

PUBLIC HEARING PROPOSITION 218: WASTEWATER RATES

May 16, 2023



TONIGHT'S ACTION

CONDUCT PUBLIC HEARING
TO CONSIDER ADOPTING NEW
WASTEWATER RATE FEES FOR
MANHATTAN BEACH WASTEWATER
SERVICES

EFFECTIVE FOR 5 YEARS

NOVEMBER 1, 2023

THROUGH

NOVEMBER 1, 2027



MUNICIPAL WASTEWATER BASICS

OPERATIONS & CAPITAL INFRASTRUCTURE

- 82 miles of Gravity Sanitary Sewer Pipelines
- 5,114 Feet of Force Mains
- 2,086 Manholes
- 8 Lift Stations

Fiscal Year 2022-2023 Staffing

- 6.5 Full-Time Employees (FTE) Assigned to Wastewater
- 1 Engineer Assigned to Wastewater Projects



MUNICIPAL WASTEWATER BASICS

Municipalities typically determine long-term revenue needs to support their Wastewater Programs by performing Rate Studies

TIMELINE

2010 → Identified \$42M in improvements

2014 → Last wastewater rate increase

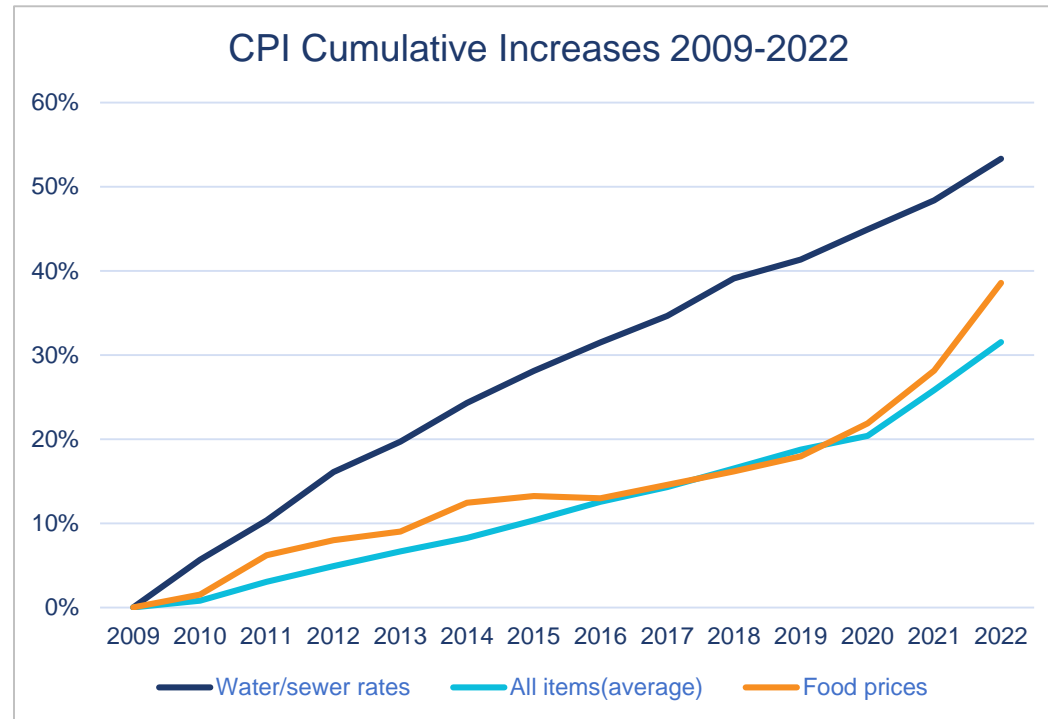
2023 → Black & Veatch conducted a rate analysis

March 21, 2023 → Council initiated Prop 218 process



WHY DO RATES NEED TO BE ADJUSTED?

