



**AGENDA
MUNICIPAL SERVICES COMMITTEE
MEETING NOTICE
NOVEMBER 9, 2021
PUBLIC MEETING 4:00 P.M.**

MEMBERS

Andy Wilson, Chair/Vice Mayor, District 7
Tyron Hampton, Councilmember, District 1
Felicia Williams, Councilmember, District 2
Jessica Rivas, Councilmember, District 5

STAFF

Gurcharan Bawa, General Manager
Lisa Hosey, Assistant City Attorney
Valerie Flores, Recording Secretary

MISSION STATEMENT

The City of Pasadena is dedicated to delivering exemplary municipal services, responsive to our entire community and consistent with our history, culture and unique character.

In compliance with the Americans with Disabilities Act of 1990, Assistive Listening Devices are available from the City Clerk's Office with a 24-hour advance notice. Please call (626) 744-4124 to request use of a listening device.



*Language translation services are available for this meeting by calling (626) 744-4124 at least 24 hours in advance.
Habrá servicio de interpretación disponible para éstas juntas llamando al (626) 744-4124 por lo menos con 24 horas de anticipación.*

Items on the agenda may not be called in order listed.

*Agendas and supporting documents are available on the Internet at
<http://ww5.cityofpasadena.net/commissions/city-council-municipal-services-committee/>*

*Materials related to an item on this Agenda submitted to the Municipal Services Committee **after** distribution of the agenda packet will be posted online and listed as: "Supplemental Agenda Material Received after the Posting of the agenda".*

**THE MUNICIPAL SERVICES COMMITTEE MEETING FOR NOVEMBER 9,
2021, AT 4:00 P.M. WILL TAKE PLACE SOLELY BY
VIDEOCONFERENCE/TELECONFERENCE.**

TO ACCESS THE MEETING:

http://pasadena.granicus.com/MediaPlayer.php?publish_id=9

AND

WWW.PASADENAMEDIA.ORG

In order to facilitate public participation at meetings held solely by electronic means, the City will accept public comment in the following manner:

1. During the meeting, members of the public may provide live public comment by submitting a speaker card prior to the start of public comment on that item, at the following webpage:

www.cityofpasadena.net/commissions/public-comment

After submitting a public speaker card, join the virtual meeting at the published start time with a computer, other electronic device, or by telephone. The same name or telephone number on the Speaker Card **must** be used for the virtual meeting in order to locate and unmute the speaker.

Computer or electronic devices, join the meeting at:

<https://us02web.zoom.us/j/161482446>

Telephone only dial-in: 1-669-900-6833, Meeting ID: 161 482 446

2. Members of the public may submit correspondence of any length prior to the start of the meeting, at the following email address:

vflores@cityofpasadena.net

Correspondence will be forwarded to the legislative body prior to the start of the meeting.

3. If assistance is needed by phone, please call the City Clerk's Office at:
(626) 744-4124.

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PURSUANT TO THE AMERICANS WITH DISABILITIES ACT
BECAUSE YOU ARE UNABLE TO PARTICIPATE ELECTRONICALLY AS SET
FORTH ABOVE, CONTACT THE CITY CLERK'S OFFICE
AS SOON AS POSSIBLE AT (626) 744-4124
OR CITYCLERK@CITYOFPASADENA.NET.**



**CITY OF PASADENA
MEETING OF
THE MUNICIPAL SERVICES COMMITTEE
NOVEMBER 9, 2021
PUBLIC MEETING: 4:00 PM
PASADENA CITY HALL, COUNCIL CHAMBER
100 NORTH GARFIELD AVENUE, ROOM S249**

Note to the Public: City Hall is closed to the public until further notice.

NOTICE IS HEREBY GIVEN that the regular meeting of the Municipal Services Committee will be held by videoconference/teleconference on Tuesday, November 9, 2021 at 4:00 p.m., to discuss matters on the attached agenda.

**Andy Wilson, Chair
Municipal Services Committee**

I HEREBY CERTIFY that this agenda in its entirety, was posted on the Internet at <https://www.cityofpasadena.net/commissions/city-council-municipal-services-committee/> and on the Council Chamber Bulletin Board, Room S249, and the Bulletin Board in the rotunda area; City Hall, 100 North Garfield Avenue, this November 4, 2021 by 6:00 p.m. and that copies hereof were faxed, emailed or delivered to each member of the City Council and to each local newspaper of general circulation, radio or television station requesting notice in writing, all of which recipients are identified on the distribution herein below.

Susana Castro

DISTRIBUTION:

MSC Committee Members	Central Library	General Manager	Pasadena Weekly
City Council	City Clerk	Director of Planning and Permitting	Pasadena Star-News
City Manager	Director of Public Works	Los Angeles Times	Pasadena Now
City Attorney	Public Information Officer	La Opinion	Pasadena Journal

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anticipación.*

**MEETING AGENDA
MUNICIPAL SERVICES COMMITTEE
NOVEMBER 9, 2021**

Public Meeting: 4:00 P.M.
Council Chamber, Pasadena
City Hall 100 North Garfield Avenue, Room S249

**PUBLIC MEETING - 4:00 P.M.
ROLL CALL**

PUBLIC COMMENT

APPROVAL OF MINUTES

NEW BUSINESS

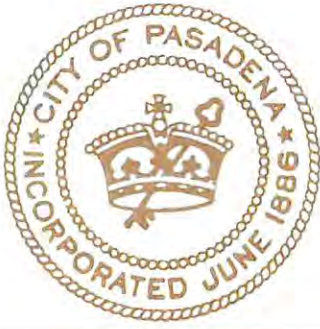
1. PASADENA TRANSIT HUNTINGTON LIBRARY SHUTTLE DEMONSTRATION PROGRAM
2. ELECTRIFICATION OF NEWLY CONSTRUCTED BUILDINGS

INFORMATION ONLY

3. QUARTERLY UPDATE FROM CYNTHIA KURTZ, METROPOLITAN WATER DISTRICT
4. WATER FORECAST AND WATER DEMAND FOR PASADENA WATER DIVISION
5. PROPOSED WATER RATE ADJUSTMENTS

ADJOURN

ITEM #1



Agenda Report

November 15, 2021

TO: Honorable Mayor and City Council

THROUGH: Municipal Services Committee (11/09/2021)

FROM: Department of Transportation

SUBJECT: Pasadena Transit Huntington Library Shuttle Demonstration Program

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the following proposed actions are exempt from review of the California Environmental Quality Act (CEQA), pursuant to CEQA Guidelines Section 15061(b)(3); and
2. Authorize the City Manager to enter into an Agreement with The Henry E. Huntington Library & Art Gallery (The Huntington) for the City of Pasadena (City) to operate public transit services between the Sierra Madre Villa L (Gold) Line and The Huntington Library for the period January 2, 2022 to June 26, 2022. The Huntington will provide service reimbursements in an amount not to exceed \$87,943, which includes a contingency of \$7,995 (10%).

TRANSPORTATION ADVISORY COMMITTEE RECOMMENDATION:

After reviewing and discussing the proposed The Huntington Library Demonstration project on October 28, 2021, the Transportation Advisory Committee passed the following motion;

- Support staff's recommendation for the proposed The Huntington Library Demonstration project

BACKGROUND:

The Huntington Library (The Huntington) and the Department of Transportation (DOT) are collaborating on a public transit demonstration project to help reduce the number of cars driving through Pasadena and to The Huntington.

The Huntington is a popular regional destination located adjacent to Pasadena in San Marino. The Huntington has limited parking and no ability to expand parking. During popular event weekends, the demand for parking at The Huntington exceeds the supply. As a result, in 2019, The Huntington approached DOT Transit staff to explore The Huntington entering into a contract with the City to have Pasadena Transit operate a route that connects The Huntington to the regional transit network, thereby providing public transit access to The Huntington. Currently, the closest transit stop is located more than one mile away at Del Mar Boulevard and Allen Avenue. The Huntington Library identified Pasadena Transit as the ideal operator of such a service as Pasadena Transit provides an existing network of routes that focus on serving key Pasadena destinations, including the six Metro L Line (Gold) stations in Pasadena, as well as connecting to the regional transit network.

The City and The Huntington staff developed a route that utilizes the designated truck route into The Huntington and launched an initial trial run of the service on February 1 and 2, 2020 in support of The Huntington's Chinese New Year Festival. Ridership for that weekend was over 1,100, comprising approximately over 20% of Pasadena Transit system-wide ridership on each day, and keeping an estimated 200+ cars off the road. Due to the Covid-19 pandemic and the Governor's Stay at Home order, the project was subsequently put on hold. In summer 2021, The Huntington approached City staff to discuss resuming the demonstration project in January 2022.

ROUTE H

The proposed demonstration route, titled "Route H," if approved, will operate Saturdays and Sundays between 9:00 a.m. and 5:45 p.m. beginning January 8, 2022 and operate through June 26, 2022. Route H will operate from the Metro L (Gold) Line Sierra Madre Villa Station in East Pasadena to The Huntington Library. Attachment 1 includes a map of the proposed route. The route will operate every 20 minutes and the ride will be approximately 15 minutes long. Bus stops for Route H will be located at Sierra Madre Villa Station, The Huntington Library and at the intersections of Foothill Blvd. and San Gabriel Blvd. and Colorado Blvd. and Sierra Madre Blvd. This service will be open to the public regardless of origin and destination. This project is fully funded by The Huntington including supporting free fare to any Route H passengers.

PUBLIC OUTREACH AND EVALUATION OF PROGRAM

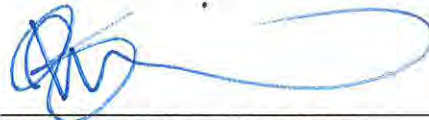
The goal of this demonstration project is to reduce vehicle trips to and from The Huntington. In January 2020, The Huntington initially advised the City of San Marino and residents who live along the proposed route of the launch of the demonstration project and the process to provide feedback. The Huntington sent out another letter in October 2021 in advance of this TAC meeting. The letters from January 2020 and October 2021 are provided in Attachment 2.

At the end of the demonstration period, The Huntington will participate in town hall meetings for neighbors to receive input, analyze the impact the service made in reducing vehicular trips, and determine whether to continue the service.

FISCAL IMPACT:

This demonstration project is funded by The Huntington Library at a maximum obligation of \$87,943, including a contingency of \$7,995 (10%), which fully covers the operating costs of the route. No fare will be charged to offset operating costs per The Huntington. The City's current contract with First Transit, its transit operations contractor, can accommodate the additional hours. The City would pay for printed schedules and temporary bus stop signs.

