

**OMWD’s Board Will Consider Lower Than Anticipated Cost Increases at March Meeting; Rates Will Remain in Lower Half Among San Diego County Water Agencies**

Effective January 1, 2018, Olivenhain Municipal Water District’s sole potable water provider, the San Diego County Water Authority, raised the county’s untreated wholesale water costs by 3.7 percent. According to SDCWA, the wholesale water cost increase is a combination of various factors including a higher cost of purchased water, debt service payments on regional operations and projects, and additional costs to treat desalinated water at the Carlsbad plant.

The proposed rate increase is less than originally anticipated in OMWD’s long-term financial rate model due to a combination of increased water sales and controlled costs.

Customers are encouraged to attend the meeting or submit comments to [customerservice@olivenhain.com](mailto:customerservice@olivenhain.com). If approved, OMWD customers will see the increase with the March 31, 2018, water bill.

In addition to the 3.7 percent increase on the amount of raw water OMWD purchases, SDCWA also increased its Infrastructure Access Charge (IAC) by 4.9 percent. Shown separately on OMWD’s water bill, the IAC is designed to cover a portion of SDCWA’s costs for constructing long-term water supply, transportation, and storage infrastructure to meet the projected water supply needs for the region.

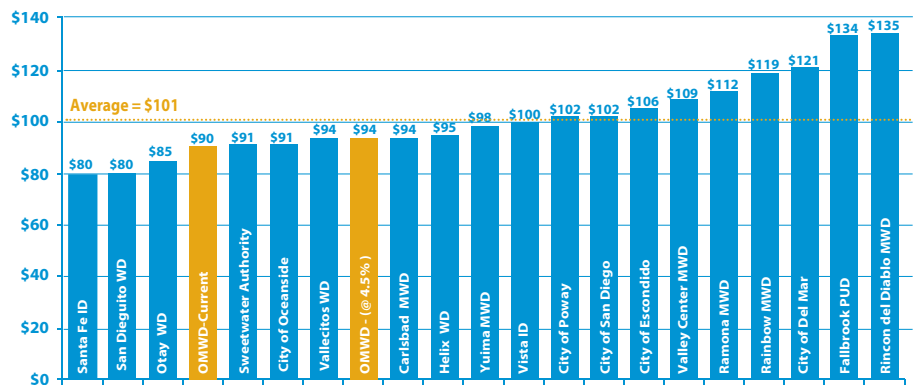
**In order to offset increased costs, OMWD’s Board of Directors will consider a staff-recommended 4.5 percent increase to both OMWD’s water rates and monthly System Access Charge, as well as a 4.9 percent pass-through increase to SDCWA’s IAC at its 4:00 p.m. board meeting on Wednesday, March 7, 2018.**

**What would this proposal mean to OMWD ratepayers?**

The exact charges vary among customer type based on levels of water usage and meter sizes. An OMWD customer with a 3/4” meter, using 14 units of water per month (1 unit = 748 gallons), will see an increase of approximately \$3.90. A customer who has a 5/8” meter and uses four units of water per month will see an estimated \$1.80 increase on their monthly water bill. Please refer to the table on page 3 to review the proposed rates and charges.

**OMWD Rates Remain in the Lower Half Among San Diego County Water Agencies**

(Monthly Cost for 14 Units on a 3/4” Meter in San Diego County by Agency)



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



Published by Olivenhain Municipal Water District in the interest of an informed public.

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### BOARD MEETING DATES

Please visit our website at [www.olivenhain.com](http://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

