

OMWD's Board of Directors Will Consider Passing through Wholesale Cost Increases

Effective January 1, 2017, Olivenhain Municipal Water District's sole potable water supplier, the San Diego County Water Authority, raised the variable cost of untreated wholesale water to OMWD by 9 percent for this calendar year. According to SDCWA, this wholesale water cost increase is a result of multiple factors including the uncertainty surrounding water sales in 2017 due to pending state-imposed, long-term water use regulations, the increased cost to purchase water from SDCWA's water wholesaler, Metropolitan Water District of Southern California, and costs associated with providing desalinated water at the Claude "Bud" Lewis Carlsbad Desalination Plant.

In order to offset this increase in wholesale water cost, OMWD's Board of Directors will consider a staff-recommended 6.5 percent rate increase at its March 8, 2017 board meeting. If approved, the proposed increase would be effective with the March 31 water bill.

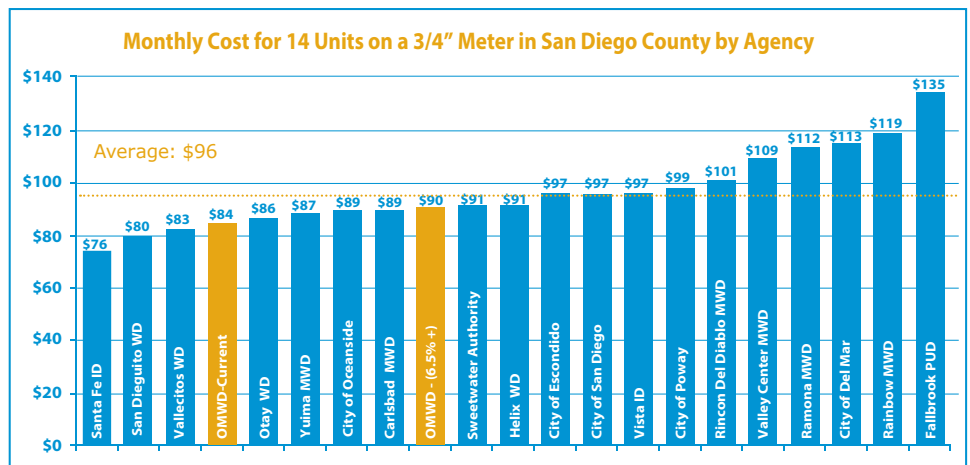
Impacts of wholesale water cost increases vary for each water agency depending on its share of SDCWA's fixed costs as well as its financial condition. For OMWD, the staff-recommended 6.5 percent increase to OMWD's rates and monthly system access charge for 2017 includes a pass-through increase of 9 percent in wholesale water cost from SDCWA, and a pass-through adjustment of estimated annual inflation (San Diego Consumer Price Index) of 1.6

percent for OMWD's cost of providing water services and maintaining OMWD infrastructure.

In addition to the 9 percent increase in variable costs of untreated wholesale water, SDCWA also increased its Infrastructure Access Charge (IAC) on OMWD meters from \$2.76 to \$2.87 per 3/4" meter. The IAC is a pass-through monthly fixed charge imposed by SDCWA on all OMWD water meters and is designed to cover a portion of SDCWA's costs for constructing county-wide water infrastructure projects such as the Claude "Bud" Lewis Carlsbad Desalination Plant, Emergency and Carryover Storage Project, San Vicente Dam Raise, and regional pipeline relining. OMWD collects SDCWA's IAC monthly, shown separately on OMWD customer water bills, on SDCWA's behalf.

What does this mean to OMWD ratepayers?

If approved by OMWD's Board of Directors, the across-the-board increase of 6.5 percent will be effective with the March 31 water bill. The typical OMWD customer uses 14 units of water per month (1 unit = 748 gallons), and will see an increase of approximately \$5.26. A customer who has a 5/8"



Estimated monthly total includes fixed monthly fees as well as variable commodity charges. Surveyed rates are of current or proposed rates for 2017. Source: December 2016 Survey.



Municipal Water District

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BOARD MEETING DATES

Please visit our website at www.olivenhain.com for dates.

