



## City Council and Successor Agency to the Brea Redevelopment Agency Agenda

**Tuesday, February 2, 2016**

5:30 p.m. - Closed Session

6:45 p.m. - Study Session

7:00 p.m. - General Session

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*Christine Marick, Mayor*

*Cecilia Hupp, Mayor Pro Tem*

*Glenn Parker, Council Member*

*Marty Simonoff, Council Member*

*Steven Vargas, Council Member*

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This agenda contains a brief general description of each item Council will consider. The City Clerk has on file copies of written documentation relating to each item of business on this Agenda available for public inspection. Contact the City Clerk's Office at (714) 990-7756 or view the Agenda and related materials on the City's website at [www.cityofbrea.net](http://www.cityofbrea.net). Materials related to an item on this agenda submitted to the Council after distribution of the agenda packet are available for public inspection in the City Clerk's Office at 1 Civic Center Circle, Brea, CA during normal business hours. Such documents may also be available on the City's website subject to staff's ability to post documents before the meeting.

### **Procedures for Addressing the Council**

The Council encourages interested people to address this legislative body by making a brief presentation on a public hearing item when the Mayor calls the item or address other items under **Matters from the Audience**. State Law prohibits the City Council from responding to or acting upon matters not listed on this agenda.

The Council encourages free expression of all points of view. To allow all persons the opportunity to speak, please keep your remarks brief. If others have already expressed your position, you may simply indicate that you agree with a previous speaker. If appropriate, a spokesperson may present the views of your entire group. Council rules prohibit clapping, booing or shouts of approval or disagreement from the audience. PLEASE SILENCE ALL PAGERS, CELL PHONES AND OTHER ELECTRONIC EQUIPMENT WHILE COUNCIL IS IN SESSION. Thank you.

### **Special Accommodations**

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at (714) 990-7757. Notification 48 hours prior to the meeting will enable City staff to make reasonable arrangements to ensure accessibility. (28 CFR 35.102.35.104 ADA Title II)

### **Important Notice**

The City of Brea shows both live broadcasts and replays of City Council Meetings on Brea Cable Channel 3 and over the Internet at [www.cityofbrea.net](http://www.cityofbrea.net). Your attendance at this public meeting may result in the recording and broadcast of your image and/or voice as previously described.

**CLOSED SESSION**  
**5:30 p.m. - Executive Conference Room**  
**Level Three**

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**CALL TO ORDER / ROLL CALL - COUNCIL**

**1. Public Comment**

Closed Session may convene to consider matters of purchase / sale of real property (G. C. §54956.8), pending litigation [G.C. §54956.9(d)(1)], potential litigation [G.C. §54956.9(d)(2)(3) or (4)], liability claims (G. C. §54961) or personnel items (G.C. §54957.6). Records not available for public inspection.

- 2. Conference with Real Property Negotiator Pursuant to Government Code 54954.5 (b) for Review of the CC&R's for the Property Located at: Parcel No. APN 319-291-035; Agency Negotiators: David Crabtree, Director of Community Development and Bill Gallardo, City Manager; Property Negotiators: Business Downtown Owner's Association (BDOA); Under Negotiation: Negotiations Concern the Price and Terms of the Transaction**
- 3. Conference with Legal Counsel - Pending Litigation Pursuant to Government Code §54956.9 (d)(1) - One case - Hills or Everyone v. City of Brea, et.al.**

**STUDY SESSION**  
**6:45 p.m. - Executive Conference Room**  
**Level Three**

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**CALL TO ORDER / ROLL CALL - COUNCIL**

- 4. Public Comment**
- 5. Clarify Regular Meeting Topics**

**DISCUSSION ITEMS**

**REPORTS**

- 6. Oversight Board Update**
- 7. Council Member Report**

**GENERAL SESSION**  
**7:00 p.m. - Council Chamber**  
**Plaza Level**

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**CALL TO ORDER/ ROLL CALL - COUNCIL**

8. **Pledge of Allegiance: Boy Scout Troop 801**
9. **Invocation: Daniel Mendoza, Celebration Worship Center**
10. **Proclamation: Career Technology Education Month**
11. **Commendations: Outgoing Investment Advisory Board Member Christian Bettenhausen and Traffic Committee Member Michael Uyeno**
12. **Presentation: Incoming Commissioner and Committee Members Oath of Office**
13. **Presentation: History of Brea - "Four Firsts and a Last"**
14. **Report - Prior Study Session**
15. **Community Announcements**
16. **Matters from the Audience**
17. **Response to Public Inquiries - Mayor / City Manager**

**PUBLIC HEARINGS** - *This portion of the meeting is for matters that legally require an opportunity for public input. Audience participation is encouraged and is limited to 5 minutes per speaker.*

18. **Approval of the 42nd Year Application for Participation in the Community Development Block Grant Program (CDBG) Fiscal Year 2016-17** - Adopt Resolution No. 2016-012  
Approving the Fiscal Year 2016-17 Application to the County of Orange for Community Development Block Grant (CDBG) Funding
19. **Proposed Water Rate Structure** - Adopt Resolution No. 2016-013 Updating the City's Existing Four-Tier Residential Water Rate Structure to Include "Conservation Rates"; Adjust Fixed Meter Charges; and Modify the City's LifeLine Program

