

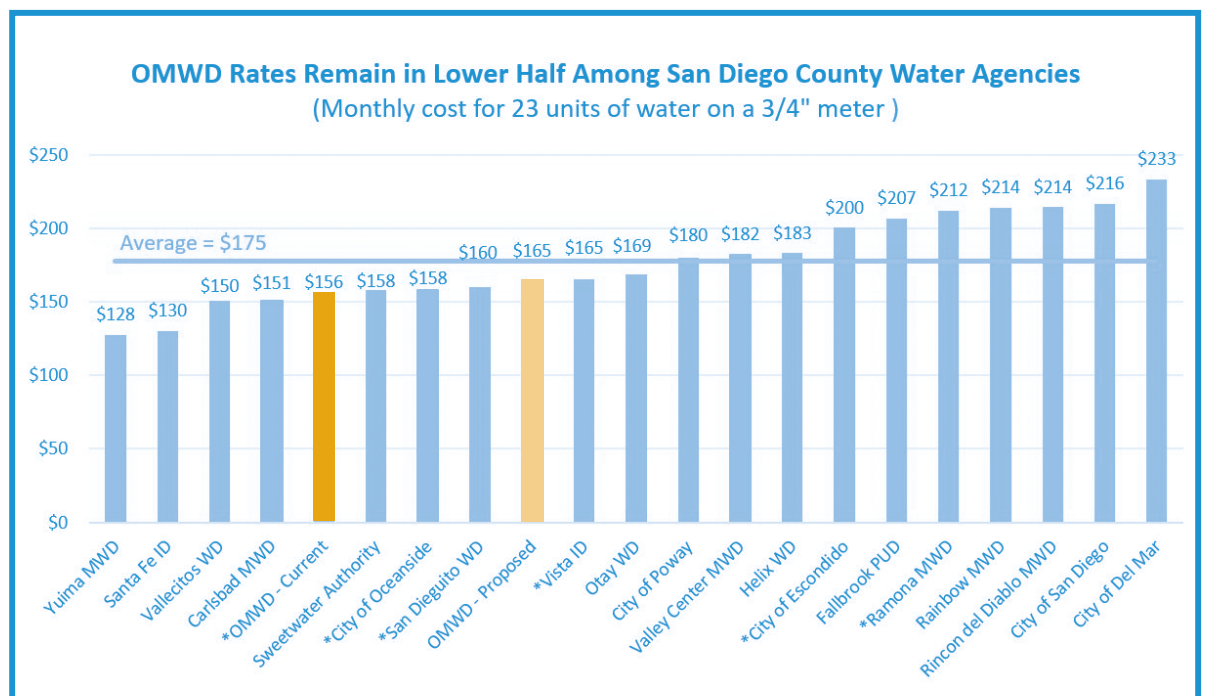
Board to Consider 5.9% Revenue Adjustment to 2023 Water Rates and Charges

Cost of water still less than a penny a gallon for the average customer

OMWD's water rates are designed to adequately fund operations, maintenance, and capital needs to allow us to continue providing customers with safe, reliable water supplies. Our staff ensures that water rates comply with state law, and our Board of Directors ensures that rates are fair and equitable to all customers.

The largest expense to any water agency in San Diego is the cost of purchasing water. To address costs that increase each year, such as those of water wholesalers, energy providers, water industry suppliers, and local contractors, OMWD's 2019 Water Cost of Service Study Report proposed gradual annual increases to water rates through mid-2024. The report is available online at www.olivenhain.com/rates.

Despite an inflation rate of 8% in 2022, OMWD is proposing a 5.9% revenue adjustment, which addresses the increased cost of wholesale water and an inflation adjustment based on a year-to-year change in the San Diego Consumer Price Index. At its February 15 meeting, OMWD's board will consider passing these increases through to OMWD's commodity rates and fixed monthly charges. If approved by the board, OMWD's customers will see changes to water rates and charges beginning March 1, 2023.



Notes: Rates for other agencies were last updated in December 2022 and are based on either approved/proposed 2023 rates or approved 2022 rates if marked with an *. Any subsequent increases are not reflected above.

Customers will continue to receive a Rate Reimbursement Credit of 6.9 cents per unit of potable water billed. The credit is a result of a lawsuit which found that Metropolitan Water District of Southern California overcharged the San Diego County Water Authority for water purchased between 2011 and 2017. OMWD's board voted at its November 2021 meeting to create the Rate Reimbursement Credit to refund customers the \$3.6 million that OMWD received from the settlement.

If the proposed changes to water rates and charges are approved, OMWD's average residential customer will continue to pay less than the average customer in the county for the same amount of water used.



Municipal Water District

1966 Olivenhain Road
Encinitas, CA 92024
760-753-6466

www.olivenhain.com



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

Board of Directors

Christy Guerin, President
Matthew R. Hahn, Director
Neal Meyers, Director
Marco San Antonio, Director
Lawrence A. Watt, Director

GENERAL MANAGER

Kimberly A. Thorner, Esq.