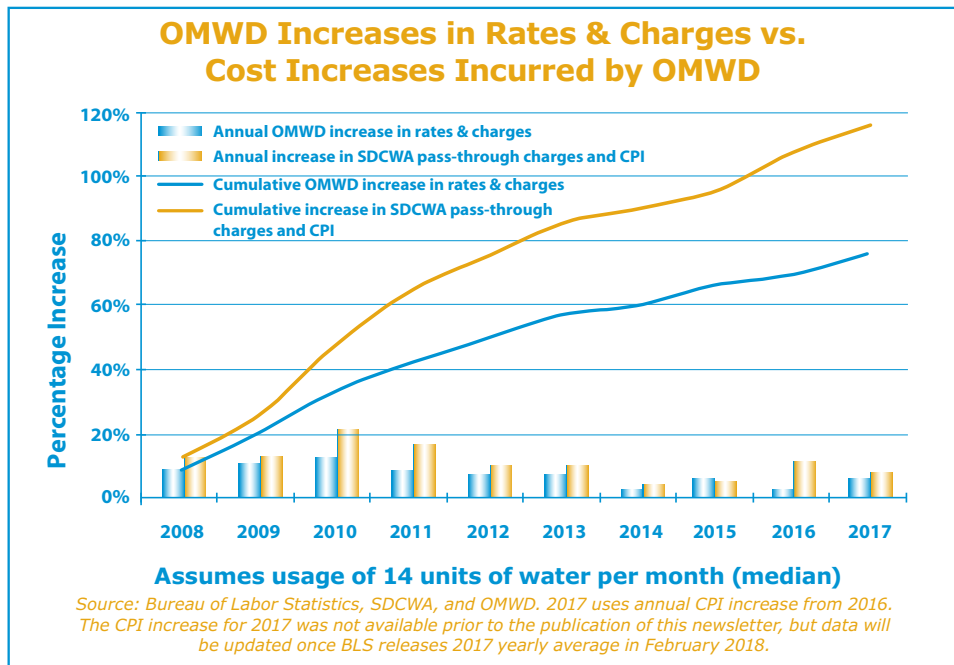
Complying with policies and procedures that adhere to local, state, and federal guidelines for national security and disaster preparedness.

#### Sustainable Operations

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

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The staff recommended 4.5 percent increase includes the 3.7 percent SDCWA pass-through increase on the cost of purchasing untreated water. It also includes a 2 percent inflationary increase to cover the costs of operating and maintaining OMWD's water system and capital facilities, based on the San Diego Area Consumer Price Index for All Urban Consumers (CPI-U) increase for 2016, as well as other costs to comply with regulatory requirements. As shown in the chart below, OMWD has been successful in controlling its costs over the last ten years with rate increases less than the costs incurred by OMWD to supply water, such as inflation and wholesale water rate increases.



In addition to the 4.5 percent staff-recommended increase, OMWD's board will also consider passing through the 4.9 percent increase in SDCWA's IAC, as well as a 2 percent inflationary pass-through increase on OMWD's monthly Fire Meter Charge. OMWD's Fire Meter Charge is a monthly service fee on meters installed specifically for the purpose of fire protection.

OMWD's board adopted an ordinance in 2015 that authorizes OMWD to pass through increased costs in purchased wholesale water; increased costs in 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 (2004). Collectively referred to as "pass-through increases," these increases shall not exceed 15 percent per year or exceed the cost of providing water service.

### What does OMWD do to mitigate rate increases?

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 and financial stability. With its AAA/AA+ credit ratings by Fitch Ratings and Standard & Poor's, OMWD takes advantage of various low-interest loan programs to finance critical capital improvement projects.

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

OMWD proactively maintains its aging water system and infrastructure to mitigate unexpected and expensive repair costs, applies for grants to



**Current and Proposed Commodity Charges with SDCWA Pass-Through Charges  
Effective March 31, 2018 (\$/Unit) (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	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	
<b>Domestic</b>											
0-6 Units	\$2.53	\$2.64	\$2.53	\$2.64	\$2.66	\$2.77	\$2.79	\$2.92	\$3.04	\$3.18	
7-25 Units	\$4.21	\$4.39	\$4.43	\$4.62	\$4.63	\$4.83	\$5.27	\$5.50	\$6.11	\$6.38	
26-80 Units	\$4.77	\$4.98	\$5.23	\$5.46	\$5.96	\$6.22	\$7.15	\$7.47	\$8.34	\$8.71	
Over 80 Units	\$5.33	\$5.56	\$6.13	\$6.40	\$6.66	\$6.95	\$8.00	\$8.36	\$10.67	\$11.15	
<b>Agricultural (c)</b>	\$4.21	\$4.39	\$4.43	\$4.62	\$4.53	\$4.73	\$5.05	\$5.27	\$5.91	\$6.17	
<b>Combined Agricultural/ Domestic</b>			First 26 units per month: Follow Domestic rates. Over 26 units per month: Follow Agricultural rates.								
<b>Commercial</b>	\$3.61	\$3.77	\$3.79	\$3.96	\$3.87	\$4.04	\$4.33	\$4.52	\$5.04	\$5.26	
<b>Irrigation</b>											
Tier 1	\$3.86	\$4.03	\$4.05	\$4.23	\$4.24	\$4.43	\$4.83	\$5.04	\$5.60	\$5.85	
Tier 2	\$4.78	\$4.99	\$5.50	\$5.74	\$5.97	\$6.23	\$7.17	\$7.49	\$9.56	\$9.99	
<b>Construction</b>	\$6.45	\$6.74	\$7.42	\$7.75	\$8.06	\$8.42	\$9.68	\$10.11	\$12.90	\$13.48	
<b>Recycled</b>	\$3.59	\$3.75	Shortage rates do not apply								

