

City of Cerritos

Preliminary Results - Potable Water Rate Study

City Council Meeting

July 28, 2025



**Water Resources
Economics**

PROMOTING THE VALUE AND PRICE OF
WATER SERVICE



What Do Water Rates Fund?



Repair



Maintenance



Water Purchase



Rate Study Considerations

- Water rates have not increased since 2021
- Prior City Council direction given on October 26, 2023 to explore rate adjustment options
- Desire to reduce General Fund support to Water Fund
 - FY 2023-24 actual: \$2.85M
 - FY 2024-25 adopted budget: \$5.86M
- Substantial 5-year Capital Improvement Program



Recommended Potable Water Rate Structure Changes

Update fixed meter charges based on meter capacity

- Conforms with industry standards outlined by the American Water Works Association
- Disproportionately impacts large meter sizes

Eliminate the base minimum units

- Improves proportionality between costs and rates
- Reduces the risk of a legal challenge
- Disproportionately impacts low-end residential water users

Potable Water Fund: Financial Plan Scenarios



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Scenario	5-Year CIP	General Fund Support
Scenario 1: Comprehensive infrastructure investment	Critical + unfunded projects (\$42.2M)	None
Scenario 2: Critical infrastructure investment with general fund support, phased out over time	Critical projects only (\$23.0M)	Gradual phaseout over five years



Potable Water Fund: City Revenue Adjustments by Scenario

Revenue Adjustments	FY 2026 (Feb 2026)	FY 2027 (Jan 2027)	FY 2028 (Jan 2028)	FY 2029 (Jan 2029)	FY 2030 (Jan 2030)	5-Year Total
Scenario 1	180%	5%	5%	5%	5%	240%
Scenario 2a	110%	5%	5%	5%	5%	155%
Scenario 2b	50%	30%	25%	20%	5%	207%



Potable Water Rates: Year 1 Residential Bill Impacts

Bimonthly Bills*	Current	Proposed (Feb 2026)	Difference (\$)	Increase (%)
Scenario 1	\$65.11	\$212.34	\$147.23	226%
Scenario 2a	\$65.11	\$159.01	\$93.90	144%
Scenario 2b	\$65.11	\$114.62	\$49.51	76%

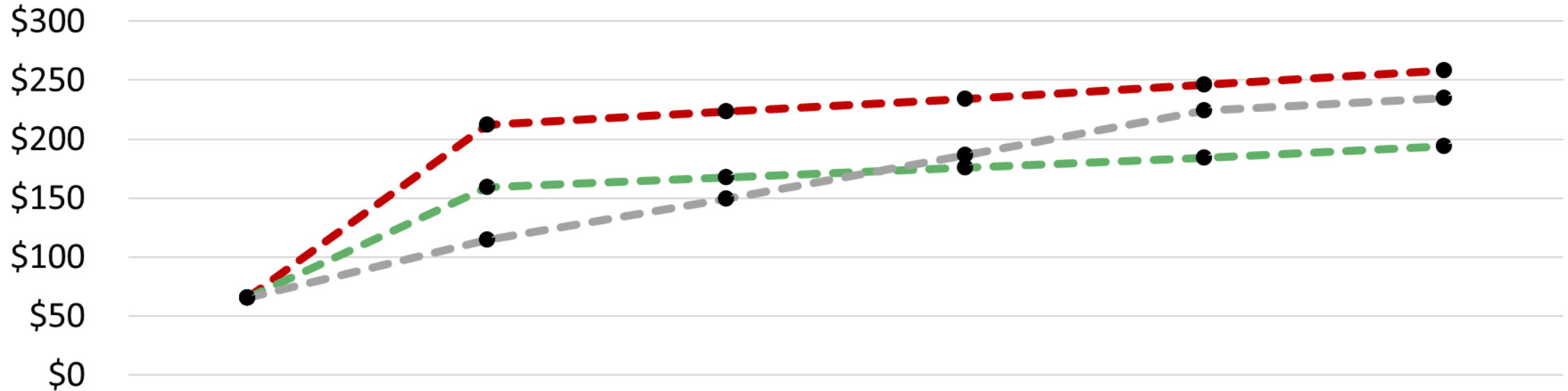
** For a typical single family residential connection with a 5/8 x 3/4-inch meter and average water use (20 CCF per bimonthly bill period)*

