

Attachment 2



AGENDA REPORT

Meeting Date: June 30, 2015

Item Number: G-3B

To: Honorable Mayor & City Council

From: Trish Rhay, Assistant Director of Public Works Services, Infrastructure & Field Operations
Michelle Tse, Senior Management Analyst

Subject: B. RESOLUTION OF THE COUNCIL OF THE CITY OF BEVERLY HILLS ESTABLISHING A PENALTY SURCHARGE FOR WATER USAGE CONTRARY TO THE PROVISIONS OF THE STAGE D WATER CONSERVATION MEASURES

Attachments:

1. Resolution
2. Resolution 15-R-13037 Declaring Stage D Conservation Measures
3. Examples of Penalty Surcharge Assessment Impacts for Different Beverly Hills Customer Types

RECOMMENDATION

Staff recommends that the City Council adopt RESOLUTION OF THE COUNCIL OF THE CITY OF BEVERLY HILLS ESTABLISHING A PENALTY SURCHARGE FOR WATER USAGE CONTRARY TO THE PROVISIONS OF THE STAGE D WATER CONSERVATION MEASURES.

INTRODUCTION

On April 1, 2015, the Governor declared the first ever state-wide mandatory water use reduction of 25% through February 2016. Under this directive, the State Water Resources Control Board instituted mandatory conservation water use reduction targets for each water provider, including a 32% water use reduction target for the City of Beverly Hills.

During the April 21, 2015 Study Session, the City Council agreed to move forward with elevating the City's conservation program from Stage B (10% water use reduction) to Stage D (30% water use reduction). The City Council subsequently approved Resolution 15-R-13037 declaring Stage D. Attachment 2 is a copy of the Resolution. Stage D allows for penalty surcharge assessments on water use in excess of the 70% baseline. The City Council directed staff to hold off on implementing the penalty surcharges as outlined in Stage D of the City's Municipal Code until legal issues related to the water rate structure could be better understood and addressed in

light of the recent court of appeals decision in *Capistrano Taxpayers Inc, v. City of San Juan Capistrano*.

The proposed penalty rate was determined through a comprehensive analysis prepared by HF&F Consultants LLC ("HF&H") and staff. The proposed penalty rate has also been reviewed by the City Attorney's office.

DISCUSSION

This report focuses only on the penalty surcharge framework. The water rate analysis is agendized separately for the June 30, 2015 City Council Formal meeting.

Penalty Surcharge Framework Analysis

HF&H and staff have developed a penalty framework that relates penalties to the costs that will likely be imposed on the City if water users fail to meet the conservation goals established by Stage D. HF&H and staff first identified potential costs that would likely be borne by the City if the City did not comply with the State's water use reduction target. Staff identified three potential costs that the City is at risk of paying should consumption reduction targets not be met and they are listed below along with related assumptions:

1. *City Costs:* \$1,763,708
Initially, if the City fails to meet the State ordered conservation goals, State regulators may require the City to accelerate the current 10-year conservation strategy that is outlined in the Water Enterprise Plan and require such programs be implemented over the year. Thus, the conservation program costs for not meeting the 30% conservation requirement were calculated to include the costs of implementing conservation measures that would otherwise not have needed to be made until Years 2-10 as outlined in the Water Enterprise Plan.

2. *State Water Resources Control Board ("State Board") Fines:* \$1,000,000
The State Board can fine water providers a penalty of \$10,000/day for not meeting the conservation target. The potential \$1,000,000 fine amount does not assume that the State will immediately impose the maximum potential fine on the City. Rather, it is based on the assumption that the State Board will begin to impose fines if the City fails to achieve compliance with the conservation target within a reasonable period of time.

3. *Metropolitan Water District ("MWD") Costs:* \$3,821,897
MWD is requiring each of the member agencies to reduce water consumption by 15% starting July 1, 2015. Water purchases in excess of the reduction target will be assessed at the MWD Tier 2 rate of \$2,960 per acre ft. Based on 2014 water use data, if the City fails to reduce consumption, then it is projected that 1,291 acre ft. of water purchased from MWD will be assessed at the Tier 2 rate, which equates to \$3,821,897. In order for the City to avoid paying the higher MWD Tier 2 rate, the City would need to reduce MWD water use by 12%.

