



# Ordinance Fact Sheet

TO: CITY COUNCIL

DATE: June 21, 2010

FROM: CITY ATTORNEY

SUBJECT: AN ORDINANCE OF THE CITY OF PASADENA AMENDING THE WATER RATE ORDINANCE, CHAPTER 13.20 OF THE PASADENA MUNICIPAL CODE, TO ELIMINATE BLOCK 5 ALLOCATION AND RATES; REDUCE BLOCK 4 RATES; DISCONTINUE REFUNDS OR CREDITS FOR WATER PURCHASED UNDER BLOCKS 4 AND 5; AND AUTHORIZE INCREASES TO THE PURCHASED WATER ADJUSTMENT CHARGE

## TITLE OF PROPOSED ORDINANCE:

AN ORDINANCE OF THE CITY OF PASADENA AMENDING THE WATER RATE ORDINANCE, CHAPTER 13.20 OF THE PASADENA MUNICIPAL CODE, TO ELIMINATE BLOCK 5 ALLOCATION AND RATES; REDUCE BLOCK 4 RATES; DISCONTINUE REFUNDS OR CREDITS FOR WATER PURCHASED UNDER BLOCKS 4 AND 5; AND AUTHORIZE INCREASES TO THE PURCHASED WATER ADJUSTMENT CHARGE

## PURPOSES OF THE ORDINANCE:

This ordinance is presented at the direction of the City Council given on June 14, 2010. The overall purpose of this ordinance is to adjust water rates to recover the Water and Power Department's cost of providing water service. More specifically, this ordinance modifies water commodity rates by: a) eliminating Block 5 water allocation and rates; b) reducing Block 4 water rates by twenty-five percent; c) discontinuing refunds or credits for water purchased under Blocks 4 and 5; and d) authorizing increases to the Purchased Water Adjustment Charge of 9.5 cents per billing unit effective October 1, 2010 and 12 cents per billing effective October 1, 2011 (748 gallons of water constitutes a billing unit).

MEETING OF 06/21/2010

AGENDA ITEM NO. 33

**REASONS WHY LEGISLATION IS NEEDED:**

Charges to be made for water must be prescribed by ordinance pursuant to Section 1403 of the Pasadena City Charter.


**PROGRAMS, DEPARTMENTS OR GROUPS AFFECTED:**

Water customers taking service from the Water and Power Department will be responsible to pay the rates established under this ordinance.


**FISCAL IMPACT:**

As stated in the Agenda Report dated June 14, 2010, the proposed water rate adjustments will increase the Water Fund operating revenues and the transfer from the Water Fund to the General Fund by approximately \$2.43 million and \$0.15 million, respectively, in FY 2011. The proposed water rate adjustments will also increase the Water Fund operating revenues and the transfer from the Water Fund to the General Fund by approximately \$2.87 million and \$0.17 million, respectively, in FY 2012.

Respectfully submitted,

  
Michele Beal Bagneris  
City Attorney

Prepared by:

  
Scott D. Rasmussen  
Assistant City Attorney

Introduced by \_\_\_\_\_

ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE OF THE CITY OF PASADENA AMENDING THE WATER RATE ORDINANCE, CHAPTER 13.20 OF THE PASADENA MUNICIPAL CODE, TO ELIMINATE BLOCK 5 ALLOCATION AND RATES; REDUCE BLOCK 4 RATES; DISCONTINUE REFUNDS OR CREDITS FOR WATER PURCHASED UNDER BLOCKS 4 AND 5; AND AUTHORIZE INCREASES TO THE PURCHASED WATER ADJUSTMENT CHARGE**

The People of the City of Pasadena ordain as follows:

**SECTION 1.** This ordinance, due to its length and the corresponding costs of publication, may be published by title and summary as permitted by Section 508 of the Charter. The approved summary of this ordinance reads as follows:

**“ SUMMARY**

The purpose of Ordinance No. \_\_\_\_\_ is to amend water rates for customers of the City of Pasadena. The ordinance amends the Water Rate Ordinance, Chapter 13.20 of the Pasadena Municipal Code to: eliminate Block 5 allocation and rates and reduce Block 4 rates by twenty-five percent; discontinue Block 5 rate relief; discontinue refunds or credits of water purchased for Blocks 4 and 5; and authorize increases to the Purchased Water Adjustment Charge.

This ordinance shall take effect upon its publication.”

