



CITY OF PORT HUENEME

Water Rate Changes – Frequently Asked Questions

November 2019

How does the City supply our community with water?

The City provides you with safe, reliable water service that is essential to everyday life. Roughly 80% of Port Hueneme drinking water is supplied through the Port Hueneme Water Agency (PHWA), a Joint-Powers Agency that provides wholesale water to the City from water wells near El Rio. Approximately 20% of the City's water comes from the Calleguas Municipal Water District, which delivers water from the Sierra Nevada Mountains. The City also keeps local groundwater wells in "stand-by" operation in the event of an emergency.

How are the costs of providing water service changing?

Our infrastructure is aging, and costs are rising to repair and replace miles of pipelines before major service disruptions occur. We are not alone; utility costs are increasing across the country. Just like any business, as costs of these inputs rise, our prices must adjust to reflect the cost of providing the service. The City of Port Hueneme has not raised water rates since 2012.

What does my water bill pay for?

The rates you pay on your water bill pay for a combination of administrative costs (billing, meter reading, etc.); operations and maintenance; system upgrades and replacement. We are also plan to invest more than \$3 million each year in upgrades to our drinking water system by rehabilitating and replacing miles of aging pipeline before service disruptions occur.

We must maintain our infrastructure today to ensure the service you expect in the future. We continually reinvest the money we get from your water bill to maintain and upgrade the pipes, pump stations and other infrastructure that allow us to deliver safe, reliable water, and provide essential fire protection services. We do not make a profit and receive no revenue from tax dollars.

How are water rates decided?

In 2019, the City reviewed the rate structure that determines how we charge for water services. Water utilities conduct rate studies as a best practice to ensure that the utility's financial health is maintained and that the utility is setting a course toward meeting future financial obligations. The rate study helps us ensure we keep rates fair and equitable, and tied to the demand customers place on our water system.

City Council is pursuing a policy that will achieve three goals:

1. A rate structure that is easy to implement and easy for customers to understand
2. A structure that ensures maximum affordability
3. A structure that encourages water conservation

How will water rates change in 2020?

Water rates in Port Hueneme have remained unchanged since 2012. To fund recommended infrastructure repair and replacement, build responsible financial reserves, and provide the same level of service, City Council is considering increasing the revenue collected from rates by 1.9% every year for the next five years. However, this does not mean that everyone's bill will increase by 1.9% because City Council is proposing to change the rate structure (i.e. how customers are charged).

City Council is proposing to replace our current rate structure consisting of a higher monthly service charge and a single volumetric rate regardless of how much water a customer uses, with a lower monthly service charge and tiered volumetric rates. Tiered volumetric rates encourage conservation by increasing charges for high water use and rewarding customers who are water efficient. The end result is that customers who use approximately 7 hundred cubic feet (hcf) of water or less, should see a reduction in their water bill.

Also, under the new proposed structure, customers with dedicated fire lines will begin paying a monthly charge based on the size of their fire line. The charges are based on the cost to maintain the capacity needed to fight fires.

Monthly Service Charge:

While the Monthly Service Charge varies by meter size, customers will see a 20-50% reduction in this fee due to the proposed change in rate structure.

Meter Type	MONTHLY SERVICE CHARGE 2012 – 2019		MONTHLY SERVICE CHARGE 2020	
	Standard	CityCARE	Standard	CityCARE
Residential				
5/8" & 3/4"	\$37.62	\$34.80	\$24.84	\$22.98
Commercial / Irrigation				
5/8" & 3/4"	\$31.13	N/A	\$24.84	N/A
1"	\$77.82		\$40.42	
1 1/2"	\$155.63		\$79.39	
2"	\$249.01		\$126.15	
3"	\$466.89		\$274.23	
4"	\$778.16		\$492.44	
6"	\$1,556.31		\$780.80	
8"	\$2,490.10		\$1,248.41	
10"	\$3,579.52		\$1,793.96	

Tiered Volumetric Rates:

The biggest change to the water rate structure is the introduction of tiered rates, which encourages conservation by increasing water bills for high water use and rewards customers who are water efficient.

As currently proposed, there will be three water rate tiers for single-family residential customers:

- Tier one is based on a typical customer’s indoor use of four Hundred Cubic Feet (hcf) per month (there are 748 gallons in an hcf).
- Tier two is based on a typical customer’s summertime indoor and outdoor use and includes water use greater than four hcf to seven hcf.
- The most expensive Tier three includes all water used above seven hcf.

Water Rate Structure Characteristics – Single-family Residential

2012-2019	2020
<ul style="list-style-type: none">• Higher monthly service charge• Same rate for every unit of water used	<ul style="list-style-type: none">• Lower monthly service charge• Tiered rates promote affordability and water efficiency

All Other Customers:

Multi-family residential customers will pay a single rate comparable to Tiers 2 and 3. Commercial, irrigation and the City’s irrigation will pay a rate comparable to Tier 3 or higher (See table below). The rates for these customer classes are based on observed water demands – which affect the cost to serve these classes.

