



GAIL FARBER, Director

COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

900 SOUTH FREMONT AVENUE
ALHAMBRA, CALIFORNIA 91803-1331
Telephone: (626) 458-5100
<http://dpw.lacounty.gov>

ADDRESS ALL CORRESPONDENCE TO:
P.O. BOX 1460
ALHAMBRA, CALIFORNIA 91802-1460

IN REPLY PLEASE

REFER TO FILE:

WW-3

November 24, 2009

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles CA 90012

Dear Supervisors:

**AUTOMATIC ANNUAL RATE ADJUSTMENTS FOR A FIVE-YEAR PERIOD
FOR THE LOS ANGELES COUNTY WATERWORKS DISTRICTS AND
MARINA DEL REY WATER SYSTEM
(SUPERVISORIAL DISTRICTS 3, 4, AND 5)
(3 VOTES)**

SUBJECT

This action authorizes the Director of Public Works or her designee to adjust the water rates annually over a five-year period to pass through cost increases due to inflation and/or the cost of purchasing water from the wholesale water agency for the Los Angeles County Waterworks Districts and Marina del Rey Water System.

IT IS RECOMMENDED THAT YOUR BOARD, AFTER THE PUBLIC HEARING, ACTING AS THE GOVERNING BODY OF THE LOS ANGELES COUNTY WATERWORKS DISTRICTS AND MARINA DEL REY WATER SYSTEM:

1. Find that the purpose of adjustments to the water rates shown in the Rules and Regulations of the Los Angeles County Waterworks Districts and Marina del Rey Water System are to meet the operating expenses necessary to maintain service within existing service areas and, therefore, are statutorily exempt from the California Environmental Quality Act.
2. Adopt the resolution to adjust the water rates annually over a five-year period to pass through cost increases due to inflation and/or the cost of purchasing water from the wholesale water agency for the Los Angeles County Waterworks Districts and Marina del Rey Water System.

3. Authorize the Director of Public Works or her designee to amend the Rules and Regulations of the Los Angeles County Waterworks Districts and Marina del Rey Water System to adjust the water rates annually over a five-year period to offset cost increases due to inflation and/or the cost of purchasing water from the wholesale water agency for the Los Angeles County Waterworks Districts and Marina del Rey Water System.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On September 30, 2008, Governor Arnold Schwarzenegger approved legislation that, over a five-year period, allows an agency providing water service to make automatic water rate adjustments for pass through costs due to increases in wholesale water charges or due to inflation. The law requires that a notice be sent to the customers informing them of each rate adjustment no less than 30 days before the effective date of the adjustment. Compliance with this new law will provide a cost savings to the Los Angeles County Waterworks Districts and Marina del Rey Water System (Waterworks Districts).

Currently, the Rules and Regulations of the Los Angeles County Waterworks Districts and Marina del Rey Water System (Rules and Regulations) allow the Waterworks Districts to annually review water rates and make a recommendation to your Board for an adjustment. The new State law will replace this existing authority.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs the provision of Operational Effectiveness (Goal 1) and Community and Municipal Services (Goal 3) by providing sufficient funds to offset increases in wholesale water charges and inflation to maintain reliable delivery of water service to County residents within the Waterworks Districts and Marina del Rey Water System.

FISCAL IMPACT/FINANCING

There will be no impact to the County General Fund.

The current cost to notify the Waterworks Districts' customers of the water rate adjustments is estimated to be \$40,000 annually and will continue during the five years contemplated by this action. However, approximately \$100,000 savings over five years will result from this action by consolidating the annual public hearings into one public hearing every five years. The cost of the notices will be paid from all the Waterworks

Districts' General Funds. The rate adjustments will become effective January 1 of each calendar year for five years, beginning January 1, 2010.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Your Board is authorized to increase the water rates, surcharges, and water supply charges pursuant to Section 55501 of the County Waterworks District Law, Water Code Sections 65000, et. seq. Adoption of this resolution (Enclosure A) will allow periodic revisions to the Waterworks Districts' Rules and Regulations adopted pursuant to Section 55333 of the Waterworks Districts' Law.