**SECTION 2.** Title 13, Chapter 13.20, Section 13.20.025 of the Pasadena Municipal Code is hereby amended to read:

**“13.20.025 Block Allocations**

The water supplied by the water division is divided by volume into four allocation blocks as indicated in the table below:

Customer Group Served	Meter Size	Block Allocations (in Units of One Hundred Cubic Feet)			
		Block 1	Block 2	Block 3	Block 4
Residential – Small SF	5/8", 3/4"	0 – 8	9 - 24	25 - 34	35 >
Residential - MF					
Small Commercial					
Residential – Medium SF / Small MF	1"	0 – 12	13 – 40	41 – 60	61 >
Small Commercial / Institutional					
Residential – Large SF / Small MF	1 ½"	0 – 22	23 – 86	87 – 132	133 >
Small Commercial / Institutional					
Residential – Large SF/Small MF	2"	0 – 48	49 – 188	189 – 290	291 >
Medium Commercial / Institutional					
Residential – Large SF/Medium MF	3"	0 – 116	117 – 500	501 – 860	861 >
Medium Commercial / Institutional					
Residential – Large MF	4"	0 – 225	226 – 1,000	1,001 – 1,800	1,801 >
Medium Commercial / Institutional					
Residential – Large MF	6"	0 – 500	501 – 5,600	5,601 – 8,800	8,801 >
Large Commercial / Institutional					
Large Commercial / Institutional / Industrial	8"	0 – 500	501 – 5,600	5,601 – 10,000	10,001 >
Large Commercial / Institutional / Industrial					
Large Commercial / Institutional / Industrial	10" – 12"	0 – 500	501 – 24,000	24,001 – 32,000	32,001 >

Notes: SF- Single Family; MF – Multi-Family”

**SECTION 3.** Title 13, Chapter 13.20, Section 13.20.030, Subsections B and C, of the Pasadena Municipal Code are hereby amended to read:

“B. Commodity Rates. The commodity rates for all water delivered shall be:

	Commodity Rate (Per One Hundred Cubic Feet)			
	All First Block Water Delivered	All Second Block Water Delivered	All Third Block Water Delivered	All Fourth Block Water Delivered
<b>Water delivered April 1st--September 30th:</b>				
In Area A	\$0.91037	\$2.50351	\$3.00421	\$3.75526
In Area B	\$1.13796	\$3.12938	\$3.75526	\$4.69407
<b>Water delivered October 1st--March 31st:</b>				
In Area A	\$0.88385	\$2.43059	\$2.91671	\$3.64589

In Area B	\$1.10481	\$3.03823	\$3.64588	\$4.55735
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**C. Block Rates Pricing Structure**

The ratio between the block rates shall be subject to annual adjustments based on the department's projected five-year water supply costs. The department shall calculate the adjustments, if any, and recommend any new ratio between the block rates to City Council. Block 1 rates shall be priced to recover local water supply costs. Blocks 2 and 3 rates shall be priced to recover the first two tiers of imported water costs. Block 4 rates shall be priced to recover incremental costs of procuring additional imported water above the Block 3 consumption level and to fund water conservation programs."

**SECTION 4.** Title 13, Chapter 13.20, Section 13.20.120, of the Pasadena Municipal Code is hereby repealed.

**SECTION 5.** Title 13, Chapter 13.20, Section 13.20.125, of the Pasadena Municipal Code is hereby repealed.

**SECTION 6.** Ordinance No. \_\_\_\_\_ shall take effect upon its publication.

Signed and approved this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

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William J. Bogaard  
Mayor

I HEREBY CERTIFY that the foregoing ordinance was adopted by the City Council of the City of Pasadena at its meeting held \_\_\_\_\_, 2010, by the following vote:

AYES:

NOES:


ABSENT:

ABSTAIN:

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Mark Jomsky, CMC  
City Clerk

APPROVED AS TO FORM:

  
Scott D. Rasmussen  
Assistant City Attorney

**P.M.C. 13.20 Redline**  
**July 2010 Proposed Revisions**

**13.20.025 Block Allocations**

The water supplied by the water division is divided by volume into ~~five~~ four allocation blocks as indicated in the table below:

