



Water Rate Increase on Hold until July 2021



The City will not be moving forward with a planned water rate increase in the current fiscal year. Recent updates to the Water System Infrastructure Plan have reduced the pressure on water rates and made it possible to provide relief to the community at this critical time. Although the Water Fund experienced declining revenue as a result of COVID-19's impact on commercial water demand, staff was able to offset this drop in revenue by deferring or curtailing all non-essential spending in anticipation of revenue-related impacts from COVID-19. In instances where expenditures exceed revenues, the Water Fund has contingency reserves to support operations and ensure that the community continues to receive a high level of service.

The City's rate consultant is recommending that the City resume annual rate increases in July 2021 to sufficiently fund the cost of operations and maintenance, extensive capital improvements, mandated standards of treatment, debt obligations, contributions to reserves, and other financial obligations. Capital improvements include: replacing six miles of water main annually, transmission system upgrades, reservoir replacement, water treatment facility upgrades, and investment in sustainability and resiliency. Continued investment in the water treatment and distribution system is essential to providing safe, reliable drinking water to our customers.

In the winter and spring of 2021, staff will be making public presentations on proposed rates to the City's Water Commission and Finance Committee, with a public hearing before City Council scheduled for June 2021. Public meetings will be noticed on the City's website at least 72 hours in advance of the meeting start time. For more information on water rates please visit www.SantaBarbaraCA.gov/WaterRates.