**CONSENT CALENDAR** - *The City Council/Successor Agency approves all Consent Calendar matters with one motion unless Council/Agency or Staff requests further discussion of a particular item. Items of concern regarding Consent Calendar matters should be presented during "Matters from the Audience."*

**CITY COUNCIL - CONSENT**

20. **January 19, 2016 CC Minutes**

21. **Mandatory Commercial Organics Recycling** - Approve the City's Implementation Plan for Mandatory Commercial Organics Recycling Program
22. **January 22 & 29, 2016 City Warrant Registers**

**CITY/ SUCCESSOR AGENCY - CONSENT**

23. **January 29, 2016 Successor Agency Warrant Register**

**ADMINISTRATIVE ANNOUNCEMENTS**

24. **City Manager**
25. **City Attorney**

**COUNCIL ANNOUNCEMENTS**

**ADJOURNMENT**

City of Brea

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**COUNCIL COMMUNICATION**

**TO:** Honorable Mayor and City Council Members

**FROM:** City Manager

**DATE:** 02/02/2016

**SUBJECT:** PROPOSED WATER RATE STRUCTURE AND  
MODIFICATIONS TO THE CITY'S LIFELINE PROGRAM

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**RECOMMENDATION**

Adopt the attached resolution updating the City's existing four-tier residential water rate structure to include "Conservation Rates"; adjust fixed meter charges; and modify the City's LifeLine Program.

**BACKGROUND/DISCUSSION**

The City of Brea operates and maintains its own water distribution system and has a growing population of more than 43,300 residents. The water system has approximately 197 miles of potable water pipeline serving more than 13,000 customers and delivers approximately 10,700 acre-feet of water per year. Brea imports 100% of its wholesale treated water from the California Domestic Water Company - CDWC (70%) and the Municipal Water District of Orange County - MWDOC (30%). Staff has worked over a year with its water rate consultant, Raftelis Financial Consultants, Inc. (RFC), gathering consumption history, water purchases, maintenance costs, etc., to determine the appropriate rate structure for Brea.

This will be the fifth public discussion City Council has had regarding water rates. The first meeting was took place on May 5, 2015 followed by August 25, 2015, October 3, 2015, and November 17, 2015.

**November 17 Council Meeting**

At the November 17th Council Meeting, Council instructed staff to move forward with the Proposition 218 public hearing notification. Staff was instructed to provide notifications of minimum and maximum charges for both

fixed meter charges and tiered water. The fixed meter charges were modeled to include 14%/ 17% or 20% fixed meter charges and corresponding tiered rates. On December 15, 2015, Public Hearing notices were mailed to all Brea property owners presenting a range of corresponding rates given the potential revenue goal. As a courtesy, the public hearing notice was published in the Star Progress on December 11, 2015 and notices were later mailed to all water bill payers.

### **LifeLine Rates**

As discussed in previous water rate discussions, Brea currently offers its low income customers the opportunity to apply for the LifeLine discount. This discount is granted to customers that provide documentation that they qualify for the Southern California Edison Discount (D-Care) or Southern California Gas Company's Care Discount. Currently, the 20% discount is applied on the fixed meter charge as well as the consumption charges at the first and second tiers.

There are approximately 500 customers who receive this reduced rate, which includes approximately 100 customers from Lake Park Brea and Crestmont Mobile Estates. The approximate FY 2014-15 subsidy for the LifeLine program was \$45,650; \$9,930 is the cost related to subsidized meter or fixed charges and \$35,720 was attributed to discounted water usage at the first and second tiers.

It was discussed at the November 17th meeting that the Affordable Housing Fund (270) will become the funding source for this expenditure. Also, the Public Hearing Notification gave notice of the City's intent to make LifeLine program modifications. It is proposed that the City continue to provide a 20% discount on the fixed meter charges as well as consumption charges that fall within Tier 1 (1-10 units). However, water consumption that falls within Tier 2 (11-20 units) would have a reduced subsidy of 10%. In addition, Tier 3 consumption (21-30 units and currently not offered a discount) would received a 5% subsidy. Using FY 2014-15 numbers, it is anticipated the subsidy level will decrease by \$7,000, from \$45,000 annually to approximately \$38,000.

### **Capital Improvement Projects**

As mentioned in the previous staff report and presentation, capital improvement projects have been identified for the purpose of this rate study.

Projects identified include foreseeable water main replacements as well as technological and environmental improvements. Some of these projects have been identified in the Capital Improvement Program (CIP) budget for future years, but money has not been appropriated. During project identification, staff evaluates the projects and determines which projects need immediate implementation. In addition, project implementation is also determined by available funding. For instance, waterline improvements to the Glenbrook Tract were delayed for a number of years due to the need to accumulate available funding. Because of the lack of funding, in the interim, staff had to make a number of fixes to areas of this waterline.