Respectfully submitted,



LAURA RUBIO-CORNEJO
Director
Department of Transportation

Prepared by:



Britt Card
Planner

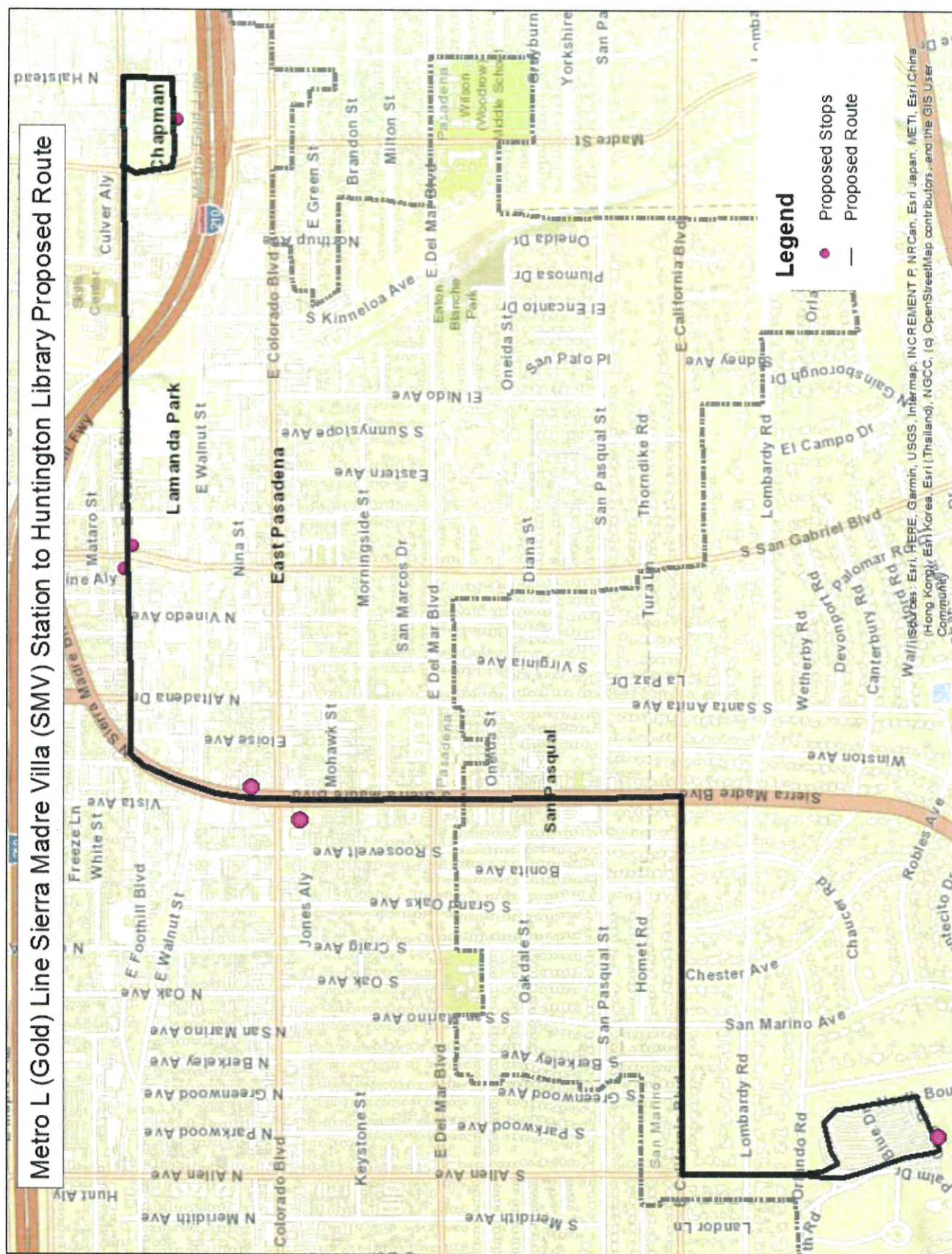
Approved by:



STEVE MERMELL
City Manager

Attachments: (2)

Attachment A – Route H Map
Attachment B – Evidence of Public Outreach





THE HUNTINGTON

Library, Art Museum, and Botanical Gardens

Advancement and External Affairs

January 16, 2020

Dear Huntington Neighbors,

Each spring, The Huntington experiences its peak attendance, typically occurring between February and Memorial Day. While The Huntington continues to take required internal measures to manage visitation levels, the potential for another "super bloom" combined with the public opening of the completed Chinese Garden in late May compels us to search for additional solutions to help minimize potential impact on the surrounding area.

After considering a variety of options, we are working with the City of Pasadena to engage in a pilot project to help reduce the number of cars driving to The Huntington and promote the use of public transit. Starting on the weekend of Feb. 1-2 (Chinese New Year Festival) and then resuming on weekends between March 21 and June 21, 2020, a free shuttle will run from Metro's Sierra Madre Villa Station in East Pasadena to The Huntington approximately three times per hour between 9:00 a.m. and 5:45 p.m. The route from the Sierra Madre Villa station will run south on Sierra Madre Blvd. between Foothill Blvd and California Boulevard; west on California Blvd. to Allen Ave., and then south on Allen to The Huntington. The 29-seat shuttles run on clean-burning natural gas.

The goal of this pilot project is to determine the degree to which this helps reduce vehicle travel to and from The Huntington; we will study the results, make adjustments, and then evaluate the benefits while weighing any concerns that may have arisen during the trial weekend. As part of this pilot, we will implement a communications plan that promotes incentives, such as ticket discounts, for those who elect to use the shuttle.

We will solicit comments from both users and residents during the pilot project and will convene a public meeting at the end of the trial period.

In the meantime, please be assured that we will work to make this effort as successful as possible; we encourage you to contact us at any time. You can reach me at rsbulman@huntington.org. Additionally, you can call Susan Turner-Lowe our Vice President for Communications and Marketing at 626 405 2147 or email her at sturner@huntington.org.

As The Huntington celebrates its 100th year, it stands proud to be part of your community. Wishing you all the best in 2020.

Randy Shulman

Vice President for Advancement and External Relations

1151 Oxford Road, San Marino, California 91108



THE HUNTINGTON
Library, Art Museum, and Botanical Gardens

Oct. 18, 2021

Dear Huntington Neighbors,

For several years, The Huntington has sought ways to link itself to the region's public transit system in an effort to moderate traffic and to reduce automobile use wherever possible. We experience our peak attendance in the spring, typically between February and the end of May. While we continue to use internal measures to manage visitation levels, such as requiring weekend reservations for most visitors, we continue to seek transit links that provide alternatives to cars, to lighten the traffic on area roads.

I am writing to announce that we are restarting a pilot project with the City of Pasadena (that began in 2020 and was curtailed by the pandemic) to provide a free weekend shuttle for visitors.

This pilot project will start on the weekends from Jan. 8 through June 26, 2022. It will feature a free shuttle from Metro's Sierra Madre Villa Station in East Pasadena to The Huntington approximately three times per hour between 9:00 a.m. and 5:45 p.m. on Saturday and Sundays. The route from the Sierra Madre Villa station will run south on Sierra Madre Blvd. between Foothill Blvd. and California Blvd.; west on California Blvd. to Allen Ave., and then south on Allen to The Huntington (please see the route map on reverse of this letter). The 29-seat shuttles run on clean-burning natural gas.

The goal of this pilot project is to determine the degree to which this helps reduce vehicle travel to and from The Huntington; we will study the results, make any adjustments deemed necessary, and then evaluate the benefits while weighing any concerns that may have arisen during the trial period. As part of this pilot, we will implement a communications plan that promotes incentives for those who elect to use the shuttle.

We will solicit comments from both users and residents along the route during the pilot project and will convene a "town hall" meeting to which you will be invited at the end of the trial period.

In the meantime, please be assured that we will work to make this effort as successful as possible; we encourage you to contact us at any time. You can reach me at rs hulman@huntington.org. Additionally, you can contact Susan Turner-Lowe, our Vice President for Communications and Marketing at sturner@huntington.org.

As The Huntington enters its 103rd year, it stands proud to be part of your community. Wishing you and your family all the best for a healthy holiday season and beyond.

Randy Shulman
Vice President for Advancement and External Relations

1151 Oxford Road, San Marino, California 91108



Department of Transportation

Huntington Library Demonstration Project Pasadena Transit Route H

Municipal Services Committee
November 9, 2021



Recommendation

Department of Transportation

- Support The Huntington Library Demonstration project that creates a new Pasadena Transit route to connect The Huntington Library to the regional transit network with the goal of reducing vehicular traffic through Pasadena to The Huntington Library.



Transportation Advisory Committee Support

Department of Transportation

After reviewing and discussing the proposed The Huntington Library Demonstration project on October 28, 2021, the Transportation Advisory Committee passed the following motion;

- Support staff's recommendation for the proposed The Huntington Library Demonstration project

3



Background on Route H

Department of Transportation

- The Huntington approached DOT staff in 2019 regarding providing public transit service to the Library
 - > Limited parking and no ability to expand
 - > Desire to connect to regional transit service – closest service is over 1 mile away
 - > Desire for service to be operated by Pasadena Transit
 - > Successful "test" weekend Chinese New Year 2020
- Route to be fully funded by The Huntington Library and no fares collected



4



Route H Demonstration

Department of Transportation

- January 8, 2022 – June 26, 2022
- Saturday & Sunday Service
 - > 9 a.m. – 5:45 p.m.
 - > Every 20 minutes
 - > 15 minute ride
- 6 proposed stops
- Free fare
- Route utilizes designated truck route into The Huntington
- The Huntington has advised residents along the route of the demonstration project



5



Fiscal Impact

Department of Transportation

- This demonstration project is funded by The Huntington Library at a maximum obligation of \$87,943, which includes a 10% contingency.
 - > This cost covers transit operations and no fare will be collected to offset cost per The Huntington
- The City would pay for printed schedules and temporary bus stop signs.

6



Department of Transportation



7

PASADENA

ITEM #2



Agenda Report

January 10, 2022

TO: Honorable Mayor and City Council

THROUGH: Municipal Services Committee (November 9, 2021)

FROM: Planning & Community Development

SUBJECT: ELECTRIFICATION OF NEWLY CONSTRUCTED BUILDINGS

RECOMMENDATION:

BACKGROUND:

The purpose of this report is to provide information regarding a proposed ordinance that would require all newly constructed buildings to rely solely on electricity for their energy.

Two developments from recent years have precipitated this report:

- The Climate Crisis is real and demands action; and
- The abdication of the federal government in taking action to address the Climate Crisis – which necessitates that state and local governments play a leading role in steering societal changes that may lead to climate stability.

As of October 27, 2021, at least 51 municipalities throughout California have adopted ordinances to begin decarbonizing buildings in their boundaries, using an array of regulatory approaches. This includes numerous cities that have adopted “all-electric, whole-building” requirements. A similar electrification ordinance for Pasadena would further advance the City’s commitments to reach the shared goals of like-minded cities to reduce greenhouse gas emissions.

What is the Problem?

Emissions from the use of natural gas, and propane in areas unserved by natural gas, have become the largest source of Greenhouse Gas (GHG) emissions associated with buildings. These emissions make up about one-third of the greenhouse gas emissions in our region. Of these emissions in a typical dwelling, about 49% come from water heating, 37% from space heating, and 7% from cooking, with the remainder being pool heating, clothes drying, etc. While the exact numbers for nonresidential buildings vary widely with the type of occupancy, the aggregate nonresidential numbers are 32% for water heating, 36% for space heating, 23% for cooking, and 9% miscellaneous.

According to the City of Pasadena's Climate Action Plan, as of 2009, approximately 47% of the City's GHG emissions are from residential and commercial energy use (dual-supplied) with residential energy use totaling 16% and commercial energy use totaling 31% of the community wide total.

Natural gas is primarily comprised of methane, a short-lived climate pollutant whose contribution to climate change ("global warming potential") is 86 times greater than carbon dioxide. Methane pollution happens throughout the natural gas system, from leakages at the point of extraction and along the distribution system, to incidental leakage within homes and buildings. Additional climate emissions occur when natural gas is burned in home and building appliances, including for cooking, clothes drying, water heating, and space heating.

