

FAQS About Water

When was the last water rate increase?

Fillmore raised its wastewater rates 3% in 2015.

Why are water rate increases necessary?

Like much of California, Fillmore has been negatively impacted by the drought. The City's water revenues have been reduced due to State-mandated water restrictions. The Water Utility is facing a number of challenges at once; revenues for water service are down, while both operating expenses and the annual debt service have increased. At the same time, parts of our water infrastructure need repairs, replacements and upgrades.

What do my water rates fund?

The largest portions pay the debt for previously constructed system upgrades, followed by the supplies and energy needed to treat and distribute water to customers. Resources are also used to pay for current capital improvement projects, new pipes, facilities, and other infrastructure that will improve the reliability of the water system.

What happens if the proposed water rate increases are not implemented?

The water fund would continue to bring in less money than expenses, which would result in several key problems. Not meet minimum savings (reserve) requirements and savings would be deplete these funds. Not be able to maintain an adequate debt service coverage, meaning the City may have to pay higher interest rates on money it consistently needs to borrow for operation and maintenance, which could potentially cost millions of dollars. The City could be unable to adequately maintain, repair and renovate the treatment facilities, reservoirs, pipes and pressure zones that are required to safely deliver quality water to customers.

How would my monthly bill change under the proposed rates?

The average single family water customer uses 10.8 units of water per month. That's about 268 gallons per day. This customer's bill would increase \$10.22 per month starting January 10th, 2017. 40% of single family residential customers will see an increase of less than \$10 per month. Small additional increases are proposed each year for four additional years.

I try to conserve water, but the City continues to raise rates anyway. Why is that?

The primary purpose of conserving water is to ensure that we have enough for everyone. Water supplies are limited. At the same time, a reduction in use means that City revenues are going down. Conservation is still essential. Without conservation, supplies would be even more limited. Thank you for all you do to conserve water. Please continue to conserve.

Why do water rates seem to rise when customers use less? Shouldn't it be the opposite?

The City's water and wastewater funds have suffered large operating losses due in part to water conservation during the

drought. When it comes to water bills, there's a lot more involved than the price of water itself. Many of the costs are fixed, meaning they remain the same even when less water is used. Fixed costs include meter replacement, debt service payments for capital improvements, and the cost to maintain the pipes, pumps and treatment facilities necessary to provide 24/7 service. Lower water sales mean the Water Utility is forced to charge higher rates in order to cover these fixed costs.

FAQs about Wastewater

When was the last wastewater rate increase?

Fillmore raised its wastewater rates 3% in 2015.

Why are wastewater rate increases necessary?

Several years ago the Los Angeles Regional Water Quality Control Board required the City to build a new waste treatment plant. The increase is needed to maintain our bond rating and pay the debt for the system. Customer growth has been lower than projected since the water recycling plant was placed into service in 2009. As a result, the expenses have been spread over a smaller user base than anticipated, and fixed expenses, such a bond debt service, create the need for recurring user rate increases.

What happens if the proposed wastewater rate increases are not implemented?

The wastewater fund would continue to bring in less money than expenses, which would result in several key problems. Not meeting the minimum savings (reserve) requirements and savings would be deplete these funds. Not be able to maintain an adequate debt service coverage, meaning the City may have to pay higher interest rates on money it consistently needs to borrow for operation and maintenance, which could potentially cost millions of dollars. The Wastewater Utility credit rating could be reduced to Junk Bond status, which might prevent the City from borrowing money needed to operate and maintain the system.

What do my wastewater rates pay for?

The largest portion of the revenue that the Wastewater Utility receives goes to debt payments for the previously constructed Waste Treatment Plant. In addition, the utility must pay for highly-trained personnel to operate the system, supplies and energy needed to treat and dispose of waste safely and reliably, and projects that will improve the system's infrastructure.

Why are the proposed wastewater rate increases so much higher than the other utilities?

In order to maintain bond coverage and avoid paying higher interest rates and fees the wastewater rate is being raised to cover the debt payments. This in effect equates to an average of a 3% increase per year.