The listing of projects is needed to ensure the Water Utility Fund has enough resources to address such projects and any emergencies that may arise. The total of projects listed below through FY 2018-19 is approximately \$18 million. The average annual anticipated CIP expenditures over these four years is about \$4.4 million. However, there have been over \$24.9 million worth of projects identified in previous water rate discussions and only \$14.2 million, or approximately \$5 million annually of project money has been applied to this study. The projects are listed by importance and need for repair. Projects are further separated by fiscal year but pending funding. City Council, through its CIP budget approval, will make final approval of specific projects and of appropriations of funds.

<b>Fiscal Year</b>	<b>Project</b>	<b>Costs</b>
2015-16	Booster 2 & 3 Pump Replacement, Enclosure and Generator	1,000,000
2015-16	Glenbrook Tract Waterline Improvements	2,200,000
2015-16	Valencia Reservoir Painting	1,200,000
2016-17	Miscellaneous Tracts (Spruce St., Laurel Ave., Pine Ave., Magnolia Ave., etc.)	1,260,000
2016-17	Steele Drive Tract	1,200,000
2016-17	Pleasant Hills Tract	1,000,000
2016-17	Napoli Tract	1,000,000
2017-18	Walnut/Orange & Juniper	2,100,000
2017-18	North Hills West	800,000
2017-18	North Hills East	1,300,000
2017-18	Cliffwood Park Tract	870,000
2018-19	Candlewood Tract Water Main Replacement	1,300,000

2018-19	Eagle Hills Tract Water Main Replacement	1,525,000
	Total	\$17,955,000

Capital Improvement Projects are funded on a pay-as-you-go basis. Essentially, the City is using fund balance or reserves to pay for these projects. Therefore, enough money needs to be generated through water rates to pay for such projects.

### **Reserves**

Per the City's adopted fiscal policies, "The City will maintain adequate reserves in each of the enterprise funds to protect these essential City programs. Water reserves should equal a minimum of three months of fund expenditures." It is prudent to establish a capital reserve of at least one year's worth of CIP to address unexpected capital expenditures. It will take a number of years to build up this capital reserve, but it is nonetheless important to have funds available to avoid the need to borrow from other funds or issue bonds to finance these projects

### **Proposed Rates**

Staff is recommending to increase fixed meter charges using a phased approach over the next 2 1/2 years. The fixed revenue recovery will gradually increase, from 14% to 20% during this time frame. In other words, in FY 2015-16, a revenue recovery of 14% of fixed charges will be implemented; in FY 2016-17, a revenue recovery of 17% of fixed charges will be implemented; and in FY 2017-18, the revenue recovery of 20% of fixed charges will be implemented. Fixed meter charges are not affected by drought conditions and would not be subject to conservation restrictions. It is important that the City stabilize its revenue source to avoid its dependence on water sales. Per unit water costs will continue to rise as the cost of wholesale water rises. Although it is not fully practical to recuperate 100% of fixed costs through fixed revenue, it is important that the City recover as much as reasonably possible as not to excessively inflate the per unit cost of water to achieve the needed revenue to cover the cost of providing water service. As the fixed charges rise, the water consumption rates are proposed to decrease.

As indicated in the Public Hearing Notice, 63% of total water costs come from fixed costs; while only 14% of the revenues come from fixed meter charges. For the purpose of this study, variable costs include water purchases, chemicals, and power. Fixed costs include debt

service payments, meter maintenance, customer service, distribution, etc. The City's Water Utility Fund is a lean operation. It has adjusted conservatively to the growing number of accounts, increased water restrictions, and on-going maintenance of its aging water infrastructure. Direct staffing has not changed since FY 2008-09. Staff has done its best to automate some of its operations such as automated meter reading and encouraging electronic payment processing.

Despite technological advancements, there are still a number of manual processes which are staff intensive such as routine maintenance checks, responses to water emergencies, physical customer service presence, leak detection services, etc. There are few processes that could possibly lower fixed costs in the long run such as real-time meter reading that could identify potential leaks and more advanced customer service portals but such improvements will require an initial capital outlay. Furthermore, the City has made big strides in stabilizing water rates by purchasing permanent water rights which provides lower per unit costs to help offset the increasing cost to purchase water.

All information and analysis of the proposed water rates represent the cost to deliver water services includes the required debt service coverage maintain adequate reserve levels, and adherence to the City's fiscal policy.

As mentioned in previous staff reports, initially, the first year (FY 2015-16), conservation rates included a 24% conservation rate with a 10% conservation rate being an option beginning July 1, 2016. However, the Governor has begun the process of recommending that the Emergency Drought Declaration be extended until October 16, 2016. Recently, the State Water Resource Control Board was prepared to recommend "some" relief to water users based on growth experienced and other external factors in those regions since 2013. The California Water Control Board is considering a credit for growth and climate factors that can lead to a decrease of not more than 4% for a water agency. Final numbers will not be released until after this public hearing.

Since June 2015, City of Brea has reduced its consumption on average by 22%. The City will continue to monitor the drought conditions and make the appropriate adjustments when the drought conditions have been lifted. Maintaining this flexibility allows the City to respond to the unpredictability of drought conditions and changes in State mandates. The Public Hearing

Notification also included a 2.5% revenue adjustment proposed for future years (July 1, 2016 and July 1, 2017) for both fixed and consumption rates.

