



# Because You Asked: Municipal Water System

The following frequently asked questions and answers are provided to assist and inform our customers and the community at-large. For additional information, please contact the MWS Office at (562) 531-1500 or the Public Works Department at (562) 804-1424, extension 2285; or go to the MWS website at [www.bellflower.org/water](http://www.bellflower.org/water).

**Why is the cost of buying and rebuilding the water system being borne entirely by the MWS' customers?**

The former Peerless water system was purchased with the understanding that it would be unfair to burden the entire community for services that directly benefit only about 10% of the our residents. The residents and businesses served by other water providers have already been paying to maintain their respective water systems.

**What made the City think buying the system was the best option?**

Given the available choices (sale to an out of state conglomerate, no interest to purchase from local water companies, the poor condition of the system, and Peerless' owner's right to sell) the City's purchase of the system seemed the least bad choice.

**How is the City Financing the water system?**

In July 2008, the City issued \$8.2 million in Certificates of Participation (COP). COPs are a form of indebtedness similar to bonds, but funded from lease revenue instead of a general obligation. The term of the COPs is 32 years, they will be repaid using water system revenue, and the City has pledged City Hall and Thompson Park as collateral. The proceeds from the sale of the COPs have been used to reimburse the General Fund for the purchase price of the water system, fund debt service reserve, and to pay for limited capital projects, some of which were started using cash advanced from the City's General Fund.

**Can the City sell the system?** With voter approval, the City could sell the system.

**Will proceeds from the sale of the water system's excess property be used to offset the costs of the system?**

Yes. Any such revenue will be deposited into the MWS's capital improvement account.

**Can redevelopment funds be used for system costs?**

Bellflower voters approved a very limited redevelopment project area which, except for three small areas totaling about 65 parcels, is entirely outside the water system's service area. To comply with State law, any use of redevelopment funds for public works projects must prove that the improvements would directly benefit the project area. To this extent redevelopment funds could be used, but as a practical matter any such use would be negligible.

**Will the water pressure be better?**

As we replace service connections and make other repairs many customers may see some immediate improvement. In other cases the low pressure is due to system-wide problems which will take longer to fix. Customers with low water pressure should contact Municipal Water System Office at (562) 531-1500 and we'll send a technician out to see what can be done.

**Can money used for other projects be used to reimburse acquisition costs and rebuild the water system?**

Most of the funds used for projects like the Pirate Park and Library Garden are "restricted" funds that could not be used for acquisition, reconstruction or operation of the MWS. Although some of the money used is unrestricted, the total is not significant (i.e., the unrestricted funds used to acquire and build "pocket parks" was less than \$100,000 total over the last three years).

**What will the City be doing in the near future to repair the system?** The City has already completed a number of urgently needed repairs and other improvements. This work will be ongoing.

- In 2007 the City began an ongoing system-wide project to replace water meters and service connections. This work continues.
- In 2008 we completed a water master plan and the installation of system interconnects on Carfax at Nava, and on Walnut at Lakewood. Work in progress includes closing 12 previously abandoned wells, and the disposal of the resulting surplus property. We also completed our inspection of existing wells, pumps, expansion tanks and other infrastructure.
- In early 2009 we will install a new system interconnect linking Mapledale to Van Ruiten.
- The timeline for future projects will be driven by the success of our aggressive pursuit of federal grants and appropriations. These projects include replacement of at-high-risk water mains, fire hydrants, and water meters; installation of additional fire hydrants, improvements to fire flow, an automated control system, and a high capacity well.

**What is the Service Charge on my water bill and why is it so much more than the charge for actual water used?** The "Service Charge" is a fixed charge applied to each metered service. It is used to pay for the fixed cost of providing water service: utility costs, labor, equipment and materials, meter reading, preparing and mailing bills and notices, repair and maintenance to the water system, other fixed costs, and debt service. Of these, the most significant is debt service (i.e., principal and interest) on the \$8.2 million in Certificates of Participation issued to reimburse the City for the purchase price of the water system and to fund some initial repairs and improvements. To meet the City's obligations under the terms of the financing, the debt service must be funded through a reliable and predictable revenue stream (i.e., the fixed component of the water rates).

**Why were segments of Peerless that served Lakewood and Paramount sold at a substantially lower per service cost than the City paid?** The sale of Peerless' assets in Lakewood and Paramount occurred before the City's purchase, involved only about 200 services (customers) in each case, and did not involve water rights. The City's \$5.8 million purchase of the Peerless system in Bellflower involved more than 1,800 services, four active wells, several pieces of real property, and 986 acre feet of water rights.

**Why is my water meter being replaced and why do I have to take off work to be present?** The MWS is relocating meters from backyards to front yards and installing new meters that will allow for wireless reading. Once this is accomplished, it will eliminate any need for MWS personnel to enter onto a customer's property to read a meter. In cases where a backyard is gated or an animal is present, customers have been asked to be present while the meter is being relocated.

**Is there any aid to help financially strapped customers?** Yes. The City Council established a Low Income Assistance Program for Water Rate Increases and a Low and Moderate Income Assistance Program for Water Service Line Repairs. Information about these programs is available online at [www.bellflower.org/water](http://www.bellflower.org/water) or by calling the Municipal Water System Office at (562) 531-1500.

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