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Customers Protest Water Rates Amid Conflicting Reports

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Some customers are balking at the latest water rate hikes from the Central Basin Municipal Water District and demanding to know why they're getting charged as much as double the current fees. But the information about the exact amount they are being charged is in question.

A representative for the Central Basin says news reports and assertions by city officials over the last two months have been incorrect. They were based on figures from other agencies, Central Basin spokesperson Valerie Howard said Wednesday.

At an Aug. 18 council meeting, Commerce staff reported that the Central Basin's "administrative surcharge" had increased from $44 to $62 in July, and would go up to $72 on Jan 1, 2010, and $92 on July 1, 2010. The same increases were also reported in newspaper accounts.

"Those articles are wrong," Howard said Wednesday, referring to the Los Angeles Times and Whittier Daily News articles that reported the Central Basin rate hikes more than double water rates for customers.

"Not counting the MWD [Metropolitan Water District] pass-through, the increase to Central Basin's existing rates is 41 percent," Howard said. The Central Basin's rate increase is $18, she wrote in an email to EGP. MWD increased their own rates by 19 percent, she said.

Based on an excel sheet Howard sent EGP, Central Basin increased its surcharge by $18 to $62 on July 1, 2009 and will increase the charge to $72 on January 1, 2010. An increase for July 2010 was not included in the chart.

Residents in the Central Basin area who say their water rates are being doubled worry that the board of directors who voted unanimously for the rate hike "signed our lives away," because many low or fixed-income people cannot afford to pay the increase.

"That's a good chunk of change. That can either make us or break us," said Commerce resident Ivan Hernandez, who thinks it will amount to 159 percent increase, a figure that Howard disputes.

Hernandez spoke at the Aug. 18 council meeting in which residents and council members blamed the increase on a project to build a 12-mile recycled water line stretching from Pico Rivera to Vernon. City officials and the residents who spoke at the meeting said the project is unnecessary at this time.

Howard said the rate increase is not for the recycled water line project, but is the result of pass-through rate increases from the Metropolitan Water District, which supplies the bulk of the water in Southern California and is raising the rates because a drought has made water scarce. Eighty-eight percent of that increase is due to higher rates from the MWD, and the rest is due to a "combination of external factors" that caused a $2.28 million budget deficit Central Basin needed to fix, she said.

But the Central Basin didn't just pass on the costs from the MWD, they "came out with a number that's out of this world," Commerce Councilman Robert Fierro said Monday.

City Administrator Jorge Rifá attended the June 24, 2009 meeting at which the board approved the rate increases. He and several representatives from the district's cities and water agencies spoke in opposition to the rate increases. He said their understanding was that the increase was due to the recycled water line project.

Most water users expected to get charged more this year because of the MWD's new rates, Rifa said at the Aug. 18 Commerce City Council meeting, "but that's not what's at issue. What's at issue is the rest of the rate increase appeared to go into a capital project…"

"The lion's share, as we understand it and as a number of these other agencies understand it, the lion's share of the Central Basin's increases relate to a financing of a recycled water project," Rifa said. He said the Central

Basin's financing of the project is "well over a hundred million dollars."

On Monday, Howard said the district did propose a new "infrastructure surcharge" this year to support capital improvement projects such as the recycled water line project, but "in response to the concerns of our customers, the Board voted to NOT implement this surcharge at this time," she wrote in her email on Monday. The board "postponed" the surcharge at the June 24 meeting, she wrote.

Brian Wolfson, spokesperson for the city of Commerce, maintained on Tuesday that the city knows nothing of the board voting to postpone the surcharge for the recycled water line project.

"That would be great news, but [Central Basin] hasn't notified us to date" that the infrastructure surcharge was not implemented, he said.

"The Central Basin Municipal Water District's new rate increase was greater than the Metropolitan Water District increase. It wasn't simply a pass through of the Metropolitan Water District increase. They added additional costs. And as we understand it, those are due to the infrastructure surcharge that they've implemented and the infrastructure surcharge is to pay for the recycled water line," said Wolfson, basing his figures on the Aug. 18 staff presentation.

Minutes from the Central Basin's June 24 meeting do not note that the surcharge was postponed. But the agencies and customers opposing the increase who were at the meeting should have witnessed the board voting to not include the infrastructure charge, Howard told EGP on Wednesday.

