

Rate Study FAQs

May 2024



Rates Fund Investments in Water and Wastewater Services

1. WHY ARE RATE CHANGES NEEDED NOW?

Camrosa must continually invest in our water and wastewater systems to maintain safe and reliable services. The funds generated by rates provide high-quality drinking water and wastewater services for Camrosa's 32,700 customers. Typically, rates are evaluated every five years and adjusted each year to account for infrastructure needs, inflation, capital investments, changes in demand, water quality challenges, regulatory mandates, and more.

Today, rate adjustments are needed for the following:

- Replace and repair aging infrastructure
- Adjust for increasing costs of purchasing water
- Invest in water supply projects that reduce dependency on expensive imported water
- Maintain and upgrade critical facilities
- Account for rising costs of materials and energy

2. WHAT DO MY RATES PAY FOR?

Your rates support critical water and wastewater infrastructure.

The District's **potable water system** delivers water to approximately 8,500 service connections and includes more than 100 miles of transmission and distribution pipelines, a 1 MGD desalter facility, ten reservoirs, eight active wells, 11 Calleguas turnouts, seven booster stations, ten pressure-reducing stations, 1,300 valves, and 1,100 fire hydrants.

The **non-potable system** delivers water to 363 service connections and includes the Conejo Creek Diversion structure, 49 million gallons of surface storage area, three wells, four pumping stations, four reservoirs, 34 fire hydrants, and 23 miles of distribution pipelines.

The **wastewater system** includes 40 miles of wastewater collection lines, six lift stations, four siphon structures, and over 1,350 manholes that deliver wastewater to the Camrosa Water Reclamation Facility (CWRF). There, around a million gallons per day are treated and supplied to the recycled water customers of the District.

Utility rates fund operations, maintenance, repairs, debt payments, emergency reserves, and forward-looking capital improvement projects.

3. WHAT CAPITAL IMPROVEMENT PROJECTS ARE PLANNED FOR THE FUTURE?

The District has identified 33 important potable water, 19 non-potable water, and 15 wastewater infrastructure projects for 2024 to 2029. These include vital maintenance and improvements to the District's water and wastewater distribution, treatment, storage systems, and infrastructure. Many of the proposed water projects will further the District's goals of water self-reliance and independence from costly imported State Water Project water currently purchased from Calleguas through Metropolitan.

4. WHAT ARE THE CONSEQUENCES IF WE DO NOT INVEST IN OUR WATER AND WASTEWATER SYSTEMS?

Water and wastewater are core services necessary for a healthy community. The district routinely evaluates the condition of its facilities and infrastructure to identify needs and limit risks.

Today's district leaders are responsibly investing in water and wastewater infrastructure, knowing that *deferred maintenance puts the systems at risk of failure and ultimately results in costly emergency repairs down the line.*

Continued investment allows for gradual rate adjustments as opposed to sudden hikes. Proactive investment keeps water and wastewater services affordable and reliable now and into the future. Ensuring appropriate revenues, investments, and reserves keeps the district's credit and bond requirement ratings at desirable levels to ensure debt service compliance and the ability to finance needed future projects at attractive rates.

Rate-Setting Process

1. HOW ARE NEW RATES DETERMINED?

Rates are developed through a detailed and data-driven process. It is as follows:

1. The district evaluates its facilities, infrastructure, and assets to identify short-term and long-term needs, risks, and priorities. Recommendations from the Master Plan are then incorporated into the district's 5-year Capital Improvement Program (CIP).
2. The district develops a financial plan detailing CIP financing options and revenue and expense projections.
3. A Cost-of-Service analysis determines how the cost will be distributed and recovered among different customer classes (residential, commercial, agricultural, industrial etc.).
4. Rates are designed to provide the revenues necessary to fund the operations and projects that keep vital water and wastewater systems running.

2. WHEN WAS THE LAST TIME THE DISTRICT INCREASED ITS RATES?

Traditionally, Camrosa evaluates rates every five years and adjusts them each year. The last rate adjustment occurred in July 2023.

