

Board to Consider a Pass-Through of Wholesale Water Cost Increases

No Proposed Increase to Fixed Charges

The San Diego County Water Authority, OMWD's sole potable water provider, adopted on June 28, 2018 rates and charges for Calendar Year 2019. SDCWA's untreated wholesale water rate increased by 2.9 percent on January 1, 2019.

According to SDCWA, the main driver for the 2.9 percent increase was a 4.9 percent increase in the overall cost to purchase imported water from regional water wholesaler Metropolitan Water District of Southern California. Imported water is required to meet the San Diego region's potable water needs.

At the urging of its member agencies like SDCWA, MWD reduced water transportation costs, which helped offset the 4.9 percent increase.

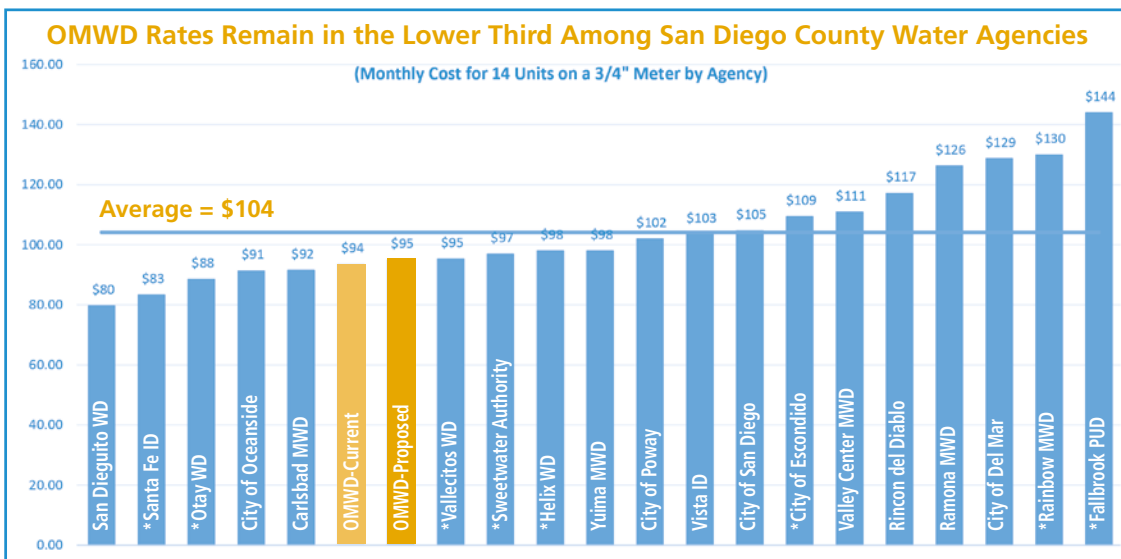
To accommodate this increase in wholesale costs, OMWD's Board of Directors will consider a staff-recommended 2.9 percent pass-through increase to OMWD's water commodity rates at its board meeting on February 13. If approved, customers using 5 units of water per month will see a 0.6 percent increase and the average OMWD customer using 22 units per month will see a 1.9 percent increase.

Staff recommends no increase to OMWD's monthly fixed System Access Charge. Additionally, there will be no change to the Infrastructure Access Charge, a SDCWA charge that OMWD collects on SDCWA's behalf.

2018 was San Diego's second driest in history with record-breaking heat waves, and OMWD remains at a level 1 water supply shortage rate, meaning conservation efforts are encouraged to ensure adequate water supplies. The state is working to implement long-term water efficiency measures, including permanent water use restrictions. Learn more at www.olivenhain.com/conserve.

How will this affect my water bill?

The impact to each customer will vary depending on customer type, water usage, and meter size. The typical residential customer with a 3/4" meter, using 14 units of water per month, will see an increase of approximately \$1.46. A residential customer who has a 5/8" meter and uses 4 units of water per month will see an estimated \$0.28 increase on their monthly water bill. Please refer to the table on page 3 to review the proposed rate and fire meter charge increases.



Estimated monthly total includes fixed monthly fees as well as variable commodity charges.

*Surveyed rates are of approved or proposed rates for 2019 and are rounded to the nearest dollar. Source: December 2018 Survey

Typical OMWD customer billing statements include an OMWD System Access Charge, a SDCWA Infrastructure Access Charge, and a Water Commodity Charge for each unit of water that passes through the meter. Residential water consumption is charged based on a four-tiered rate system designed to encourage water conservation. A unit of water equals 748 gallons. Staff recommends a 2.9 percent increase on rates used to calculate the water charge and no increase on the access charges.

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Municipal Water District in the
interest of an informed public.

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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.

