

WATER RATES

- A. The City's water rates shall provide sufficient revenue to offset the following costs:
1. Water purchased from the Metropolitan Water District (MWD) through Municipal Water District of Orange County.
 2. Water purchased from the Orange County Water District.
 3. Operation and maintenance of the water system.
 4. Water system betterments and improvements.
 5. Transfers to the General Fund for administrative support.
 6. Water for sewer, water main, and storm drain flushing, and fire fighting.
 7. System losses.
 8. Operating reserves.
- Water rates shall not be used to offset costs of City department activities not directly related to the cost of providing water. In the case of overlapping responsibilities and activities, the City Manager or the City Manager's designee shall review and recommend to the City Council activities or responsible fees directly attributable to the cost of providing water.
- B. Reserves - See Policy F-2 Reserves/Designations of Fund Balance.
- C. The City will attempt to set water rates and utilize reserves in a manner that will facilitate uniform rate increases over the long term rather than sporadic or large increases.
- D. Water rates shall be reviewed annually. Additional review of the water rates may be performed in the event special circumstances such as unanticipated MWD rate increases or unanticipated major capital expenditure needs occur.

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Formerly M-5