



NOTICE TO CUSTOMERS OF THE CITY OF MONTEBELLO WATER SYSTEM REGARDING THE PROPOSED SALE OF THE CITY OF MONTEBELLO WATER SYSTEM

On March 25, 2020, the City Council of the City of Montebello, California (the “City”), adopted its Resolution No. 20-25, setting a date for a Public Hearing at the regular meeting scheduled on May 27, 2020, at 6:30 p.m., City Council Chambers - 1600 West Beverly Montebello CA 90640, relating to the sale of the City’s water system to San Gabriel Valley Water Company (“San Gabriel”). See “**Instructions for public comment at the hearing**” below consistent with the Governor’s Executive Order No. N-29-20 regarding stay at home rules. A copy of Resolution No. 20-25 can be found on the City’s web site at: www.cityofmontebello.com

The City provides this notice to the customers of the City’s water system in accordance with Government Code Section 37420.5(a).

BACKGROUND

The City owns and operates a municipal water utility system that is located mostly within the City’s boundaries in addition to a small portion located within the City of Commerce (“City’s Water System”). The City’s Water System provides water service to approximately 1,650 customers within that service area or about eight percent (8%) of the City’s residents. The City’s Water System has accumulated deficit since at least 2007, due in large part to increased costs of imported water, operations, maintenance, and necessary capital improvements. Despite substantial water rate increases totaling 75% in 2013 and 2014, and additional increases totaling 30% in 2017, further water rate increases would be needed to restore financial stability to the City’s water utility and to ensure safe and reliable public water utility service.

On July 10, 2019, after obtaining offers from three (3) interested purchasers, the City Council approved the sale of the City’s Water System and related assets to San Gabriel for the amount of \$15,857,000, plus a ten-year (10-year) lease of water rights valued at \$1,950,000. The City finds that public interest and convenience require conveyance of the Water System to San Gabriel due to the City’s aging infrastructure which includes the Water System’s critical need of capital improvements.

APPLICABLE RATES DURING THE FIRST YEAR AFTER CONSOLIDATION

Upon closing of the proposed consolidation, customers formerly served by the City’s Water System shall pay the same rates as those customers already receiving water service from San Gabriel’s Los Angeles County division. Those rates for customers served by a 5/8 x 3/4-inch meter and using 12 hundred cubic feet (ccf) of water are estimated to be:



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	Tier 1		Tier 2		Meter Charge (\$)	Surcharges			Total Monthly Charges (\$)
	Units (Ccf)	Quantity Charge (\$/Ccf)	Units (Ccf)	Quantity Charge (\$/Ccf)		Low Income Program (\$/Ccf)	Other Amortizations (\$/Ccf)	CPUC Fee (% of Chgs.)	
Residential	11	\$3.3369	1	\$3.8055	\$24.09	\$0.2158	\$0.0968	1.23%	\$69.20
Residential Low-Income	11	\$3.3369	1	\$3.8055	\$14.28	n/a	\$0.0968	1.23%	\$56.64
Non-Residential	12	\$3.4812	n/a	n/a	\$24.09	\$0.2158	\$0.0968	1.23%	\$70.48

By comparison, the average monthly rate for a customer currently served by the City’s Water System with a 5/8 x 3/4-inch meter and using 12 ccfs is \$67.89. San Gabriel’s rates may increase in the future, but only as authorized by the California Public Utilities Commission. As stated above, rates would need to increase if ownership is retained by the City in order to fund the increased cost of operations and needed capital improvements required by the City’s Water System.

CONCLUSION

As noted above, the City of Montebello has scheduled a Public Hearing on May 27, 2020, at 6:30 p.m., City Council Chambers - 1600 West Beverly Montebello CA 90640, to allow residents an opportunity to provide public comment regarding the proposed sale of the City’s Water System to San Gabriel. If you have any questions or comments about this sale, please contact the City of Montebello Public Works Department at (323) 887-4640.

Instructions for public comment at the hearing: Consistent with the Governor’s Executive Order No. N-29-20 and until further notice, City Council Meetings are closed to the public and will continue to be live streamed for the public’s convenience and can be watch at www.cityofmontebello.com (Click on “Live Stream”). For those interested in making public comments, you may call (323) 887-1437 on Wednesday, May 27, 2020 between 9:00 a.m. and 3:00 p.m. Staff will complete public comment cards in the order received. The public will be called during the City Council meeting that begins at 6:30 p.m. The exact call back time is not predictable due to the nature of the City Council agenda. As a result, you must be available until the end of the meeting to receive a live call from staff during the meeting. The City has also created an email address (ccpubliccomment@cityofmontebello.com) where the public can submit public, written comments from the date of this notice until May 27, 2020. These comments will be read out loud during the hearing and submitted for the record.