

Council Meeting
December 14, 2010

SUPPLEMENTAL # 2

Honorable Mayor and Members
Of the City Council
City Hall
Torrance, California

Members of the City Council;

SUBJECT: Supplemental Material to Agenda Item 12A

Based on legal advise from an attorney retained by the City to advise on Proposition 218 matters, there have been some minor technical changes incorporated into both the into the Public Hearing Notice and Exhibit "A" to the Council Resolution setting Proposition 218 requirements. The changes are to provide additional clarification to the public regarding the Proposition 218 notification process and these changes been vetted through the City Attorney's office.

Respectfully submitted,



Robert J. Beste
Public Works Director

CONCUR:


LeRoy J. Jackson
City Manager

Attachments: A. Revised Public Hearing Notice Package
B. Resolution with revised Exhibit "A"

PUBLIC NOTICE

PUBLIC HEARING FEBRUARY 15, 2011

The City of Torrance Public Works Department is proposing annual increases to the Torrance Municipal Water rates over the next 5 years as a means to offset operating cost increases, to fund needed water system infrastructure replacements, to implement new regulatory mandates, to stabilize long-term water rates, and to develop new local water resources to replace high cost imported water supplies. The proposed increase in water rates will also help improve the reliability of the community's water supply.

The rate proposal applies only to the area within the city served by Torrance Municipal Water. To meet new State mandated water usage reduction targets for urban areas, the current rate structure will be converted to a conservation-based tiered schedule to encourage conservation. Please visit www.TorranceCA.Gov/PublicWorks to determine your increase based on your individual usage.

The last internal increase to Torrance Municipal water rates was in 1995. Since then, the only increases have been automatic pass through adjustments to compensate for the higher water costs charged by our wholesale water suppliers. Torrance Municipal Water (TMW) imposes its rates to cover TMW's actual costs of providing high quality water service to its customers. The rates have been calculated so that each customer pays for the cost of service to their account. TMW rates are not used to fund costs unassociated with water service. Even with the proposed adjustments, TMW water rates are expected to remain among the lowest in the area.

This proposed series of annual increases to internal Torrance Municipal Water service area rates over the 5 year period of 2011 through 2015 as follows: Overall system average internal increase of 6.5% in 2011 and 6.5% in 2012, with subsequent annual overall internal increases in 2013, 2014 and 2015 by the change in the Consumer Price Index (CPI) for the Los Angeles/Riverside/Orange County Area. Rates will also continue to be adjusted during this period by a pass through mechanism to recover higher wholesale water costs. The pass through method will be revised according to the water rate model. Please submit any comments about this increase in writing before the completion of the Public Hearing. For more information on submitting comments, contact the City's Clerk's Office at 310-618-2870.

Questions or comments may be directed to the Public Works Department at (310) 781-6900 or publicworkinfo@TorranceCA.gov. Please visit www.TorranceCA.Gov/PublicWorks for additional information.

City Council

Frank Scotto, Mayor	
Gene Barnett	Cliff Numark
Tom Brewer	Susan M. Rhilinger
Pat Furey	Bill Sutherland

CITY CLERK
Sue Herbers
CITY TREASURER
Dana Cortez



City of Torrance
Public Works Department
20500 Madrona Avenue
Torrance, California 90503-2970
Robert J. Beste
Public Works Director

**Proposed Torrance Municipal Water Rate and Service Charge Schedule
Proposed 2011 Rates (to be effective March 1, 2011)**

Quantity Usage (Commodity) Conservation Tiered Rate Schedule

		Monthly usage block (ccf*)	Internal rates \$/ccf	Pass through adjustment \$/ccf	Total proposed commodity rate \$/ccf
Single family residential (SFR)	Tier 1	First 8 ccf	\$2.33	\$0.12	\$2.45
	Tier 2	9-14 ccf	\$2.92	\$0.12	\$3.04
	Tier 3	15-24 ccf	\$3.64	\$0.12	\$3.76
	Tier 4	25 ccf and over	\$4.52	\$0.12	\$4.64
*ccf = 100 cubic feet/Billing Unit					
All other customers (a)	Tier 1	First 10 ccf	\$2.33	\$0.12	\$2.45
	Tier 2	11 ccf and over	\$2.97	\$0.12	\$3.09
Low income senior and disabled	Tier 1	First 8 ccf	\$1.97	\$0.12	\$2.09
	Tier 2	9-14 ccf	\$2.56	\$0.12	\$2.68
	Tier 3	15-24 ccf	\$3.28	\$0.12	\$3.40
	Tier 4	25 ccf and over	\$4.16	\$0.12	\$4.28