MISSION STATEMENT

Olivenhain Municipal Water District is a multi-functioning public agency that is dedicated and committed to serving present and future customers in a service-oriented manner by:

Water

Providing safe, reliable, high-quality drinking water while exceeding all regulatory requirements in a cost-effective and environmentally responsive manner.

Recycled Water

Providing recycled water and wastewater treatment in the most cost-effective and environmentally responsive method.

Parks

Safely operating the Elfin Forest Recreational Reserve and providing all users with a unique recreational, educational, and environmental experience.

Emergency Management

Complying with policies and procedures that adhere to local, state, and federal guidelines for national security and disaster preparedness.

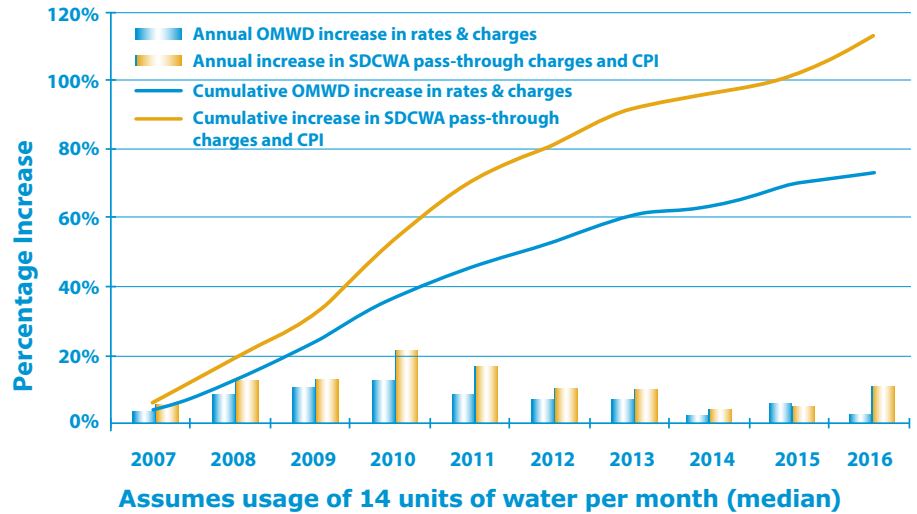
Sustainable Operations

Pursuing alternative and/or renewable resources with the most sustainable, efficient, and cost-effective approach.

meter and uses four units of water will see a \$2.26 increase on their monthly bill. Please refer to the table on page 3 to review the proposed rates and charges, which are still in the lower half among all San Diego County water agencies.

OMWD’s Board of Directors adopted an ordinance in 2015 that authorizes OMWD to pass through increased costs in wholesale water, operations, maintenance, and capital facilities, and any reduction in the allocation of ad valorem property tax revenues by the State of California pursuant to Proposition 1A. Collectively referred to as “Pass Through Increases,” these increases shall not exceed 15 percent per year nor exceed the cost of providing water service.

OMWD Increases in Rates & Charges vs. SDCWA Increases and San Diego Consumer Price Index



Source: Bureau of Labor Statistics, SDCWA, and OMWD. 2016 uses annual CPI increase from 2015. The CPI increase for 2016 was not available prior to the publication of this newsletter, but data will be updated once BLS releases 2016 yearly average in February 2017.

What does OMWD do to mitigate rate increases?

OMWD has implemented various cost mitigation efforts to reduce the impact of increased water costs to OMWD customers.

OMWD’s board has set a clear policy to seek every opportunity to contain costs in all operations while maintaining a high level of customer service. To take advantage of historically low interest rates, and capitalize on a favorable AAA bond rating, OMWD saved ratepayers \$2.7 million in net present value savings from a recent bond sale and refinance.

A rate stabilization fund is in place to protect OMWD’s financial condition when revenue shortfalls occur due to weather conditions, economic shortfalls, changes in state and federal legislation, or other future uncertainties. This fund provides OMWD flexibility in incorporating wholesaler rate increases and avoiding large rate spikes.

OMWD proactively maintains its facilities to avoid the high cost of reactionary repairs, applies for grants to offset future capital spending, develops partnerships to share project costs, and utilizes the latest technology to improve efficiency. These efforts serve to reduce the impact of increased water costs to OMWD customers.

