

Explanation of OMWD Rate Increases

The OMWD proposed rate increases (please see table) include both a schedule of Non-Drought (base) Rates and Charges and a schedule of Drought-related Surcharges.

The reasons for the proposed increase in *non-drought (base)* rates and service charges, (compared to the *current rates and charges*), is to fund OMWD's increased costs while maintaining the required debt service coverage ratio for the 2006A Olivenhain Water Treatment Plant Bond. These costs include a 15% increase of Water Wholesale Cost (*effective January 1, 2009*) from the San Diego County Water Authority (SDCWA) and Metropolitan Water District of Southern California (MWD), who supply OMWD's water, and OMWD's projected increased costs (2%) of providing water services. These cost increases have resulted in the proposed *2009 non-drought water rates and service charges*.

When water becomes scarce during a period of insufficient supply, OMWD needs to maintain funding to continue to meet its costs of providing services while the public responds with the necessary reduction of usage (in response to the San Diego region's and OMWD's Drought Management Plans). Water usage reductions are recommended during this period because a significant portion of San Diego's water comes from limited supplies located elsewhere.

The *proposed drought rate increases* are *temporary* and they represent the percent increase in OMWD water rates *in addition to* the proposed *non-drought (base) rates*. The proposed drought rates would only be implemented in accordance with OMWD's Drought Management Plan and generally triggered by SDCWA's and MWD's prior declaration of Drought Level. They also represent a progressive pricing scale for responding to water supply limitations.

All revenue derived from the proposed rates and charges will be used exclusively for the recovery of costs associated with providing water service, to fund the required capital improvement program in order to

maintain and periodically replace aging water infrastructure and as seed monies for alternative water sources, to minimize future drought or water shortage impacts on OMWD customers, so that OMWD can accomplish its mission to its customers.

OMWD water rates and charges are developed based on Generally Accepted Cost of Service Principles. They are evaluated on an annual basis to determine if adequate revenues will be collected to pay for operations and maintenance costs and to provide funds for the OMWD capital improvement program.

Further details regarding the basis and reasons for the rate and service charge increases are available for public review on OMWD's website at www.omwd.com or at the OMWD office at 1966 Olivenhain Road, Encinitas, CA 92024.

Except as noticed, all other fees remain the same. **If you have a tenant who is responsible for the water bill, please forward this notice to the tenant.**

Public Hearing Information

A public hearing will be held on Wednesday, January 14, 2009, at 4:30 p.m., at 1966 Olivenhain Road, Encinitas, California 92024 in the board room. The OMWD Board of Directors will conduct the public hearing on *the proposed 2009 Non-Drought Rate and charge increases and the proposed drought rates*. At the time of the public hearing, the Board of Directors will hear and consider all protests and objections concerning these matters and will consider and may adopt the increased rates and charges.

If you oppose or would like to comment on *the Proposed 2009 Non-Drought Rate and Charge Increases and the Proposed Drought Rates* in writing, all correspondence must contain a description of the property and must be received prior to the close of the public hearing. Please send your letter or written protest to Clerk of the Board, Olivenhain Municipal Water District, 1966 Olivenhain Road, Encinitas, California 92024.

Who Should I Call With Questions?

If you have questions about the proposed Water Rates Increases and Drought Rates, please call (760) 753-6466.



Notice of Public Hearing in
Conformance with Article XIIIID of the
California State Constitution
and the Proposition 218
Omnibus Implementation Act.



Notice of Public Hearing on Water Rate Increases and Drought Rates

Wednesday
January 14, 2009
At 4:30 p.m.

Olivenhain
Municipal Water District
Board Room
1966 Olivenhain Road
Encinitas, CA 92024



For more information
please call (760) 753-6466
Or visit our website:
www.omwd.com

Proposed Monthly Water Rates and Charges Effective March 1, 2009

Water Rates Per Unit - Commodity Charges (1 Unit = 748 gallons)

Proposed 2009 NON-DROUGHT (Base) Rate (b)

WE ARE HERE



Proposed DROUGHT Rates (c)

(Shown with Impact on Proposed 2009 Non-Drought (Base) Rates)