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

Meter Size	Current	Change	% Change	Proposed Effective March 31, 2018
5/8"	\$3.64	\$0.07	1.9%	\$3.71
3/4"	\$3.64	\$0.07	1.9%	\$3.71
1"	\$4.29	\$0.08	1.9%	\$4.37
1-1/2"	\$5.17	\$0.10	1.9%	\$5.27
2"	\$6.55	\$0.13	2.0%	\$6.68
2-1/2"	\$9.67	\$0.19	2.0%	\$9.86
3"	\$10.33	\$0.20	1.9%	\$10.53
4"	\$15.34	\$0.30	2.0%	\$15.64
6"	\$29.05	\$0.58	2.0%	\$29.63
8"	\$50.11	\$1.00	2.0%	\$51.11

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

Meter Size	Current	Change	% Change	Proposed Effective March 31, 2018
5/8"	\$27.21	\$1.22	4.5%	\$28.43
3/4"	\$36.08	\$1.62	4.5%	\$37.70
1"	\$62.73	\$2.82	4.5%	\$65.55
1-1/2"	\$98.26	\$4.42	4.5%	\$102.68
2"	\$154.52	\$6.95	4.5%	\$161.47
2-1/2"	\$281.82	\$12.68	4.5%	\$294.50
3"	\$308.46	\$13.88	4.5%	\$322.34
4"	\$512.75	\$23.07	4.5%	\$535.82
6"	\$1072.3	\$48.25	4.5%	\$1120.55
8"	\$1930.87	\$86.88	4.5%	\$2017.75

\* Proposed increase follows San Diego CPI increase for CY 2016.

**Irrigation Unit Allotments (No Changes Are Proposed)  
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, 2018
5/8"	\$2.87	\$0.14	4.9%	\$3.01
3/4"	\$2.87	\$0.14	4.9%	\$3.01
1"	\$5.45	\$0.26	4.8%	\$5.71
1-1/2"	\$8.90	\$0.43	4.8%	\$9.33
2"	\$14.35	\$0.70	4.9%	\$15.05
2-1/2"	\$26.62	\$1.30	4.9%	\$27.92
3"	\$29.27	\$1.43	4.9%	\$30.70
4"	\$49.08	\$2.40	4.9%	\$51.48
6"	\$103.32	\$5.06	4.9%	\$108.38
8"	\$186.55	\$9.14	4.9%	\$195.69

**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.

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offset costs of updating facilities, partners with other agencies to achieve economies of scale, and invests in technology to improve efficiency. The board also reviews developers' fees and other water service fees annually to ensure new development pays its fair share of system infrastructure and water supply costs.

To be less reliant on SDCWA for its raw water supply, OMWD continues to focus on diversifying its water supply through recycled water and other local water sources such as brackish groundwater desalination. OMWD will continue to explore funding opportunities, such as state and federal grants, to help achieve this goal.



### Attention Fourth Grade Artists!

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 in our future community leaders about water resources, treatment, and conservation. Students who enter will be eligible to 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 April 10, 2018. For more information, visit [www.olivenhain.com/school](http://www.olivenhain.com/school).



### Show Off Your WaterSmart Landscape

Do you have a landscape designed for beauty as well as water efficiency? Enter our WaterSmart Landscape Contest to win prizes while inspiring others to make water-wise changes to their yards. Deadline to enter is April 30, 2018. Visit [www.olivenhain.com/events](http://www.olivenhain.com/events) for details.



### March 13: WaterSmart Landscape Design Workshop

Transform your yard into a beautiful, water-saving landscape at this free three-hour workshop at the Encinitas Community Center on Tuesday, March 13, from 5:30 p.m. to 8:30 p.m. Learn how to convert your turf area to a water-efficient landscape, and select plants that will thrive in our Mediterranean climate. Topics to be covered include analyzing your yard, identifying and amending soil, removing turf, and irrigating efficiently. Gain the knowledge and tools to create a professional landscape, planting, and irrigation design, ready for installation by either yourself or a contractor. Register or learn more at [www.olivenhain.com/events](http://www.olivenhain.com/events).