The City of Pasadena's Climate Action Plan identifies various strategies for GHG emissions reductions, including encouraging the use of carbon-neutral energy in residential and commercial buildings. Pasadena cannot meet its climate goals without shifting away from natural gas use. State policies and lower prices of renewable energy mean that substituting natural gas with electricity is one of the quickest, safest, and least expensive pathways to eliminating GHG emissions from buildings.

Natural Gas and Public Health – Indoor natural gas use, particularly for cooking, worsens indoor air quality, which disproportionately harms frontline communities, i.e., communities that experience the first and worst consequences of climate change. Burning natural gas creates indoor air pollutants including carbon monoxide, formaldehyde, and nitrogen dioxide, all of which contribute to respiratory ailments. These impacts are compounded in small, poorly ventilated spaces like older apartments. Children living in homes with gas cooking are 42 percent more likely to have asthma.

Natural Gas and Public Safety – Natural gas presents combustion risk for buildings, especially during and after major earthquakes. It is well known that gas pipelines can cause catastrophic disasters, with perhaps the most infamous example being the 2010 San Bruno explosion and the destructive gas fires resulting from the 1989 Loma Prieta and 1994 Northridge earthquakes.

Natural Gas and Resilience – Gas lines are also more difficult to repair following disasters than electric infrastructure, and as such reduce a city's resilience. In times of disaster, the fossil fuel supply chain will likely be disrupted. Conversely, all-electric buildings can increase resilience. Electric appliances in conjunction with battery storage technology and renewable energy generation (such as rooftop solar) can operate absent the grid's electric supply chain.

ELECTRIFICATION OF NEW BUILDINGS:

It is proposed that the City exercises its police powers to amend the Health and Safety requirements with a proposed electrification ordinance that would apply to all newly constructed buildings, with some possible exemptions. By requiring all new buildings to be constructed without gas, the City will send a strong market signal to retailers,

construction workers, contractors, repair technicians, and more that they need to prepare for a rapid transition to all-electric appliances and infrastructure. This approach “primes the market,” ensuring that the shift to all-electric buildings begins where the cost effectiveness is proven, and enabling a smooth transition for existing buildings.

The ordinance would apply to all projects after a certain cut-off date, to be determined.

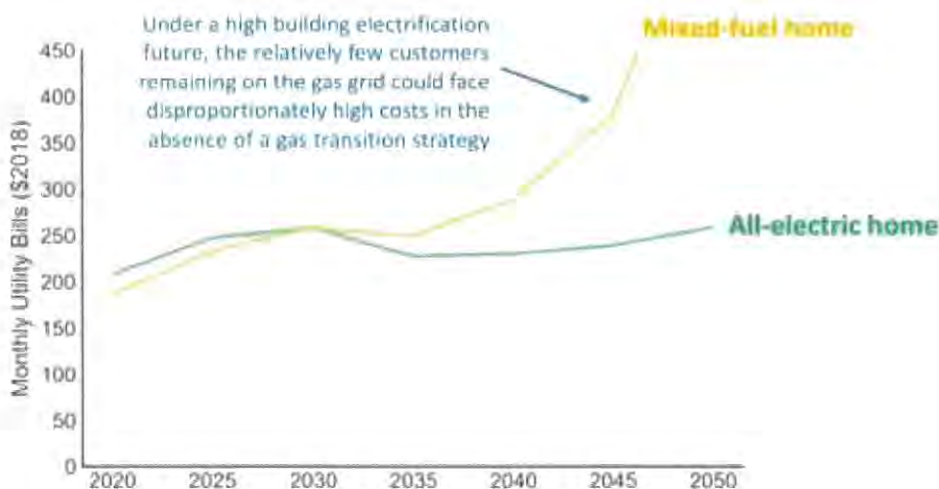
Advantages of Residential Electrification (Using electricity to heat and cook)

Modern electric appliances (heat pump water heaters, heat pump space heaters, heat pump clothes dryers and induction cooktops) now offer enhanced efficiency and performance.

In terms of construction costs, the City of Morgan Hill found in its research for an electrification ordinance that avoiding the installation of gas pipelines into a development can save approximately \$7,000 per unit in construction costs. While the increased cost of installing a larger utility electrical transformer will reduce the net savings, depending on the location, all-electric construction is expected to be less expensive on average. Some local developers (e.g., City Ventures), already chooses to construct all-electric homes without natural gas.

On the operational cost side, it is difficult to definitively determine whether an all-electric building will cost more or less to operate because the relative costs of electricity and natural gas fluctuate over time. [As shown in Figure 1] Statewide electrification policy studies suggest that natural gas rates will increase significantly as their use declines. In the short term, there would likely be an increase in energy costs for electric buildings compared to their gas/hybrid counterparts.

Figure 1 – Monthly Utility Bills for All Electric vs Dual-Supplied Homes in CA



Source: <https://www.ethree.com/at-cec-e3-highlights-need-for-gas-transition-strategy-in-california/>

Lastly, all-electric homes are considered substantially safer than their dual-supplied counterparts because there are no emissions within the home from gas combustion and there are no gas pipes that can leak due to wear, age, or earthquake.

Why Focus on New Buildings?

The greatest opportunities for electrifying buildings are present when the building is being designed and constructed. In fact, if one assumes that all buildings will need to be eventually converted to electricity, each new dual-supplied building being constructed is creating a future retrofit liability for either the government or private property owners.

Staff anticipates proposing an ordinance that generally requires all new buildings to rely solely on electricity as their energy source if they apply for a building permit after a specific date. A delayed implementation date allows the public and developers time to continue with their existing plans, for projects that are close to submission, and ample time to adjust their plans to the all-electric design for projects that are still many months away from applying for a permit.

What about Construction Costs?

A common misconception is that construction costs for all electric buildings is higher, although there is growing evidence that there is an actual cost savings in construction since gas infrastructure is omitted entirely. And while some have remarked that electrification will increase the already-high cost of housing, this is also untrue because although the cost of construction is a factor in the cost of housing, the market is a greater influence on housing prices.

In researching an electrification ordinance, the City of Oakland found that the costs of all-electric buildings are actually similarly favorable to dual-supplied buildings. And modern electric appliances are significantly more efficient than gas appliances, using fewer units of energy for the same work. Electric heat pump water heaters are up to five times more efficient than gas water heaters. Moreover, electric energy costs can be offset through local renewable generation such as rooftop solar, while gas must be purchased from an outside source. All-electric buildings can achieve net-zero GHG, which is impossible for buildings with gas appliances. As more buildings become all-electric, gas infrastructure will become more costly to maintain, which will drive up gas rates further. The trend toward all-electric buildings statewide is clear, with an increasing number of cities pursuing all-electric local building codes, and a Statewide mandate for carbon neutrality by 2045. Higher gas rates will increasingly fall on low-income households who have the highest energy cost burden to begin with. By ensuring that new buildings are all-electric, the City can better ensure that the benefits of decarbonized buildings—from improved public health to lower and more stable energy bills—can accrue to frontline communities.

How are Restaurants Impacted?

Operating costs of all-electric buildings are similarly favorable when it comes to the electrification of commercial buildings. The biggest concern with the electrification of commercial buildings pertains to restaurants, specifically those that have a business

reason for gas-powered cooking appliances, such as barbeque themed restaurants, pizza ovens and woks. While some cities have opted to exempt restaurants or delay compliance with the electrification requirements (some due to incremental impacts with COVID restrictions), there are other cities that have applied the electrification requirements across the board to all commercial buildings.

What about Power Outages?

Some may question whether having an all-electric home or business makes one more inconvenienced by power outages. While this is partly true, the dynamic is largely mitigated by the fact that modern gas appliances typically rely on electricity for their control and ignition systems, so they are also unavailable during a power outage. As mentioned previously, a property owner can invest in battery storage system to provide additional reliability and resiliency for an all-electric building that is not possible with those served by natural gas. The day-to-day advantage of the all-electric home vastly outweighs this slight disadvantage. Similarly, a large percentage of the population no longer has a classic non-electronic phone that will function during a power outage when paired with a landline. People are abandoning both their non-electronic phones and their landlines in high numbers - even though it makes their phone service less resilient.

Which Types of Projects Should Be Exempted?

While the ordinance, if adopted, will apply to the vast majority of newly constructed buildings, the City could allow exemptions, which would allow buildings to be constructed with dual-supplied, or could consider no exemptions at all. Examples of potential exemptions to be considered:

1. New single-family housing
2. Central water heating for new large multiple-family developments
3. Water heating for new swimming pools (both residential and commercial pools)
4. New affordable multiple-family housing developments
5. Additions to existing buildings regardless of size (both residential and non-residential construction)
6. Additions to existing buildings (both residential and non-residential construction), where the valuation is under \$150,000 for residential and \$600,000 for non-residential (or other specified amount or construction size threshold).
7. Newly constructed Accessory Dwelling Units (ADUs) and Junior Accessory Dwelling Units (JADUs)
8. Converted structures, such as a garage converted to an ADU
9. Remodeling of single-family residences where less than 50% of the exterior walls of the residence are removed, as determined by the building official (*PMC 17.40.140*)
10. New non-residential buildings with a for-profit commercial kitchen may contain non-electric cooking appliances if there is a business-related reason (i.e., barbeque-themed restaurants, pizza ovens, woks, etc.)
11. Projects where there is existing utility electric service to the property that must be upgraded to serve the all-electric design. The Director or their designee may

exempt the project from this requirement if there is evidence substantiating that meeting the requirements will necessitate a significant alteration of the local utility infrastructure. The alteration is considered significant if it increases the utility side upgrade cost to the project applicant by 100% or more compared to new service for electric and natural gas to serve the same peak load determines that it is in the public interest for the specific building to be constructed with natural gas.

12. "Essential Facilities" as defined by California Health & Safety Code § 16007 built to the standards required by the Essential Services Buildings Seismic Safety Act of 1986 (California Health & Safety Code §§ 16000-16023) and Title 24, Part 1, Chapter 4 are exempt from the all-electric if it is necessary to meet the requirements of other permitting agencies or is demonstrated to be necessary for the purpose of protecting public health, safety, and welfare.

Other considerations for exemptions include application vesting as it pertains to discretionary and non-discretionary projects that have not yet received a building permit. The City can consider whether discretionary projects that have been issued project entitlements as of the adoption date of the ordinance shall be exempt, or apply the exemption to discretionary and non-discretionary projects only if the project has submitted a building permit application as of the adoption date of the ordinance. Of course any future or developed State building code, or State legislative mandates added to California law that are more restrictive than a local ordinance, include ordinance exemptions, would override local codified requirements.

What about equity concerns?

We can benefit from the lessons-learned from the 50 municipalities in California that have already implemented electrification requirements. Some of the most common equity related concerns can be addressed through tested solutions:

- **CONCERN #1: Cost burdens to tenants**

While total utility bills may be somewhat higher for an all-electric household in the near-term, it is likely to be trending lower over time. Pasadena Water and Power ("PWP") offers rate assistance to low-income customers and also provides no cost "direct install" efficiency services along with rebates of efficiency measures to help offset impacts.

RECOMMENDATION: Work with PWP on a potential equitable rate structure for all-electric households, develop educational materials for tenants on how to reduce energy costs, consider assistance programs for lower income tenants.

- **CONCERN #2: Impacts to affordable housing**

Under a pilot program, PWP has provided incentives for new low-income multifamily develop projects to build all electric.