Section 53756 of the California Government Code states that "An agency providing water, sewer, or refuse collection service may adopt a schedule of fees or charges authorizing automatic adjustments that pass through increases in wholesale charges for water or adjustments for inflation..." In order to do this, the Waterworks Districts must adopt a clearly defined formula for adjusting for inflation and for passing through wholesale charges for water. A notice of any adjustment will be given pursuant to Subdivision (a) of Section 53755 of the Government Code within 30 days before the effective date of the adjustment.

Consistent with the requirements of Section 66016 of the Government Code, the actions described herein may only be ordered after a public hearing. Sections 66018 and 6062a of the Government Code also require that a notice of hearing be mailed to all interested parties who file a written request for such and that a notice of the time and place of the hearing (Enclosure B) be published two times in a newspaper of general circulation within a ten-day period with at least five intervening days. Enclosed are the instructions for publishing the legal advertisements (Enclosure C) and the newspaper notice (Enclosure D). County Counsel has reviewed and approved the proposed resolution and Notice of Hearing as to form.

ENVIRONMENTAL DOCUMENTATION

These actions and the resolution, amending the Waterworks Districts' Rules and Regulations, are to fund operating expenses and are, therefore, exempt from the California Environmental Quality Act pursuant to Section 21080(b)(8) of the Public Resources Code and Section 15273(a) of the State of California Environmental Quality Act Guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no impact on current County services or projects as a result of this action.

The Honorable Board of Supervisors
November 24, 2009
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CONCLUSION

Upon approval, please return one adopted copy of this letter and the resolution to the Department of Public Works, Waterworks Division.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Gail Farber', with a long horizontal flourish extending to the right.

GAIL FARBER
Director of Public Works

GF:AA:ea

Enclosure (4)

c: Chief Executive Office (Lari Sheehan)
County Counsel
Executive Office

ENCLOSURE A

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, CALIFORNIA, AUTHORIZING THE DIRECTOR OF PUBLIC WORKS OR HER DESIGNEE TO ADJUST THE WATER RATES ANNUALLY OVER A FIVE-YEAR PERIOD FOR THE LOS ANGELES COUNTY WATERWORKS DISTRICTS AND MARINA DEL REY WATER SYSTEM

WHEREAS, the Los Angeles County Waterworks Districts and Marina del Rey Water System (hereinafter referred to as DISTRICTS) provide potable water service to customers located within the Cities of Malibu, Lancaster, and Palmdale and within the unincorporated communities of Kagel Canyon, Marina del Rey, Topanga Canyon, Castaic, Acton, Pearblossom, Littlerock, Rock Creek, and Lake Los Angeles; and

WHEREAS, Section 53756 of the California Government states that "An agency providing water, sewer, or refuse collection service may adopt a schedule of fees or charges authorizing automatic adjustments that pass through increases in wholesale charges for water or adjustments for inflation..."; and

WHEREAS, Section 53756 of the California Government Code indicates that to pass through these inflationary costs increases, the agency must adopt a clearly defined formula for adjusting for inflation and for passing through wholesale charges for water; and

WHEREAS, the DISTRICTS will use the inflation rate as determined by the United States Department of Labor, Bureau of Labor Statistics for the Los Angeles – Riverside – Orange County area; and

WHEREAS, Section 53756 of the California Government Code also requires the water agency to send notices to its customers informing them of each rate adjustment no less than thirty (30) days before the effective date of each water rate adjustment; and

WHEREAS, the DISTRICTS purchase wholesale water from water wholesalers as needed; and

WHEREAS, the DISTRICTS' retail price of water is dependent, in part, upon the DISTRICTS' cost of the purchase of wholesale water; and

WHEREAS, the DISTRICTS' expenditures are affected by inflation in the form of increases to labor, power, materials, equipment, service, and leasing contract costs; and

WHEREAS, it is the intent of the DISTRICTS to pass through wholesale water charge increases and inflation increases during a five (5)-year period.

