



WATER & WASTEWATER

Utility Rates - FAQ

- When was the last water and wastewater rate study adopted?
 - The last water and wastewater rate study was adopted in July 2011. The adopted rates provided increases to the City's water and wastewater rates through FY 15/16.
- What process was conducted to inform the public of the proposed increases?
 - Two workshops were held with the City Council on January 12 and February 9.
 - The proposed rate increases were also brought to Council with public hearings on March 1st and April 5th.
 - An open house was held at the Water Treatment Plant and Wastewater Treatment Facility on April 2nd to let the public see the treatment process and the overall condition of the treatment plants.
 - Three rate alternatives were presented to the City Council for both water and wastewater, and they selected to proceed with the middle alternative that provides sufficient funds to cover operational costs, debt service (loan payments), and some high priority projects.
- Why are the proposed rate increases necessary?
 - Water – With the historic drought in California, much has changed since 2011. Water sale revenues have declined over the last 3 years, and the City is at a point where the revenues collected are not meeting the amount required to cover operations and debt service (loan payments). The City's bond covenants for the loans require that the City maintain a debt coverage ratio of 1.20. If the ratio drops below 1.20, this impacts the City's credit rating which then negatively impacts the ability to obtain low interest loans in the future. The City needs to increase rates to cover operations, debt service, and fund some high priority projects to address aging infrastructure.
 - Wastewater – The historic drought has also had an impact on wastewater revenues, though less severe than the impact to water. Similar to water, the City needs to increase rates to cover operations, debt service, and fund some high priority projects to address aging infrastructure.
- Why is the City proposing to reduce the base allocation for the water rates?
 - The State has mandated that the City reduce water consumption by 28%. In addition, the City has a requirement to reduce water consumption long term 20% by 2020. The reduction in the baseline allocation is proposed to reflect the State's requirement to reduce water usage.
- Where can I find more information?
 - The staff reports for the March 1st and April 5th Council meetings are online. Also, copies of the presentations for the workshops can be distributed upon request.