RECOMMENDATION: Continue assessment and development of potential all electric low-income new development programs. Provide outreach and technical

assistance to affordable housing developers who are inexperienced with electrification. Implement a feedback mechanism to understand impacts of the all-electric ordinance. Consider establishing a reduced rate for qualifying affordable households.

- **CONCERN #3: Lack of workforce considerations**

RECOMMENDATION: Provide targeted assistance and training for minority-owned businesses and professional organizations. Seek local non-profits to facilitate workforce training targeting minority-owned businesses and incentives to hire and direct work to minority-owned businesses.

- **CONCERN #4: Impact to restaurants**

RECOMMENDATION: Consider a longer implementation period for restaurants so as to better understand electrification burdens and to provide outreach and education for the transition. Ensure the ordinance provides a hardship exemption.

FISCAL IMPACT:

There are no negative fiscal impacts anticipated with the adoption of this proposed ordinance. Electric infrastructure has been found to have lower installation and operational costs, which is the primary factor contributing to its cost effectiveness, even with necessary increases in electrical capacity. Although a modest increase in staff time is expected to review and discuss premise electrical service panels, some of which may be larger than in a dual-supplied system, an overall decrease in staff time related to field inspections should be expected as the gas piping aspects of the inspection phase will be eliminated. Similarly, only a slight increase in staff time related to plan check functions is expected as the elimination of the review of gas pipe sizing and configuration is offset by an increase in electric service review. Overall, department staff time related to permitting, plan review, and inspection, should be affected very minimally.

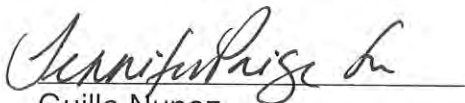
An all-electric new development ordinance would result in additional electric sales to PWP customers. The additional revenue would help fund PWP's fixed costs, thereby lowering average electric rates for all customers. It would also increase the revenue basis for determining the General Fund transfer from the Light and Power Fund.

Respectfully submitted,



DAVID M. REYES
Director
Planning & Community Development
Department

Prepared by:




Guille Nunez
Management Analyst IV (Concierge)

Concurred by:



Ronald Takiguchi
Building Official

Approved by:



STEVE MERMELL
City Manager

ITEM #3

Municipal Services Committee
November 9, 2021
Metropolitan Water District of Southern California

- In August Metropolitan issues a Water Supply Alert for the entire Southern California region.
- That put the water agencies on notice to start implementing Drought Contingency Plans. Very pleased that at the same time Pasadena went to mandatory 2 day a week water schedule.
- While the Metropolitan region is in better shape than much of California, thanks to customer conservation efforts and investment in storage, the current drought conditions are a cause of real concern.
- On November 9 the Met Board will be asked to declare a Regional Drought Emergency calling all member agencies to reduce use of State Water Project supplies.
- The fact is that not all parts of the Metropolitan's service area have access to more than one supply of water. If the single supply they rely on is unavailable, they have few options.
- This is true of some portions of the City of Los Angeles, Las Virgenes Municipal Water District (Agoura Hills, Calabasas, Hidden Hills, Westlake Village) and Calleguas Municipal Water District (Camarillo, Moorpark, Oxnard, Simi Valley and Thousand Oaks).
- Drought conditions in the Northern Sierras, the sources of the State Water Project, are severe. Lake Oroville is at historic low levels and we anticipate a zero State Water Project allocation at the start of the next year.
- Complicating matters, the primary State Water Project reservoirs in Southern California that serves Northwestern Los Angeles and Ventura County is undergoing critical repairs so water that would normally be available for these regions isn't there.

- In the past we have been fortunate to be able to count on Colorado River supplies when the State Water Project supply was lower but the situation is almost as dire on the Colorado.
- The Board is preparing for another critical dry year and looking at:
 - ✓ Increasing the rebates for turf replacement from \$2 to \$3 per sq foot and increasing the maximum area allowed for rebates.
 - ✓ Introducing a new program to detect and repair leaks.
 - ✓ Expand direct install programs for toilets, showerheads and irrigation controllers.
 - ✓ Expand the very popular multi-family toilet replacement program
- And we are making investments in drought-related capital improvement projects to make it possible to move treated Colorado River water to the State Water Project dependent areas to increase reliability.
- Need to invest in new supplies -local supplies – to prepare for a drier future.

ITEM #4




PASADENA WATER AND POWER

MEMORANDUM

November 9, 2021

To: Municipal Services Committee

From: Gurcharan S. Bawa 
General Manager

Subject: Water Forecast and Water Demand for Pasadena Water Division

The current drought impacting the State of California is affecting water supply reliability for both local and imported supplies. Pasadena Water and Power Department ("PWP") is providing this update of our current water supply and demand situation along with a description of projects and programs included in our Water Supply Resources Plan (WSRP) to manage the effects of a prolonged drought.

Staff will be available to answer questions as needed.

Attachment: PowerPoint Presentation

Water Forecast And Water Demand For Pasadena Water Division

Municipal Services Committee

November 9, 2021

Item #4





Conservation – Current & Future

Pasadena Water and Power

- **August '21 – Level 2 conservation**
 - > Outdoor watering 2 days/week
 - > Customer education, support and marketing
- **October '21 – Governor's Proclamation**
 - > Extending drought emergency
 - > Impacts all counties in the State
 - > Water shortage contingency plans
 - > Bans use of potable water for certain activities
 - > Prepare for a third year of drought



Conservation – Current & Future

Pasadena Water and Power

- November '21 – PWP Water Shortage Level 2
 - > Outdoor watering reduced to 1 day/week through April '22
- November '21 - MWD Board approves mandatory conservation for all member agencies
- PWP Action Plan
 - > Mandatory conservation
 - Level 2 outdoor watering 1 day/week
 - > Evaluate in April and consider moving to Water Shortage Level 3

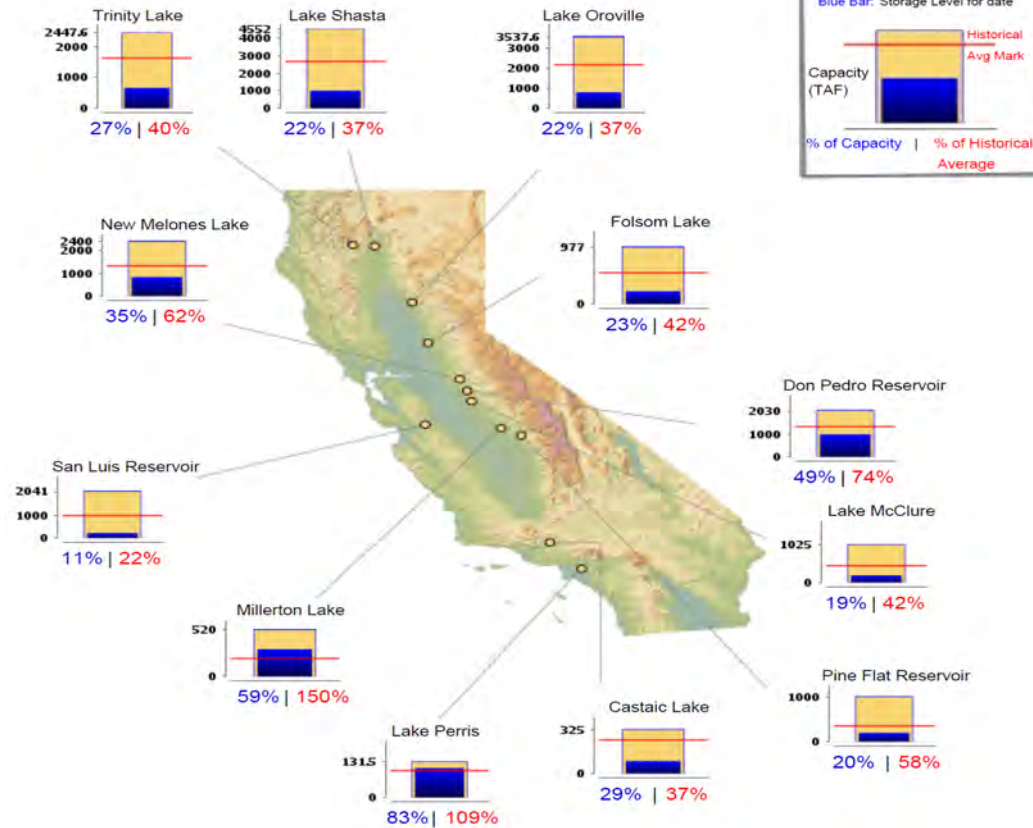


State Water Supply Forecast

Pasadena Water and Power

SELECTED WATER SUPPLY RESERVOIRS

Midnight: October 13, 2021



Updated 10/14/2021 09:18 AM



State and MWD

Pasadena Water and Power

- **State:**
 - > July Executive Order calling for 15% reduction in water usage
 - > November Proclamation extending drought emergency
 - > DWR allocation on SWP December 1st
- **MWD:**
 - > Allocation to member agencies
 - > SWP exclusive agencies
 - > PWP is a non-exclusive agency
 - > Colorado River
 - > MWD reserves
 - > Delta seawater intrusion – pumping restrictions



PWP Water Supply

Pasadena Water and Power

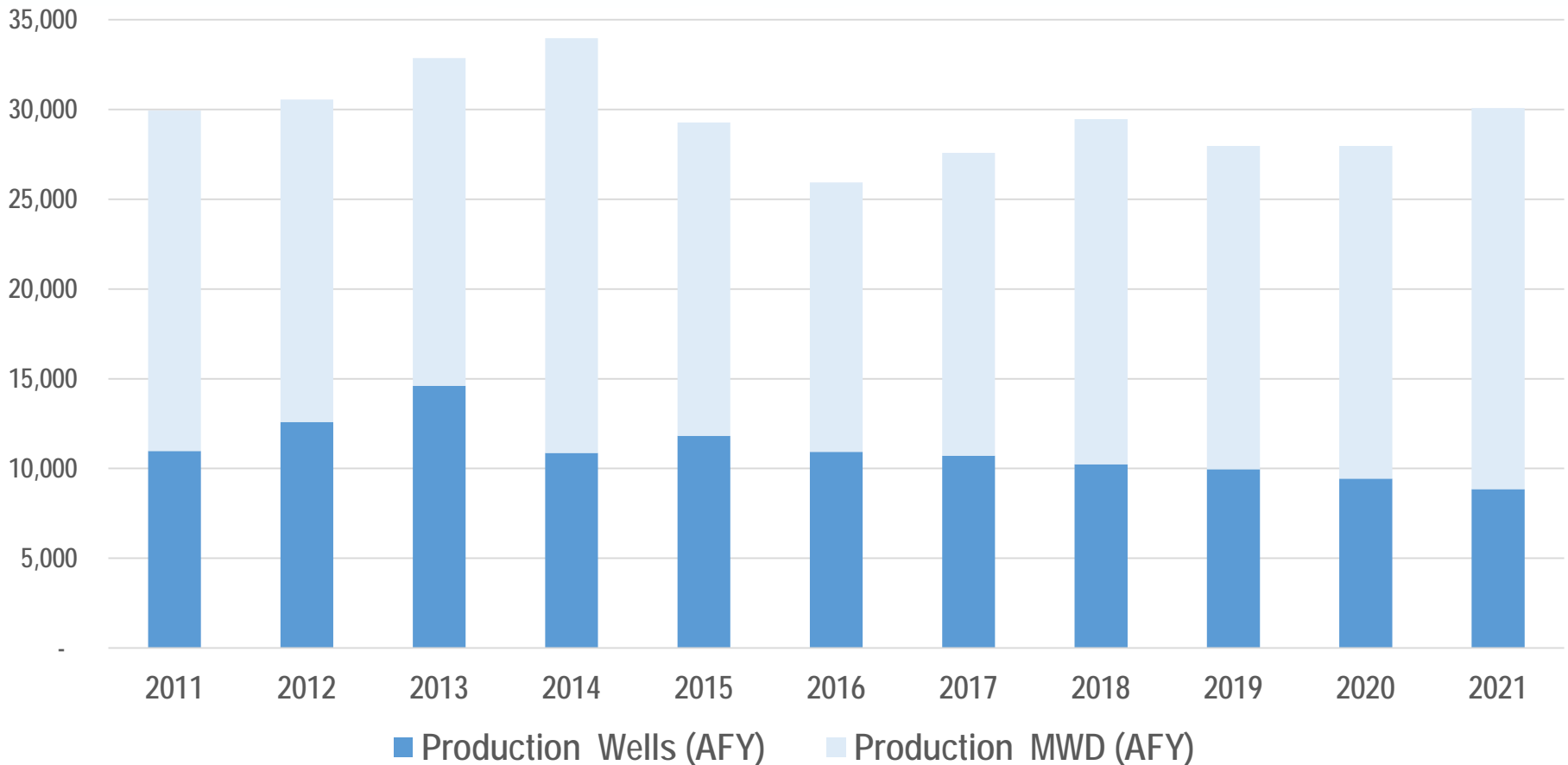
- **Raymond Basin Production**
 - > Active and inactive wells
 - > Monk Hill sub-basin
- **MWD Imported Water**
 - > State Water Project (Treated water only)
 - > Colorado River Water
- **Storm Water Capture & Recharge**
- **Return Flows from Irrigation**