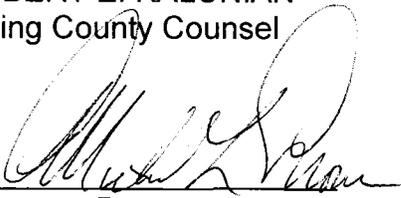
The foregoing Resolution was on the _____ day of _____, 2009, adopted by the Board of Supervisors of the County of Los Angeles as the governing body of the Los Angeles County Waterworks Districts and Marina del Rey Water System.

SACHI A. HAMAI
Executive Officer of the
Board of Supervisors of the
County of Los Angeles

By _____
Deputy

APPROVED AS TO FORM:

ROBERT E. KALUNIAN
Acting County Counsel

By 
Deputy

ENCLOSURE B

NOTICE OF PUBLIC HEARING FOR CHANGES IN THE NOTIFICATION FOR PASS-THROUGH ANNUAL ADJUSTMENTS IN WATER RATES AND FEES OVER A FIVE-YEAR PERIOD

LOS ANGELES COUNTY WATERWORKS DISTRICTS AND MARINA DEL REY WATER SYSTEM

This notice is to inform you of recent changes to the California Government Code authorizing retail water utilities to adjust customer water rates and fees once a year over a five-year period to pass through increases in wholesale water charges and to adjust for inflation only. This law reduces costs by streamlining the process for adjusting rates when the adjustment is due to wholesale water charges or inflation, potentially saving the Los Angeles County Waterworks Districts and Marina del Rey Water System (Districts) and their customers nearly \$100,000 over a five-year period. Customers will receive written notification no less than 30 days before the effective date of each annual adjustment informing them of the adjustment amount.

The table below shows an example of typical adjustments to water bill amounts based on average monthly consumption, assuming a 3 percent increase in inflation for each year of the five-year period. This table is for illustration purposes only and future actual rates may differ depending on changes in wholesale water charges, actual inflation rates, or different levels of water use. The Districts will use the inflation rate as determined by the United States Department of Labor, Bureau of Labor Statistics for the Los Angeles – Riverside – Orange County areas.

This Table is for Illustration Purposes Only

Water District	Current Monthly Bill for Average Water Use		1st Year Adjustment (est. 3% inflation)		Average Monthly Bill after 5 yrs. (3% / yr.)	
	3/4" meter	1" meter	3/4" meter	1" meter	3/4" meter	1" meter
21, Kagel Canyon	\$74.94	\$95.11	\$2.25	\$2.85	\$86.87	\$110.26
29, Malibu	\$96.41	\$165.98	\$2.89	\$4.98	\$111.77	\$192.42
36, Val Verde	\$43.47	\$113.50	\$1.30	\$3.40	\$50.40	\$131.57
37, Acton	\$52.60	\$60.90	\$1.58	\$1.83	\$60.98	\$70.60
40, Antelope Valley	\$42.81	\$60.63	\$1.28	\$1.82	\$49.63	\$70.29
	All meters		All meters		All meters	
Marina del Rey	\$744.73		\$22.34		\$863.35	

The Los Angeles County Board of Supervisors has scheduled a public hearing to consider any protests on this matter for **November 24, 2009, at 9:30 a.m.**, in the Hearing Room of the Board of Supervisors, Room 381, Kenneth Hahn Hall of Administration, 500 West Temple Street (corner of Temple Street and Grand Avenue), Los Angeles, California 90012. If written protests against this matter are presented by a majority of the owners of parcels receiving service, the Districts will not impose the annual adjustments automatically, but will hold a public meeting each year at a cost of approximately \$25,000 per year. Notice of the public hearing will be published in a local newspaper during the two weeks preceding the date of the hearing. Written comments must be received prior to the conclusion of the above public hearing. Send written comments to the Los Angeles County Department of Public Works, Waterworks Division, 900 South Fremont Avenue, Alhambra, California 91803-1331.