The water consumption rates do not include any pass-through costs or price reductions that are generated as a result of an increased/decreased cost of wholesale water from either Cal Domestic or MWDOC

### **Table of Rates**

The Proposed Fixed Charges for FY 2015-16 through FY 2017-18 are as follows:

<b>Meter Size</b>	<b>Current Rate</b>	<b>FY 2015-16 with 14% Fixed Revenue</b>	<b>FY 2016-17 with 17% Fixed Revenue*</b>	<b>FY 2017-18 with 20% Fixed Revenue*</b>
5/8"	\$9.66	\$10.81	\$13.48	\$15.93
3/4"	\$9.66	\$10.81	\$13.48	\$15.93
1"	\$9.66	\$10.81	\$13.48	\$15.93
1 1/2"	\$42.99	\$34.66	\$46.54	\$59.28
2"	\$73.52	\$52.55	\$73.08	\$91.78
3"	\$160.77	\$109.20	\$153.96	\$194.72
4"	\$282.90	\$192.68	\$273.14	\$346.43
6"	\$631.81	\$392.45	\$558.35	\$709.45
8"	\$1,120.31	\$839.67	\$1,196.86	\$1,522.17
10"	\$1,748.38	\$1,257.09	\$1,792.82	\$2,280.70
12"	\$2,446.23	\$1,585.05	\$2,261.06	\$2,876.62

\* Rates are inclusive of the 2.5% revenue adjustment on July 1, 2016 and July 1, 2017.

The proposed water consumption charges for **Single Family Residences** (4-Tier Blended Supply with 24% Conservation) over the next 2-1/2 years are as follows:

Tier	Units	Current	FY 2015-16	FY 2016-17	FY 2017-18
			with 14% Fixed Revenue	with 17% Fixed Revenue*	with 20% Fixed Revenue*
1	1-10	\$2.79	\$3.17	\$3.13	\$3.10
2	11-20	\$3.92	\$4.21	\$4.12	\$4.04
3	21-30	\$4.99	\$5.63	\$5.46	\$5.34
4	31+	\$6.36	\$6.63	\$6.42	\$6.25

\*Rates are inclusive of the 2.5% revenue adjustment on July 1, 2016 and July 1, 2017 but exclusive of rate adjustments due to wholesale water costs.

The proposed **Non-Residential** Rates are as follows:

Class	Current	FY 2015-16	FY 2016-17	FY 2017-18
		with 14% Fixed Revenue	with 17% Fixed Revenue*	with 20% Fixed Revenue*
Multi-Family Residential	\$3.51	\$3.93	\$3.86	\$3.79
Non Residential	\$3.51	\$4.27	\$4.18	\$4.10
Greenbelt	\$3.51	\$4.70	\$4.58	\$4.49
Outside Brea	\$4.26	\$5.04	\$4.98	\$4.94
Brea Creek Golf Course**	\$1.71	\$2.39	\$2.36	\$2.33
Construction	\$5.27	\$6.57	\$6.37	\$6.19

\*Rates are inclusive of the 2.5% revenue adjustment on July 1, 2016 and July 1, 2017 but exclusive of rate adjustments due to wholesale water costs.

\*\*Non-potable well water.

### **ANTICIPATED WATER BILL INCREASE**

As anticipated, Brea's water customers will be paying slightly more

for water. Water rate increases are being realized throughout the State due to the current drought conditions. The below chart represents the expected increase to a customer's monthly TOTAL BILL at the applicable water consumption:

<b>Water Usage</b>	<b>FY 2015-16 Monthly Increase in Total Bill</b>	<b>FY 2016-17 Monthly Increase in Total Bill*</b>	<b>FY 2017-18 Monthly Increase in Total Bill*</b>
2 units	\$1.91	\$2.59	\$2.39
5 units	\$3.05	\$2.47	\$2.30
12 units (average)	\$5.53	\$2.09	\$1.99
16 units	\$6.69	\$1.73	\$1.67
25 units	\$11.05	\$0.52	\$0.75
45 units	\$18.30	\$-3.48	\$-2.40

\*Inclusive of the anticipated 2.5% revenue adjustment and adjustment of revenue from fixed charges but exclusive of rate adjustments due to wholesale water costs.

### **RECOMMENDATION**

Staff is recommending the following:

- FY 2015-16: 14% Revenue from Fixed Meter Charges + Applicable Water Consumption Charges.
- FY 2016-17: 17% Revenue from Fixed Meter Charges + Applicable Water Consumption Charges + 2.5% Revenue Adjustment for both Fixed Meter and Water Consumption Charges.
- FY 2017-18: 20% Revenue from Fixed Meter Charges + Applicable Water Consumption Charges + 2.5% Revenue Adjustment for both Fixed Meter and Water Consumption Charges.
- Implement the LifeLine Program Modifications as presented in the Public Hearing Notification (20% discount on fixed meter charges and water consumption at the first tier; a 10% discount on water consumption at the second tier; and a 5% discount at the third tier)

### **FISCAL IMPACT/SUMMARY**

This proposed rate structure incorporates a 24% conservation rate and the revenue generated through the conservation rates is expected to offset the revenue reduction due to lower sales. With the reduced consumption due to the current drought and mandated water use restrictions, the City's Water Utility Fund has been averaging \$150,000 less per month. The rates allow for the continuance of water service to Brea water users along with maintaining necessary operating and capital reserve fund levels.