PWP Water Production Trend

Pasadena Water and Power

Pasadena Production FY 2011 - FY 2021





10-Year Production & Rainfall

Pasadena Water and Power

FY	Wells (AFY)	MWD (AFY)	Total (AFY)	Wells	MWD	Rainfall (inches)
2011	10,968	18,965	29,933	37%	63%	28
2012	12,591	17,960	30,551	41%	59%	12
2013	14,607	18,254	32,861	44%	56%	18
2014	10,867	23,096	33,963	32%	68%	8
2015	11,826	17,452	29,278	40%	60%	14
2016	10,931	15,008	25,939	42%	58%	15
2017	10,712	16,865	27,577	39%	61%	21
2018	10,241	19,223	29,464	35%	65%	8
2019	9,965	17,996	27,961	36%	64%	27
2020	9,440	18,534	27,974	34%	66%	21
2021	8,844	21,227	30,072	29%	71%	6



Production & Rainfall

Pasadena Water and Power

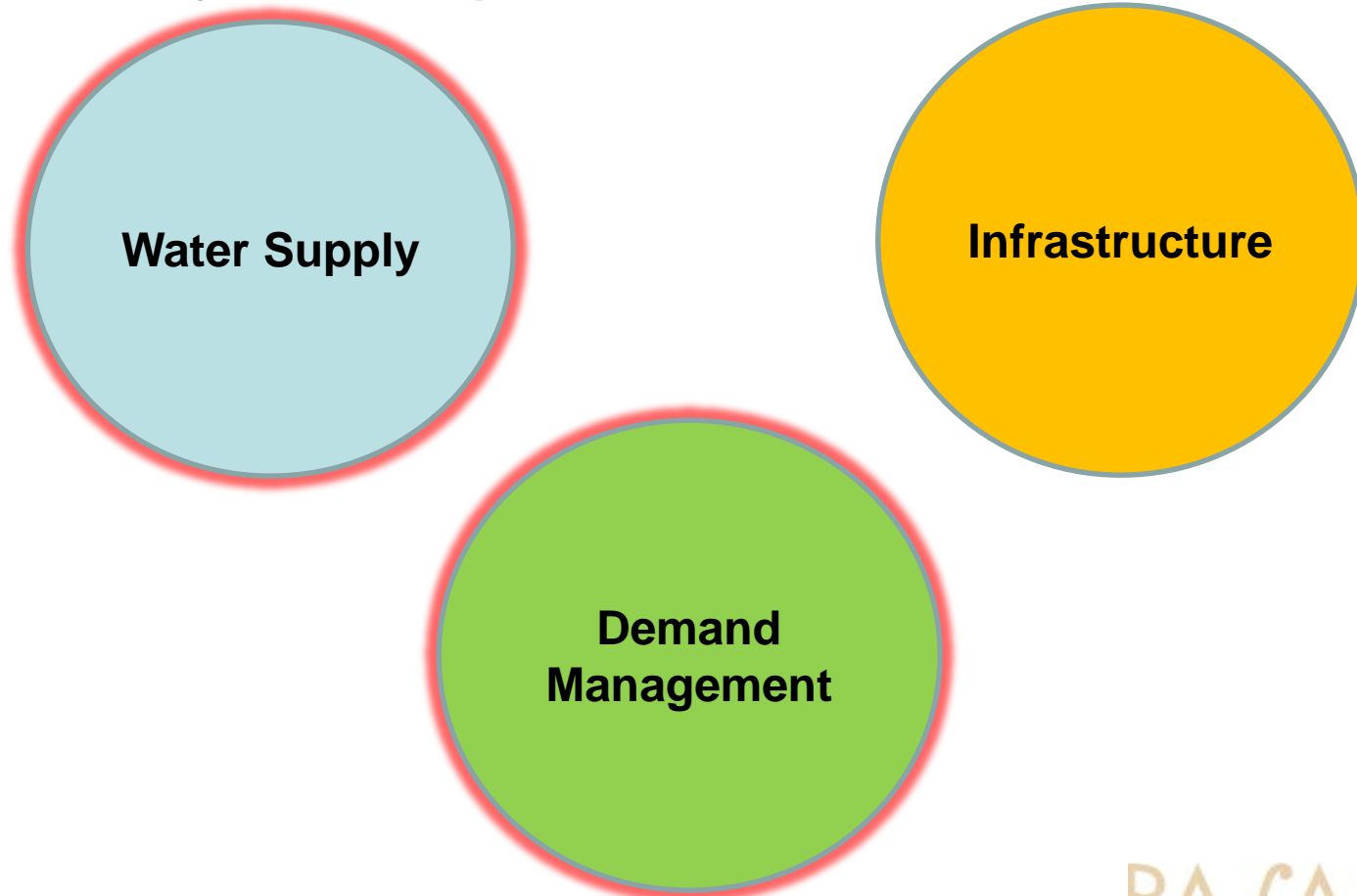
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2021	8,844	21,227	30,072	29%	71%	6



WSRP Implementation

Pasadena Water and Power

Three Major Components:





WSRP Water Supply

Pasadena Water and Power

- **Raymond Basin Management**
 - > Storage & recovery
 - > Relocate production
 - > Increased treatment
 - > Reuse and non-potable water
 - > Short & long-term lease agreements
- **Regional Projects**
 - > Recycled water
 - > Spot market supply
 - > Intra-basin transfers
 - > Membrane Bioreactor



Water Supply Forecast

Pasadena Water and Power

Questions?

ITEM #5



PASADENA WATER AND POWER

MEMORANDUM

November 9, 2021

To: Municipal Services Committee

From: Gurcharan S. Bawa
General Manager

Subject: Proposed Water Rate Adjustments

This item is for information only.

EXECUTIVE SUMMARY:

In preparation for the Fiscal Year ("FY") 2022 Operating and Capital Budgets, the Water and Power Department ("PWP") conducted a revenue requirements analysis and rate sufficiency review.

The main objectives of the analysis were as follows:

- a) Develop a five-year financial plan for the Water System covering Fiscal Years 2022 through 2026 for ongoing operations and planned capital improvements;
- b) Evaluate the adequacy of projected revenues under existing rates to meet projected revenue requirements;
- c) Recommend rate adjustments to meet financial requirements while managing customer bill impacts; and,
- d) Maintain compliance with costs of service and other regulatory requirements (Proposition 218).

The analysis determined that the revenues from existing rates were insufficient to meet projected revenue requirements for the Water System. Initial analysis indicated that the revenue shortfalls were primarily due to increases in the cost of purchased water from the Metropolitan Water District ("MWD") as well as higher operating and maintenance ("O&M") costs. Based on the preliminary revenue requirement analysis, an anticipated 3.7 percent system average rate increase was noted during the FY 2022 Operating Budget review to be implemented in January 2022. The anticipated rate increase was not presented to the City Council for approval and has not been implemented.

Subsequent to the FY 2022 Budget adoption, the City Council approved two initiatives to encourage water conservation in response to the intensifying drought conditions and adopted a strategic planning document for infrastructure investment. In August, Pasadena's Water Supply Shortage Plan was elevated from Level 1 to Level 2, targeting

an additional 15 percent reduction in citywide water use. The 2020 Water System and Resources Plan (“WSRP”), adopted in October, calls for permanent reductions in water use to include conservation as an integral component of the City’s water supply. Implementing the WSRP will increase the Water System’s capital spending plan in the next five years, and lead to additional O&M expenditures for water capture, pumping, treatment and storage.

Based on the updated analysis incorporating revised capital expenditures and reduced sales, the utility requires system average rate increases larger than the 3.7 percent initially indicated during the FY 2022 budget review. The revised proposed system average rate increase is 7.1 percent for FY 2022. Additionally, the proposed effective date of January 1, 2022, for the proposed rate adjustments was revised to April 1, 2022 to support community recovery from the impacts of the COVID-19 pandemic. To mitigate the revenue insufficiencies and promote rate stabilization, staff is currently proposing the following adjustments:

1. **Effective April 1, 2022:** Increase the Commodity Charge to provide additional annual revenue of \$3.0 million and increase the Distribution and Customer Charge (“D&C”) to provide additional annual revenues of \$1.0 million, thereby increasing the system average rate by 7.1% for all customers; and
2. **Effective January 1, 2023:** Increase the Commodity Charge to provide additional annual revenue of \$1.8 million, the D&C to provide additional annual revenue of \$1.0 million, and the Capital Improvement Charge (“CIC”) to provide additional annual revenue of \$1.0 million, thereby increasing the system average rate by 7.2% for all customers.
3. Amend the description of the CIC in the Water Rate Ordinance to eliminate reference to the “Water Distribution System” and add reference to the CIC rate as being applicable to all Water System capital expenditures.

Attachment A details the current and proposed rates for each of the affected years. Attachment B shows examples of customer bill impacts.

While the proposed rate increases are designed to contribute to the revenue recovery and financial stability of the Water System, they are not sufficient to fully recover the projected shortfall in annual revenue requirements. The remaining shortfall will be offset by utilizing available Water Fund capital reserves to fund a portion of the capital spending.

These proposed rate adjustments are intended to be applied to the current Water rate structure, which includes four blocks (tiers) of increasing rates to encourage conservation. PWP is committed to evaluating and potentially recommending alternative rate structures for the Water System including conservation or demand based water rates. However, a full cost of service study is required to evaluate the development and potential impact of alternative rate structures, which is planned to begin in early 2022. As a reference, previous rate adjustments are listed in Table 1.

