

2019 Proposed Rate Structure

Frequently Asked Questions (FAQ)

- **Why is Monte Vista Water District proposing to raise rates?**

The District is proposing raising rates to fund on-going operations and facility replacement needs. The District's capital improvement plan identifies over \$100 million in capital projects required to maintain reliable water service. A cost of service study developed which identified that current revenues are not adequate to fund upcoming and necessary facility replacements and maintain adequate reserves. Portions of the District's infrastructure are over 50 years old and in some cases are undersized for adequate water service and fire protection. Additionally, water quality regulations recently established by the State will require the construction and operation of new treatment facilities.

Water conservation legislation passed by the California Legislature and signed by the Governor in 2009 requires the District to meet specific water use reduction targets by 2020. District customers have been successful in meeting these required reductions in water use, and we expect a long-term change in our customers' efficient water use habits which will impact District revenues.

- **How will the proposed rates impact my bill?**

The typical single-family residential customer will see an increase of \$7 per bi-month bill in 2020 and an increase of \$4 per bi-monthly bill in 2021 and each year thereafter. Customers who use water efficiently will experience less of a rate increase than customers who use water inefficiently. Low use customers will effectively have no impact in 2020, and an increase of \$3 per bi-monthly bill in 2021 and each year thereafter.

Compared to neighboring water agencies, the District's proposed rates continue to place the typical single-family residential customer's bill below the regional average bi-monthly bill.

- **What is a “readiness-to-serve” charge?**

The readiness-to-serve (RTS) charge is a bimonthly fee based on meter size that covers a portion of the fixed costs of operating the District. Such fixed costs include maintenance of the water system and facilities, customer service, and administration.

- **How is the “readiness-to-serve” charge changing?**

Currently, the RTS charge covers 30% of the District’s fixed costs. Over the next four years, the District is proposing to increase the RTS charge to cover 31% percent of fixed costs, providing greater revenue stability.

- **What is a “pass through” charge?**

A “pass through” charge covers unforeseen increases in wholesale costs for imported water and groundwater management, which may be passed through to the customer as they occur. If the District finds it necessary to pass through unforeseen wholesale charge increases, customers will be informed of these additional charges in advance of the effective date, and each additional charge will be itemized on each bill. There are currently no pass through charges being assessed to District customers.

- **What are “demand reduction rates”?**

The District expects a long-term change in water use habits as our customers become more efficient. This expected reduction in water use is one of the reasons the District must raise rates in order to recover sufficient revenues to maintain high quality water service.

In the future, the District may be required to reduce demands even further. For instance, in response to the current statewide drought the California State Water Resources Control Board is requiring the District to reduce overall water demand by 24% compared to 2013 usage levels. Such a decrease in demand reduces the amount of expected revenues generated by existing water rates.

The District is proposing new demand reduction rates to maintain financial stability and high quality water service during future periods of additional planned demand reduction. Stages 1, 2, 3, and 4 represent potential future rate adjustments to address a 10%, 20%, 30%, and 40% planned reduction in demands. Demand reduction rates cannot be automatically implemented – they require separate action by the Board of Directors before they take effect. Demand reduction rates do not apply to recycled water customers.

- **Why does Monte Vista Water District use budget-based tiered rates?**

The District's budget-based tiered rate structure has assisted the District to incentivize efficient water use while equitably allocating water supply costs and balancing revenue needs for single-family residential customers and irrigation customers.

Budget-based tiered rates fairly allocate the cost of water service based on water needs. The method recognizes the difference between indoor and outdoor use and rewards customers who use water efficiently with lower water rates. Existing water budgets represent an appropriate amount of water to meet single-family residential customers' needs. If customers exceed their budget, they are considered to be using water inefficiently and pay a higher rate.

- **What is a water budget?**

A water budget is an amount of water allocated per billing cycle representing efficient water needs. Like financial budgeting, a water budget gives customers a target so they can use water efficiently and pay lower rates.

- **What are water budgets based on?**

For single-family residential customers, the total water budget for each two-month billing period is based on their individual indoor (Tier 1) and outdoor (Tier 2) allocations. The indoor water allocation is calculated to accommodate four (4) people per household, based on U.S. Census and State of California Department of Finance data. Customers will receive 52.5 gallons of water per person per day as part of their indoor allocation, which is consistent with the State standard for efficient indoor water use. The outdoor water allocation is calculated according to a property's estimated irrigated area, based on County parcel data (lot size, house footprint) and estimated hardscape (garages/carports, driveway, sidewalks, etc.). Customers will receive 38 gallons per square foot of irrigated area per year, which is consistent with the State standard for efficient outdoor water use on mixed residential landscapes (~80% grass, ~20% water-efficient plants). The outdoor water allocation is distributed per billing period based on the seasonal water needs of plants (more in the warmer months, less in the cooler months).

For dedicated irrigation metered customers (e.g., outdoor use only), the water budget for each two-month billing period is based on an outdoor water allocation calculated according to a property's lot size or measured irrigated area. Irrigation customers will receive 45 gallons per square foot of irrigated area per year, which is consistent with the State standard for efficient outdoor water use on large non-residential landscapes (100% grass).

- **Why do I have to pay a higher rate for my outdoor water use?**

Indoor water use is essential for public health and safety, while outdoor water use is necessary for growing aesthetically pleasing plants and landscaping. Additionally, it is more expensive to supply the water needed for outdoor uses due to peaking factors; in other words, we need additional water supply and distribution system capacity to meet the needs of outdoor watering, particularly in the summer months. Therefore, the cost of providing outdoor water is recovered through the higher rate. Outdoor water use can be reduced by increased irrigation efficiency and replacement of water-thirsty grass with more water-efficient plants.

- **What if I need more water than my budget gives me?**

Customers may apply for a variance to their water budget to adjust the number of people in a household, irrigated area, or for a special circumstance such as a home daycare facility. Variance forms will be available to download at www.mvwd.org.

- **How can I reduce my water use to stay within my budget?**

Visit the Monte Vista Water District website, www.mvwd.org, and click on the “Rebates & Programs” icon for a wealth of ideas on how you can save water.

For rebates on water conserving devices, visit www.socalwatersmart.com or call (888) 376-3314.

For a free landscape irrigation evaluation, visit www.cbwcd.org or call (909) 626-2711.

For assistance or information on additional conservation programs and incentives, call (909) 267-2130.