

Understanding Recent Water Rate Increases: *Frequently Asked Questions*

Q: How are the Metropolitan Water District of Southern California (MWD) and Calleguas Municipal Water District (Calleguas) related to water providers in southeastern Ventura County?

MWD serves as Southern California’s regional wholesaler of imported water, providing water to over 19 million people across six counties through 26 member agencies. Calleguas is one of these member agencies. It operates as a link in this water supply chain, importing 100% of its supply from MWD and then distributing it to its 19 member purveyors throughout southeastern Ventura County. These purveyors, which include cities, local water agencies, County waterworks districts, investor-owned utilities, and mutual water companies, then deliver water directly to residents and businesses in the area. Roughly three-quarters of Ventura County residents, about 640,000 people, rely on water entirely or partially sourced from Calleguas.



Calleguas's member purveyors include:

- Berylwood Heights Mutual Water Company
- Brandeis Mutual Water Company
- Butler Ranch Mutual Water Company
- California-American Water Company
- California Water Service Company
- Camrosa Water District
- City of Camarillo
- City of Oxnard
- City of Thousand Oaks
- Crestview Mutual Water Company
- Golden State Water Company
- Pleasant Valley Mutual Water Company
- Solano Verde Mutual Water Company
- Triunfo Water and Sanitation District
- Ventura County Waterworks District No. 1 (Moorpark)
- Ventura County Waterworks District No. 8 (City of Simi Valley)
- Ventura County Waterworks District No. 19 (Somis)
- Ventura County Waterworks District No. 38 (Lake Sherwood)
- Zone Mutual Water Company

Additionally, entities indirectly served by Calleguas include:

- Port Hueneme Water Agency (which includes the City of Port Hueneme, Naval Base Ventura County, and Channel Islands Beach Community Services District)
- Ventura County Waterworks District No. 17 (Bell Canyon)



Q: Are MWD’s rates increasing?

Yes. On April 9, 2024, MWD’s Board of Directors approved a two-year, \$2.4 billion budget for 2025 and 2026, which includes a rate increase for its member agencies split over two years. For Calleguas, which only receives treated water from MWD (more on that below), the purchase price will increase by 11.1% starting January 1, 2025, and another 9.5% starting January 1, 2026.

Along with the approved rate increase, the adopted MWD budget also assumes that the MWD Board will adopt an increase in the “ad valorem” property tax rate from 0.0035% to 0.0070% in August 2024. This is an existing charge that is reflected on property tax bills in the MWD service area, which includes the Calleguas service area.

The proposed increase in property tax revenues allowed the MWD Board to adopt a smaller increase to the water rate than initially proposed, (11.1% instead of 16.6%). According to MWD officials, the additional property taxes will amount to an average of \$2 to \$3 per month for a typical household. This will be the first time MWD has increased the ad valorem property tax rate since 1990.

For more information on MWD’s budget and rate increases, please visit: <https://www.mwdh2o.com/budget-finance/>

Q: How does MWD’s rate increase affect Calleguas’s rates for its member agencies and their customers?

Because of the MWD rate increase, Calleguas must also raise rates to account for the rising costs of purchasing water from MWD, which comprises roughly 74% of Calleguas's water rate.

**Operating Costs, Excluding Debt
FY 2024 Budget**

Water Purchases
From Metropolitan
Water District

74%



Capital Construction/
Infrastructure
Investment

15%



Operations
and
Maintenance

11%



On June 19, Calleguas adopted an overall rate increase of 9.18% for its member agencies. Ultimately, the increase the water customer will see on their water bill will vary depending on their retail water supplier. While some water suppliers rely heavily on water purchased from Calleguas, other suppliers have access to local resources, such as groundwater, decreasing the amount of water purchased from Calleguas. The water supply mix can have a significant impact on an individual customer's rates.

To view Calleguas's annual budget, water rates and charges, and financial policies, please visit: <https://www.calleguas.com/financials/index.asp>

Q: Why does Calleguas only receive treated water from MWD?

MWD supplies two types of water: "raw" and "treated." Raw water, which is less expensive, requires treatment before it can be delivered to customers. Treated water is ready for delivery but is more expensive due to the cost of MWD's treatment processes. Many of MWD's 26 member agencies have access to both types of water. Calleguas is among those to whom MWD's system can only deliver treated water due to the configuration of their infrastructure, locking Calleguas into higher treated water rates.

Q: What are key factors driving rate increases?

The costs of providing reliable and high-quality water have increased significantly in recent years. Water rates are rising nationally for a variety of reasons, including inflation that is driving up the cost of everything from pipeline materials and other conveyance infrastructure to electricity, chemicals, and fuel, requiring adjustments to cover expenses.

Additionally, California has experienced extreme weather fluctuations, sometimes referred to as "weather whiplash." After enduring over three years of intense drought, the state encountered a series of unusually wet seasons over two consecutive years, bringing historic amounts of rain from December 2022 to February 2024.

With extreme drought, followed by great amounts of precipitation, water sales have been negatively impacted. During times of drought, people conserve water—using and buying less from their water supplier, as it is important to reduce demand during times of limited supply. The same is true during rain events—there is no need to purchase water for outdoor irrigation purposes. Both of these weather extremes contribute to reduced water usage and therefore less revenue for water suppliers.

MWD's method of collecting revenue is primarily via "volumetric" rates, based on the amount of water it sells to its member agencies. However, most of the costs of running and maintaining its vast and complex system are fixed from year to year, regardless of how much water it sells. Consequently, when MWD sells less water, its revenues decrease. The proposed increase to property tax doesn't eliminate the gap between fixed costs and revenues, but it's an important step in that direction. Increasing the amount of revenue

MWD can obtain from fixed property tax sources also allowed MWD to reduce its initial proposed treated water rate increase of 16.6% down to the adopted 11.1%.

Q: What has/is Calleguas doing to mitigate these impacts now and in the future?

Calleguas is actively engaged in numerous initiatives to address the challenges posed by rate increases on water purchased from MWD and ensure the sustainability of the water supply for its member purveyors. These efforts include astute financial management, advocacy, exploring alternative water sources, and building resilience through investments in projects, programs, and partnerships.

Calleguas was able to mitigate the impact of MWD's recent rate increase through diligent monitoring of water sales projections, strategic rate planning, and efforts to reduce operational expenses and identify savings. Despite facing an 11.1% increase in rates from MWD, Calleguas was able to limit its own portion of the rate adjustment to 5.5% resulting in an overall 9.18% increase for its member purveyors.

Notably, Calleguas and its purveyors played a pivotal role in influencing MWD's rate decisions through continuous communication with purveyors about the dynamic development of the rate proposal and providing information about opportunities for input.

This successful collaboration underscores the importance of ongoing regional partnerships to reduce reliance on MWD and explore alternative water supply solutions. Calleguas continues to take the lead in this endeavor by spearheading a comprehensive regional integrated water resources planning effort aimed at developing portfolios of projects, programs, and partnerships to bolster regional resilience through development of local water resources and regional collaboration.

Additionally, Calleguas is deeply involved in future-oriented processes at MWD, including the [Climate Adaptation Master Plan for Water \(CAMP4W\)](#), which prioritizes water infrastructure, a reassessment of MWD's treated water rate, and modifications to MWD's business model to better reflect the realities of 21st century water supply.

To learn more about Calleguas's efforts to build resilience, please refer to the following flyers:

[Building Resilience through Interconnections](#)

[Building Resilience through the Salinity Management Pipeline](#)

[Building Resilience through Landscape Transformation](#)

[Building Resilience through Water Use Efficiency](#)