Table 1 – System Average Rate Adjustments

Annual System Average Rate Adjustments per Billing Unit				System Average Rate Adjustment
Period	D&C	Commodity	CIC	
FY 2021	\$0.324	\$0.041	-	6.5%
FY 2020	\$0.297	-	-	5.7%
FY 2017	-	\$0.200	-	0.5%
FY 2016 (Feb. 2016)	-		\$0.340	8.0%
FY 2016 (Oct. 2015)		\$0.050		1.0%
FY 2015	-	\$0.100	-	2.2%
FY 2014	-	\$0.100	-	2.2%

BACKGROUND:

The City of Pasadena (“City”) operates the Water System as a self-supporting enterprise. As such, an associated financial plan must be developed which includes revenue requirements to meet all operational and maintenance expenses, debt service requirements, annual improvements and replacements of capital infrastructure funded from current revenues, and other revenue requirements. Based on the revenue requirement analysis, the following factors contribute to the need for the recommended rate increases. PWP’s water rate structure is approximately 60% “volumetric,” with revenues from the volume-based components based directly on water sales. The current rate structure is comprised of three major components: the Commodity Charge (volumetric) which recovers costs associated with the purchase and production of water, the Capital Improvement Charge (“CIC” – volumetric) which recovers certain debt service and capital improvement costs, and the Distribution and Customer Charge (“D&C” – fixed based on meter connection size) which recovers costs associated with operating the water distribution system and customer-service related costs.

Increasing Operations and Maintenance Costs

The utility’s five-year financial outlook incorporates increases in operational and maintenance expenses. These expenses include charges for MWD purchased water, costs for local well groundwater extraction and treatment operations, maintenance of distribution mains, pumping stations, and administrative and customer service functions, including the call center, meter reading, billing and collections. Based upon MWD’s FY 2021 – 2022 bi-annual budget, MWD anticipates increases to the cost of purchased water to range from three to four percent for FY 2022 and FY 2023.

Similar to many other entities, PWP has been affected by the significant challenges facing global supply chains. Limited availability and delayed delivery schedules for key materials has led to higher prices and the need to re-evaluate physical inventory levels. Supply chain disruptions have also led to higher costs for fuel, water treatment compounds and general operating expenses.

Level 2 Water Supply Shortage Plan and 15 Percent Water Conservation Target

On August 16, 2021, pursuant to the Pasadena Water Waste Prohibitions and Water Supply Shortage Plans Ordinance (PMC 13.10), the City Council implemented Level 2 Water Supply Shortage Plan conservation measures and established a voluntary water conservation target that matches California's 15 percent voluntary goal. The more aggressive plan includes restrictions on outdoor watering, reduces the time allowed to repair leaks, and prohibits the filling or re-filling of ornamental lakes or ponds, except as needed to sustain aquatic life. The reduced water usage requires additional rate adjustments to mitigate the effects of revenue loss from lower sales. As the current action calls for a voluntary reduction in water usage, PWP has incorporated a phased-in approach to achieving the 15 percent reduction. PWP revenue requirements analysis is based on achieving an annual reduction of approximately five percent in water usage for each of the next three years.

Water System and Resource Plan Adoption

The recently adopted 2020 WSRP is a 25-year strategic comprehensive planning guide meant to succeed the 2002 Water System Master Plan and the 2011 Water Integrated Resources Plan. It provides the City with a framework with which to evaluate future water supply programs and infrastructure investment in order to provide superior service, safe, sustainable and reliable water, and reasonable rates. The proposed Capital Improvement Program ("CIP") to support the WSRP initiatives increases the FY 2022 – 2026 projected expenditures by approximately \$8 million compared to the CIP adopted in May 2021.

Revenue Requirement Analysis

PWP creates a rolling five-year financial plan as part of the operating and capital budget to assist in the financial planning for the Water System. The current five-year plan covers FY 2022 through FY 2026. The revenue requirements analysis that was completed for preparation of the FY 2022 Operating Budget resulted in proposed rate actions focused on the first two years of the financial plan (effective April 1, 2022 and January 1, 2023). Additional adjustments beyond FY 2023 will be addressed during future budget planning and analysis.

PWP's Commodity revenue requirement includes recovery of the production costs of local groundwater and the cost to purchase imported water from the MWD. It also recovers the cost of performing water quality testing and treatment. Revenues from existing Commodity rates will result in a cost recovery shortfall of \$2.5 million in FY 2022 and the shortfall will increase to \$4.6 million by FY 2023.

Similarly, the D&C revenue requirement is designed to recover the cost of operating and maintaining the infrastructure that treats, stores and reliably delivers water to the City's customers. This includes distribution mains, service lines and pumping stations that boost water across various elevations throughout the city and reservoirs where water is stored and treated. The D&C also covers the costs of customer service functions, including the call center, meter reading, billing and collections. Additionally, the revenue analysis indicated that increases are required to fund planned capital investments. The analysis

revealed that revenues from existing D&C rates will result in a shortfall of \$9.4 million in FY 2022 and the shortfall will increase to \$13.0 million by FY 2023.

In order to continue to perform water supply and delivery system improvements, PWP proposes an adjustment to the CIC. The CIC rate formula, as defined in section 13.20.035 of Pasadena's Municipal Code of Ordinances, is designed to recover costs for capital improvement projects as well as debt service on bonds issued by PWP. The proposed adjustments to the CIC would include a rate increase and defining the CIC as applicable to all water CIP approved by the City Council during the annual budget process. The CIC rate adjustment reflects the annual water sales associated with meeting water conservation goals described previously.

PROPOSED WATER RATE ADJUSTMENTS

To maintain fiscal responsibility, ensure adequate debt service coverage, provide sufficient revenue to meet increased operating costs and pay-go funding for capital investment, while minimizing potential customer bill impact, PWP is recommending a phased rate action plan.

Effective April 1, 2022: Increase the D&C and Commodity Rates

PWP proposes to increase the D&C and Commodity rates for all customers effective April 1, 2022. The proposed increase to the D&C charge will generate additional annual revenues of \$0.25 million in FY 2022 (three-month period) and \$1.0 million in annualized revenue beginning in FY 2023; and the proposed increase in the Commodity rate will generate additional annual revenues of \$0.75 million in FY 2022 (three-month period) and \$3.0 million in annualized revenue beginning in FY 2023.

Effective January 1, 2023: Increase the D&C and Commodity Rates

PWP will be proposing to increase the D&C, Commodity, and CIC rates for all customers effective January 1, 2023. The proposed increase to the D&C charge will generate additional annual revenues of \$0.5 million in FY 2023 (six-month period) and \$1.0 million in annualized revenue beginning in FY 2024; and the proposed increase in the Commodity rate will generate additional annual revenues of \$0.9 million in FY 2023 (six-month period) and \$1.8 million in annualized revenue beginning FY 2024. The proposed increase to the CIC charge will generate \$0.5 million in FY 2023 (six-month period) and \$1.0 million in annualized revenue beginning in FY 2024. The proposed rate increase is less than the CIC calculated rate, however the revenue shortfall is expected to be absorbed by Water Fund reserves. The annualized revenue impacts of the proposed rate adjustments are shown in Table 2.

Table 2 – Annualized Revenue Impacts

Rate Component	FY2022	FY2023	Total New Annualized Revenue
Commodity	\$3.0 million	\$1.8 million	\$4.8 million
D&C	\$1.0 million	\$1.0 million	\$2.0 million
CIC		\$1.0 million	\$1.0 million
Total	\$4.0 million	\$3.8 million	\$7.8 million

The revised FY 2022 – FY 2026 CIP outlook includes the 2020 WSRP recommendations. The proposed rate adjustments also consider a five-year average capital expenditure of \$23 million and include increased debt service from planned bond issuances in FY 2022 and FY 2023.

The legal firm of Colantuono, Highsmith, Whatley, PC (“Colantuono firm”) was engaged to review the cost of service documentation and provided an opinion on the adequacy of the documentation and compliance of the rates with the principles of Proposition 218. The study results and the proposed water revenue adjustments have been reviewed and validated by the Colantuono firm for compliance with Proposition 218.

TIMELINE AND NEXT STEPS

Following the City Council's action to set a date for the public hearing to consider the proposed rate adjustments, a notice will be mailed to all Water System customers that outlines the recommended rate adjustments and provides information regarding the public hearing in compliance with the requirements of Proposition 218. Table 3 provides the anticipated timeline for the proposed rate adjustments.

Table 3 - Proposed Water Rate Adjustments Timeline

Date	Action Item
November 9, 2021	MSC Update (information item)
December 14, 2021	Request Public Hearing Date from MSC
January 10, 2022	Request Public Hearing Date from City Council
January-February 2022	Customer Outreach and Education
March 7, 2022	Water Rates Public Hearing
March 14, 2022	First Reading of Updated Water Rate Ordinance
March 21, 2022	Second Reading of Updated Water Rate Ordinance
April 1, 2022	First Rate Action Effective

In addition to community meetings, PWP's web page will be updated with information regarding the rate proposal, including a timeline for the current schedule for presenting the draft water rate adjustments to the MSC, the City Council and the community.

FUTURE CONSIDERATIONS

Conservation Measures

PWP has implemented several programs to provide direct support for the state’s voluntary call for a 15 percent reduction in water usage. PWP will explore and plan for expanding current conservation programs such as the turf replacement program and the water saving incentive program. PWP will continue the communication of conservation information to customers through additional marketing and bill inserts. Additional conservation efforts and customer communication will be supported by enhanced use of water waste enforcement staff. Table 4 provides a partial list of the water conservation programs provided by PWP.

Table 4 - Conservation Programs

Conservation Program	Features
PWP Team Water Savers	Launched in May 2021 to assist customers with irrigation issues Reached 4,000 customers in first five months
Irrigation Check-up	Offer free irrigation check-ups 200 irrigation check-ups scheduled through CY 2021
Workshops and Ask the Expert Sessions	Virtual workshops with conservation experts
Rebates and Direct Install	Enhanced rebates and direct install program offerings for residential and commercial customers

Attachments:

Attachment A: Current and Proposed Water Rate Adjustments

Attachment B: Customer Bill Impact Examples

ATTACHMENT A: Current and Proposed Water Rate Adjustments

Table 1: Commodity Rates

Commodity Rates: Current and Proposed			
Per BU	Areas A / B		
	Current Rates	April 1, 2022	January 1, 2023
Block 1	1.44852	\$1.63649	\$1.76489
Block 2	3.07637	\$3.47558	\$3.74827
Block 3	3.60615	\$4.07410	\$4.39376
Block 4	4.37569	\$4.94350	\$5.33137

Table 2: D&C Rates

Distribution and Customer Charge: Current and Proposed			
Meter Size	Areas A / B		
	Current Rates	April 1, 2022	January 1, 2023
5/8"-3/4"	\$24.28	\$25.18	\$25.78
1"	\$46.13	\$47.84	\$48.98
1 1/2"	\$94.69	\$98.20	\$100.54
2"	\$218.54	\$226.64	\$232.04
3"	\$534.18	\$553.99	\$567.19
4"	\$820.64	\$851.07	\$871.36
6"	\$1,267.37	\$1,314.37	\$1,345.70
8"	\$2,061.45	\$2,137.88	\$2,188.84
10"	\$2,683.01	\$2,782.49	\$2,848.81

