

GORDON STEFENHAGEN
Mayor

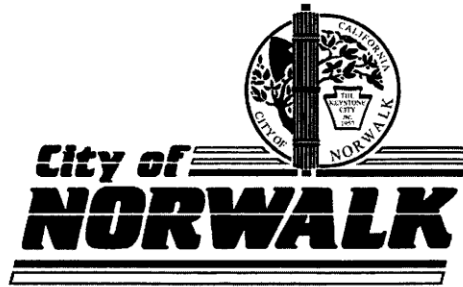
JESSE M. LUERA
Vice Mayor

CHERI KELLEY
Councilmember

MICHAEL MENDEZ
Councilmember

RICK RAMIREZ
Councilmember

ERNIE V. GARCIA
City Manager



12700 NORWALK BOULEVARD, NORWALK, CA 90650 * PHONE: 562/929-5700 * FACSIMILE: 562/929-5773 * WWW.CI.NORWALK.CA.US

May 20, 2010

Dear customer:

The Norwalk Municipal Water System, along with many water agencies in Southern California, has been severely impacted by the State's water shortage, judicial drought, and 3rd consecutive year of natural drought conditions. The Norwalk Municipal Water System is dependent on both imported and groundwater sources to meet customer water needs. The cost of both imported and groundwater has been escalating at unprecedented rates for the past three to four years. The Metropolitan Water District of Southern California supplies our system with imported water through Central Basin Municipal Water District. Groundwater extraction is monitored by the Water Replenishment District of Southern California, which is tasked with replenishment of the groundwater basins. All three agencies have recently approved rate increases that will go into effect as early as July 2010. These rate increases range from 7.5% to 39% for 2010. This is in addition to the 24% to 41% increases in 2009 (last year).

In light of these increased costs for 2009 and projected cost increases for 2010, the City Council reviewed the Norwalk Municipal Water System's rates at a public hearing held on November 17, 2009 and approved two rate increases. One became effective on January 2010, and a 14.75% increase is scheduled for July 2010. These increases will prevent further subsidies from the City of Norwalk to the Norwalk Municipal Water System for its operations.

The reality is that the price of water is going up and the City is looking at additional groundwater extraction wells to minimize our dependence on costly imported water sources. On this end, we are working closely with our congressional representative to seek funding for water infrastructure projects, but we do realize that federal funding at the moment is scarce.

Nevertheless, the City of Norwalk will continue to monitor and seek available funding opportunities in order to minimize the impact of this water crisis for our customers.



**CONSIDERATION OF A PROPOSED WATER RATE
INCREASE FOR NORWALK MUNICIPAL WATER SYSTEM (NMWS)**

Date: Tuesday, November 17, 2009

Time: 6:00 p.m. or as soon thereafter as the matter may be heard

Place: City Council Chambers, Norwalk City Hall, 12700 Norwalk Blvd., Norwalk, CA 90650

Description: The proposed rate increases are calculated by estimating the increased cost associated with providing anticipated services and facilities and then spreading these costs among customers based on the amount of utility services consumed. The proposed rate increases are necessary for the City to responsibly manage its utility, including funding improvements needed to comply with public health standards and to maintain water system reliability. In addition, the City is facing rising costs associated with groundwater extractions as well as, purchasing and delivering water to the residential and business communities, rising costs for power, chemicals and other operating expenses and rates must keep up with these increased expenses. The amount of the water bill is determined by the size of the water meter and the amount of water being consumed.

Water Consumption Charge:							
	Existing Rate	January 2010 Proposed Increase 11.25%	January 2010 Proposed Rate	July 2010 Proposed Increase 14.75%	July 2010 Proposed Rate		
Per 748 Gallons = 1 unit of consumption	\$2.25	\$0.25	\$2.50	\$0.37	\$2.87		

Fixed Charges: Operations-Maintenance and Meter Service Charge:							
	Operations-Maintenance/ Existing Rate	Meter Svc. Charge/ Existing Rate	Subtotal	January 2010 Proposed Increase 11.25%	January 2010 Proposed Rate	July 2010 Proposed Increase 14.75%	July 2010 Proposed Rate
5/8" *	\$20.00	\$17.60	\$37.60	\$4.23	\$41.83	\$6.17	\$48.00
3/4" *	\$20.00	\$17.60	\$37.60	\$4.23	\$41.83	\$6.17	\$48.00
1"	\$20.00	\$58.47	\$78.47	\$8.83	\$87.30	\$12.88	\$100.17
1 1/2"	\$20.00	\$102.38	\$122.38	\$13.77	\$136.15	\$20.08	\$156.23
2"	\$20.00	\$145.82	\$165.82	\$18.65	\$184.47	\$27.21	\$211.68
3"	\$20.00	\$226.29	\$246.29	\$27.71	\$274.00	\$40.41	\$314.41
4"	\$20.00	\$367.17	\$387.17	\$43.56	\$430.73	\$63.53	\$494.26
6"	\$20.00	\$400.73	\$420.73	\$47.33	\$468.06	\$69.04	\$537.10

* Most residential customers

Additional data and information pertaining to this matter may be obtained from the Finance Department, 12700 Norwalk Boulevard, Norwalk, California, 90650.

In addition, without conducting another noticed public hearing, annually on each July 1st, beginning July 1, 2011 and continuing through July 1, 2014, the City proposes to adjust the charges as follows:

1. The Water Consumption Charge and the Operations-Maintenance and Meter Service Charge may be increased by the annual percentage increase in the Los Angeles-Riverside-Orange County, CA Consumer Price Index for all Urban Consumers between the two previous Februarys.
2. In addition, the Water Consumption Charge will be increased by an amount equal to the proportionate increase in the City's cost of purchasing water.

Public Comment: Interested persons are invited to attend this hearing and be heard regarding this matter. Written comments may be submitted to the City Council prior to the time set for the hearing. Address written comments: Attention City Clerk at the address noted above.

More Information: Questions concerning the public hearing matter should be directed to Adriana Figueroa, Administration Department, at (562) 929-5915.

Accessibility: In compliance with the Americans with Disabilities Act, if you need special assistance to participate in a City meeting or other services offered by this City, please contact the City Clerk's Office at (562) 929-5720. Notification at least 48 hours prior to the meeting or time when services are needed will assist the City staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting or service. Assisted hearing devices will be available at this hearing without prior notification.

Dated and mailed on the 25th day of September 2009.