**WE WILL BE HERE
IF APPROVED



**OMWD is currently at Level 1. If approved, Level 1 Drought Rates would apply.

Customer Type	Existing Rates (a)		Proposed 2009 NON-DROUGHT (Base) Rates (b)		DROUGHT WATCH Level 1 Voluntary		ALERT Level 2 Mandatory		CRITICAL Level 3 Mandatory		EMERGENCY Level 4 Mandatory	
	Residential	0-6 Units	\$1.45	0-6 Units	\$1.58	0% \$1.58	10% \$1.74	20% \$1.90	35% \$2.13	5% \$2.55	25% \$3.04	55% \$3.77
	7-43 Units	\$2.23	7-43 Units	\$2.43	15% \$3.25	40% \$3.96	65% \$4.67	75% \$4.95	Over 43 Units	\$2.60	Over 43 Units	\$2.83
Agricultural		\$2.22		\$2.42	5% \$2.54	25% \$3.03	55% \$3.75	65% \$3.99	IAWP Ag. Discount (d)	\$(0.30)	IAWP Ag. Discount (d)	\$(0.33)
					TO BE DETERMINED BY SDCWA/MWD							
		\$2.78		\$3.19								
Commercial/Irrigation (No change to Base Allotment)	"B" Base	\$2.33	"B" Base	\$2.54	5% \$2.67	25% \$3.18	55% \$3.94	65% \$4.19	"C" Over Base	\$2.71	"C" Over Base	\$2.95
					15% \$3.39	40% \$4.13	65% \$4.87	75% \$5.16	Temporary Construction	\$3.01		\$3.28
					15% \$3.77	40% \$4.59	65% \$5.41	75% \$5.74	Raw	\$1.99		\$2.17
					15% \$2.50	40% \$3.04	65% \$3.58	75% \$3.80	Recycled	\$1.84		\$1.97
					Drought Rates Not Applicable							

Monthly Fixed Charges

OMWD System Access Charge

Meter Size	Existing Charges (a)	Proposed Charges (b)
5/8"	\$ 14.71	\$ 16.03
3/4"	\$ 19.32	\$ 21.06
1"	\$ 33.18	\$ 36.17
1 1/2"	\$ 51.64	\$ 56.29
2"	\$ 80.89	\$ 88.17
2 1/2"	\$116.28	\$126.75
3"	\$160.90	\$175.38
4"	\$267.08	\$291.12
6"	\$557.92	\$608.13

SDCWA Infrastructure Access Charge

Meter Size	Existing Charges (a)	Proposed Charges (b)
5/8"	\$ 1.70	\$ 1.90
3/4"	\$ 1.70	\$ 1.90
1"	\$ 3.23	\$ 3.61
1 1/2"	\$ 5.27	\$ 5.89
2"	\$ 8.50	\$ 9.50
2 1/2"	\$15.81	\$17.67
3"	\$17.34	\$19.38
4"	\$29.07	\$32.49
6"	\$61.20	\$68.40

Commercial/Irrigation Unit Allotments – No Change "B": Base Allotment – Based upon water use by meter size

Meter Size	Winter (Dec-May)	Summer (Jun-Nov)
5/8"	12	22
3/4"	23	47
1"	78	140
1 1/2"	170	360
2"	240	550
3"	750	1600
4"	1475	5600
6"	3100	11800

IMPORTANT NOTES TO THE RATE TABLES

- (a) Current Rates and Charges: Commodity Rates and Monthly Fixed Charges approved and adopted by the OMWD Board. These rates and charges are currently used to calculate OMWD monthly water bills.
- (b) Proposed Non-Drought Rate (Base): These are OMWD proposed rates and charges, without considering the drought. These rates are used as the base to calculate the proposed drought rates for each level.
- (c) Proposed Drought Rates/Conservation Based Pricing: shown as percent increases from the Proposed Non-Drought Rates. Drought rates are subject to change each time OMWD adjusts the Proposed Non-Drought Rates, but percentages are expected to remain the same during the drought period. On June 4, 2008, Governor Schwarzenegger proclaimed a condition of statewide drought as a step to raise awareness and stimulate changes in water consumption behavior. Following the Governor's executive order, San Diego as a region and OMWD as a local water agency declared a Level 1 voluntary drought watch. The proposed drought rates would only be implemented by the General Manager or OMWD board action as part of OMWD's Drought Management Plan.

Below is an illustration of the impact on the above proposed rates and charges on a typical monthly residential water bill with 3/4" size meter using 18 units of water.

DROUGHT LEVEL	PROPOSED SYSTEM ACCESS +IAC	MONTHLY CONSUMPTION		PROPOSED COMMODITY RATE		PROPOSED COMMODITY CHARGE	TOTAL MONTHLY BILL
		Expected Usage Reduction	HCF	TIER 1	TIER 2		
Non-Drought (Base)	\$22.96	0%	18	\$1.58	\$2.43	\$38.64	\$61.60
Level 1 Drought	\$22.96	8%	16	\$1.58	\$2.55	\$34.98	\$57.94
Level 2 Drought	\$22.96	19%	14	\$1.74	\$3.04	\$34.76	\$57.72
Level 3 Drought	\$22.96	33%	12	\$1.90	\$3.77	\$34.02	\$56.98
Level 4 Drought	\$22.96	40%	11	\$2.13	\$4.01	\$32.83	\$55.79

Note: When targeted monthly water use is realized, total monthly bills are expected to decrease to provide an economic incentive for conserving water.

- (d) IAWP Agricultural Discount Rate: A discount rate offered by Metropolitan Water District of Southern California (Metropolitan) and San Diego County Water Authority (SDCWA) for qualified agriculture water used under their Interim Agricultural Water Program (IAWP). Discount rates are subject to change by Metropolitan and SDCWA at their discretion.
- (e) IAWP Penalty Rate: This is a pass-through penalty rate for customers who participate in the Interim Agricultural Water Program (IAWP). This published penalty rate was effective as of January 1, 2008 and is subject to change by Metropolitan and SDCWA.