- Wastewater costs have gone up since 2014.
- Increased costs of parts and materials
- Compounded inflation since 2014 is 25.4%.
- Capital project and maintenance costs are increasing.
- Future infrastructure needs identified



PROPOSED RATE TABLE

Excerpt from Proposition 218 Notice

Meter Size	Current	Nov. 1, 2023	Nov. 1, 2024	Nov. 1, 2025	Nov. 1, 2026	Nov. 1, 2027
Bi-Monthly Fixed Charge (\$/bi-mo)						
5/8" or 3/4"	11.12	12.80	14.98	15.58	16.20	16.69
1"	15.56	17.90	20.95	21.79	22.66	23.34
1-1/2"	22.98	30.65	35.87	37.30	38.79	39.96
2"	31.86	45.95	53.77	55.92	58.15	59.90
3"	55.56	86.76	101.50	105.56	109.79	113.08
4"	82.20	132.66	155.21	161.42	167.87	172.91
6"	156.24	260.16	304.38	316.56	329.22	339.10
8"	245.10	413.16	483.40	502.73	522.84	538.53
10"	348.76	617.16	722.08	750.96	781.00	804.43
Variable Usage Charge (\$/HCF)						
All Usage	1.27	1.46	1.71	1.78	1.85	1.90



BILL IMPACTS

Single Family Residential					
Meter Size	Usage (HCF)	Currently Bi-Monthly Bill	Proposed Bi-Monthly Bill	Difference (\$)	Difference (%)
5/8" or 3/4"	0	\$11.12	\$12.80	\$1.68	15.1%
	5	\$17.47	\$20.11	\$2.64	15.1%
	10	\$23.82	\$27.41	\$3.59	15.1%
	15	\$30.17	\$34.71	\$4.54	15.0%
	20	\$36.52	\$42.01	\$5.49	15.0%
	40	\$61.92	\$71.22	\$9.30	15.0%
	80	\$112.72	\$129.63	\$16.91	15.0%

- For the most common meter size and usage, a typical single-family residential customer will see an increase of \$5.49 or 15.0% on their bi-monthly bill.
- November 1, 2023: Effective Date of new rates.
- January 1, 2024: New rates reflected on bills.



POTENTIAL UTILITY BILL

www.manhattanbeach.gov/wrates

Wastewater Bill Calculator to assist with possible rate scenarios

Meter Size
+
Water Usage
=
CUSTOMER
WASTEWATER
BILL

My Potential Bill (Bill Calculator) ▾

Bill Calculator for Proposed Rates

If by the Public Hearing on May 16, 2023 the City does not receive enough protests and City Council adopts the proposed rate change, rates will become effective November 1, 2023, and will be reflected in customer bills for the first time in January 2024.

If you are curious about your potential wastewater rate, the City created a **Bill Calculator** to estimate scenarios based on meter size, dwelling type and water usage. You will need information from an existing bill to input below.

WASTEWATER BILL (SEWER) CALCULATOR

Wastewater Rates for FY 2023		
	Meter Size (Inch)	Water Usage (HCF)
	0.75	20
Usage Charge (\$/HCF)	BiMonthly Fixed Rate	Total Wastewater Charges*
\$1.46	\$12.80	\$42.00
Instructions:		
1. SELECT VALUES FROM DROP DOWN MENU IN YELLOW CELLS		
2. SELECT METER SIZE FROM DROP DOWN MENU		
3. INPUT TOTAL USAGE IN HCF UNITS BOX (HUNDRED CUBIC FEET)		
*Please note the Wastewater Bill Calculator only includes wastewater charges.		



CITY OF
MANHATTAN BEACH

PROPOSITION 218 WASTEWATER RATES
MAY 16, 2023

PROP 218 PROCESS

What is Proposition 218?