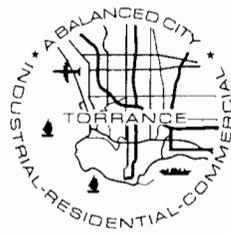
(a) Excludes contractual rates

Monthly Meter Service Charge (Readiness to Serve) Rate Schedule	
Meter Size	Proposed charge per month
3/4"	\$5.25
1"	\$7.10
1 1/2"	\$11.73
2"	\$17.29
3"	\$34.89
4"	\$60.82
6"	\$132.12
8"	\$224.73
10"	\$354.38
12"	\$465.51
14"	\$697.02

Monthly Private Fire Protection (Fireline Service Charge)	
Fire meter size	Proposed charge per month
2"	\$5.06
3"	\$10.01
4"	\$18.53
6"	\$49.14
8"	\$101.92
10"	\$181.31
12"	\$291.35

Rates 2012 through 2015: The rates shown above will automatically adjust effective January 1 each year from 2012 through 2015. Each amount shown above will increase by 6.5% in 2012, and by the change in the consumer price index for all urban consumers for the Los Angeles/Riverside/Orange County Area for each year 2013 through 2015. Additionally, a portion of the commodity charge for each hundred cubic feet (ccf) of water is designated as a "pass through charge" for water purchased by Torrance Municipal Water (TMW) from sources with variable rates. This portion of the commodity charge will be adjusted annually to reflect the actual costs of such purchased water. All these adjustments will occur automatically without a hearing.

Note: Each customer pays a monthly base charge and a variable charge. The base charge, also known as a "meter service charge" or "readiness to serve charge", is calculated based on the customer's meter size. The variable charge, also known as "quantity usage charge" or "commodity charge", is calculated based on the quantity of water consumed during the latest meter reading period. Customers are billed for water consumption in ccf. Each ccf (also known as a billing unit) equals approximately 748 gallons. Most customers, except for the largest customers, are billed every two months.



Notice of Public Hearing Regarding the Proposed Increases to Internal Torrance Municipal Water Rates

During the regularly scheduled meeting of the City Council on **February 15, 2011 at 7:00 p.m.**, the City Council will hold a Public Hearing in the City Council Chambers located at 3031 Torrance Blvd., Torrance, to discuss the proposed increases to internal Torrance Municipal Water (TMW) Rates over the five year period of 2011 through 2015. In addition, rates will also be adjusted during this period by a revised pass through mechanism according to the water rate model to recover higher wholesale water costs levied by water suppliers to the municipal service area. Torrance Municipal Water provides water service to approximately 80% of the City.

The City Council is considering increases to Torrance Municipal water rates for the next five year period of 2011 through 2015. This is your opportunity to file a protest to this potential action. If protests, by 50% plus one of the customer accounts served by Torrance Municipal Water, are received by the City Clerk by the end of the Public Hearing, the water rate increases cannot be adopted. At the City Council meeting held on December 14, 2010, the City Council approved noticing for the proposed rate increases to be considered for approval at the Public Hearing mentioned above.

Questions or comments may be directed to the Public Works Department at (310) 781-6900 or publicworkinfo@TorranceCA.gov. Please visit www.TorranceCA.Gov/PublicWorks for additional information.

CITY OF TORRANCE GUIDELINES FOR SUBMISSION AND TABULATION OF PROTESTS

Where notice of a public hearing with respect to the adoption or increase of a utility charge has been given by the City pursuant to Article XIII D, Section 6 of the California Constitution, the following guidelines apply:

Submission of Protests

1. Any customer billing party of record provided water service by Torrance Municipal Water (TMW) may submit a written protest to the City Clerk, either by delivery to the City Clerk's office, at 3031 Torrance Blvd., Torrance, CA 90503, by mail to the City Clerk, 3031 Torrance Blvd, Torrance, CA 90509-2970, or by submitting the protest at the public hearing. Protests must be received by the end of the public hearing. No postmarks will be accepted; therefore, any protest not actually received by the close of the hearing, whether or not mailed prior to the hearing, will not be counted. Emailed, faxed and photocopied protests will not be counted.

For purposes of these Guidelines the term "customer billing party of record" means the party liable for payment of water charges and fees as recorded in TMW customer billing records.

2. Each protest must identify the customer billing account number or street address and include the original signature of the customer billing party of record. Although oral comments at the public hearing will not qualify as a formal protest unless accompanied by a written protest, the City Council welcomes input from the community during the public hearing on the proposed water rates and fees.

3. If a customer account served by the City has more than one customer billing party of record either may submit a protest, but only one protest will be counted per customer account served by TMW and any one protest submitted in accordance with these rules will be sufficient to count as a protest for that customer account.
4. In order to be valid, a protest must bear the original signature of the customer billing party of record with respect to the customer account identified on the protest. Protests not bearing the original signature of a customer billing party of record will not be counted.
5. Any person who submits a protest may withdraw it by submitting to the City Clerk a written request that the protest be withdrawn. The withdrawal of a protest must contain sufficient information to identify the affected customer billing party of record and the name of the customer billing party of record who submitted both the protest and the request that it be withdrawn.
6. A fee protest proceeding is not an election.
7. To ensure transparency and accountability in the fee protest tabulation, protests will constitute disclosable public records from and after the time they are opened during tabulation.

