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Manhattan Beach News

City approves water and sewer rate increases

by Julie Sharp
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The Manhattan Beach City Council approved a water and sewer rate increase, and property owners can expect to start paying in the new year.

The driving purpose of the increase is to repair and replace aging infrastructure made of pipes, tanks and pumps; and then to maintain operations. “We’re living on borrowed time because of deferred maintenance,” said Mayor Portia Cohen. “This may be unpopular, but we have to raise rates.”

Beginning in January 2010, the new utility bill will also have a tiered rate structure that is intended to reward water conservation - the more one conserves, the lower the tiered rate payment. Other reasons for the rate increase include deficits in the sewer fund, the city is basically undercharging for the services, an increase in water costs from the Metropolitan Water District and a loss of revenue due to mandated conservation.

Council voted unanimously for the rate increase despite the 580 letters of resident protests to the rates. City Council members expressed concern that if they did not vote for the increase and if the pipes break or if there is a major infrastructure problem, they would have been negligent in ignoring the warnings by city staff and the hired consultants who analyzed the water and sewer system. The total estimated cost for a 20-year system overhaul plan, just to keep things running smoothly, is $160 million.

“I want to be able to flush with ease and assurance,” said Councilman Mitch Ward. “We must address our aging infrastructure.”

The water and sewer fund is a separate entity from the city’s general fund and as city staff explained, it is self-supporting. In attempts to assure the public that the rate increase is not a way for the city to make some money, council pointed out that the city cannot raid the utility fund. “It’s not a piggy bank,” said Cohen.

For property owners, the water rate increase, which also figures in an overall 10 percent conservation amount, will average about $10 more each month over a five-year period with the smallest of the incremental increase set to take place in 2010.

The first increase will tack on about $6 to each household’s monthly water bill. Staff reports state that the median water bill is currently about $33 monthly, although residents are billed bimonthly. In 2010, that would increase to about $40 each month and by 2014, the average monthly water bill would be about $81. Staff also previously provided a comparison to the average monthly bill of neighboring Hermosa Beach and Redondo Beach, and both have an average monthly household water bill of $40; Palos Verdes averages a $50-per-household monthly water bill.

The most dramatic change in sewer rates is set to occur in the first year of the rate increases to make up for an approximate $250,000 fund deficit. Currently the average monthly sewer bill is about $6 and that will jump to $13 beginning in 2010. By 2014, the average monthly sewer bill will reach about $21.

City staff alluded to regretting not raising the rates sooner. “We didn’t do as good as a job as we could have (asking for a rate increase),” said Jim Arndt, Public Works director. “Councils don’t generally ask to raise rates. Staff should have taken rates to council in the past.”

Councilman Nick Tell said that part of the problem of the seemingly bad timing of the rate increases, in a weak economy, was due to bad past management. “It’s unfortunate. We can’t get out from under this problem; we have to finally start addressing it,” said Tell. “This is the best place we could come to. Build a reserve (of funds) and promote conservation (through tiered rates),” said Tell.

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