

City of Buellton's 2025 Water & Sewer Rate Study FAQs

*These FAQs will be continually updated as more questions arise.
(Latest Update: May 30, 2025)*



Why Are We Raising the Rates?

Increasing water and sewer rates is necessary for a few key reasons, especially as our infrastructure is aging, demand is rising, and the environmental regulations are tightening. Here are some of the main reasons:

- Aging Infrastructure – Much of our water and sewer infrastructure was built decades ago. To keep the systems running safely and efficiently, significant investments are needed for repairs, upgrades, and replacements.
- Maintenance and Upgrades – Even newer systems require ongoing maintenance and occasional upgrades to keep up with technological advancements, address capacity issues or comply with new environmental standards.
- Environmental Regulations and Water Quality Standards – Stricter environmental regulations such as those regarding water quality, nutrient limits, etc. requires utilities to invest in treatment systems and technology to meet these new standards.

Why are Residents Being Charged More for Wastewater/Sewer Than Others?

Residential units: Single Family Residential, Multi Family, Multiple Dwelling and Mobile Home Parks are NOT being charged more. The Wastewater/Sewer rates consist of both Monthly fixed charge rate and Volumetric Rate. The Residential units only pay the flat fixed rate regardless of usage. Whereas all other classifications are charged for both the fixed rate plus the volumetric rate.

Under the existing rates, non-residential customers pay the volumetric rate only AFTER they exceed 1,400 cubic feet of usage. Under the proposed rates, non-residential customers pay the volumetric rate for ALL usage. This is explained as a footnote in Page 3 of the Prop 218 Notice.

Why Should Residents Pay the Burden?

All water and wastewater users, both residents and businesses alike, share in the fees. The rates have various classifications of residential, commercial, industrial and other. Each classification is evaluated on historical water use and wastewater discharge. The costs to operate and maintain water and wastewater/sewer are evaluated and proportionated appropriately based on classification usage.

They Must be Raising Rates Due to all the Development Being Approved/Built!

Any development that comes into the City pays separate “Connection Fees” for their project to buy into the system’s capacity. Connection Fees are calculated separately from the monthly water and wastewater/sewer fees. Once constructed, any new residential units or commercial/industrial units also pay the monthly fees.

They Must be Raising Because of all the Money Being Spent!

Monies being allocated by Council for various projects or programs are from the General Fund. The General Fund does NOT fund the Water and Sewer enterprises. The Water and Sewer Enterprise Funds are to be self-sustaining, which means the customer rates must be enough to support all the operations and maintenance costs for water and wastewater/sewer.

How Can I Learn More About the Study?

Please contact the City's Public Works and Finance Departments if you'd like more detailed information. The Draft Study that is proposed is available on the City's website on both the main page and in the Public Works Page under "News and Notices". The Public Notice, past outreach and the two public presentations made on April 28, 2025, and May 8, 2025, are also available in the Public Works Page under "News and Notices".

You can also contact the Finance Department to find out what your specific bill will look like with the proposed rates.

Contact our Public Works Department at: publicworks@cityofbuellton.com

Contact our Finance Department at: utility@cityofbuellton.com

Why Did We Even Do a Rate Study?

Every public agency that provides water and wastewater/sewer needs to conduct a Water and Sewer Rate Study to ensure that the revenues collected are appropriate to cover the costs to maintain and operate the water and sewer systems. Water and Sewer are public enterprises that are required to be self-sustaining, which means that the General Fund does not support these services, the services through customer rates must support the services themselves. So, the study needs to be done periodically to ensure financial and operational sustainability.

The study evaluates the current costs and revenues, forecasts future needs (repairs, upgrades and operations), and ensures the rates are sufficient to sustain operations and maintenance of our infrastructure. The study evaluates and makes recommendations over a 5-year period and reviews all the various customer types and ensures that it is: fair and equitable; supporting safe, reliable service, keeping up with aging infrastructure; preparing for future growth and sustainability.

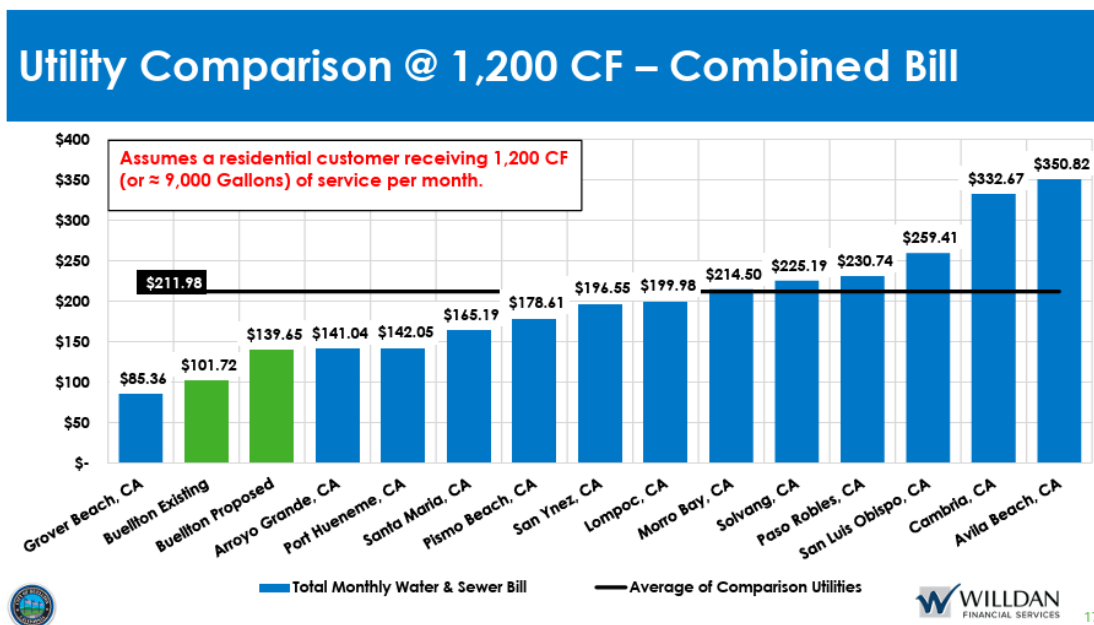
Why Now?!

Since incorporation, the city has only completed 2 rate studies, in 1996 and in 2016. The recommended frequency for rate studies to be completed is a maximum of 5 years, to ensure financial sustainability for the water and wastewater/sewer enterprises. The study completed in 2016 resulted in only a minor increase over a period of 3 years and which also acknowledged that the rates did NOT cover the operations and maintenance costs and the rapid decline of the enterprise funds reserves. Because the rates had not had any increase since 1996, the enterprise funds reserves had decades of rapid decline.

What Happens if the Rate Increase is Not Approved?

If the proposed rate increases are not adopted, the current fees remain. The water enterprise fund reserve is at a minor decline but can remain solvent for 4 of the 5-year period of review (Refer to Table 10 of the Study). The wastewater/sewer enterprise fund, however, has continued a rapid decline and has 1 year of solvency (Refer to Table 11 of the Study). This means that in order to continue to operate and perform any maintenance and repairs, the City must borrow from the General Fund. However, this option has many restrictions and limitations to amounts and timelines. This can only be done as a loan and is meant only for short term and not a long term solution. The enterprise fund would have to repay the loan. This in turn further reduces availability of general funds to be allocated to enhancing the community in other needs.

It is Important to Note that even WITH the Proposed Rate Increases, the City's water and wastewater/sewer rates remain among the lowest in the area. See Graphic Below.



Questions?

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