Total Projected Risk Costs (FY15-16): \$6,585,605

The next step in the analysis was to determine the most equitable approach for distributing these potential risk costs through the imposition of penalties on those who fail to meet the conservation targets and thus trigger these costs. The following outlines the recommended approach.

Level 1 Assessment: Water use reduction less than 30% of baseline

The penalties for failing to achieve the 30% conservation mandated by Stage D are set to recover Costs 1 and 2 as outlined above. The notion is that those who fall short of the 30% reduction requirement are causing the City to incur these costs and therefore should pay the City and State Board risk costs which would otherwise be a burden upon all rate payers.

Level 2 Assessment: Water use reduction less than 12% of baseline

The penalties would include Costs 1, 2, and 3 as outlined above. The notion is that the customers who fall in this category did not achieve significant water savings and as a result, those customers cause the City to purchase water at the higher MWD Tier 2 rate in addition to the Tier 1 costs. As such, the customers that reduce less than 12% should be subject to the penalties calculated by all three risk factors rather than have the additional MWD costs become a burden on all rate payers.

Penalty Surcharge Application

Staff is recommending that the 70% baseline be calculated using 2013 customer water usage data. For example, a customer's July-August 2015 baseline of 70% would be calculated based on July-August 2013 usage. The 2013 base year approach is consistent with the State Water Board's approach of establishing each water provider's reduction target by comparing usage to Year 2013. Furthermore, Tier 1 water customers would be exempt from the penalty surcharge assessments because if all customers reduced to the minimal water usage represented by Tier 1, no further conservation would be required.

The penalty surcharge is a multiplier approach. Table 1 below shows the applicable multiplier depending on how much the water customer has conserved.

Table 1: Penalty Surcharge Multiplier Approach

| Base Rate | Less than 30% conservation | Less than 12% conservation |
|-------------------|---------------------------------------------------------|--------------------------------------------------------------|
| | For excess usage above 70% baseline, the multiplier is: | For excess usage above 88% baseline, the multiplier is: |
| Current Base Rate | 1.59 times the base rate | An additional 3.08 times the base rate (Cumulative 4.67%) |

Both the Public Works Conservation Subcommittee and the Public Works Liaison Committee have reviewed this penalty surcharge structure and are recommending the City Council's approval of this penalty surcharge framework. A Resolution establishing the penalty surcharge is included as Attachment 1.

Penalty Surcharge Framework Implementation

Please note that the penalty surcharges would be implemented only during a City declared drought. When the City is no longer experiencing drought conditions, staff will return to the City Council with a request to terminate the penalty surcharge. If the City Council approves this framework, the following represents the timeline for implementing the penalty surcharges:

- June 30, 2015: Resolution for City Council approval
- July 2015: Public education and outreach before penalty surcharges are assessed
- August – September 2015: Billing cycle grace period / Notify customers
- October 2015: Penalty surcharge effective date

FISCAL IMPACT

For forecasting purposes, staff used the following assumptions regarding customer usage reductions:

- 50% of customers reduce water use by 30%
- 25% of customers reduce water use by 15%
- 25% of customers do not reduce water use

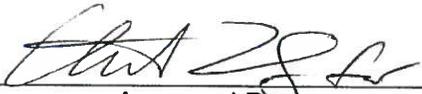
The assumptions outlined above equates to a City-wide average water use reduction of 18.8%. If the City collectively reduces water use by 18.8%, then the City will recover the full amount of risk costs (i.e. City costs, State Water Board fines, and the MWD Tier 2 rates) of \$6,585,605 over 12 months. If these conservation assumptions prove dramatically incorrect, then an adjustment of the penalty surcharge may be appropriate in order to ensure that those who are not meeting conservation goals are bearing the costs imposed on the Water Enterprise for the failure of the City to meet its water conservation goals.

Attachment 3 includes summary tables showing how Beverly Hills water customers from different customer classes may be impacted based on the penalty surcharge assessments if the customer reduced water usage by 0%, 18.8% or 30%. Please note each customer's bill can vary widely based on specific account characteristics. The penalty surcharge assessments were calculated based on the assumption that the City moves forward with a 5% rate increase in October 2015 and subsequent 5% rate increase in December 2015.