Upon 72 hours notice, the Districts can provide program information and publication in alternate formats or make other accommodations for people with disabilities. In addition, program documents are available at our main office in Alhambra (900 South Fremont Avenue), which is accessible to individuals with disabilities. To request accommodations ONLY, or for more ADA information, please contact our ADA Coordinator at (626) 458-4081 or TDD (626) 282-7829, Monday through Thursday, from 7 a.m. to 5:30 p.m.

Si no entiende está noticia ó si necesita mas información, favor de llamar al numero (626) 300-3314.

INSTRUCTION SHEET FOR PUBLISHING
LEGAL ADVERTISEMENTS

TO: Executive Officer
Board of Supervisors
County of Los Angeles

FROM: Department of Public Works
Waterworks Division

**NOTICE OF HEARING
PROPOSED WATER RATE INCREASE FOR
CHANGES IN THE NOTIFICATION FOR PASS-THROUGH ANNUAL ADJUSTMENTS
IN WATER RATES AND FEES OVER A FIVE-YEAR PERIOD**

Publishing

The Executive Officer of the Board of Supervisors shall cause notice of the public hearing, in the form and manner specified in Sections 66016 and 6062a of the Government Code, to be published once a week for two consecutive weeks in the *Antelope Valley Press, Santa Clarita Signal, Topanga Messenger, The Argonaut, Malibu Surfside News, The Malibu Times, Acton/Agua Dulce News, Lake Los Angeles News, and LA Times* (local newspapers published and circulated in areas served by the Los Angeles County Waterworks Districts and Marina del Rey Water System), which is hereby designated for that purpose, such publication to be completed not less than ten days prior to the date of said hearing.

Forward five reprints of the attached advertisement to the County of Los Angeles Department of Public Works, Waterworks Division, Post Office Box 1460, Alhambra, California 91802-1460.

Should there be any questions regarding this matter, please contact Greg Even of this office at (626) 300-3331, Monday through Thursday, 7 a.m. to 5:15 p.m.

GE:dvt

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Attach.

**NOTICE OF PUBLIC HEARING FOR
CHANGES IN THE NOTIFICATION FOR PASS-THROUGH
ANNUAL ADJUSTMENTS IN WATER RATES AND FEES
OVER A FIVE-YEAR PERIOD
LOS ANGELES COUNTY WATERWORKS DISTRICTS AND
MARINA DEL REY WATER SYSTEM**

The Los Angeles County Board of Supervisors will hold a public hearing on November 24, 2009, at 9:30 a.m., in the Hearing Room of the Board of Supervisors, Room 381, Kenneth Hahn Hall of Administration, 500 West Temple Street (corner of Temple Street and Grand Avenue), Los Angeles, California 90012, in the matter of authorizing the Los Angeles County Waterworks Districts and Marina del Rey Water System to automatically adjust the water rates over a five-year period to pass through increases in wholesale water charges and to adjust for inflation.

Recent changes to the California Government Code allow retail water utilities to make these adjustments automatically without holding an annual public hearing, thereby reducing the costs by streamlining the process for adjusting rates when the adjustment is due to wholesale water charges or inflation only. This streamlining will potentially save the Los Angeles County Waterworks Districts and Marina del Rey Water System (Districts) and their customers nearly \$100,000 over a five-year period. Customers will receive written notification no less than 30 days before the effective date of each annual adjustment informing them of the adjustment amount.

The Board of Supervisors will consider and may approve these actions as recommended by Director of Public Works. For information on water rate schedules for specific service areas or for any other information regarding this matter, please call (626) 300-3331.

Para mas informacion en relacion a esta noticia, favor de llamar al numero (626) 300-3314. Nuestra horas de oficina son de 7:a.m. a 5:45 p.m., de lunes a jueves.