- Passed by CA voters in 1996
- Limits methods local government can create or increase taxes/fees/charges
- Allows property owners/rate payers to protest rate increases (limited to one protest per parcel)

Process requires:

- City mail a notice to property owners/ratepayers
- 45 day protest period
- Hold Public Hearing after protest period

Prop. 218 Notice



CITY OF MANHATTAN BEACH

1400 Highland Avenue, Manhattan Beach, CA 90266

Visit www.manhattanbeach.gov/wastewaterates · (310) 802-5312

Submit questions to publicworks@manhattanbeach.gov

March 28, 2023

CITY OF MANHATTAN BEACH NOTICE OF PUBLIC HEARING Proposed Changes to Wastewater Service Rates and Charges

NOTICE IS HEREBY GIVEN that the Manhattan Beach City Council ("City Council") will hold a public hearing to consider proposed changes to the wastewater service rates and charges (hereinafter "rates" or "charges") during its regularly scheduled meeting on Tuesday, May 16, 2023 at 6:00 PM, or as soon thereafter as the matter may be heard, at 1400 Highland Avenue, Manhattan Beach, California, in the City Council Chamber.

Manhattan Beach is proposing changes to its current wastewater service rates, and is sending this notice to all property owners/rate payers of record that receive wastewater service from the City and may be impacted by these changes. The new wastewater rates are proposed to be effective November 1, 2023 and will be adjusted each November 1 thereafter through November 1, 2027. The attached schedule shows the proposed rates, subject to potential pass-through adjustments. The rates effective November 1, 2027 cannot be increased unless the City undertakes this process again to change the rates at some time in the future.

Any property owner or tenant who is directly responsible for payment of wastewater service rates (i.e., a "wastewater customer") may submit a protest against the proposed changes to the wastewater service rates. If you are a tenant that is *not directly responsible* for payment of wastewater service rates, you are receiving this notice as a courtesy and the City Council will not consider your protest in determining whether a majority protest exists against the proposed changes to the wastewater service rates.

Property Owner/Rate Payer: If you *own* property in the City or you are a *tenant who is directly responsible for payment* of City wastewater utility bills, you have the legal right to submit a protest to the proposed changes to the wastewater service rates.

Tenant/Non-Rate Payer: If you *rent or lease* property in the City and you are *not directly responsible* for payment of wastewater utility bills, you are receiving this notice as a courtesy.

The proposed changes to the wastewater service rates are the result of a detailed rate analysis, which was reviewed by the City Council at its meeting on March 21, 2023. The analysis proposes a rate structure that recovers sufficient revenue to cover the City's increased costs of providing wastewater service and a fair and equitable cost allocation among wastewater customer categories. The proposed changes to the wastewater service rates, which include proposed rate increases, are necessary to cover the following costs: operations,



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PROP 218 PROCESS TIMELINE

Dates	Item
March 21, 2023	City Council initiated the Proposition 218 process; set May 16, 2023 for Public Hearing.
March 28, 2023	Postmarked Proposition 218 notice, mailed to property owners/rate payers (required) and tenants/occupants (courtesy).
April 19, 2023	Community Meeting (in-person & Zoom).
May 16, 2023	Public Hearing to announce protest count and determine if Council can approve rate increase.
November 1, 2023	New rates go into effect (if protest count is less than 50% + 1 and Council approves rate increase).
January 1, 2024	New wastewater rates reflected on customer bills.



PROP 218 PROTEST COUNT

At May 16, 2023 Public Hearing, City Clerk's Office will announce the final protest count received by the end of the Public Hearing

<p>If more than 6,600 protests are received</p>	<p>If less than 6,600 protests are received</p>
<ol style="list-style-type: none"> 1. A majority protest exists 2. City Council may not approve the rate increase 3. City Council can initiate the Proposition 218 process again at any time which time another Prop 218 will be required to increase rates 	<ol style="list-style-type: none"> 1. The City Council may approve the new rate increase 2. The new rates will take effect November 1, 2023 3. New rate will be reflected in customer bills for first time beginning January 2024



NEXT STEPS

- CITY CLERK ANNOUNCES THE FINAL PROTEST COUNT RECEIVED BY THE END OF THE PUBLIC HEARING.
- IF A MAJORITY PROTEST IS NOT REACHED, COUNCIL MAY ADOPT RESOLUTION 23-XXXX APPROVING THE NEW RATES.



RECOMMENDATION

Adoption of Resolution No. 23-XXXX adopting the annual proposed rate increases effective November 1, 2023 through November 1, 2027.