Collected funds will be used to cover costs such as the need to accelerate programs to achieve the conservation target, the purchase of MWD water at the higher Tier 2 rate, and/or any fines and penalties that may be imposed by the State Water Resources Control Board for non-compliance.



Approved By
Don Rhoads



Approved By
George Chavez

Attachment 1

RESOLUTION NO. 15-R-_____

RESOLUTION OF THE COUNCIL OF THE CITY OF
BEVERLY HILLS ESTABLISHING A PENALTY
SURCHARGE FOR WATER USAGE CONTRARY TO THE
PROVISIONS OF THE STAGE D WATER CONSERVATION
MEASURES

RECITALS

WHEREAS, during calendar year 2014, the Governor declared a drought in the State of California and the State Water Resources Control Board enacted emergency water conservation measures. As a result, the City of Beverly Hills declared the Stage B shortage, which is currently in effect, mandating a 10% reduction in potable water use.

WHEREAS, in April 2015, the Governor issued an Executive Order directing the State Water Board to impose restrictions to achieve an aggregate statewide 25% reduction in potable urban water use through February 2016. As a result, the State Water Board released a preliminary framework, outlining reduction targets from 8% to 36% for each water supplier, with Beverly Hills having a reduction target of 36%. Upon additional review of information submitted by the City of Beverly Hills, the State Water Board reduced the reduction target to 32%.

WHEREAS, on May 5, 2015, the City Council adopted its resolution No. 15-R-13037 declaring and implementing Stage D water conservation measures pursuant to Beverly Hills Municipal Code Section 9-4-304 and authorizing a penalty surcharge for water usage contrary to the provisions of the Stage D water conservation measures.

WHEREAS, pursuant to Beverly Hills Municipal Code Section 9-4-302, the City Council desires to establish a penalty surcharge for water usage contrary to the provisions of the Stage D water conservation measures.

NOW THEREFORE, the City Council of the City of Beverly Hills does hereby resolve as follows:

Section 1. The City Council hereby establishes a penalty surcharge for water usage contrary to the provisions of Stage D as follows:

a. For a customer who reduces water use by less than thirty percent (30%) of the amount in the baseline period, the penalty surcharge is 1.59 times the basic water rate for water usage in excess of seventy percent (70%) of the amount in the baseline period.

b. For a customer who reduces water use by less than twelve percent (12%) of the amount in the baseline period, the penalty surcharge is an additional 3.08 times the basic water rate for water usage in excess of eighty-eight percent (88%) of the amount in

the baseline period (for a cumulative 4.67 times the basic water rate for water usage in excess of eighty-eight percent (88%) of the amount in the baseline period).

c. The baseline period shall be the days in the 2013 calendar year against which water use is compared for those same days in the current year (for example, the baseline period is July 1, 2013 through August 31, 2013 for determining the amount water use reduction for July 1, 2015 through August 31, 2015).

d. The penalty surcharge established by this section shall be effective October 15, 2015.

Section 2. In accordance with Beverly Hills Municipal Code Section 9-4-303, the City Council hereby directs the City Clerk to publish this Resolution within 10 days of its adoption at least once in a newspaper of general circulation within the city and to post this Resolution in at least three (3) public places and continue to post this Resolution until such time as the restrictions set forth herein are repealed by resolution of the City Council.

Section 3. The City Clerk shall certify to the adoption of this resolution and shall cause this resolution and his certification to be entered in the Book of Resolutions of the Council of the City.

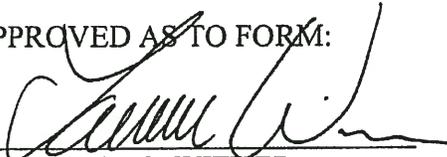
Adopted:

JULIAN A. GOLD, M.D.
Mayor of the City of Beverly Hills,
California

ATTEST:

(SEAL)
BYRON POPE
City Clerk

APPROVED AS TO FORM:



LAURENCE S. WIENER
City Attorney

APPROVED AS TO CONTENT:



GEORGE CHAVEZ
Director of Public Works Services

Attachment 2

RESOLUTION NO. 15-R- 13037

RESOLUTION OF THE COUNCIL OF THE CITY OF
BEVERLY HILLS DECLARING AND IMPLEMENTING
STAGE D WATER CONSERVATION MEASURES

RECITALS

WHEREAS, during calendar year 2014, the Governor declared a drought in the State of California and the State Water Resources Control Board enacted emergency water conservation measures. As a result, the City of Beverly Hills declared the Stage B shortage, which is currently in effect, mandating a 10% reduction in potable water use.

