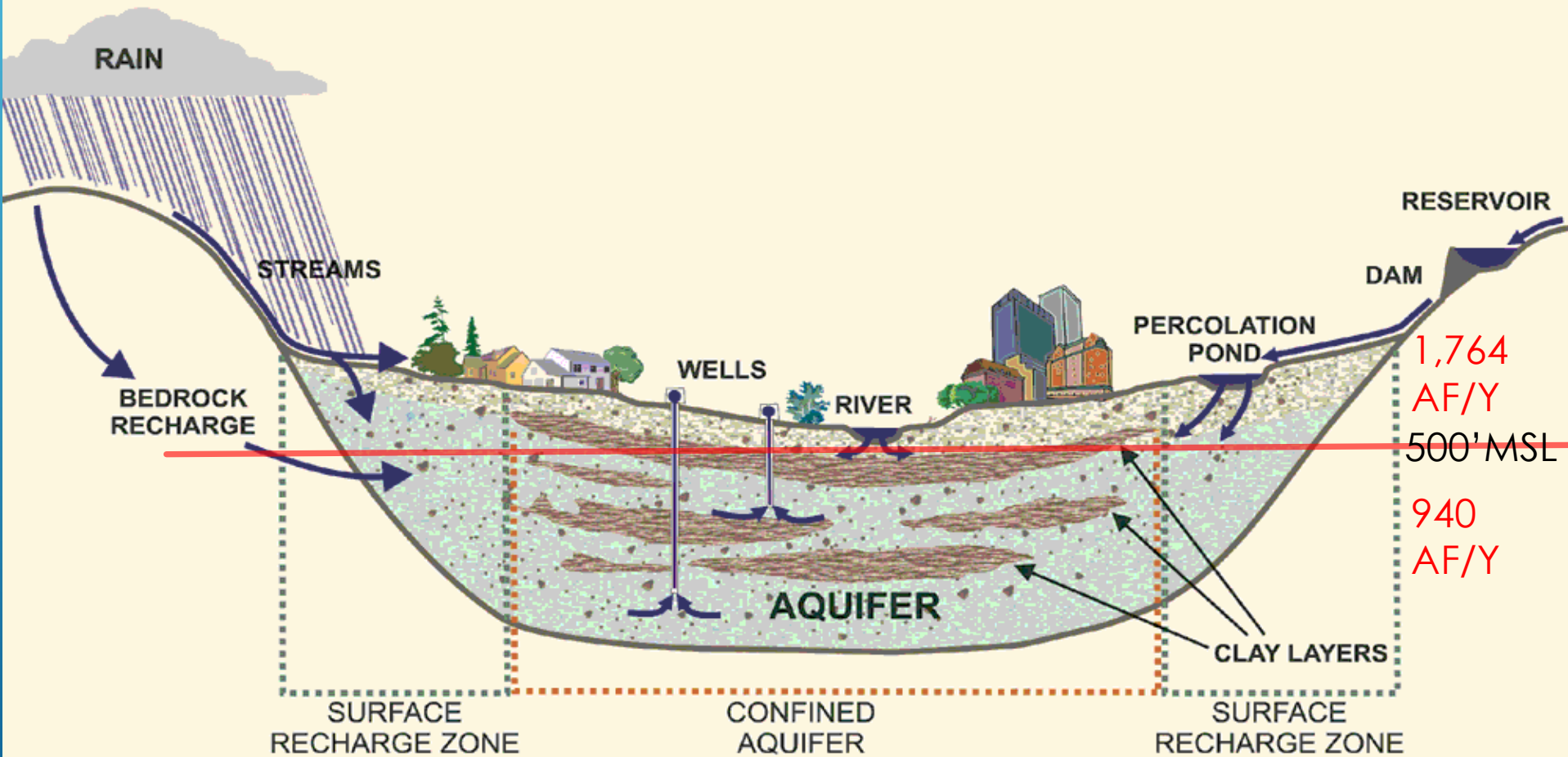
Includes the cost of pumping our adjudicated rights, treatment and distribution. Tier 1 will also include a capital improvement charge and a groundwater replenishment charge.

☐ **Tier 2 Imported Water:**

Includes all the cost associated with tier 1 plus the full cost of purchasing and supplying imported water.

Groundwater Rights and the 500' Rule

Groundwater rights vary depending on water levels in the aquifer. When water levels are below 500' MSL, Sierra Madre's pumping rights are reduced from 1,764 AF/Y to 940 AF/Y. Tier 1 is made up of available groundwater rights based on groundwater elevation for that year.



Kim Long

Tier 1 Groundwater

- ❑ When groundwater levels drop or remain below 500' MSL, groundwater production is restricted to 940 AF (306,299,940 gallons) Each home or business pays tier 1 for the first 12 billing units of groundwater per billing cycle. (8,976 gallons)
- ❑ When groundwater levels are above 500' MSL, Our groundwater allocation is 1,764 AF/Y (574,801,164 gallons). Under this condition, each home or business pays tier 1 for the first 22 billing units of groundwater per billing cycle. (16,456 gallons)

Tier 2 - Imported Water

- ❑ Tier 2 water is much more expensive than producing our adjudicate water rights. Imported water is purchased from the San Gabriel Municipal Water District and placed in our spreading grounds where it is allowed to percolate through the earth and blend with water in our groundwater aquifer. This water is then pumped by our wells, treated then sent through our distribution system. Water used in excess of tier 1 will include the full cost of purchasing and producing imported water.

Pass-Through Provisions

- The new rate structure will include a pass-through provision for increases in energy cost or increases in the cost of purchasing imported water. Any such increase would be directly passed on to the customer.

Groundwater Replenishment

- The City of Sierra Madre can import up to 2,500 AF of water per year. A replenishment charge built into both tiers will allow the City to purchase the full allocation of water each year.

Capital Improvement Charge

- Capital Improvement Charge will be built into each tier. Revenue generated from the CIP charge will be used for infrastructure repair.

Governor Brown's Executive Order B-37-16 Making Water Conservation A California Way of Life.

The Department of Water Resources has been tasked with developing new water budgets for every water agency in the State. Rather than an across the board conservation target the DWR will take into account the following:

1. Indoor residential per capita water use.
2. Outdoor irrigation in a manner that incorporates:
 - a. Landscape irrigable area.
 - b. Local climate
 - c. Commercial, Industrial and Institutional use
3. System Water Loss

Once our budget is set by the State this could come as early as 2018, we will need to stay within our annual water budget. The water budget can change every year depending on the variables to the 3 criteria listed above. We'll have the flexibility to incorporate programs tailored to our system and community to stay within our target.

Water Budgets

Water Budgets are here to stay. The State will set water budgets for every water utility in the State and will impose fines to Cities that do not stay within their water budget.

1. The City will set an initial indoor water use budget. Residents may be able to update the number of occupants and will need to provide some type of verification.
2. Outdoor allocations can be set by using tools such as GIS to determine lot sizes for each property. Properties would then be placed in bins based on lot size. Each bin has an assigned outdoor budget.

Lot Size examples used to establish outdoor use allocations:

Bin 1	Up to 7,000 Square foot lot
Bin 2	7001 to 12,500 Square foot lot
Bin 3	12,501 to 20,000 Square foot lot
Bin 4	Over 20,000 Square foot lot

Conservation Surcharge and Penalties

If the Department of Water Resources reduces the annual water budget, a conservation surcharge will be implemented to offset fixed cost.

A penalty for going over the State imposed water budget will be needed to encourage residents to stay within their budget.

QUESTIONS?



THANK YOU