



CITY OF LA PUENTE

SEWER RATE UPDATE

HF&H CONSULTANTS, LLC



May 27, 2008

City Council Meeting



Progress to Date

- April 22 - Council preview of Community Forum presentation
- April 29 - Community Forum meeting
- May 13 - Staff summarized results of April 29 Community Forum meeting
- May 22 - Rate study submitted
- May 27 - Council meeting
 - Presentation of recommended charges



Financial Planning Assumptions

- Provide adequate coverage for debt service on 2007 bond
- Fully fund operations and maintenance expenses
 - Personnel services for management and administration
 - Equipment and vehicles
 - Professional services and studies
 - CSMD continues to handle cleaning and emergency repairs
- Develop adequate reserves
 - Operating reserve reach minimum requirement in 5 years
 - Capital reserve declines as bond proceeds are spent



Financial Planning Assumptions (cont.)

- Set rates now for next three years
- Re-evaluate capital improvement program
 - Use CCTV data to refine priority projects
 - Determine ongoing level of construction
 - Determine optimum funding from cash and debt
- Re-evaluate operating expenses
 - Determine if services provided by Consolidated Sewer Maintenance District can be provided by La Puente at lower cost



Recommended Charges

	Annual Charge per Billing Unit	Equivalent Monthly Cost	Debt Coverage Ratio
FY 06-07	\$84.00	\$7.00	
FY 07-08	\$84.00	\$7.00	3.07
FY 08-09	\$105.00	\$8.75	1.27
FY 09-10	\$125.00	\$10.42	1.46
FY 10-11	\$140.00	\$11.67	1.41
FY 11-12	\$155.00	\$12.92	1.67
FY 12-13	\$170.00	\$14.17	1.90



Comparison With 2006 Projections

	2006 Projections			2008 Projections		
	Annual Charge	Annual Increase	Cumulative Increase	Annual Charge	Annual Increase	Cumulative Increase
FY 2006-07	\$84			\$84		
FY 2007-08	\$123	47%	47%	\$84	0%	0%
FY 2008-09	\$136	10%	62%	\$105	25%	25%
FY 2009-10	\$148	9%	76%	\$125	19%	49%
FY 2010-11	\$160	8%	90%	\$140	12%	67%
FY 2011-12	\$173	8%	106%	\$155	11%	85%
FY 2012-13	\$211	22%	151%	\$170	10%	102%



Comparison With Other Services

Service	Monthly Cost (2006)	Monthly Cost (FY 2008-09)	Change
Sewer Service			
City of La Puente	\$7.00	\$8.75	25%
Sanitation Districts of LA County (Avg for Districts 15, 21, 22)	\$7.88	\$9.72	23%
Consolidated Sewer Maintenance District	\$2.50	\$3.38	35%
Total	\$17.38	\$21.85	26%
LA County Average	\$22.71	\$26.50	17%
California average	\$21.89	\$25.25	15%
Water Rates			
Southwest Suburban Water	\$33.37	\$32.67	-2%
San Gabriel Valley Water Company	\$33.58	\$41.31	23%
La Puente Valley County Water District	\$26.11	\$37.68	44%
Average	\$31.02	\$37.22	22%
Solid Waste Rates			
Valley Vista			
County Service Area	\$20.00	\$20.96	5%
City Service Area	\$20.04	\$23.54	17%
Average	\$20.02	\$22.25	11%
Cable Television			
Time Warner Cable			
Broadcast (Basic)	\$12.15	\$15.00	23%
Digital Cable Package	\$45.00	\$47.95	7%
Average	\$28.58	\$31.48	10%





Next Steps

- May 27 - Council meeting
 - Council directs Staff to mail notice of proposed charges to affected property owners
- Early June - City mails notices to property owners
- July 22 - Council hearing
 - Council adopts charges unless majority protest occurs
- August 10 - Charges are placed on tax rolls