WHEREAS, in April 2015, the Governor issued an Executive Order directing the State Water Board to impose restrictions to achieve an aggregate statewide 25% reduction in potable urban water use through February 2016. As a result, the State Water Board released a preliminary framework, outlining reduction targets from 8% to 36% for each water supplier, with Beverly Hills having a reduction target of 36%.

WHEREAS, given the Governor's Executive Order and the State Water Board's reduction target for Beverly Hills of 36%, the City Manager is recommending the further declaration of a water shortage emergency and the implementation of water conservation Stage D pursuant to Beverly Hills Municipal Code Section 9-4-301.

NOW THEREFORE, the City Council of the City of Beverly Hills does hereby resolve as follows:

Section 1. Water Conservation Stage D is hereby declared throughout the City's service area mandating a minimum 30% reduction in potable water use.

Section 2. The City Council hereby directs that the Assistant Director of Public Works Services implement Water Conservation Stage D as follows:

Stage D Requirements:

- a. Restaurants shall serve water upon request only;
- b. All public restrooms in the city and private bathrooms in hotels shall notify patrons and employees of water conservation goals;
- c. Plumbing and irrigation leaks shall be repaired as soon as practicable. The city may issue notices to repair visible leaks;
- d. Landscape irrigation shall be restricted to selected days and times as determined by the city manager, unless such irrigation uses reclaimed wastewater;

e. Refilling of swimming pools, spas or ponds shall be prohibited unless required for health or safety reasons. Topping off pools with water in order to maintain filter effectiveness and prevent standing water and breeding of insects shall be considered a refilling of a pool for health reasons;

f. Operation of water fountains shall be prohibited unless the water is recirculated;

g. Exterior washdown of buildings and washdown of vehicles shall be prohibited, unless: (1) the washing is done on the immediate premises of a commercial car wash or commercial service station or with reclaimed wastewater; or (2) the health, safety and welfare of the public is contingent upon frequent vehicle cleaning, such as the cleaning of garbage trucks and vehicles to transport food and perishables;

h. Water usage from fire hydrants shall be limited to firefighting, related activities or other activities necessary to maintain the public health, safety and welfare;

i. Except for single-family and multi-family residential users in tier 1 who will remain in tier 1 for the next billing cycle, users shall reduce water usage to 70% of the amount in the baseline period as determined by the city council.

Section 3. A penalty surcharge may be assessed for water usage contrary to the provisions of Stage D or any water conservation measure adopted by the City Council in an amount to be determined by the city council, and which shall be consistent with State law.

Section 4. Violation by any person of the stage D mandatory requirements shall constitute a misdemeanor and, upon conviction, shall be punished by a fine not to exceed \$1,000.00. Continued excessive use may result in termination of water supply through irrigation water services and/or restriction of water supply through domestic meters. The violation of each element, and each separate violation thereof, shall be deemed a separate offense, and shall be punished accordingly.

Section 5. The drought emergency water conservation regulations as promulgated by the State Water Resources Control Board shall be implemented.

Section 6. The procedure for a water customer to appeal the imposition of the water penalty surcharge will be as outlined in Resolution 09-R-12672 adopted by the City Council on May 13, 2009.

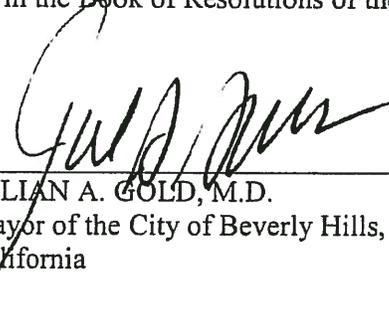
Section 7. The City Council hereby finds, in the exercise of its independent judgment and analysis, that this Resolution is exempt from the California Environmental Quality Act ("CEQA") because the requirements for water conservation contained in this Resolution will not have a significant effect on the environment, and the adoption of this Resolution and the timing thereof is mandated by the current drought conditions and the State Water Board's water reduction target for the City. In this case, the City is acting at the direction of the State Water Board to protect, maintain, restore and enhance natural resources and the environment. To comply with the requirements of the State Water Board, the City Council finds that the adoption of this Resolution is categorically exempt from the requirements of CEQA pursuant to CEQA Guidelines Sections 15307 and 15308. Furthermore, this Resolution will have no possible