To ensure that growth in OMWD’s service area pays its fair share, OMWD’s Board of Directors reviews developers’ fees and other charges

**Current and Proposed Commodity Charges with SDCWA Pass-Through Charges
Effective March 31, 2017 (\$/Units) (1 Unit = 748 Gallons)**

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Customer Type	NON-SHORTAGE (a)		WATER SUPPLY SHORTAGE RATES (b)							
	(Base) Rates		Watch/Level 1 Voluntary		Alert/Level 2 Mandatory		Critical /Level 3 Mandatory		Emergency /Level 4 Mandatory	
	Current	3/31/17	Current	3/31/17	Current	3/31/17	Current	3/31/17	Current	3/31/17
Domestic										
0-6 Units	\$2.38	\$2.53	\$2.38	\$2.53	\$2.50	\$2.66	\$2.62	\$2.79	\$2.86	\$3.04
7-25 Units	\$3.96	\$4.21	\$4.16	\$4.43	\$4.35	\$4.63	\$4.95	\$5.27	\$5.74	\$6.11
26-80 Units	\$4.48	\$4.77	\$4.92	\$5.23	\$5.60	\$5.96	\$6.72	\$7.15	\$7.84	\$8.34
Over 80 Units	\$5.01	\$5.33	\$5.76	\$6.13	\$6.26	\$6.66	\$7.52	\$8.00	\$10.02	\$10.67
Agricultural (c)	\$3.96	\$4.21	\$4.16	\$4.43	\$4.26	\$4.53	\$4.75	\$5.05	\$5.55	\$5.91
Combined Agricultural/ Domestic	First 26 units per month: Follow Domestic rates. Over 26 units per month: Follow Agricultural rates.									
Commercial	\$3.39	\$3.61	\$3.56	\$3.79	\$3.64	\$3.87	\$4.07	\$4.33	\$4.74	\$5.04
Irrigation										
Tier 1	\$3.63	\$3.86	\$3.81	\$4.05	\$3.99	\$4.24	\$4.54	\$4.83	\$5.26	\$5.60
Tier 2	\$4.49	\$4.78	\$5.17	\$5.50	\$5.61	\$5.97	\$6.74	\$7.17	\$8.98	\$9.56
Construction	\$6.06	\$6.45	\$6.97	\$7.42	\$7.57	\$8.06	\$9.09	\$9.68	\$12.12	\$12.90
Recycled	\$3.37	\$3.59	Shortage rates do not apply							

**Current and Proposed OMWD
Fire Meter Charge Rates (\$/Meter Size)**

Meter Size	Current	Change	% Change *	Proposed Effective March 31, 2017
5/8"	\$3.59	\$0.05	1.4%	\$3.64
3/4"	\$3.59	\$0.05	1.4%	\$3.64
1"	\$4.23	\$0.06	1.4%	\$4.29
1-1/2"	\$5.09	\$0.08	1.6%	\$5.17
2"	\$6.45	\$0.10	1.6%	\$6.55
2-1/2"	\$9.52	\$0.15	1.6%	\$9.67
3"	\$10.17	\$0.16	1.6%	\$10.33
4"	\$15.10	\$0.24	1.6%	\$15.34
6"	\$28.60	\$0.45	1.6%	\$29.05
8"	\$49.33	\$0.78	1.6%	\$50.11

**Current and Proposed OMWD
System Access Charge (SAC)**

Meter Size	Current	Change	% Change *	Proposed Effective March 31, 2017
5/8"	\$25.55	\$1.66	6.5%	\$27.21
3/4"	\$33.88	\$2.20	6.5%	\$36.08
1"	\$58.91	\$3.82	6.5%	\$62.73
1-1/2"	\$92.27	\$5.99	6.5%	\$98.26
2"	\$145.09	\$9.43	6.5%	\$154.52
2-1/2"	\$264.62	\$17.20	6.5%	\$281.82
3"	\$289.64	\$18.82	6.5%	\$308.46
4"	\$481.46	\$31.29	6.5%	\$512.75
6"	\$1,006.86	\$65.44	6.5%	\$1,072.30
8"	\$1,813.03	\$117.84	6.5%	\$1,930.87

* Proposed increase follows San Diego CPI increase for CY 2015.