Customer Group Served	Meter Size	Block Allocations (in Units of One Hundred Cubic Feet)				
		Block 1	Block 2	Block 3	Block 4	Block 5
Residential— Small SF	5/8", 3/4"	0—8	9—24	25—34	35—46	47>
Residential— MF						
Small Commercial						
Residential— Medium SF / Small MF	1"	0—12	13—40	41—60	61—90	91>
Small Commercial / Institutional						
Residential— Large SF / Small MF	1 1/2"	0—22	23—86	87—132	133—188	189>
Small Commercial / Institutional						
Residential— Large SF/Small MF	2"	0—48	49—188	189—290	291—405	406>
Medium Commercial / Institutional						
Residential— Large SF/Medium MF	3"	0—116	117—500	501—860	861—1,300	1,301>
Medium Commercial / Institutional						
Residential— Large MF	4"	0—225	226—1,000	1,001—1,800	1,801—3,000	3,001>
Medium Commercial / Institutional						
Residential— Large MF	6"	0—500	501—5,600	5,601—8,800	8,801—12,000	12,001>
Large Commercial / Institutional						
Large Commercial / Institutional / Industrial	8"	0—500	501—5,600	5,601—10,000	10,001—14,000	14,001>
Large Commercial / Institutional / Industrial						
Large Commercial / Institutional / Industrial	10"—12"	0—500	501—24,000	24,001—32,000	32,001—37,000	37,001>

Notes: SF—Single Family; MF—Multi-Family

Customer Group Served	Meter Size	Block Allocations (in Units of One Hundred Cubic Feet)			
		Block 1	Block 2	Block 3	Block 4
Residential – Small SF	5/8", 3/4"	0 – 8	9 - 24	25 - 34	35 >
Residential – MF					
Small Commercial					
Residential – Medium SF / Small MF	1"	0 – 12	13 – 40	41 – 60	61 >
Small Commercial / Institutional					
Residential – Large SF / Small MF	1 ½"	0 – 22	23 – 86	87 – 132	133 >
Small Commercial / Institutional					
Residential – Large SF/Small MF	2"	0 – 48	49 – 188	189 – 290	291 >
Medium Commercial / Institutional					
Residential – Large SF/Medium MF	3"	0 – 116	117 – 500	501 – 860	861 >
Medium Commercial / Institutional					
Residential – Large MF	4"	0 – 225	226 – 1,000	1,001 – 1,800	1,801 >
Medium Commercial / Institutional					
Residential – Large MF	6"	0 – 500	501 – 5,600	5,601 – 8,800	8,801 >
Large Commercial / Institutional					
Large Commercial / Institutional / Industrial	8"	0 – 500	501 – 5,600	5,601 – 10,000	10,001 >
Large Commercial / Institutional / Industrial					
Large Commercial / Institutional / Industrial	10" – 12"	0 – 500	501 – 24,000	24,001 – 32,000	32,001 >

Notes: SF- Single Family; MF – Multi-Family



### 13.20.030 Service Charges and Rates

**A. Distribution and Customer Charges.** The monthly Distribution and Customer Charges shall be as follows:

Customer Group Served	Meter Size	Distribution and Customer Charges	
		Area A	Area B
Residential – Small SF Residential - MF Small Commercial	5/8", 3/4"	\$10.70	\$13.37
Residential – Medium SF / Small MF Small Commercial / Institutional	1"	\$20.33	\$25.41
Residential – Large SF / Small MF Small Commercial / Institutional	1 ½"	\$41.06	\$51.32
Residential – Large SF/Small MF Medium Commercial / Institutional	2"	\$96.32	\$120.40
Residential – Large SF/Medium MF Medium Commercial / Institutional	3"	\$235.45	\$294.32
Residential – Large MF Medium Commercial / Institutional	4"	\$363.87	\$454.84
Residential – Large MF Large Commercial / Institutional	6"	\$556.51	\$695.63
Large Commercial / Institutional / Industrial	8"	\$909.66	\$1,137.08
Large Commercial / Institutional /Industrial	10"	\$1,183.91	\$1,479.89
Large Commercial / Institutional / Industrial	12"	\$1,337.65	\$1,672.06

Effective July 1, 2010, the monthly Distribution and Customer Charges shall be as follows:

<b>Customer Group Served</b>	<b>Meter Size</b>	<b>Distribution and Customer Charges</b>	
		<b>Area A</b>	<b>Area B</b>
Residential – Small SF	5/8", 3/4"	\$13.68	\$17.10
Residential – MF			
Small Commercial			
Residential – Medium SF / Small MF Small Commercial / Institutional	1"	\$26.00	\$32.49
Residential – Large SF / Small MF Small Commercial / Institutional	1 ½"	\$52.50	\$65.63
Residential – Large SF/Small MF Medium Commercial / Institutional	2"	\$123.17	\$153.96
Residential – Large SF/Medium MF Medium Commercial / Institutional	3"	\$301.08	\$376.35
Residential – Large MF Medium Commercial / Institutional	4"	\$465.29	\$581.61
Residential – Large MF Large Commercial / Institutional	6"	\$711.61	\$889.51
Large Commercial / Institutional / Industrial	8"	\$1,163.20	\$1,454.00
Large Commercial / Institutional /Industrial	10"	\$1,513.88	\$1,892.35
Large Commercial / Institutional / Industrial	12"	\$1,710.46	\$2,138.08