Potable Water Rates: Bimonthly 5-Year Residential Bill Impacts



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Average Residential Bimonthly Bills

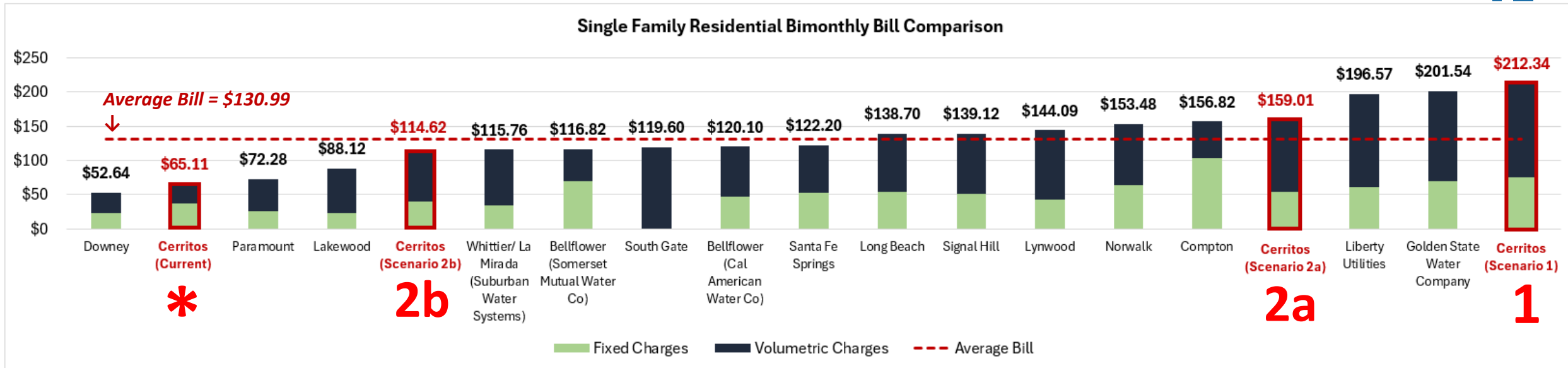


Bimonthly Bills*	Current	Feb 2026	Jan 2027	Jan 2028	Jan 2029	Jan 2030
Scenario 1	\$65.11	\$212.34	\$223.14	\$234.33	\$246.12	\$258.52
Scenario 2a	\$65.11	\$159.01	\$167.13	\$175.58	\$184.37	\$193.71
Scenario 2b	\$65.11	\$114.62	\$149.03	\$186.44	\$223.85	\$235.16

* For a typical single family residential connection with a 5/8 x 3/4-inch meter and average water use (20 CCF per bimonthly bill period)



Potable Water Rates: Year 1 Residential Bill Comparison



Notes: Sample bills shown above are for single family residential customers using 20 CCF per bimonthly bill period; other agency bills based on rates effective as of June 2025.



Potable Water Rates: Year 1 Commercial Bill Impacts

Bimonthly Bills*	Current	Proposed (Feb 2026)	Difference (\$)	Increase (%)
Scenario 1	\$461.32	\$1,213.40	\$752.08	163.0%
Scenario 2a	\$461.32	\$906.34	\$445.02	96.5%
Scenario 2b	\$461.32	\$643.63	\$182.31	39.5%

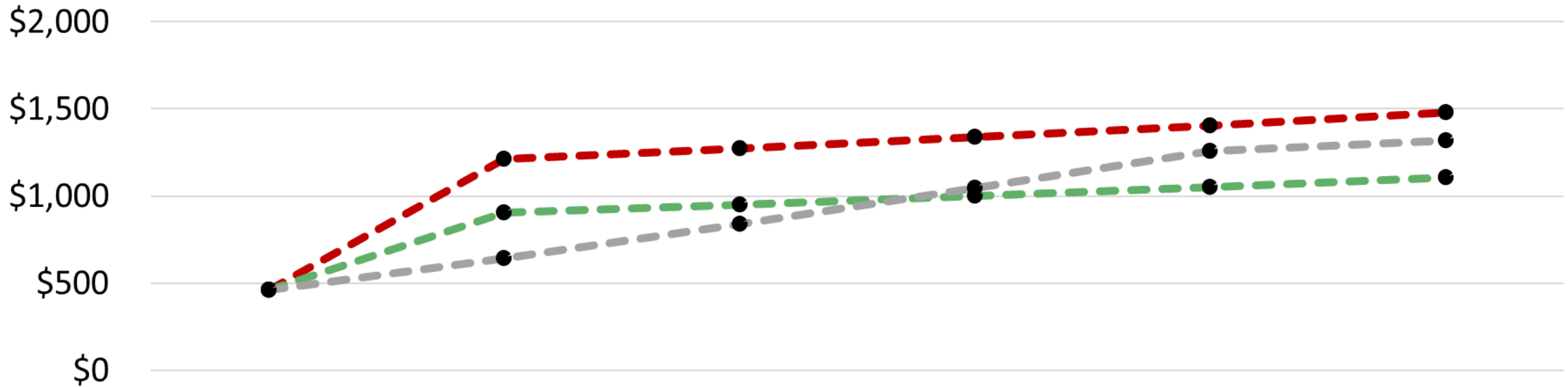
** For average commercial connection with 1.5-inch meter and average water use (125 CCF per bimonthly bill period)*

