California Tap Water:
The Best Deal Around

Due to various external factors, the City must increase its rates to keep delivering water to the community. Current rates have remained the same for more than two years, while other associated costs in our struggling economy have put a strain on standard water operations.

The City of Lomita is not singled out in the current water-rate issue. Many other water agencies throughout California are forced to pass along water-rate increases as the cost of water distribution rises. Although the price of delivering tap water to the community is rising, it still remains a great bargain. In fact, the Association of California Water Agencies’ Fast Facts on Rising Water Costs information sheet notes that tap water in most California cities costs less than a penny per gallon.

What Determines the Cost of the Tap Water?

◆ Rising Cost to Purchase Imported Water
The City currently purchases water from West Basin – Metropolitan Water District of Southern California (MWD) which is not at a fixed cost. During the past several years, the City has seen higher prices to purchase water from West Basin – MWD and expects future costs to rise as well.

◆ Aging Water Infrastructure
The City’s water delivery system is aging and in need of upgrades to ensure reliable water service to the community. Similarly, nationwide water infrastructure repair and restoration is estimated at more than $1 trillion.

◆ Comprehensive Water Service
In addition to delivering a reliable water source to the community, water agencies provide a number of other services such as daily maintenance, safety and long-term planning to provide an uninterruptible flow of water to the community.
Frequently Asked Questions About the City of Lomita’s Water-Rate Increases

1. **How much will my water bill go up each month?**

The table below shows current rates for each of Lomita’s three water rate tiers as well as the increase proposed based on the recent financial analysis study. The costs noted are calculated on the average amount of water used in each of the three categories – efficient, average, and excessive.

**Average Single Family Residential Bi-Monthly Bill**

<table>
<thead>
<tr>
<th>Description</th>
<th>Current</th>
<th>FY 12/13</th>
<th>FY 13/14</th>
<th>FY 14/15</th>
<th>FY 15/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficient</td>
<td>$69.59</td>
<td>$78.53</td>
<td>$84.28</td>
<td>$90.25</td>
<td>$95.73</td>
</tr>
<tr>
<td>Average</td>
<td>$117.59</td>
<td>$135.62</td>
<td>$145.47</td>
<td>$155.74</td>
<td>$165.16</td>
</tr>
<tr>
<td>Excessive</td>
<td>$160.79</td>
<td>$184.56</td>
<td>$197.46</td>
<td>$211.13</td>
<td>$223.67</td>
</tr>
</tbody>
</table>

*Efficient = approx. 11,200 gallons bi-monthly; Average = approx. 26,180 gallons bi-monthly; Excessive = approx. 37,400 gallons bi-monthly; FY= runs July 1 - June 30 of the corresponding year.*

2. **When were rates last adjusted?**

Excluding Consumer Price Index (CPI) increases, the water rates were last adjusted in January 2010. The Metropolitan Water District of Southern California, the agency that supplies water to the City, has increased its rates by 14 percent, since July 2010. So even without repairing and rehabilitating our delivery system, the City needs more revenue just to provide water.

3. **In retrospect, shouldn’t you have raised rates by a smaller amount gradually over the last two years to avoid such a large increase now?**

Different agencies follow different philosophies about when rates should be raised. In this case, the City Council decided to maintain rates rather than raise them. At this point, that is no longer an option.

4. **Why do rates need to be increased? And how often will this occur?**

The increased cost of imported water is the primary reason why the City needs to raise rates. Day-to-day operation and maintenance costs have also been going up. Further, the City has debt-service coverage requirements to meet per the City’s 2008 Water Bond document. There are Capital Improvement Projects for pipeline and equipment repair and replacement that will keep the water-delivery system running effectively now and in the future. Proposed rate increases through the water-rate study would begin later this year and continue for the next five fiscal years.

5. **How is Lomita’s water operations department funded?**

The water operations and delivery system is funded by the water rates users pay based upon their impact to the distribution system and consumption. The water department can only recover the costs it incurs to purchase and deliver water to customers, as well as the cost of capital projects such as pipeline repairs.

6. **If customers have conserved so well, why are you increasing rates?**

We really appreciate the efforts our customers have made to conserve water. Unfortunately, rate increases are needed to keep pace with the cost of purchasing water and operating the water delivery system.