significant effect on the environment, given that the provisions of this Resolution provide similar regulations as currently exist and will not in and of themselves cause any change in the environment. Staff is hereby directed to prepare and post a notice of exemption pursuant to CEQA Guidelines Section 15062.

Section 8. In accordance with Beverly Hills Municipal Code Section 9-4-303, the City Council hereby directs the City Clerk to publish this Resolution within 10 days of its adoption at least once in a newspaper of general circulation within the city and to post this Resolution in at least three (3) public places and continue to post this Resolution until such time as the restrictions set forth herein are repealed by resolution of the City Council.

Section 9. The City Clerk shall certify to the adoption of this resolution and shall cause this resolution and his certification to be entered in the Book of Resolutions of the Council of the City.

Adopted: May 5, 2015



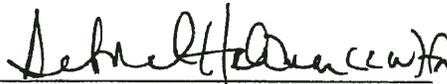
JULIAN A. GOLD, M.D.
Mayor of the City of Beverly Hills,
California

ATTEST:



BYRON POPE (SEAL)
City Clerk

APPROVED AS TO FORM:



LAURENCE S. WIENER
City Attorney

APPROVED AS TO CONTENT:



GEORGE CHAVEZ
Director of Public Works Services

Attachment 3

ATTACHMENT 3: Examples of Penalty Surcharge Assessment Impacts for Different Beverly Hills Customer Types

Penalty Surcharge Assessments for Different Beverly Hills Customer Classes

(a) Assumes customers do not reduce water use:

Assuming Customers Cutback 0%

| | Adjusted | | a | b | c=a+b | d=c-a | e=d/a | f=a*1.05 | g | h=f+g | i=h-c | j=i/c | k=f*1.05 | l | m=k+l | n=m-h | o=n/h | | | | | | | | | | | | |
|--------------------------------|------------|------------|-------------|-------------|--------------------|-------------------|-----------|-------------|--------------------|-------------|-----------------|--------------|--------------------|-------------|-------------|-----------------|--------------|------------|----------|----------|-------------------------|------------|----------|----------|---------------------|------------|----------|----------|--------------|
| | Current | BI-Monthly | | | | | | | | | | | | | | | | Current | Proposed | Proposed | (Current w/ Penalty vs. | Oct 2015 | Proposed | Proposed | (Oct vs | Dec 2015 | Proposed | Proposed | (Dec vs Oct) |
| | BI-Monthly | Use (hcf) | | | | | | | | | | | | | | | | BI-Monthly | Penalty | Total | Current w/o Penalty) | BI-Monthly | Penalty | Total | Current w/ Penalty) | BI-Monthly | Penalty | Total | (Dec vs Oct) |
| Use (hcf) | 0% Cutback | Charge | Surcharge | Charge | \$ Change % Change | Charge | Surcharge | Charge | \$ Change % Change | Charge | Surcharge | Charge | \$ Change % Change | | | | | | | | | | | | | | | | |
| Single-Family | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Low Use (50% of avg.) | 33 | 33 | \$142.71 | \$68.20 | \$210.91 | \$68.20 47.8% | | 5% Incr | \$149.85 | \$71.61 | \$221.46 | \$10.55 5.0% | 5% Incr | \$157.34 | \$75.19 | \$232.53 | \$11.07 5.0% | | | | | | | | | | | | |
| Average Use | 67 | 67 | \$333.77 | \$256.32 | \$590.09 | \$256.32 76.8% | | \$350.46 | \$269.14 | \$619.59 | \$29.50 5.0% | | \$367.98 | \$282.59 | \$650.57 | \$30.98 5.0% | | | | | | | | | | | | | |
| High Use (2x avg.) | 134 | 134 | \$922.93 | \$933.84 | \$1,856.77 | \$933.84 101.2% | | \$969.08 | \$980.53 | \$1,949.61 | \$92.84 5.0% | | \$1,017.53 | \$1,029.56 | \$2,047.09 | \$97.48 5.0% | | | | | | | | | | | | | |
| Multi-Family (20 Units) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| per unit | 540 | 540 | \$4,908.20 | \$3,984.21 | \$8,892.41 | \$3,984.21 81.2% | | \$5,153.61 | \$4,183.42 | \$9,337.03 | \$444.62 5.0% | | \$5,411.29 | \$4,392.59 | \$9,803.88 | \$466.85 5.0% | | | | | | | | | | | | | |
| | 27 | 27 | \$245.41 | \$199.21 | \$444.62 | \$199.21 81.2% | | \$257.68 | \$209.17 | \$466.85 | \$22.23 5.0% | | \$270.56 | \$219.63 | \$490.19 | \$23.34 5.0% | | | | | | | | | | | | | |
| Commercial (Hotel) | 8,000 | 8,000 | \$48,320.00 | \$26,502.21 | \$74,822.21 | \$26,502.21 54.8% | | \$50,736.00 | \$27,827.32 | \$78,563.32 | \$3,741.11 5.0% | | \$53,272.80 | \$29,218.68 | \$82,491.48 | \$3,928.17 5.0% | | | | | | | | | | | | | |