3. HOW ARE RATES STRUCTURED?

Currently, Camrosa bills customers a fixed meter charge based on the size of their meter and a commodity charge based on the amount of water used. The fixed meter charge helps cover fixed costs that do not vary based on the amount of water used. Larger meters can deliver more water and so the larger the meter, the greater the proportion of fixed costs attributed to those customers. Commodity charges are billed using a 2-tiered rate structure, where the more water used, the higher the cost per unit of water. One unit of water, or one hundred cubic feet (HCF), is equivalent to 748 gallons.

- Tier 1 (1-12 HCF) is reflective of efficient indoor water use for a 4-6 person household
- Tier 2 (13+ HCF) is reflective of discretionary use for a household

4. WHO APPROVES RATE CHANGES?

Establishing new rates is a collaborative process with input from District staff, financial experts, members of the public, and elected officials. District staff, in partnership with a third-party financial consultant, evaluate revenue needs and design new rates for Camrosa's Board of Directors'

consideration. The district communicates rate information and receives feedback on the proposed rates through outreach efforts like the following:

- Bill inserts
- Community forums
- Social media
- Website posts

At the April 11th Board Meeting, the Board of Directors accepted the Rate Study and set a Public Hearing for June 6th, 2024.

5. CAN A CUSTOMER PROTEST THE RATE ADJUSTMENTS?

Yes. On April 19, 2024, all customers were mailed a Proposition 218 public notice detailing the proposed rate adjustments, describing the protest process, and advertising the Public Hearing date. This is required by California law. Customers have 45 days to protest rate adjustments through a written process. Electronic submissions will not be accepted.

On June 6, 2024 at 5 p.m., the board will hold a Public Hearing at the Camrosa Water District Headquarters to review customer protests and consider approving rate adjustments. Should the District receive a majority protest from water and wastewater customers, the proposed rate adjustments will not be implemented.

6. WHERE CAN I GO FOR MORE INFORMATION?

Visit the District's webpage www.camrosa.com/rate-study for rate-related information, including copies of the complete Water and Wastewater Rate Study, the Public Hearing Notice, and a rate calculator to compare current to proposed rates.

7. WHAT ARE THE NEXT STEPS?

On May 21, 2024 at 5:30 p.m., Camrosa's Board of Directors will host an online community forum on the proposed water and wastewater rates. You can join us online by clicking [here](#).

On June 6, 2024 at 5 p.m. the district's board will hold a public hearing to review customer protests and consider approving or denying rate adjustments.

All dates are subject to change and will be updated accordingly.

For agenda and meeting details, visit www.camrosa.com/public-info-2/#board-meetings

Customer Impacts

1. HOW MUCH ARE RATES GOING TO INCREASE?

Detailed studies and analysis have determined that revenue adjustments of a 7.5% increase for potable water service and an 11% increase for wastewater service are needed for FY 2024-25. The direct impact of these increases will vary customer by customer based on several variables, including customer type, meter size, and water usage.

2. HOW MUCH WILL A HOUSEHOLD'S WATER AND SEWER BILL GO UP?

Bill impacts vary based on the customer type, meter size, and water usage for both residential and commercial customers. **For example, a single-family residential customer using 12 HCF of water per month will see a \$2.57 increase in their water charges and a \$5.72 increase in their sewer charges.** *The non-potable water rate is not being adjusted at this time.*

A bill calculator is available on the district's website at www.camrosa.com. Customers can calculate the anticipated impacts on their bill.

3. HOW WILL BUSINESSES AND COMMERCIAL CUSTOMERS BE IMPACTED BY THE PROPOSED RATE ADJUSTMENTS?

The direct impact of these increases will vary customer by customer based on several variables, including meter size, meter type, and equivalent dwelling units (EDUs). *The non-potable water rate is not being adjusted at this time.* Please reference the bill calculator www.camrosa.com for more information.

4. WILL RATES BE FAIR AND EQUITABLE FOR ALL CUSTOMERS?

A third-party financial consultant leads a data-driven process to ensure fair and equitable rates for all customers. To adjust rates, the district must conduct a "Cost-of-Service Study." The study establishes custom rates for different customer types (residential, commercial, industrial, etc.), ensuring that everyone pays their fair share and is only charged for service provided to them.

5. WHEN WILL NEW RATES APPEAR ON MY BILL?

Following the adoption of the proposed Schedule of Rates for Water and Wastewater Services, the new rates will be effective July 1, 2024 and will be reflected in the August 2024 water and sewer bills.