**RESPECTFULLY SUBMITTED:**

William Gallardo, City Manager

Prepared by: Faith Madrazo, Revenue & Budget Manager

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**Attachments**

Resolution

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## **RESOLUTION NO.**

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BREA AMENDING CERTAIN WATER RATES, LIFELINE PROGRAM POLICIES, CHARGES AND REGULATIONS**

**A. RECITALS:**

(i) The City Council of the City of Brea, having amended the Code of the City of Brea by adopting Ordinance No. 763 on October 16, 1984, hereby amends the service charges established by Resolution Nos. 86-112, 89-3, 91-75, 93-66, 94-89, 95-95, 06-24, 09-22, 12-031, and 15-049 to bring the water rates into agreement with the City of Brea's policy of recovery of costs to operate the water utility and setting water rates accordingly to:

Pay for operations and maintenance of the water system, including salaries, wages, benefits, and the cost of all materials and supplies necessary for repairs, replacements and upgrades to the system; and

Pay interest charges and principal payments on all outstanding water loans and bonds as they become due; and

Provide reasonable cash reserves, and capital improvements funds to cover needed capital improvements and unforeseen expenses and emergencies; and

(ii) The City Council of the City of Brea finds it desirable to amend the rates, charges and regulations.

**B. RESOLUTION:**

**NOW, THEREFORE**, the City Council of the City of Brea does resolve as follows:

1. That the provisions of this resolution shall become effective on February 8, 2016, and supersedes Resolution No. 86-112, Resolution No. 89-3, Resolution No. 91-

75, Resolution No. 93-66, Resolution No. 94-89, Resolution No. 95-95, Resolution No. 06-24, Resolution No. 09-22, Resolution 12-031, Resolution 15-049, and all other previous resolutions, regulations, and executive orders in conflict herewith. This resolution will remain in effect until superseded.

2. That water rates, charges and regulations for water service shall be as hereinafter set out:

**I. FOR ALL WATER DELIVERED BY THE CITY OF BREA**

A. Fixed Charges

The fixed (“ready-to-serve”) charge recovers fixed costs associated with meter reading, meter maintenance, billing, collections and customer service. The fixed (“ready-to-serve”) charge is to be charged monthly on all meters for which service has been established, and is applied when water is first made available to the owner/occupant or occupant of the property served. The monthly fixed (“ready to serve”) charge includes the following components:

1. A billing and customer-service charge that is the same for all customers.
2. A meter charge that increases with the size of the water meter.

The fixed (“ready-to-serve”) charges are as follows:

<u>Meter Size</u>	<u>Fixed Charge</u>
5/8”, 3/4” & 1”	\$ 10.81
1-1/2”	34.66
2”	52.55
3”	109.20
4”	192.68
6”	392.45
8”	839.67
10”	1,257.09
12”	1,585.05

On July 1, 2016 the City will increase the percentage of revenue from monthly fixed (“ready to serve”) charges from 14% to 17%. Furthermore, on July 1, 2017 the City will further increase its percentage of revenue for fixed charged from 17% to 20%.

On July 1, 2016, the fixed (“ready-to-serve”) charges are as follows (inclusive of the revenue adjustment of 2.5% and the increase in revenue from fixed charges to 17%):

<u>Meter Size</u>	<u>Fixed Charge</u>
5/8”, 3/4” & 1”	\$ 13.48
1-1/2”	47.54
2”	73.08
3”	153.96
4”	273.14
6”	558.35
8”	1,196.86
10”	1,792.82
12”	2,261.06

On July 1, 2017, the fixed (“ready-to-serve”) charges are as follows (inclusive of the revenue adjustment of 2.5% and the increase in revenue from fixed charges to 20%):

<u>Meter Size</u>	<u>Fixed Charge</u>
5/8”, 3/4” & 1”	\$ 15.93
1-1/2”	59.28
2”	91.78
3”	194.72
4”	346.43
6”	709.45
8”	1,522.17
10”	2,280.70
12”	2,876.62

**II. FOR WATER DELIVERED IN AND USED WITHIN THE CITY LIMITS OF BREA**

**A. Single Family Residential (“SFR”) Water Service**

This service applies to water delivered to all residences within the City limits of Brea, whether condominiums, single family detached residences or multiple unit residential buildings that are individually metered. The SFR usage rate is billed monthly and is a four-tier inclining rate structure. The rate structure is as follows:

1 - 10 units	\$3.17 per 100 cubic feet (CCF)
11 - 20 units	\$4.21 per 100 cubic feet (CCF)
21 - 30 units	\$5.63 per 100 cubic feet (CCF)
Over 30 units	\$6.63 per 100 cubic feet (CCF)

As the revenue for fixed meter charges increases on July 1, 2016 and July 1, 2017, the revenue for commodity charge will decrease accordingly.