Potable Water Rates: Bimonthly 5-Year Commercial Bill Impacts



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Average Commercial Bimonthly Bills

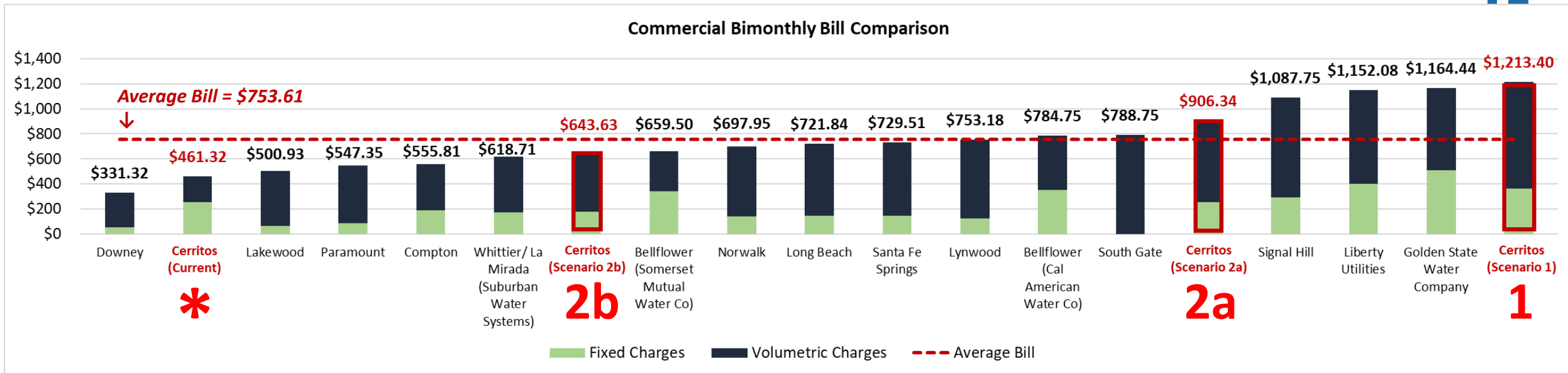


Bimonthly Bills*	Current	Feb 2026	Jan 2027	Jan 2028	Jan 2029	Jan 2030
Scenario 1	\$461.32	\$1,213.40	\$1,275.20	\$1,339.15	\$1,406.55	\$1,477.44
Scenario 2a	\$461.32	\$906.34	\$952.66	\$1,000.86	\$1,050.97	\$1,104.27
Scenario 2b	\$461.32	\$643.63	\$836.85	\$1,047.00	\$1,257.15	\$1,320.70

* For a typical commercial connection with a 1.5-inch meter and average water use (125 CCF per bimonthly bill period)



Potable Water Rates: Year 1 Commercial Bill Comparison



Notes: Sample bills shown above are for commercial customers with a 1.5-inch meter using 125 CCF per bimonthly bill period; other agency bills based on rates effective as of June 2025.



Next Steps

- **August 28:** Presentation of preliminary reclaimed and sewer rate study results to the City Council
- **October 23:** Presentation of final rate study reports to the City Council
- **November 7:** Deadline to mail out public hearing notices
- **January 22, 2026:** Deadline to receive written protests and public hearing to adopt rates
- **February 1, 2026:** Effective date of new rates



End of Presentation