How will the rate changes in 2020 affect my bill?

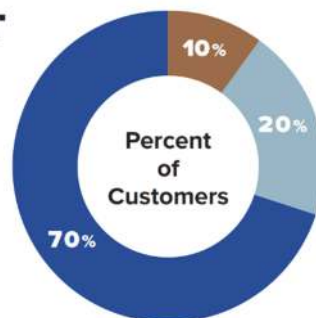
If customers use the same amount of water they did in 2019:

- We estimate that 70% of single-family residential customers will see their bills go down slightly or remain the same in 2020.
- 20% of single-family residential customers will see their bills increase by less than \$20 a month.
- Less than 10% of single-family customers who use the most water will experience a change of more than \$20 a month.

Single-family Residential Bills – 2019 vs Proposed 2020*

MONTHLY BILL IMPACT

- Bill Down Slightly or the Same
- Bill Increase < \$20
- Bill Increase > \$20



*Assumes same water use

Tiered Water Rates

Customer Type	Volumetric Rate (\$/hcf)					
	Since 2012	March 2020	July 2020	July 2021	July 2022	July 2023
Single Family Residential	\$ 3.80					
Tier 1 (0 - 4 hcf monthly)		\$ 5.71	\$ 5.82	\$ 5.93	\$ 6.05	\$ 6.16
Tier 2 (4 - 7 hcf)		\$ 5.81	\$ 5.92	\$ 6.03	\$ 6.15	\$ 6.26
Tier 3 (>7 hcf)		\$ 6.65	\$ 6.78	\$ 6.91	\$ 7.04	\$ 7.17
Single Family Residential CARE	\$ 3.52					
Tier 1 (0 - 4 hcf monthly)		\$ 5.28	\$ 5.38	\$ 5.48	\$ 5.58	\$ 5.69
Tier 2 (4 - 7 hcf)		\$ 5.37	\$ 5.47	\$ 5.58	\$ 5.68	\$ 5.79
Tier 3 (>7 hcf)		\$ 6.15	\$ 6.26	\$ 6.38	\$ 6.50	\$ 6.63
Multi-Family Residential	\$ 3.80	\$ 6.43	\$ 6.55	\$ 6.67	\$ 6.80	\$ 6.93
Multi-Family Residential CARE	\$ 3.52	\$ 5.94	\$ 6.06	\$ 6.17	\$ 6.29	\$ 6.41
Commercial	\$ 4.48	\$ 6.71	\$ 6.84	\$ 6.97	\$ 7.10	\$ 7.24
City Property	\$ 4.48	\$ 6.71	\$ 6.84	\$ 6.97	\$ 7.10	\$ 7.24
Irrigation	\$ 4.48	\$ 7.02	\$ 7.15	\$ 7.29	\$ 7.43	\$ 7.57
City Irrigation	\$ 4.48	\$ 7.02	\$ 7.15	\$ 7.29	\$ 7.43	\$ 7.57

How does the new rate structure promote affordability?

A reduced monthly service charge is the key element to increasing affordability, particularly for low water users.

Also, please note the City of Port Hueneme offers "CityCARE," a program for income-eligible residents to receive a discount off their water, wastewater, and solid waste bill based on Southern California Edison's (SCE) CARE program guidelines. If you participate in SCE's CARE program, you automatically qualify for CityCARE and are eligible to receive a 7.5% discount on your City utility bill. For full information, view our [CityCARE Brochure \(PDF\)](#).

How does the City encourage water efficiency?

Tiered water rate structures are common in the arid west where water is scarce and precious. Put simply, those who use the most water will pay more for it, while those who are able to be water efficient will pay the least. Proposed changes to the water rate structure are designed to continue to encourage this efficiency in water use for the future.

Conserving water is not only the right thing to do, it helps us avoid future costs and saves our customers money. Over the long term, conservation benefits water customers by reducing the City's costs to move and treat water and maintain and upgrade the distribution infrastructure. With limited supplies and more frequent periods of drought, water conservation helps us manage our resources for the future. Every gallon saved is a gallon that doesn't need to be pumped, treated or delivered.

Where can I go for more information?

To learn more about how we came to this new structure, how it encourages water conservation and enables the critical infrastructure improvements we're planning in the future, join us at one of two information sessions we're hosting in the coming weeks:

Information Session Wednesday, November 20, 2019 6 p.m. City Hall, 250 N. Ventura Rd.	Information Session Wednesday, December 18, 2019 6 p.m. City Hall, 250 N. Ventura Rd.
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Please note: Identical information will be presented at each session.

City Council will vote on the proposed rate structure at a public hearing scheduled for Monday, February 3, 2020 at 6:30 p.m. at City Hall. If approved, new rates will go into effect in February of 2020 and appear on customer bills in March or April.