On July 1, 2016, the commodity rate structure is as follows (inclusive of the revenue adjustment of 2.5% but exclusive of any increases to wholesale water costs):

1 - 10 units	\$3.13 per 100 cubic feet (CCF)
11 - 20 units	\$4.12 per 100 cubic feet (CCF)
21 - 30 units	\$5.46 per 100 cubic feet (CCF)
Over 30 units	\$6.42 per 100 cubic feet (CCF)

On July 1, 2017, the commodity rate structure is as follows (inclusive of the revenue adjustment of 2.5% but exclusive of any increases to wholesale water costs):

1 - 10 units	\$3.10 per 100 cubic feet (CCF)
11 - 20 units	\$4.04 per 100 cubic feet (CCF)
21 - 30 units	\$5.34 per 100 cubic feet (CCF)
Over 30 units	\$6.25 per 100 cubic feet (CCF)

B. LifeLine Rates

Water utility customers that provide information to the satisfaction of the Administrative Services Director showing proof of low income eligibility from Southern California Edison Company or Southern Californian Gas Company, or their successors, will be eligible for a discount of 20% on the fixed (“ready-to-serve”) charges and the first tier of the four-tier inclining rate structure. Qualified customers will also be eligible for a discount of 10% on the second tier and 5% of the third tier of the four-tier inclining rate structure. There is no discount offered at the fourth tier. This is a change to the existing LifeLine Program whereas qualified customers receive a 20% discount to the fixed charges and first two tiers of the four-tier inclining rate structure. The SFR usage rate for Lifeline customers is as follows:

1 - 10 units	\$2.54 per 100 cubic feet (CCF)
11 - 20 units	\$3.79 per 100 cubic feet (CCF)
21 - 30 units	\$5.35 per 100 cubic feet (CCF)
Over 30 units	\$6.63 per 100 cubic feet (CCF)

LifeLine rates will adjust accordingly on July 1, 2016 and July 1, 2017 based on the revenue adjustments of 2.5% per year and the increase of revenue from fixed charges. Future LifeLine rate increases will include increases to wholesale water costs.

The subsidies provided to these qualified customers are not absorbed by the Water Utility Fund (420). The Affordable Housing Trust Fund (270) will annually transfer enough funding to cover the costs of this program.

C. Multi-Family Water Service

This service applies to customers in the classifications of multi-family residential.

The Multi-Family rate is billed monthly and the rate structure is as follows:

\$3.93 per 100 cubic feet (CCF)

Multi-Family rates will adjust accordingly on July 1, 2016 and July 1, 2017 based on the revenue adjustments of 2.5% per year and the increase of revenue from fixed charges. Future Multi-Family rate adjustments will include increases to wholesale water costs.

D. Non-Residential ("NR") Water Service

This service applies to customers in the commercial, industrial, and no other classified customer classes. The Non-Residential "NR" rate is billed monthly and the rate structure is as follows:

\$4.27 per 100 cubic feet (CCF)

Non-Residential rates will adjust accordingly on July 1, 2016 and July 1, 2017 based on the revenue adjustments of 2.5% per year and the increase of revenue from fixed charges. Future Non-Residential rate adjustments will include increases to wholesale water costs.

E. Irrigation/Greenbelt Areas

This service applies to common greenbelt areas serving multiple residential, commercial and industrial units.

The Irrigation/Greenbelt rate is billed monthly and the rate structure is as follows:

\$4.70 per 100 cubic feet (CCF)

Irrigation/Greenbelt rates will adjust accordingly on July 1, 2016 and July 1, 2017 based on the revenue adjustments of 2.5% per year and the increase of revenue from fixed charges. Future Irrigation/Greenbelt adjustments will include increases to wholesale water costs.

F. Golf Course Irrigation

This water service applies to all golf courses within the city limits of Brea. The rate shall be the "NR" rate. The only exception is the City owned Municipal Golf Course "Brea Creek" which is established under separate water rate contract at this time.

G. Construction Water (Temporary Service)

Construction water service shall be defined as water used for any aspect of construction, including, but not limited to, grading purposes and testing water systems, during the construction period.

1. Metered Construction Water

This service applies to temporary water service delivered by the City. A deposit is required at the time of the service request. Meter service charges are monthly charges and may be prorated on opening and closing bills.

<u>Deposit</u>	<u>Charge Per Month</u>	<u>Rate per 100 Cubic Feet</u>
\$1,500.00	\$70.00	\$6.57

Construction rates will adjust accordingly on July 1, 2016 and July 1, 2017 based on the revenue adjustments of 2.5% per year and the increase of revenue from

fixed charges. Future Construction rate adjustments will include increases to wholesale water costs.

2. Unauthorized Use of Construction Water

Any unauthorized use of City water from fire hydrants or other City facilities will be estimated by the City as to usage and invoiced at three (3) times the rates as specified in paragraph II F-1 above.