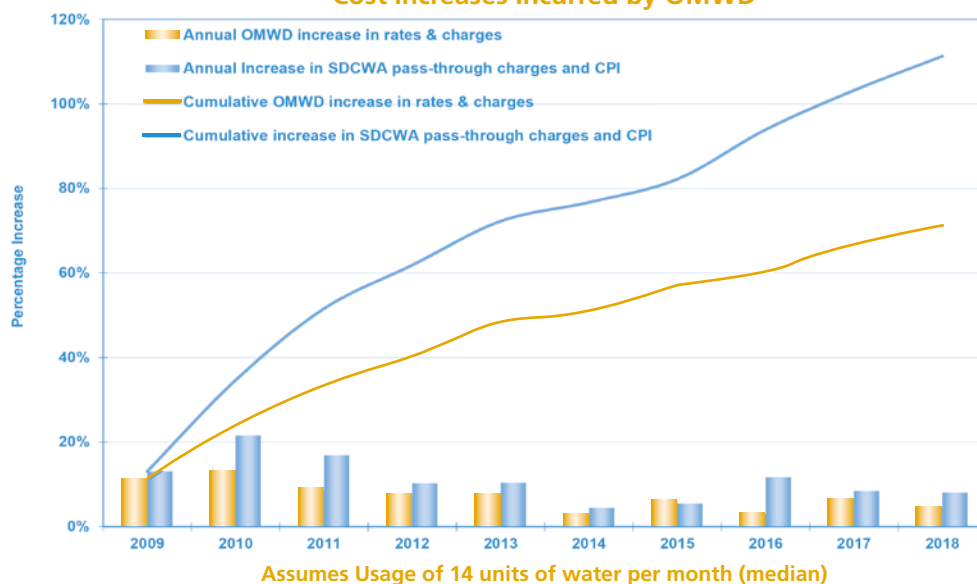
Sustainable Operations

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

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- OMWD's **Water Commodity Charge** is the price per unit of water, designed to recover variable, volume-related costs such as treatment and distribution. OMWD performs a cost-of-service study every five years to calculate fair and equitable rates that comply with state law, ensuring that customers pay in proportion to the cost of providing services.
- OMWD's **System Access Charge** is designed to recover a portion of the fixed costs of OMWD's operation. These costs include maintenance of meters and water infrastructure, debt service, depreciation, and customer service costs for meter reading and billing.
- OMWD's **Fire Meter Charge** is a monthly service fee on meters installed specifically for fire protection.
- SDCWA imposes an **Infrastructure Access Charge** on all OMWD water meters (except construction, fire, and recycled water meters) as a condition of maintaining connections to SDCWA facilities. OMWD collects SDCWA's IAC, shown separately on OMWD customer billing statements, on SDCWA's behalf.

**OMWD Increases in Rates & Charges vs.
Cost Increases Incurred by OMWD**



Source: Bureau of Labor Statistics, SDCWA and OMWD. 2018 uses annual CPI increase from 2017. The CPI increase for 2018 was not available prior to the publication of this newsletter, but data will be updated once BLS releases 2018 yearly average in February 2019.

The staff-recommended 2.9 percent proposed increase to offset wholesale water cost increases includes: (1) a 2.9 percent increase in SDCWA's untreated potable water cost and (2) a 3 percent annual increase in the San Diego Consumer Price Index. The board will also consider a 3 percent increase to OMWD's Fire Meter Charge based on 2017 San Diego Consumer Price Index.

Customers are encouraged to attend the February 13 board meeting or submit comments to customerservice@olivenhain.com. If approved, OMWD customers will see adopted increases reflected on March 31 billing statements.

What has OMWD done to mitigate cost increases?

OMWD continues its long-term financial strategy; leveraging its AAA credit rating to fund all capital replacement and improvement needs, and using cash or debt financing when appropriate to avoid rate spikes. The board also reviews developers' fees and other water service fees annually to maintain equitable treatment of all customers. OMWD's existing and future customers, through developer capacity charges, are paying for their fair share of OMWD's water infrastructure needs.

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Current and Proposed Commodity Charges with SDCWA Pass-Through Increase Effective March 31, 2019 (\$/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
Domestic										
0-6 Units	\$2.64	\$2.71	\$2.64	\$2.71	\$2.77	\$2.85	\$2.92	\$3.00	\$3.18	\$3.27
7-25 Units	\$4.39	\$4.51	\$4.62	\$4.75	\$4.83	\$4.97	\$5.50	\$5.65	\$6.38	\$6.56
26-80 Units	\$4.98	\$5.12	\$5.46	\$5.61	\$6.22	\$6.40	\$7.47	\$7.68	\$8.71	\$8.96
Over 80 Units	\$5.56	\$5.72	\$6.40	\$6.58	\$6.95	\$7.15	\$8.36	\$8.60	\$11.15	\$11.47
Agricultural	\$4.39	\$4.51	\$4.62	\$4.75	\$4.73	\$4.86	\$5.27	\$5.42	\$6.17	\$6.34
Combined Agricultural/ Domestic	First 26 units per month: Follow Domestic rates structure. Over 26 units per month: Follow Agricultural rates structure.									
Commercial	\$3.77	\$3.87	\$3.96	\$4.07	\$4.04	\$4.15	\$4.52	\$4.65	\$5.26	\$5.41
Irrigation										
Tier 1	\$4.03	\$4.14	\$4.23	\$4.35	\$4.43	\$4.55	\$5.04	\$5.18	\$5.85	\$6.01
Tier 2	\$4.99	\$5.13	\$5.74	\$5.90	\$6.23	\$6.41	\$7.49	\$7.70	\$9.99	\$10.27
Construction	\$6.74	\$6.93	\$7.75	\$7.97	\$8.42	\$8.66	\$10.11	\$10.40	\$13.48	\$13.87
Recycled	\$3.75	\$3.85	Shortage rates do not apply							

