



NOTICE TO PROPERTY OWNERS OF PUBLIC HEARING REGARDING PROPOSED WATER RATES

Hearing Date & Time: October 18, 2022, 6:00 PM
Hearing Location: Lomita City Hall Council Chambers
24300 Narbonne Avenue, Lomita, CA 90717

Why are you receiving this notice?

The City of Lomita (City) is mailing this notice to you because you are a water customer or are the owner of record of a property that receives water service. This notice is being provided pursuant to California Constitution Article XIID (also known as "Proposition 218"). Under the terms of Proposition 218, the City is required to notify property owners of proposed changes to property-related fees such as water service. This notice describes proposed changes to the water rates and gives information about a public hearing to be held on October 18, 2022, in the City Council Chambers at City Hall, 24300 Narbonne Avenue, Lomita, CA 90717.

What do water rates fund?

The City of Lomita provides water service to approximately 4,430 residential, commercial, and fire protection customers. Bi-Monthly (billings every other month) water rates charged to system users (customers) are the primary source of revenue to operate, maintain and improve the City's water system and are used solely for this purpose. Water rate revenue provides funding for costs related to system operations, maintenance, capital projects, administration, as well as costs related to prudent long-term operational and financial management of the utility, such as maintaining adequate fund reserves and planning for contingencies.

The proposed rates are based on a comprehensive utility rate study and financial plan developed by an independent consultant. The rate structure for the water utility was designed so that revenues derived from the proposed rates do not exceed the amount of revenue required for the City to provide the services. Nor will the revenue from the rates and charges referenced herein be used for any purpose other than that for which the corresponding rates are imposed. The amount of the proposed rates imposed on any parcel or person as an incident of property ownership will not exceed the proportional cost of the service attributable to such parcel; and no rate will be imposed for a service unless that service is actually used by, or immediately available to, the property owner or customer in question.

Why are rate increases needed?

Over the last several years, Lomita residents have routinely identified improvements to the Lomita Water System as one of their top priorities, and the City has in turn invested millions of dollars in water quality improvements, pipeline replacements, and other infrastructure upgrades. Since the City took over the water system from the County, many of the nearly 100-year-old water lines have been replaced, but there are still many more in need of upgrade. The City Council has approved a 5-year Capital Improvement Plan and a Water System Master Plan that call for more than \$102,000,000 investment in systemwide improvements over that time period to maintain the City's ability to deliver high-quality, reliable, locally sourced potable water to its residents. While systemwide revenues have remained relatively stable, capital and operating expenses have increased, and existing revenues are insufficient to cover planned projects and expenditures. To accomplish the projects identified in those plans, sufficient revenue must be maintained. This required revenue includes operating and maintenance expenses, capital expenses, and funding to ensure adequate reserves to address emergency expenses.

To determine the amount of revenue required from water rates to address the needs described above, the City's consultant prepared a comprehensive water rate study that compared projected revenues based on existing water rates to current and planned expenditures. The study results demonstrated that revenue over the next five years from the City's current water rates, which have not been increased since 2020, will not fully provide for the costs identified above. As a result, a series of rate adjustments were calculated, which if implemented, will provide revenue sufficient to meet those needs. The rate study report providing the rate development methodology is available at City Hall and on the City's website at <https://www.lomitacity.com> or <https://www.lomitawater.com>.

How the rates work

For water service, projected expenses are allocated between bi-monthly Base (fixed) Charges and Volume Charges. The bi-monthly Base Charge varies for water customers based on a customer’s meter size, and recovers fixed costs based on the number of accounts. The Volume Charge for water recovers the variable costs of providing water service.

The charge structure for residential accounts consists of 1) a fixed bi-monthly water meter charge and a variable bi-monthly water usage charge, with three tiers, based on metered water use. The structure for commercial accounts consists of 1) a fixed bi-monthly water meter charge and a single tier bi-monthly uniform water usage charge based on metered water use. Finally, there is a fixed fire line charge for customers with dedicated fire lines, based on meter size.

For residential customers, the volume rate charged is based on metered consumption within three tiers of usage. Metered water consumption up to 20 CCF is charged to customers at the tier one rate. Metered water consumption between 20 CCF and 35 CCF is charged to customers at the tier two rate. Water use above 35 CCF is charged at the tier three rate. The rate structure was designed so that each system user will be charged an amount that is proportional to the cost of serving that user.

New water rates

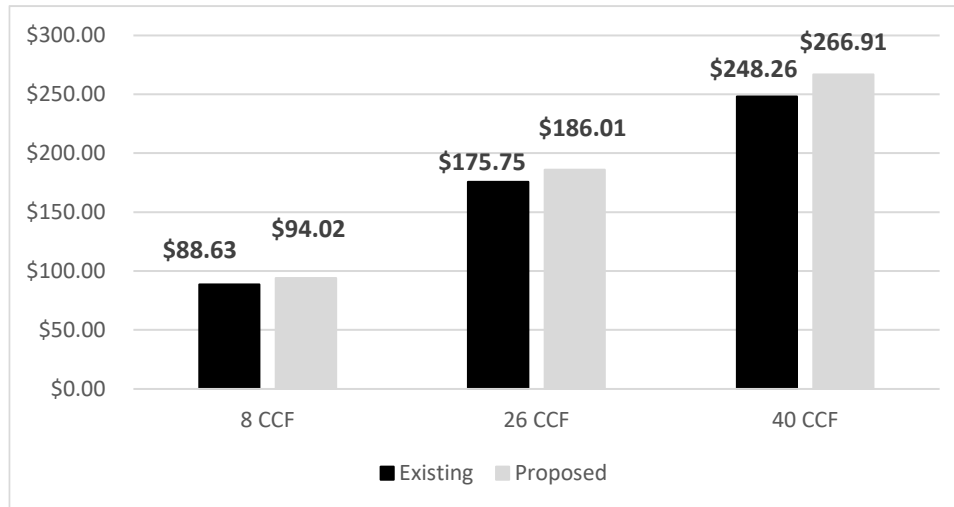
In order to provide necessary funding for the operation and maintenance of the water system, the City is proposing to implement new rates as a series of annual adjustments starting on January 1, 2023, with additional increases following each July 1, until July 2026. The following tables summarize the proposed water rates. The Base and Volume charges will go into effect and remain in effect until superseded by Council action.