3. Use of City Equipment

This service applies to the use of an “Eddy Valve.” An “Eddy Valve” must be attached to the temporary construction meter for the purpose of opening and closing the water at City fire hydrants. The use of this valve prevents “water hammer” to the City’s water mains. The customer may elect to use an “Eddy Valve” provided by the City. The service charges are monthly charges and are prorated on opening and closing bills.

<u>Deposit</u>	<u>Charge Per Month</u>
\$400.00	\$60.00

H. Service to Governmental Agencies

1. Service to the City of Brea

Water used by the City of Brea for City parks and other facilities, whenever possible, shall be metered.

2. Other Governmental Agencies



2"	\$ 5.55
3"	7.92
4"	12.00
6"	26.64
8"	51.88
10"	89.84
12"	142.48

Fire Service Charges will adjust accordingly on July 1, 2016 and July 1, 2017 based on the revenue adjustments of 2.5% per year. There is no charge for water used in actual firefighting.

Fire service connections are to be utilized for firefighting purposes and for required testing of the fire protection system. If a fire service connection is found to be using three units (3 CCF's) or more per month, a penalty fee of \$250.00 will apply.

### **III. WATER USED OUTSIDE CITY LIMITS**

This service applies to water used entirely outside Brea City limits, regardless of point of delivery and all water delivered outside Brea, regardless of point of usage. Water delivered within the Brea city limits for use partially outside the Brea city limits, by the same user, shall also be subject to these rates. The rate structure for water used outside city limits rate structure is as follows:

\$5.04 per 100 cubic feet (CCF) and,

Fixed ("ready-to-serve") charges applicable by meter size plus 25%

### **IV. CONNECTION CHARGES, COSTS AND REIMBURSEMENTS**

#### **A. Connection Charges**

Connection charges are in addition to all other charges specified herein. These connection charges are buy-in fee's used to recover the cost of the existing water system capacity including reservoir storage and delivery system. Connection charges are not refundable and they are established for residential, commercial and industrial service.

The connection fee is as follows:

1" or smaller	\$2,856.00
2"	\$9,309.00

Connection fees for high usage (greater than 2") residential, commercial, and industrial developments to be determined on individually projected usage based on equivalent 1" meter calculations.

Connection charges are applicable to all new construction, with the charge payable at the time the building permit is issued by the City. Where a single meter is to serve more than one water user (residential, commercial or industrial) an additional \$1,250.00 per unit shall be added to the connection fee. This shall apply to each dwelling unit, apartment, mobile home or trailer space, or commercial or industrial water user to be served from the same meter whether constructed at the same time or added on to the existing property.

B. Connection Fees for Developers

A reduced connection fee will be given to developers who construct their own water distribution systems. This reduction is based on the distribution lines that are constructed by the developer.

The connection fee for developers is as follows: \$2,086.00

Where a single meter is to serve more than one water user (residential, commercial or industrial) an additional \$1,043.00 per unit shall be added to the connection fee. This shall apply to each dwelling unit, apartment, mobile home or trailer space, or commercial or industrial water user to be served from the same meter whether constructed at the same time or added on to the existing property.

The determination if the developer falls into this rate category will solely be made by the City Engineer.

C. Fire Services Connection Fee

Fire service connection fees are buy-in fees used to recover the cost of existing reservoir storage and water system capacity for private fire systems.

The connection fee for fire service connections is as follows:

4" Connection	\$3,648.00
6" Connection	\$5,108.00
8" Connection	\$6,641.00
10" Connection	\$9,564.00
12" Connection	\$9,564.00

**V. CUSTOMER DEPOSITS**

Payment of a deposit, as outlined in the following schedule, or some other means of securing credit established by the Administrative Services Director will be required under the following conditions:

- A. At the time of meter installation; or
- B. When a meter is turned on under the name of a new water user, regardless of property ownership.

If a water user has had service discontinued for failure to pay, the water user shall be required to make a deposit at the Renter or Lessee deposit rate in accordance with the following schedule:

<u>Meter Size</u>	<u>Owner Deposit</u>	<u>Renter or Lessee Deposit</u>
5/8", 3/4", & 1"	\$ 75.00	\$ 150.00
1-1/2" & 2"	\$ 90.00	\$ 180.00
3" & larger	\$100.00	\$ 200.00

The deposit will be refunded in all cases by means of a credit to their bill, if the customer makes twelve (12) consecutive payments, with no record of delinquency or when a customer closes the account.

## **VI. WATER SERVICE CHARGES**

### **A. Delinquent Service Charges ("Late Fees")**

All water bills shall become due and payable on the 20th of the month, provided the water bills are mailed the last working day of the prior month. Upon failure of the water user to pay the water bill in full on the 20th day of the month, the bill shall be deemed delinquent and a delinquent service charge ("late fee") shall be added

to the bill. Delinquent service charges (“late fees”) are applied to cover the City’s costs caused by such delinquencies. The charges are as follows:

10% of Outstanding Balance \$10.00 and over

Minimum Delinquent Service Charge	\$ 1.00
Maximum Delinquent Service Charge	\$25.00

B. Returned Item Charge

A service charge will be made whenever a check, automated clearing house (“ACH”) or other electronic debit is returned by the bank, whether it is for insufficient funds or any other reason. Returned item charges are applied to cover the City’s administrative service costs. The returned item charge does not exceed the administrative cost incurred.