**Irrigation Unit Allotments
Tier 1 Allotment: Based upon water use by meter size**

Meter Size	Winter (Dec-May)	Summer (Jun-Nov)
5/8"	10	15
3/4"	20	30
1"	35	50
1-1/2"	50	110
2"	100	200
3"	200	500
4"	600	3,500
6"	3,100	11,800
8"	5,600	21,300

**Current and Proposed SDCWA
Infrastructure Access Charge (IAC)**

Meter Size	Current	Change	% Change *	Proposed Effective March 31, 2017
5/8"	\$2.75	\$0.12	4.4%	\$2.87
3/4"	\$2.75	\$0.12	4.4%	\$2.87
1"	\$5.20	\$0.25	4.8%	\$5.45
1-1/2"	\$8.50	\$0.40	4.7%	\$8.90
2"	\$13.71	\$0.64	4.7%	\$14.35
2-1/2"	\$25.51	\$1.11	4.4%	\$26.62
3"	\$27.95	\$1.32	4.7%	\$29.27
4"	\$46.86	\$2.22	4.7%	\$49.08
6"	\$98.63	\$4.69	4.8%	\$103.32
8"	\$177.96	\$8.59	4.8%	\$186.55

Important Notes to the Rate Tables Above

- (a) Non-shortage rates and charges are used to calculate OMWD monthly water bills when OMWD is not at a declared Level 1, 2, 3, or 4 shortage condition, and are used as the base to calculate the shortage rates for each level.
- (b) Shortage rates are subject to change each time OMWD adjusts the non-shortage rates. The shortage rates are implemented by the general manager or OMWD board action as part of OMWD's water supply shortage ordinance.
- (c) The Agricultural discount is the combination of the credit from SDCWA's Transitional Special Agricultural Water Rate and the removal of emergency storage charges included in OMWD's Agricultural rate.

Continued from page 2

annually. Ultimately, this means that the burden of new and replacement water infrastructure is borne proportionately by current as well as future water ratepayers.

OMWD has been working aggressively to diversify its water supplies to limit the amount of expensive potable water OMWD must purchase from regional wholesalers. One way OMWD seeks to do this is by offsetting potable water use for irrigation through the expansion of its recycled water system, such as the recently completed Village Park Recycled Water Project. OMWD is also exploring the feasibility of a brackish groundwater desalination facility within its service area through the San Elijo/San Dieguito Valley Groundwater Project.



March 7: WaterSmart Landscape Design Workshop

Transform your yard into a beautiful, water-saving landscape at this free three-hour workshop at the Encinitas Community Center. Learn how to convert your turf area to a water-efficient landscape with plants that will thrive in our Mediterranean climate. Topics to be covered include analyzing your yard, identifying soil, removing turf, and irrigating efficiently. Gain the knowledge and tools to create professional landscape, planting, and irrigation designs ready for installation. To register or learn more about the workshop, please visit www.olivenhain.com/events.



Garden-Friendly Plant Fairs

Home Depot stores throughout the county will once again host spring garden fairs, offering huge savings on varieties of eye-catching, low-water-use plants. Visit the Carmel Mountain store on March 4, the Encinitas store on March 25, or the San Marcos store on April 15. Fair attendees can find tremendous value in consulting landscape industry experts who will be on hand to offer free advice on water-efficient landscape design and irrigation. Details are available at www.olivenhain.com/events.

WaterSmart Landscape Contest

Do you have a landscape designed for beauty as well as water efficiency? Enter our 2017 contest for a chance to win a \$250 prize while inspiring others to consider sustainable landscape practices. Visit www.landscapecontest.com for details and great examples of attractive, water-efficient landscapes.

Attention Fourth Graders!



OMWD encourages all fourth grade students attending school or living within OMWD's service area to participate in our annual poster contest, helping us to prepare for Water Awareness

Month celebrations in May. The purpose of the contest is to increase awareness about water resources, treatment, and conservation in our future community leaders. Students win prizes and have their posters featured in the following year's calendar, in the press, and on OMWD vehicles. The deadline to submit is March 31, 2017. For more information, visit www.olivenhain.com/school.