**Proposed Bi-Monthly Water Rates
Fiscal Years 2022-2023 thru 2026-2027**

Bi-Monthly Base Charge						
Meter Size	Existing	22-23 ⁽¹⁾	23-24 ⁽²⁾	24-25 ⁽²⁾	25-26 ⁽²⁾	26-27 ⁽²⁾
5/8-inch	\$50.31	\$53.81	\$57.31	\$61.03	\$65.00	\$69.23
3/4-inch	50.31	53.81	57.31	61.03	65.00	69.23
¾ x 1-inch	67.08	70.49	75.07	79.95	85.15	90.68
1-inch	83.85	87.33	93.01	99.05	105.49	112.35
1 ½-inch	167.71	170.38	181.45	193.24	205.81	219.18
2-inch	268.33	270.43	288.01	306.73	326.67	347.90
3-inch	503.13	537.58	572.52	609.73	649.37	691.57
4-inch	838.54	837.74	892.19	950.19	1,011.95	1,077.73
Volume Rate (\$/CCF)						
Residential						
Usage Range	Existing	22-23 ⁽¹⁾	23-24 ⁽²⁾	24-25 ⁽²⁾	25-26 ⁽²⁾	26-27 ⁽²⁾
0-20 CCF	\$4.79	\$5.03	\$5.35	\$5.70	\$6.07	\$6.47
20-35 CCF	4.94	5.28	5.62	5.99	6.38	6.79
> 35 CCF	5.61	6.68	7.11	7.57	8.06	8.59
Commercial						
Usage Range	Existing	22-23 ⁽¹⁾	23-24 ⁽²⁾	24-25 ⁽²⁾	25-26 ⁽²⁾	26-27 ⁽²⁾
>0 CCF	\$4.94	\$5.30	\$5.64	\$6.01	\$6.40	\$6.82
Fire Bi-Monthly Charge						
Meter Size	Existing	22-23 ⁽¹⁾	23-24 ⁽²⁾	24-25 ⁽²⁾	25-26 ⁽²⁾	26-27 ⁽²⁾
4-inch	\$227.61	\$240.77	\$242.40	\$258.16	\$274.94	\$292.81
6-inch	455.22	477.76	484.81	516.32	549.88	585.63
8-inch	728.35	762.15	775.69	826.11	879.81	937.00
(1) Effective January 1						
(2) Effective July 1						

Impact on your bill

Under the proposed rates, effective January 1, 2023, and each July 1 thereafter for subsequent adjustments until 2026, for a typical single-family home that uses 26 CCF (hundred cubic feet) of water in a 2-month span, the water bill would increase from \$175.75 per bi-monthly billing cycle currently to \$186.01 per bi-monthly billing cycle, an increase of approximately \$5.13 per month. The accompanying graph provides a summary of existing and proposed water rates under three usage scenarios.



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

The City will consider the new rate structure and proposed revenue increase at a public hearing on Tuesday, October 18, 2022, at 6:00 p.m. at City Hall, 24300 Narbonne Avenue, Lomita, CA 90717. You are invited to present oral or written testimony at the public hearing, or via the virtual meeting. Any owner or customer of record of a parcel subject to the proposed rates may submit a written protest against the proposed rate revisions. If written protests are filed for a majority of the affected parcels, the proposed rate revisions will not be adopted. There is a 120-day statute of limitations for challenging any new, increased, or extended fee or charge, commencing from the later of the effective date or of the date of the final passage, adoption, or approval of the resolution.

In order for a written protest to be counted it must include the following: a statement indicating that the identified property owner or customer of record is in opposition to the proposed water rate changes; the street address or Assessor's Parcel Number (APN) for the parcel(s) with respect to which the protest is made; and the name and signature of the owner or customer.

Protests may be mailed, or hand delivered to 24300 Narbonne Avenue, Lomita, CA 90717, or delivered to the City Clerk at the Public Hearing. To be valid, a signed written protest must be received by the City Clerk before 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 Rate Changes – Water Service Fees.

The City Council will hear and consider all written and oral protests to the proposed rate changes at the Public Hearing. Oral comments at the Public Hearing will not qualify as formal protests unless accompanied by a written protest. Upon the conclusion of the Public Hearing, there will be no more written protests accepted and no more testimony taken, and the City Council will consider adoption of the proposed rates for water service described in this notice. If written protests as outlined above, are not presented by a majority of property owners or customers of record, the City Council will be authorized to adopt the proposed rates. While both property owners and customers of record may submit written protests, only one protest will be counted for each parcel. If adopted, the rates for water service will be in effect beginning January 1, 2023.