Returned Item Charge                      up to \$35.00

C. Meter Re-Reads and Efficiency Checks

A service charge will be made whenever a customer requests that their meter be re-read or checked for efficiency. If the City is in error due to the meter read being incorrect, the water billing will be adjusted, and the service charge will be refunded. Meter re-read and efficiency check service charges are applied to cover the City’s administrative service costs. The cost of meter re-read efficiency checks do not exceed the administrative cost incurred. This charge may be waived at the discretion of the Administrative Services Director or his/her designee.

Meter re-read/efficiency check charge                      \$30.00

D. Discontinued Services and Turn On Charges

Upon failure of a water user to pay the bill in full no later than sixteen (16) days following date of delinquency, the City may, after complying with the State law on discontinuance of utility service for non-payment, discontinue the water service and shall not again furnish water service to such a user until all previous water charges, delinquent service charges, customer deposit, and disconnection/reconnection service charges are paid in full. The disconnection/reconnection service charge shall apply whenever water service is discontinued for non-payment. The disconnection or reconnection service charges are applied to cover the City's administrative service costs. The disconnection/reconnection service charges do not exceed the administrative cost incurred.

Disconnection/Reconnection Charges during normal working hours of the water utility billing administrative offices:

First occurrence during 12 consecutive Months	\$30.00
Second Occurrence during 12 consecutive Months	\$40.00
Third Occurrence during 12 consecutive Months	\$60.00

E. After Hours

Any service outside of normal working hours which requires an employee or a contractor of the City to provide service to the benefit of the water customer:

\$90.00

F. Hang Tag Charges

A service charge will be made whenever a customer's account has been determined to be delinquent (greater than 45 days past due) that a water shut-off notice must be hand delivered to the service address. Hang tag charges are applied to cover the City's administrative service costs. The hang tag service charge does not exceed the administrative cost incurred.

Hang Tag Charge:                    \$20.00

G.     Miscellaneous Charges

From time to time miscellaneous services are provided to water customers. The miscellaneous charges are applied to cover the City's administrative service costs. The miscellaneous service charges do not exceed the administrative cost incurred.

<u>Water Service</u>	<u>Administrative Charge</u>
New Account/Application Fee	\$ 20.00
Cut Lock/Broken Lock/Missing Lock	\$ 30.00
Past Due Notice	\$ 10.00
Security Deposit for Delinquent Account	\$ 150.00
Meter Abandonment	\$ 100.00
Monthly Maintenance Fee for Accounts with Backflow Devices	\$ 7.00
Intentional Damage to Meter	\$ 100.00
Broken Angle Stop	\$ 30.00
Broken or Missing Meter Register	\$ 35.00
Unauthorized turn-on or turn-off Meter Register	\$ 30.00
Unauthorized Use of Hydrant for Filling Water Truck – Per Occurrence	\$ 200.00

**VII. ADJUSTMENT OF FUTURE RATES**

A.     Water Usage Rates

For a period of five (5) years commencing on July 1, 2015 there shall be an automatic adjustment of the Utility's water rate schedule commodity charges per 100 Cubic Feet whenever the cost per acre foot of water is increased or decreased in reference to the average base year cost due to changes in the cost of water obtained from Municipal Water District of Orange County, Metropolitan Water District of Southern California, or California Domestic Water Company. For purposes of this Resolution, the base year is fiscal year 2015-16.

The adjusted rates resulting from any such change in the cost of wholesale water shall be calculated by the Administrative Services Director and shall be implemented as soon as practical provided that at least 30 days' written notice is given to the affected customers.

The water usage rates in effect on July 1, 2016 shall increase 2.5% and in effect on July 1, 2017 shall increase 2.5%.

B. Fixed Charges and Fire Service Charges

The fixed ("ready to serve") charge and fire services charges contained in this water rate resolution effect on July 1, 2016 shall increase 2.5 and in effect on July 1, 2017 shall increase 2.5%.

C. Water Connection Charges

Any subsequent water connection rate increases are to be effective July 1st of each succeeding year shall be automatically adjusted annually and without further action of the City Council to account for inflation. The adjustment shall be based on the Engineering News Record (ENR) 20-City Construction Cost Index (CCI) for

the twelve (12) months ending January of the current year. The amount of the water connection fee will be based on the date of the actual payment of the fee.

For purposes of this Resolution, the base year is July 1, 2015.

**APPROVED AND ADOPTED** this \_\_\_\_\_ day of \_\_\_\_\_, 2016

\_\_\_\_\_  
Mayor

ATTEST: \_\_\_\_\_  
City Clerk

I Lillian Harris-Neal, City Clerk of the City of Brea, do hereby certify that the foregoing Resolution was introduced at a regular meeting of the City Council of the City of Brea, held on February 2, 2016, and was finally passed at the regular meeting of the City Council of the City of Brea on the 2nd day of February 2016, by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAINED: COUNCIL MEMBERS:

DATED: \_\_\_\_\_

\_\_\_\_\_  
City Clerk