Effective July 1, 2011, the monthly Distribution and Customer Charges shall be as follows:

Customer Group Served	Meter Size	Distribution and Customer Charges	
		Area A	Area B
Residential – Small SF	5/8", 3/4"	\$17.13	\$21.41
Residential – MF			
Small Commercial			
Residential – Medium SF / Small MF	1"	\$32.55	\$40.68
Small Commercial / Institutional			
Residential – Large SF / Small MF	1 1/2"	\$65.73	\$82.17
Small Commercial / Institutional			
Residential – Large SF/Small MF	2"	\$154.21	\$192.76
Medium Commercial / Institutional			
Residential – Large SF/Medium MF	3"	\$376.95	\$471.19
Medium Commercial / Institutional			
Residential – Large MF	4"	\$582.55	\$728.18
Medium Commercial / Institutional			
Residential – Large MF	6"	\$890.95	\$1,113.69
Large Commercial / Institutional			
Large Commercial / Institutional / Industrial	8"	\$1,456.35	\$1,820.43
Large Commercial / Institutional / Industrial	10"	\$1,895.40	\$2,369.26
Large Commercial / Institutional / Industrial	12"	\$2,141.53	\$2,676.92

**B. Commodity Rates.** The commodity rates for all water delivered shall be:

	<del>Commodity Rate (Per One Hundred Cubic Feet)</del>				
	<del>All First Block Water Delivered</del>	<del>All Second Block Water Delivered</del>	<del>All Third Block Water Delivered</del>	<del>All Fourth Block Water Delivered</del>	<del>All Fifth Block Water Delivered</del>
<del>Water delivered April 1st – September 30th:</del>					
<del>In Area A</del>	<del>\$0.91037</del>	<del>\$2.50351</del>	<del>\$3.00421</del>	<del>\$5.00701</del>	<del>\$7.51052</del>
<del>In Area B</del>	<del>\$1.13796</del>	<del>\$3.12938</del>	<del>\$3.75526</del>	<del>\$6.25876</del>	<del>\$9.38814</del>
<del>Water delivered October 1st – March 31st:</del>					
<del>In Area A</del>	<del>\$0.88385</del>	<del>\$2.43059</del>	<del>\$2.91671</del>	<del>\$4.86118</del>	<del>\$7.29176</del>
<del>In Area B</del>	<del>\$1.10481</del>	<del>\$3.03823</del>	<del>\$3.64588</del>	<del>\$6.07647</del>	<del>\$9.11470</del>

	Commodity Rate (Per One Hundred Cubic Feet)			
	All First Block Water Delivered	All Second Block Water Delivered	All Third Block Water Delivered	All Fourth Block Water Delivered
<b>Water delivered April 1st--September 30th:</b>				
In Area A	\$0.91037	\$2.50351	\$3.00421	\$3.75526
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In Area A	\$0.88385	\$2.43059	\$2.91671	\$3.64589
In Area B	\$1.10481	\$3.03823	\$3.64588	\$4.55735

### C. Block Rates Pricing Structure

The ratio between the block rates shall be subject to annual adjustments based on the department's projected five-year water supply costs. The department shall calculate the adjustments, if any, and recommend any new ratio between the block rates to City Council. Block 1 rates shall be priced to recover local water supply costs. Block 2 and Block 3 rates shall be priced to recover the first two tiers of imported water costs. Block 4 ~~and Block 5~~ rates shall be priced to recover incremental costs of procuring additional imported water above the Block 3 consumption level and to fund water conservation programs.

### D. Special Provisions

1. All water under this section is metered.
2. Where water is delivered to land lying in both Area A and Area B, the rates are subject to adjustment based upon the use in each of the areas as determined by the water division.
3. A charge set forth in the department's service regulations is made for each new account or customer originated account change. This charge is added to the first bill for service under the account.
4. Deposits. The general manager may require a deposit in reasonable amount to guarantee payment for water to be delivered subsequent to date of demand for such deposit. If customer fails to make such deposit after demand therefore, water service may be discontinued until such deposit in the amount required has been made.