"[The board] said, no, we're not doing this," she said. Howard clarified on Wednesday afternoon that the board did vote to implement the infrastructure surcharge to begin on Jan. 1, 2010, but she said the surcharge will be brought back to the board sometime in December.

Howard's initial assertion that the Central Basin's rate increase would not fund the recycled water projects contradicts reports by other news media accounts including the Whittier Daily News, and a July 18 Los Angeles Times story in which the Central Basin's Executive Director Art Aguilar defended using the additional revenue from the rate hike to fund capital improvement projects.

Aguilar also issued a statement on Monday to EGP, through Howard, explaining the rate increase is the result of budgetary difficulties and infrastructure project needs: "This action reflects our best effort to balance the budget by reducing our agency's spending coupled with a necessary rate increase to ensure essential services and needed infrastructure projects will continue."

These projects include the Southeast Water Reliability Project, SWRP, which includes a water line that connects existing Central Basin pipes to Pico Rivera, Aguilar said. The SWRP has qualified for state and federal grants for some of these projects because it will usher in "lasting economic and environmental benefits to our region," he said.

"Considering that California will experience continued population growth and limited water supply, this is a project we cannot afford to put on hold any longer," Aguilar said. Creating a recycled water system should also bring down the costs of drinking water, he said.

The 12-mile recycled water line project is also part of the SWRP. Howard said it was approved in 2003. "It was part of the District's long-term recycled water plan but has been suspended for various reasons," she said.

In his presentation at the Aug. 18 Commerce City Council meeting, Rifa reviewed an earlier audit on the recycled water line project. California's state auditor in 2001 called it a "poorly planned" project that has "burdened taxpayers." The audit notes that Central Basin seemed to be working toward making the project more self-sufficient, meaning it has to line up enough potential customers for the water line.

The state at the time said the Central Basin had not secured enough agreements with potential users of the recycled water line. Rifa said the water district was once hoping to bring in the proposed power plant in Vernon as a customer, but "there's some wide agreement that the Vernon project has been stalled."

Now, the only agreement the Central Basin has secured seems to be with Montebello's city-owned golf course, Rifa said. More customers will be needed to justify the usage capacity of the recycled water line project, he said.

Several cities that are part of the Southeast Water Coalition have asked the state to conduct a new audit on the recycled water line project and the district's justifications for its rate increase. The coalition says that while the district board has postponed the infrastructure surcharge through January 2010, it has not cancelled either the surcharge or plans for the recycled water line. They believe the fee could still increase to $92 by July 2010. The coalition, which sent its request to State Senator Alyson Huber, chair of the Joint Legislative Audit Committee, represents the cities of Commerce, Cerritos, Downey, Lakewood, Norwalk, Paramount, Pico Rivera, South Gate, Vernon and Whittier, among others. The California Water Service Company, which provides water to Commerce, also requested a state audit.

Howard said the SWRP was audited in 2003 and that a financial analysis was presented at Central Basin's June 24 board meeting. She also said the district held five public hearings and meetings on the proposed rate hikes and budget cuts in which customers expressed their concerns and were invited to the June 24 board meeting.

"We gave out plenty of information," Howard said.

Council members and residents in Commerce called their Central Basin representative, Board Director Art Chacon, to task for not coming to his constituents first before voting on the rate increase. As of the Aug. 18 meeting, officials said the city and the Commerce community had not received a presentation on the rate increase from a Central Basin representative.

"That's where the anger is. The anger is the Central Basin has failed to educate and justify this increase… I feel the central basin is very unsympathetic," Councilman Fierro said. He and Councilwoman Tina Baca Del Rio "challenged" fellow councilman Hugo Argumedo, who is Chacon's brother, to exercise some influence in getting his brother to rethink his vote.

The Central Basin's five Board Directors did not respond to EGP's interview requests. The board's president Edward Vasquez is a former mayor and councilman of Montebello and the husband of its current Mayor Rosemarie Vasquez. He recently became a board member of the Metropolitan Water District.

Corrections Made: *EGP spoke to Central Basin spokesperson Valerie Howard on Monday and Wednesday, only. There were no exchanges with the Central Basin on Tuesday, as was written in the print version of this article.*

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