(b) Assumes customers reduce water use by 18.8%:

Assuming Customers Cutback 18.8%

| | Adjusted | | a | b | c=a+b | d=c-a | e=d/a | f=a*1.05 | g | h=f+g | i=h-c | j=i/c | k=f*1.05 | l | m=k+l | n=m-h | o=n/h | | | | | | | | | | | | |
|--------------------------------|---------------|------------|-------------|------------|--------------------|-----------------|-----------|-------------|--------------------|-------------|--------------------|-----------------|--------------------|------------|-------------|-----------------|-------------|------------|----------|----------|-------------------------|------------|----------|--------|---------------------|------------|----------|--------|--------------------|
| | Current | BI-Monthly | | | | | | | | | | | | | | | | Current | Proposed | Proposed | (Current w/ Penalty vs. | Oct 2015 | Proposed | Total | (Oct vs | Dec 2015 | Proposed | Total | (Dec vs Oct) |
| | BI-Monthly | Use (hcf) | | | | | | | | | | | | | | | | BI-Monthly | Penalty | Total | Current w/o Penalty) | BI-Monthly | Penalty | Charge | Current w/ Penalty) | BI-Monthly | Penalty | Charge | \$ Change % Change |
| Use (hcf) | 18.8% Cutback | Charge | Surcharge | Charge | \$ Change % Change | Charge | Surcharge | Charge | \$ Change % Change | Charge | Surcharge | Charge | \$ Change % Change | | | | | | | | | | | | | | | | |
| Single-Family | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Low Use (50% of avg.) | 33 | 27 | \$142.71 | \$8.33 | \$151.04 | \$8.33 5.8% | | 5% Incr | \$120.42 | \$8.75 | \$129.17 | (\$13.54) -9.5% | 5% Incr | \$126.45 | \$9.19 | \$135.63 | \$6.46 5.0% | | | | | | | | | | | | |
| Average Use | 67 | 54 | \$333.77 | \$19.44 | \$353.21 | \$19.44 5.8% | | \$252.82 | \$20.41 | \$273.23 | (\$60.54) -18.1% | | \$265.46 | \$21.43 | \$286.89 | \$13.66 5.0% | | | | | | | | | | | | | |
| High Use (2x avg.) | 134 | 109 | \$922.93 | \$65.65 | \$988.58 | \$65.65 7.1% | | \$675.03 | \$68.94 | \$743.97 | (\$178.96) -19.4% | | \$708.79 | \$72.38 | \$781.17 | \$37.20 5.0% | | | | | | | | | | | | | |
| Multi-Family (20 Units) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| per unit | 540 | 440 | \$4,908.20 | \$507.38 | \$5,415.58 | \$507.38 10.3% | | \$3,660.51 | \$532.75 | \$4,193.26 | (\$714.94) -14.6% | | \$3,843.54 | \$559.39 | \$4,402.92 | \$209.66 5.0% | | | | | | | | | | | | | |
| | 27 | 22 | \$245.41 | \$25.37 | \$270.78 | \$25.37 10.3% | | \$183.03 | \$26.64 | \$209.66 | (\$35.75) -14.6% | | \$192.18 | \$27.97 | \$220.15 | \$10.48 5.0% | | | | | | | | | | | | | |
| Commercial (Hotel) | 8,000 | 6,496 | \$48,320.00 | \$3,218.31 | \$51,538.31 | \$3,218.31 6.7% | | \$41,197.63 | \$3,379.23 | \$44,576.86 | (\$3,743.14) -7.7% | | \$43,257.51 | \$3,548.19 | \$46,805.70 | \$2,228.84 5.0% | | | | | | | | | | | | | |