Current and Proposed OMWD Fire Meter Charge Rates (\$/Meter Size)				
Meter Size	Current	Change	% Change CPI	Proposed Effective March 31, 2019
5/8"	\$3.71	\$0.11	3.0%	\$3.82
3/4"	\$3.71	\$0.11	3.0%	\$3.82
1"	\$4.37	\$0.13	3.0%	\$4.50
1-1/2"	\$5.27	\$0.15	3.0%	\$5.42
2"	\$6.68	\$0.20	3.0%	\$6.88
2-1/2"	\$9.86	\$0.29	3.0%	\$10.15
3"	\$10.53	\$0.31	3.0%	\$10.84
4"	\$15.64	\$0.46	3.0%	\$16.10
6"	\$29.63	\$0.88	3.0%	\$30.51
8"	\$51.11	\$1.53	3.0%	\$52.64

* proposed increase follows annual San Diego CPI increase for Calendar Year 2017.

OMWD System Access Charge (No Changes Are Proposed)				
Meter Size	Current	Change	% Change	Proposed Effective March 31, 2019
5/8"	\$28.43	\$0.00	0.0%	\$28.43
3/4"	\$37.70	\$0.00	0.0%	\$37.70
1"	\$65.55	\$0.00	0.0%	\$65.55
1-1/2"	\$102.68	\$0.00	0.0%	\$102.68
2"	\$161.47	\$0.00	0.0%	\$161.47
2-1/2"	\$294.50	\$0.00	0.0%	\$294.50
3"	\$322.34	\$0.00	0.0%	\$322.34
4"	\$535.82	\$0.00	0.0%	\$535.82
6"	\$1,120.55	\$0.00	0.0%	\$1,120.55
8"	\$2,017.75	\$0.00	0.0%	\$2,017.75

* SDCWA did not increase OMWD's portion of their fixed costs for 2019 so the proposed 2019 costs will remain the same as 2018.

SDCWA Infrastructure Access Charge (No Changes Are Proposed)				
Meter Size	Current	Change	% Change *	Proposed Effective March 31, 2019
5/8"	\$3.01	\$0.00	0.0%	\$3.01
3/4"	\$3.01	\$0.00	0.0%	\$3.01
1"	\$5.71	\$0.00	0.0%	\$5.71
1-1/2"	\$9.33	\$0.00	0.0%	\$9.33
2"	\$15.05	\$0.00	0.0%	\$15.05
2-1/2"	\$27.92	\$0.00	0.0%	\$27.92
3"	\$30.70	\$0.00	0.0%	\$30.70
4"	\$51.48	\$0.00	0.0%	\$51.48
6"	\$108.38	\$0.00	0.0%	\$108.38
8"	\$195.69	\$0.00	0.0%	\$195.69

* SDCWA did not increase the IAC for 2019 so the proposed charges for 2019 will remain the same as 2018.

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

Important Notes to the Rate Tables Above

- 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.
- 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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OMWD actively pursues funding opportunities, such as state and federal grants, to help achieve long-term goals. It also partners with other agencies, nonprofit organizations, and private entities to reduce operational costs.

To reduce demand for potable water, OMWD continues to expand its recycled water system. As a result, MWD and SDCWA fixed charges on OMWD's cost of water have been kept to a minimum in recent years.

While operating costs and capital needs continue to grow each year, OMWD's board remains dedicated to minimizing increases to cover only the costs needed to sustain operations and maintain OMWD's position to meet financial obligations.

FREE Home Water Use Evaluation



OMWD provides year-round, water-wise guidance for your home, landscape, and sprinkler system. Schedule a free home water use evaluation by calling 760-753-6466 or visit www.olivenhain.com/evaluation to learn more about this free program designed to save water and money.

February 19 – WaterSmart Landscape Design Workshop

Learn how to transform your yard into a beautiful, water-saving landscape at this free three-hour workshop at the Encinitas Community Center. Topics to be covered include analyzing your yard, identifying soil, removing turf, applying for available rebates, and irrigating efficiently. Gain the knowledge and tools to create professional, ready-to-install landscape and irrigation designs. Visit www.olivenhain.com/events to learn more and register.



Student Video Contest



High school students have an opportunity to win a scholarship of up to \$1,500 by participating in California Special Districts Association's video contest. Students can create a two-minute video highlighting the many services provided by special districts like OMWD. The submission deadline is April 1.

Contest information is available at www.sandiegocsda.weebly.com.

Calling All Fourth Graders!



OMWD encourages all fourth-grade students attending school or living in OMWD's service area to participate in our annual poster contest. The purpose of the contest is to increase awareness in 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 a poster is April 1, 2019. For more information and an entry form, visit www.olivenhain.com/school.