Table 3: CIC Rates

Capital Improvement Charge: Current and Proposed		
Areas A / B		
Per BU	Current Rate	January 1, 2023
	\$1.00501	\$1.12404

ATTACHMENT B: Customer Bill Impact Examples
(Monthly estimates excluding tax and surcharges)

Chart 1: Residential Customer with 3/4-inch Meter Connection

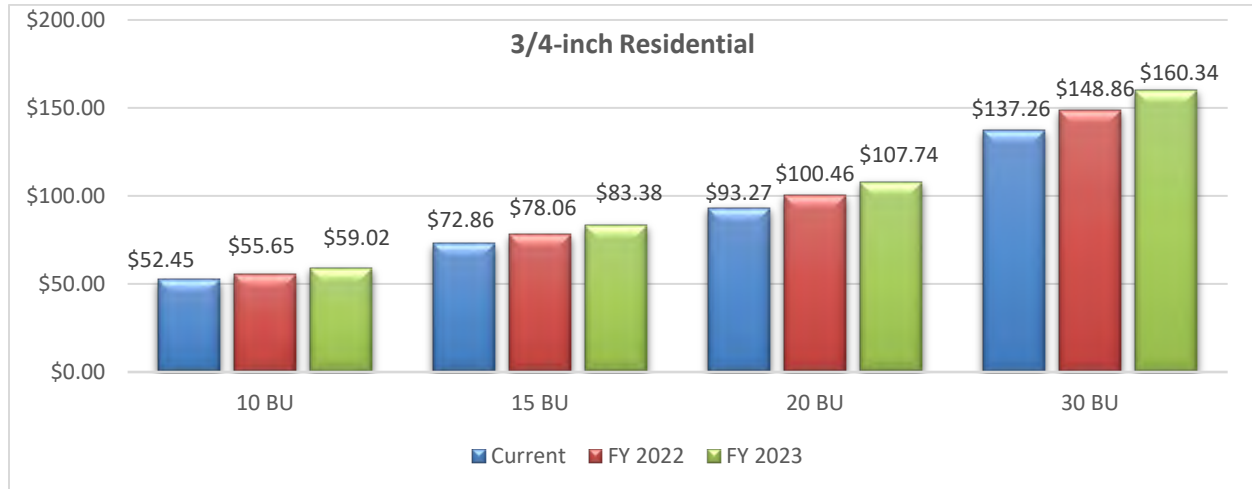


Chart 2: Residential Customer with 1-inch Meter Connection

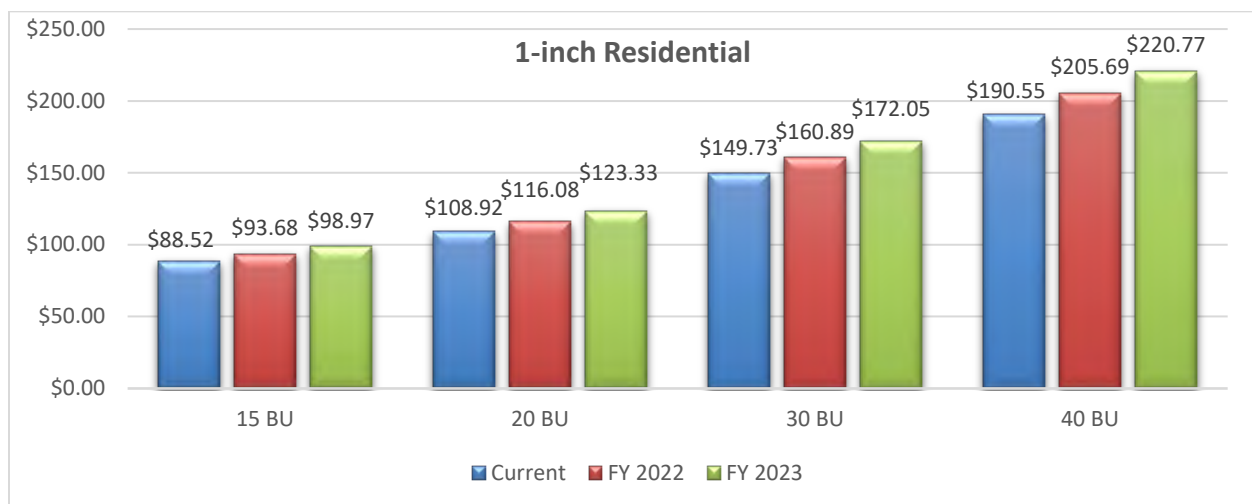


Chart 3: Residential Customer with 1 1/2-inch Meter Connection

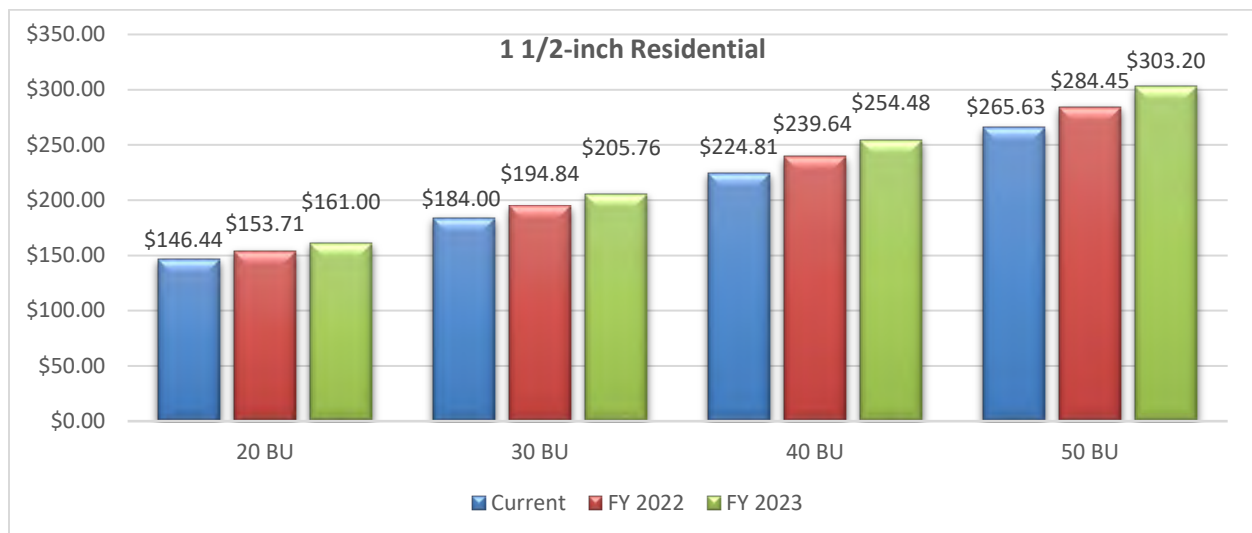
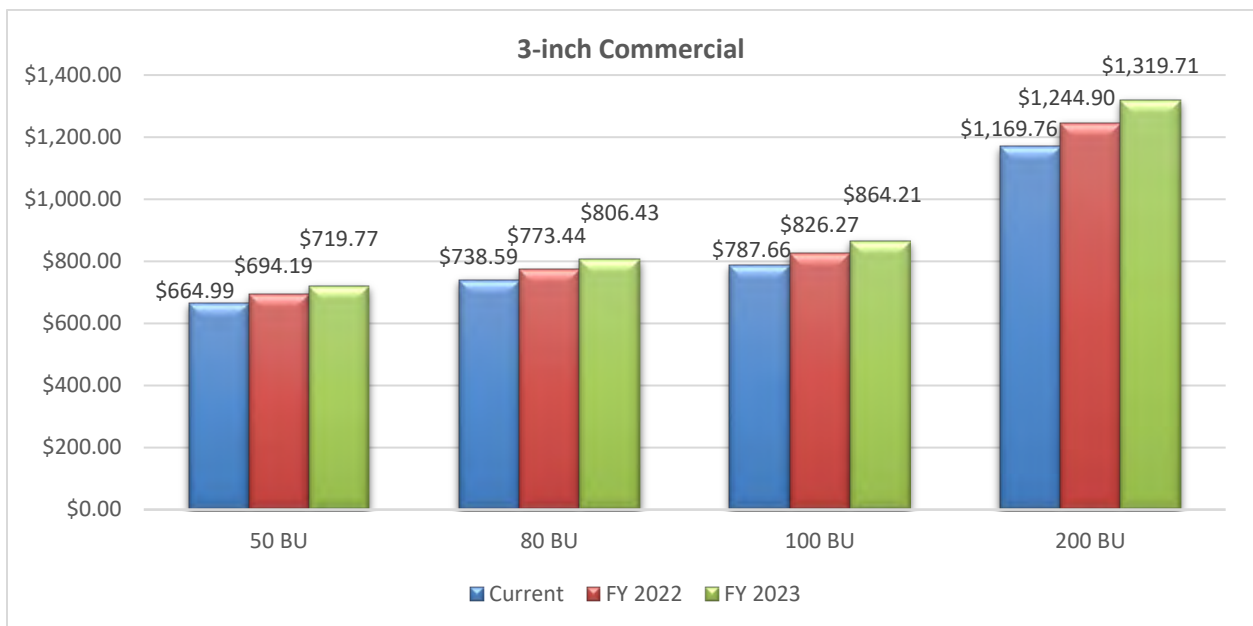


Chart 4: Commercial Customer with 2-inch Meter Connection



Chart 5: Commercial Customer with 3-inch Meter Connection



Proposed Water Rates Adjustments

Municipal Services Committee
November 9, 2021
Item #5





Overview

Pasadena Water and Power

- **Water Fund Financial Plan**
 - > Completed annually as part of budget process
 - > Includes analysis of revenue requirements and projected sales
 - > Budget information completed by March
- **Fiscal Year 2022 Water Fund Budget**
 - > Based on projected sales prior to Water Supply Shortage Level 2
 - > Approved prior to adoption of Water System and Resource Plan (“WSRP”)
 - > Included estimated rate increase of 3.7% (Commodity rate only)
- **Rate adjustment schedule**
 - > Planned increase postponed due to pandemic considerations
 - > CIS project go-live schedule
 - > Pending approval of the WSRP



Recent Developments

Pasadena Water and Power

- **Level 2 Water Supply Shortage Plan**
 - > Approved by City Council August 16, 2021
 - > Establishes conservation goal of 15% from current levels
 - > Increases conservation projects/programs
- **Adopted Water System and Resources Plan (“WSRP”)**
 - > Approved by City Council October 4, 2021
 - > 25-year comprehensive planning guide
 - > Increased capital expenditures
 - > Anticipates additional Water System bond issues
 - > Focus on local supply and conservation
- **Supply chain challenges**
 - > Higher costs for materials and fuel
 - > Higher inventory levels for critical materials



Revenue Analysis

Pasadena Water and Power

- **Revenue Requirements Analysis Considerations**
 - > Revenues from existing water rates insufficient to cover operating costs
 - > Increasing Operating and Maintenance costs
 - > Purchased water costs including Metropolitan Water District (“MWD”)
 - Water treatment compounds
 - Fuel costs
 - Customer service, administrative and general costs
- **15 percent water conservation target**
 - > Based on phased conservation over three-year period
- **Increase to the capital budget outlined in WSRP**
 - > Higher debt service costs due to bond funding
 - > Higher “pay-go” requirements from current customers
 - > Higher costs for materials – longer lead times