ATTACHMENT 3: Examples of Penalty Surcharge Assessment Impacts for Different Beverly Hills Customer Types (cont.)

Penalty Surcharge Assessments for Different Beverly Hills Customer Classes

(c) Assumes customers reduce water use by 30%:

| Assuming Customers Cutback 30% | | | a | b | c=a+b | d=c-a | e=d/a | f=a*1.05 | g | h=f+g | i=h-c | j=i/c | k=f*1.05 | l | m=k+l | n=m-h | o=n/h |
|--------------------------------|------------|------------|-------------|-----------|-------------|----------------------------------------------|---------|-------------|-----------|-------------|-----------------------------|----------|-------------|-----------|-------------|--------------|------------|
| | Current | Adjusted | Current | Proposed | Proposed | (Current w/ Penalty vs. Current w/o Penalty) | | Oct 2015 | | | (Oct vs Current w/ Penalty) | | Dec 2015 | | Total | (Dec vs Oct) | |
| | BI-Monthly | BI-Monthly | | | | BI-Monthly | Penalty | Total | \$ Change | % Change | BI-Monthly | Proposed | Total | \$ Change | | % Change | BI-Monthly |
| | Use (hcf) | Use (hcf) | Quantity | Surcharge | Charge | | | Charge | Surcharge | Charge | \$ Change | % Change | Charge | Surcharge | Charge | \$ Change | % Change |
| Single-Family | | | | | | | | | | | | | | | | | |
| Low Use (50% of avg.) | 33 | 23 | \$142.71 | \$0.00 | \$142.71 | \$0.00 | 0.0% | \$100.81 | \$0.00 | \$100.81 | (\$41.90) | -29.4% | \$105.85 | \$0.00 | \$105.85 | \$5.04 | 5.0% |
| Average Use | 67 | 47 | \$333.77 | \$0.00 | \$333.77 | \$0.00 | 0.0% | \$218.49 | \$0.00 | \$218.49 | (\$115.28) | -34.5% | \$229.42 | \$0.00 | \$229.42 | \$10.92 | 5.0% |
| High Use (2x avg.) | 134 | 94 | \$922.93 | \$0.00 | \$922.93 | \$0.00 | 0.0% | \$559.11 | \$0.00 | \$559.11 | (\$363.82) | -39.4% | \$587.07 | \$0.00 | \$587.07 | \$27.96 | 5.0% |
| Multi-Family (20 Units) | 540 | 380 | \$4,908.20 | \$0.00 | \$4,908.20 | \$0.00 | 0.0% | \$2,764.65 | \$0.00 | \$2,764.65 | (\$2,143.55) | -43.7% | \$2,902.88 | \$0.00 | \$2,902.88 | \$138.23 | 5.0% |
| per unit | 27 | 19 | \$245.41 | \$0.00 | \$245.41 | \$0.00 | 0.0% | \$138.23 | \$0.00 | \$138.23 | (\$107.18) | -43.7% | \$145.14 | \$0.00 | \$145.14 | \$6.91 | 5.0% |
| Commercial (Hotel) | 8,000 | 5,600 | \$48,320.00 | \$0.00 | \$48,320.00 | \$0.00 | 0.0% | \$35,515.20 | \$0.00 | \$35,515.20 | (\$12,804.80) | -26.5% | \$37,290.96 | \$0.00 | \$37,290.96 | \$1,775.76 | 5.0% |