### ~~13.20.120 Potential Refund or Credit of Water Purchases Under Blocks 4 and 5~~

~~A. A customer may receive a full or partial refund or credit for water purchased within Block 4 and Block 5 as provided in this section. At the end of each fiscal year ending June 30, the department shall determine the incremental revenues collected from Block 4 and Block 5 rates. "Incremental" revenues for purposes for this section shall mean all amounts collected in Block 4 and/or Block 5 which exceed Block 3 rate levels for Area A and Area B. In the event incremental revenues exceed the penalties imposed by the Metropolitan Water District upon~~

~~the department for exceeding its water allocation in the fiscal year under review, the department, in its sole discretion, shall either refund or credit the difference between the incremental revenues and the penalties to those customers who were charged the Block 4 and Block 5 rates during that fiscal year. Each eligible customer shall receive a refund or credit equal to the amount of water consumed within Block 4 and Block 5 during the fiscal year under review multiplied by "X", where "X" is calculated from the following equation:~~

$$X = \frac{Y \text{ MP}}{(V_{4A} + (2.25 V_{5A})) + 1.25 (V_{4B} + (2.25 V_{5B}))}$$

~~And where: Y = the incremental revenues collected from Blocks 4 and 5  
MP = Metropolitan Water District Penalty for exceeding the department's water allocation~~

~~V<sub>4A</sub> = Block 4 sales, Area A  
V<sub>5A</sub> = Block 5 sales, Area A  
V<sub>4B</sub> = Block 4 sales, Area B  
V<sub>5B</sub> = Block 5 sales, Area B~~

~~Each eligible customer within Area A shall receive a refund or credit equal to the amount of water consumed within Block 4 during the fiscal year under review multiplied by "X".~~

~~Each eligible customer within Area A shall receive a refund or credit equal to the amount of water consumed within Block 5 during the fiscal year under review multiplied by "2.25X".~~

~~Each eligible customer within Area B shall receive a refund or credit equal to the amount of water consumed within Block 4 during the fiscal year under review multiplied by "1.25X".~~

~~Each eligible customer within Area B shall receive a refund or credit equal to the amount of water consumed within Block 5 during the fiscal year under review multiplied by "2.81X".~~

~~The sales, rates, and penalties herein refer to the fiscal year for which the calculation is made.~~

~~B. In the event incremental revenues are equal to the penalties imposed by the Metropolitan Water District upon the department for exceeding its water allocation in the fiscal year under review, the department shall make no refund or credit for that fiscal year.~~

~~C. In the event incremental revenues are less than the penalties imposed by the Metropolitan Water District upon the department for exceeding its water allocation in the fiscal year under review, the department shall collect the balance through the Purchased Water Adjustment Charge.~~

### ~~13.20.125 Block 5 Rate Relief for Customers Who Use Water Efficiently~~

~~A. A customer may file with the department an application for relief from Block 5 rates. All expenses associated with the application shall be borne by the customer, including without limitation the cost of a water audit. The department shall have authority to take such steps as it deems reasonable and to set up such procedures as it considers necessary to resolve such application. In determining whether to grant relief, the department shall take~~

~~into consideration all factors relevant to the customer's water usage. Relief shall be granted only on a showing by the customer that:~~

- ~~(i) he or she will be subject to payment of Block 5 rates for more than one billing period in a calendar year; and~~
- ~~(ii) he or she has achieved the maximum practical reduction in water consumption over the previous three year period.~~

~~If relief is granted, the department shall apply Block 4 rates for all water purchased within and above the Block 4 allocation on and after the date the application is granted by the department.~~

~~B. At any time after an application has been granted, the department may review the customer's water usage. In the event the customer fails to demonstrate that he or she continues to achieve the maximum practical reduction in water consumption, the department may re-impose Block 5 rates.~~

~~C. Any customer aggrieved by the department's decision shall be required to comply with the appeals procedure of this subsection. Compliance with this subsection shall be a prerequisite to a suit thereon. A customer's written appeal must be received by the department within ten (10) days of the date of notification or customer's appeal right shall be deemed waived. A customer shall be deemed notified of the department's decision upon the personal delivery of the department's notice of decision, or if personal delivery is not given, the date on which said notice is placed in the regular mail. The department may issue regulations to govern the conduct of the appeal, including prescribed contents of the written appeal and the manner in which hearings may be conducted.~~