Water Fund Cost Savings

Pasadena Water and Power

- Managing vacant positions
 - > 13% of full time employees
- Using contract services for limited term projects
- Very limited training/travel
- 65% of Water Fund budget is “fixed”
 - > Purchased water costs (MWD)
 - > Electricity for pumping water
 - > Interest and depreciation
 - > Internal Service Charges and Reimbursement to General Fund
- 35% of Water Fund is “variable”
 - > Personnel and other services and supplies



Proposed Rate Adjustments

Pasadena Water and Power

Rate Component	Effective Date	FY 2022 Revenue	Annualized Revenue*
Commodity Charge	4/1/22	\$0.75 million	\$3.0 million
D&C	4/1/22	\$0.25 million	\$1.0 million

7.1% system average rate increase

Rate Component	Effective Date	FY 2023 Revenue	Annualized Revenue*
Commodity Charge	1/1/23	\$0.90 million	\$1.8 million
D&C	1/1/23	\$0.50 million	\$1.0 million
CIC	1/1/23	\$0.50 million	\$1.0 million

7.2% system average rate increase

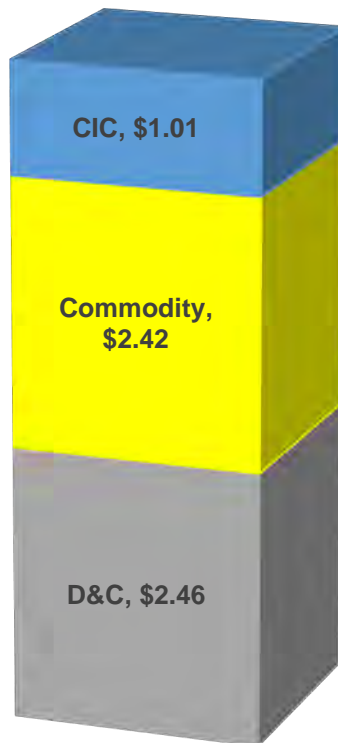
* Represents full year of revenue at new rates



Water Rate Components

Pasadena Water and Power

FY 2022 Forecast System Average Rate



Current \$5.89 per Billing Unit
One Billing Unit = 748 Gallons



Capital Improvement (CIC)

- > Volumetric charge that covers capital improvements and investments



Commodity Charge

- > Volumetric charge that covers costs of water delivered, includes the Purchased Water Adjustment Charge for changes in commodity cost



Distribution and Customer (D&C)

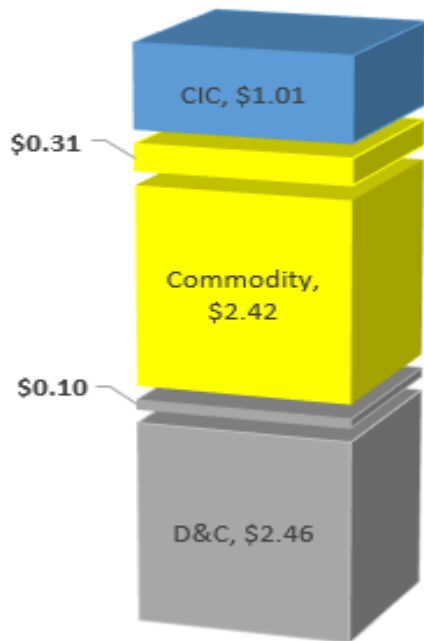
- > Fixed charge that covers operations and maintenance costs



Water Rate Components with Proposed Adjustments

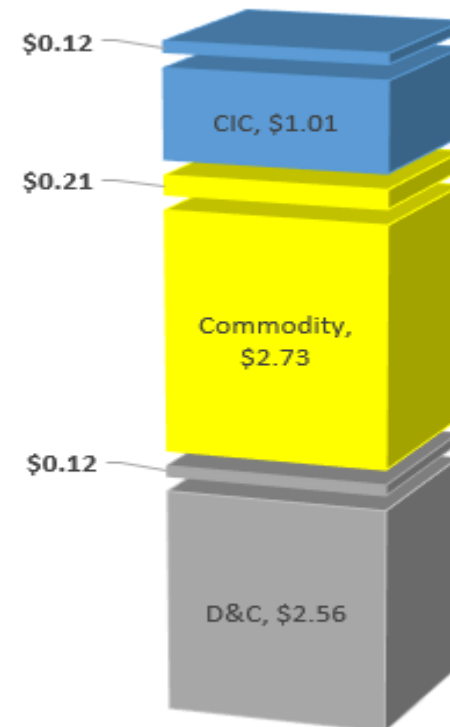
Pasadena Water and Power

**FY 2022 Forecast with
Proposed Rate Adjustments**



\$6.30 per Billing Unit

**FY 2023 Forecast with
Proposed Rate Adjustments**



\$6.75 per Billing Unit



Sample Customer Bill Impacts: All Proposed Adjustments

Pasadena Water and Power

Estimated bill impact for the average usage by meter size

Meter Size	Number of Customers	Avg. Usage	Monthly Billing	April 1, 2022		January 1, 2023		2 Year Total	
				Change (\$)	Change (%)	Change (\$)	Change (%)	Change (\$)	Change (%)
5/8 & 3/4	21,989	10	\$52.45	\$3.20	6.1%	\$3.37	6.1%	\$6.57	12.5%
1"	11,910	20	\$108.92	\$7.16	6.6%	\$7.25	6.2%	\$14.41	13.2%
1½"	2,194	40	\$224.81	\$14.83	6.6%	\$14.84	6.2%	\$29.67	13.2%

Additional bill impact examples

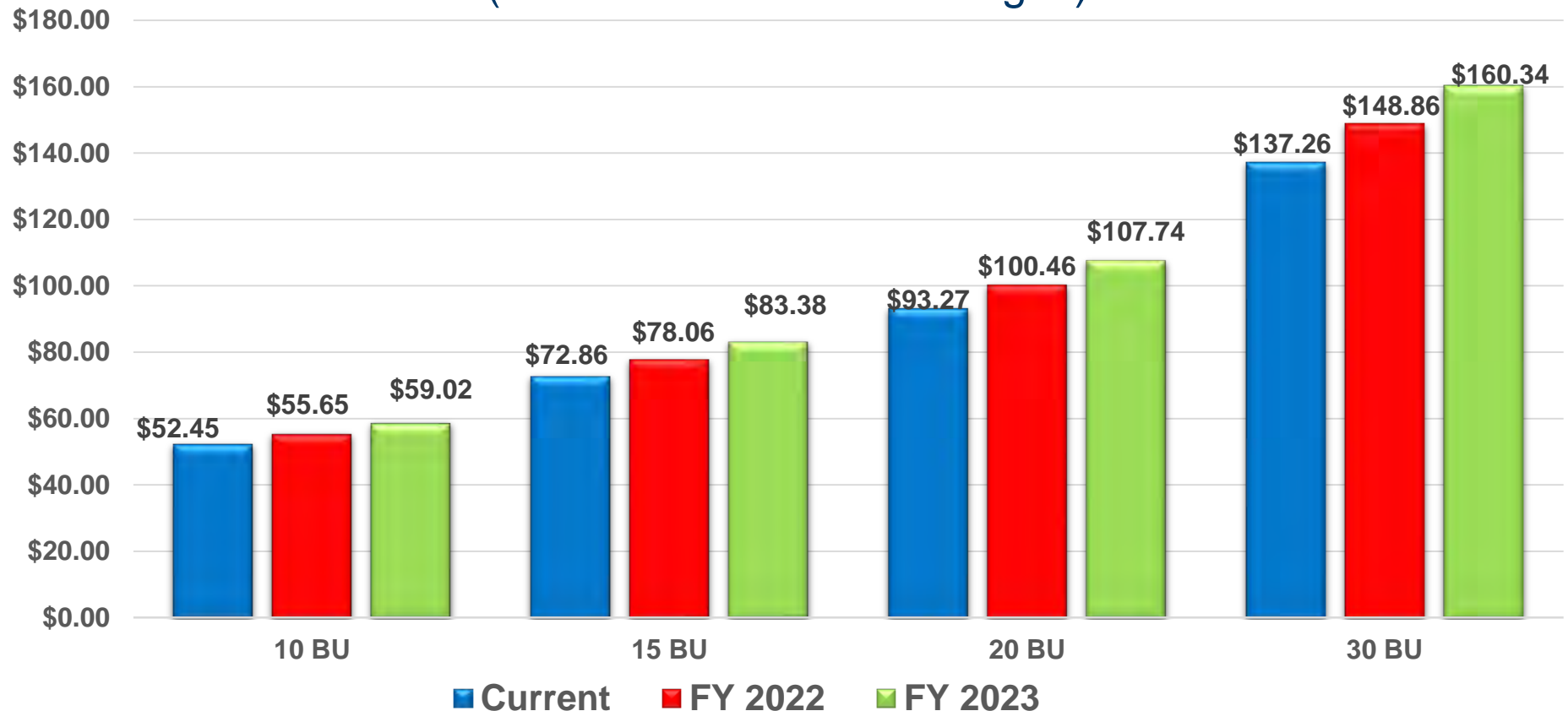
Meter Size	Usage	Monthly Billing	April 1, 2022		January 1, 2023		2 Year Total	
			Change (\$)	Change (%)	Change (\$)	Change (%)	Change (\$)	Change (%)
5/8 & 3/4	20	\$93.27	\$7.19	7.7%	\$7.28	7.2%	\$14.47	15.5%
1"	30	\$149.73	\$11.16	7.5%	\$11.16	6.9%	\$22.32	14.9%
1½"	50	\$265.63	\$18.82	7.1%	\$18.75	6.6%	\$37.57	14.1%



Monthly Bill Impact Examples

Pasadena Water and Power

Residential Customer with ¾-inch Meter Connection (excludes tax and surcharges)





Water Rate Adjustment Proposed Timeline

Pasadena Water and Power

Date	Action Item
November 9, 2021	Municipal Services Committee – Information Item
December 14, 2021	Municipal Services Committee – Request Public Hearing Date
January 10, 2022	City Council – Set Public Hearing Date
January-February 2022	Customer Outreach and Education
March 7, 2022	Water Rates Public Hearing
March 14, 2022	First Reading of Updated Water Rate Ordinance
March 21, 2022	Second Reading of Updated Water Rate Ordinance
April 1, 2022	First Rate Action Effective
January 1, 2023	Second Rate Action Effective



Rate Actions for Other Utilities

Pasadena Water and Power

Utility	Rate Actions
Burbank Water and Power	~5.7% total increases over 7 months (Oct. 2021-April 2022)
Crescenta Valley Water District	~8.0% annually from Oct 2021 through July 2023
Glendale Water and Power	7.5% total increases for 5 year period (2018-2022). Implemented Drought Charge August 2021.
Riverside Public Utilities	~28% for 5 year period (2018-2022)



Proposed Water Rate Actions

Pasadena Water and Power

- Action item for MSC in December 2021
- Recommend that City Council set Public Hearing date (January 2022)
- Public Hearing date in March 2022
- Proposed Actions:
 - > Effective April 1, 2022: Increase the Commodity Charge and D&C for all water customers
 - > Effective January 1, 2023: Increase the Commodity Charge, D&C, and CIC for all water customers
 - > Amend description of the CIC in the Water Rate Ordinance to eliminate reference to the “Water Distribution System” and add reference to the CIC rate as being applicable to all Water System capital expenditures