Tabulation of Protests

1. The City Clerk, or the Clerk's designee, will determine the validity of all protests. The Clerk will not accept as valid any protest if the Clerk determines that any of the following conditions exist:
 - a. The protest does not identify a water account served by the City.
 - b. The protest does not bear an original signature of a customer billing party of record identified on the protest.
 - c. The protest does not state its opposition to the proposed rates/fees.
 - d. The protest was not received by the City Clerk before the close of the public hearing on the proposed rates/ fees.
 - e. A request to withdraw the protest is received prior to the close of the public hearing on the proposed rates/ fees.
2. The City Clerk's decision that a protest is not valid constitutes a final action of the City and is not subject to any internal appeal.
3. A majority protest exists if written protests are timely submitted and not withdrawn by the property owners of a majority (50% plus one) of the customer accounts provided water service by the City subject to the proposed rate/fee.

At the conclusion of the public hearing, the City Clerk will complete the tabulation of all protests received, including those received during the public hearing and will 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 customer accounts provided water service by the City with respect to the fee that is the subject of the protest, then the City Clerk may advise the City Council of the absence of a majority protest without determining the validity of all protests.

4. If at the conclusion of the public hearing, the City Clerk determines that additional time will be required to tabulate the protests, the Clerk will so advise the City Council, which may adjourn the meeting to allow the tabulation to be completed on another day or days. If so, the City Council will declare the time and place of tabulation, which will be conducted in a place where interested members of the public may observe the tabulation, and the Council will declare the time at which the meeting will be resumed to receive and act on the tabulation report of the City Clerk.

To Water Customer Billing Parties of Record

For your written protest to be valid you need to ensure that the following information is included:

- ✓ The protest must include the Street Address or Customer Account Number.
- ✓ The protest must have the original signature of the Customer Billing Party of Record.
- ✓ The protest must state its opposition to the proposed rate/fee increase.
- ✓ The protest must be received by the City Clerk before the close of the Public Hearing on the proposed rate/fee.
- ✓ A protest form is enclosed should you wish to file a protest against the proposed rate/fee increase.

PROTEST FORM

(Note all protests must be received by 2-15-11 deadline. Postmarks, faxes, emails or photocopied protests will not be accepted)

Deliver or Mail to:

The City Clerk

City of Torrance

3031 Torrance, Blvd.

Torrance, CA 90503

Date _____

Street Address **OR** Customer Billing Account Number

RE: Proposed Torrance Municipal Water Rate Increase

CHECK ONE:

Protest Torrance Municipal water rate increase

Withdraw previously submitted protest

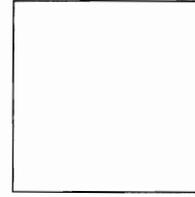
Original Signature

Print Name

SAMPLE



City of Torrance
Public Works Department
20500 Madrona Avenue
Torrance, CA 90503

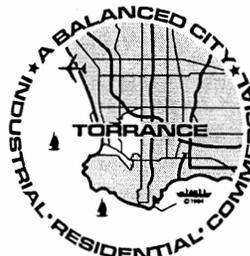


Mr. John Smith or Current Occupant
1000 Main Street
Torrance, CA 90503

APN 909-225-9874

**City of Torrance Public Notice
Public Hearing on Proposed
Torrance Municipal Water Rate Increase**

Dated Material – Please open immediately



**City of Torrance Public Notice
Public Hearing on Proposed
Torrance Municipal Water Increase
*Dated Material – Please open immediately***

RESOLUTION NO. 2010-_____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TORRANCE
ADOPTING GUIDELINES FOR THE SUBMISSION AND TABULATION OF
PROTESTS IN CONNECTION WITH RATE HEARINGS CONDUCTED PURSUANT
TO ARTICLE XIID, SECTION 6 OF THE CALIFORNIA CONSTITUTION**

WHEREAS, Article XIID, Section 6 of the California Constitution requires the City Council of the City of Torrance to consider written protests to certain proposed increases to utility charges; and

WHEREAS, this constitutional provision does not offer specific guidance as to who is allowed to submit protests, how written protests are to be submitted, or how the City is to tabulate the protests.

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF TORRANCE HEREBY adopts guidelines for the submission and tabulation of protests in the form attached as Exhibit "A," which is incorporated by this reference.

INTRODUCED, APPROVED AND ADOPTED this _____ day of _____ 2010.

Mayor Frank Scotto

APPROVED AS TO FORM:

JOHN L. FELLOWS III, City Attorney

ATTEST:

Sue Herbers, City Clerk

By: _____
John L. Fellows III

Exhibit "A"**CITY OF TORRANCE****GUIDELINES FOR SUBMISSION AND TABULATION OF PROTESTS**

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