

SEPTEMBER 14, 2016

UTILITY RATES: Investing in Oxnard's Future

The Public Works Department's responsibilities – healthy drinking water on demand, and the safe collection, treatment and disposal of wastewater and solid waste – are vital to our community's quality of life. Utility rates are the foundation that supports these services. Revenues from customer utility bills go directly to paying for the systems, facilities and highly trained staff that makes these services possible.

WHAT'S WRONG?

The utility system's financial situation has reached a critical point with the potential to impact services for decades to come.

The rising cost of water, operations and electricity and decreased revenue from conservation mean that expenses now exceed revenue. Southern California Edison has proposed a cumulative 12.1% revenue requirement increase for 2018 through 2020, and Oxnard has absorbed all increases to the cost of purchased water since 2009 without passing them along to customers. In addition, aging infrastructure and equipment delivering water to homes and businesses are badly in need of repair. Independent experts have identified 30 percent of Oxnard's 60-year-old

wastewater treatment plant assets as in poor or very poor condition. The utility system needs major investments to ensure its continued reliable operation.

WHAT COULD HAPPEN?

Without an adjustment to utility rates, the utility system will run out of reserve funds by 2017. If reserve levels drop too low, the utility system will be unable to meet obligations to bond holders, which will dramatically raise borrowing costs. If reserves run out and the City pays additional costs from its general fund, its ability to provide other services will suffer. Equipment would continue to deteriorate, interrupting service to customers and requiring costly emergency repairs. The City would be unable to maintain, repair and renovate facilities, pipes and blending stations needed to safely deliver water. If an emergency happens, we may not be able to address it immediately.

WHAT CAN WE DO?

These problems are real and need to be addressed. In future issues of the Pipeline, we will talk specifically about each of the utilities and answer questions about the revenues needed to operate each utility.

WATER BY THE NUMBERS



For Fiscal Year 2016-2017, the Water Division has a total of \$60.5 million in expenses.

The graphic shows how each dollar of revenue is allocated.

- Utilities 5%
- Contract Services 6%
- Labor 9%
- City Infrastructure Use/ Maintenance 10%
- Chemicals and Supplies 15%
- Debt Payments & Capital Outlay (e.g. buildings, equipment, land) 25%
- Water Purchasing 30%

IN THE WORKS

The Public Works Department is constructing a median and installing street lights to improve visibility along Victoria Avenue. Traffic in each direction of Victoria Avenue will be reduced to one lane between Fifth Street and Gonzales Road through November. Motorists are encouraged to take alternate routes. The \$961,000 project is funded by a grant from the Highway Safety Improvement Program to improve roadway safety.

DID YOU KNOW?

State law dictates that revenue from rates can ONLY be used to cover costs associated with providing that service. Oxnard strictly follows these rules, with individual funds and budgets for each of the utilities that are separate from the City's general fund. This ensures that your utility rates are paying directly for the services you receive.

UPCOMING FACILITY TOURS: Get a behind-the-scenes look at day-to-day operations.

WASTEWATER:

When: 11 a.m. Saturday, September 17

When: 4 p.m. Wednesday, September 21

Where: 6001 S. Perkins Rd.

WATER

When: 11 a.m. Saturday, September 17

Where: 251 S. Hayes Ave.

ENVIRONMENTAL RESOURCES

When: 11 a.m. Saturday, September 24

Where: 111 S. Del Norte Blvd.



We look forward to connecting with you!

ASK DAN

I've heard the City has asbestos cement pipes. Should I be worried about asbestos in my water?

From the 1940s to the 1980s, asbestos fibers were commonly added to cement piping to strengthen it. Extensive national studies of asbestos in the water supply have not revealed any increased risk. The federal government's maximum contaminant level (MCL) for asbestos is 7 million fibers per liter. According to the U.S. Environmental Protection Agency, some people who drink water well in excess of the MCL for long periods have an increased risk of developing benign intestinal polyps. The City regularly assesses the condition of its pipes and has a proactive replacement plan utilizing the highest safety standards for both workers and the community.

If you have a question to Ask Dan or an idea for an article topic, please email askdan@oxnard.org.