



# PRESS RELEASE

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## CENTRAL BASIN MUNICIPAL WATER DISTRICT LOWERS WATER RATES TO SERVICE AREA CITIES AND OTHER CUSTOMERS DESPITE PREDICTED STATEWIDE DROUGHT

*Central Basin customers expected to pay 14% less for imported water*

**MAY 25, 2021- COMMERCE, CA** – Despite a projected statewide drought, the Board of Directors of the Central Basin Municipal Water District (Central Basin) approved a 14% reduction in imported water rates for cities and other customers in its service area. The reduction was approved during the District's monthly Board meeting on May 24. Many California counties are currently under a severe drought forecast precipitated by low water levels and little snow in the Sierras. This has been the second dry year in a row, and 2021 might bring some additional changes. The District did not increase its recycled water rates, or imported water administrative fees, further reducing the cost of water for its customers.

"Given the impact of severe curtailments in revenue for local cities caused by the pandemic, the Central Basin Board felt that lowering the rates for imported water for our customers was necessary at this time," said Art Chacon, Board President, Central Basin Municipal Water District. "Although it seems counterintuitive given the state's drought condition, we really felt it was the right thing to do."

The drought in California has been growing for two years, and now 14% of the state is in "exceptional" drought. Exceptional is the top and worst level from the US drought monitor. Drought in California is different from any other state because of the state's unique wet and dry season and system of capturing and moving water around the state. Most of the rest of California is in the extreme or severe categories while small sections of the far north coast and the two southernmost counties are in moderate drought. California Gov. Gavin Newsom recently expanded a drought emergency across most of the state from 41 of California's 58 counties.

"As a Central Basin customer, we are incredibly pleased the District is working with all its customers to ensure its service areas have a reliable and diverse source of high-quality water at affordable rates, particularly at a time when local governments have been impacted by the pandemic," said John Oskoui, Assistant City Manager, City of Downey. "The Board's actions reflect a new direction for Central Basin which has started to form collaborative partnerships with its customers and take the necessary steps to ensure the District's long-term fiscal stability."

Central Basin's drop in water fees comes at a time when other districts are proposing or increasing water rates. The Santa Clara Valley Water District is increasing water rates by 9.1% increase for Fiscal Year 2022 to help pay for emergency water needed this year to meet demand and keep groundwater at normal levels, other water conservation programs, and expanded recycled water use.

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The District then plans to raise its rates by up to 9.6% each year for the next eight years, followed by an 8.7% jump the following two years. The monthly rate increases would equate to an approximate \$4.50 to \$5.10 increase per month for customers.

The East Bay Municipal Water District has proposed an increase for water and wastewater rates of 4% each in the first year and an additional 4% for each in the second year while the Ventura City Council recently gave initial approval to increase water rates by 7% and wastewater rates by 6% each year for the next five years. Additionally, the Contra Costa Water District (CCWD) raised their 2121 rates by 3.75% while Western Municipal Water District in Riverside plans to raise rates by 2.1 to 3.5%.

“It’s important to remember that one of the principal reasons Central Basin is able to lower water rates is that we have taken prudent measures to regain fiscal control of our budget,” said Alex Rojas, General Manager, Central Basin Municipal Water District. “Our goals for the District are to lower the cost of imported water, ensure our long-term fiscal stability, improve customer service, diversify our revenue streams, and grow our recycled water services.”

The board recently adopted a budget and district reorganization that will realize nearly \$1.2M in annual operating savings starting with the 2021 budget year; this year the District could realize a nearly \$2.5M net operating margin. The District’s monthly average operating cash and unrestricted reserves are at levels not seen since 2016, with the District making contributions to its unrestricted budget reserves further stabilizing its long-term financial outlook.

**About Central Basin Municipal Water District**

Established in 1952, Central Basin Municipal Water District (District) is a water and water service provider that delivers imported water to 40 retail water providers and one water wholesaler including: cities, mutual water companies, investor-owned utilities, and private companies in southeast Los Angeles County. The District purchases imported water from the Metropolitan Water District of Southern California (MWD).

With a vision to secure water supplies in southeast Los Angeles, Central Basin also provides the region with recycled water for municipal, commercial, and industrial use. Today, the District serves 1.6 million people from 24 cities and unincorporated areas in southeast Los Angeles and is governed by an eight-member board.

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