GENERAL COUNSEL

Alfred Smith, Esq.

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.

Board to Consider ...continued from page 1

The revenue adjustment was calculated to take the following into account:

- A 7.5% increase in the cost of water purchased from SDCWA that became effective January 1, 2023.
- A 1.3% increase in fixed charges assessed on purchasing water from SDCWA that became effective January 1, 2023.
- A 6.7% increase in recycled water costs from OMWD's water suppliers for recycled water customers.
- A 6.35% inflationary increase in the costs of operating and maintaining our water system and capital facilities, based on percent increase between 2020 and 2021 in the San Diego County Consumer Price Index for All Urban Consumers (CPI).
- A 6.9 cent Rate Reimbursement Credit per unit of potable water billed to help offset the proposed increases to commodity rates and fixed monthly charges shown in the table.

Comments about the proposed revenue adjustment may be submitted via email to skaufmann@olivenhain.com. Additionally, the board will consider all public comments made at the February 15 board meeting. Please use "Rate Comment" as the subject line in any correspondence.

How Will This Affect My Water Bill?

A typical OMWD customer's water bill includes a commodity rate for each unit of water used, as well as two fixed monthly charges: the OMWD System Access Charge and the SDCWA Infrastructure Access Charge. The domestic commodity rate uses a four-tiered structure designed to encourage water conservation and reflects the proportionate cost of providing service in each tier.

The proposed 5.9% revenue adjustment for 2023 would appear on a customer's bill as a 3.8% increase to the OMWD System Access Charge, a 6.6% increase to the commodity rate, and no increase to the SDCWA Infrastructure Access Charge.



- The average residential customer using 23 units will see an increase of approximately \$8.92 after the Rate Reimbursement Credit.
- A residential customer who uses six units will see an estimated increase of \$2.97 after the Rate Reimbursement Credit.

2022 Average Costs Per Gallon:



Water \$0.01



Milk \$4.15



Gas \$5.20




Coke \$5.68

Compared with other liquids purchased in San Diego,
the value of water is clear.



WE ARE
HERE



Current Commodity Charge Effective March 1, 2022 (1 unit=748 gallons) ⁽¹⁾				
	NON-SHORTAGE	WATER SUPPLY SHORTAGE RATES		
Customer Type	(Base) Rates	10% Demand Reduction Rates ⁽²⁾	20% Demand Reduction Rates ⁽²⁾	30% Demand Reduction Rates ⁽²⁾
Domestic				
0-6 Units	\$3.68	\$3.91	\$4.18	\$4.53
7-23 Units	\$5.34	\$5.57	\$5.84	\$6.19
24-80 Units	\$5.96	\$6.19	\$6.46	\$6.81
Over 80 Units	\$7.09	\$7.32	\$7.59	\$7.94
Agricultural ⁽³⁾	\$5.88	\$6.11	\$6.38	\$6.73
Combined Agricultural/ Domestic	First 23 units per month: Follow Domestic Rate Structure . Over 23 units per month: Follow Agricultural Rate Structure .			
Commercial	\$5.02	\$5.25	\$5.52	\$5.87
Irrigation ⁽⁴⁾				
Tier 1	\$5.65	\$5.88	\$6.15	\$6.50
Tier 2	\$6.04	\$6.27	\$6.54	\$6.89
Construction	\$7.16	\$7.39	\$7.66	\$8.01
Recycled	\$3.79	Shortage rates do not apply		
WE ARE HERE 				
Proposed Commodity Charge Effective March 1, 2023 (1 unit=748 gallons)				
	NON-SHORTAGE	WATER SUPPLY SHORTAGE RATES		
Customer Type	(Base) Rates	10% Demand Reduction Rates ⁽²⁾	20% Demand Reduction Rates ⁽²⁾	30% Demand Reduction Rates ⁽²⁾
Domestic				
0-6 Units	\$3.92	\$4.15	\$4.42	\$4.77
7-23 Units	\$5.69	\$5.92	\$6.19	\$6.54
24-80 Units	\$6.35	\$6.58	\$6.85	\$7.20
Over 80 Units	\$7.55	\$7.78	\$8.05	\$8.40
Agricultural ⁽³⁾	\$6.26	\$6.49	\$6.76	\$7.11
Combined Agricultural/ Domestic	First 23 units per month: Follow Domestic Rate Structure . Over 23 units per month: Follow Agricultural Rate Structure .			
Commercial	\$5.35	\$5.58	\$5.85	\$6.20
Irrigation ⁽⁴⁾				
Tier 1	\$6.02	\$6.25	\$6.52	\$6.87
Tier 2	\$6.43	\$6.66	\$6.93	\$7.28
Construction ⁽⁶⁾	\$7.62	\$7.85	\$8.12	\$8.47
Recycled ⁽⁶⁾	\$4.04	Shortage rates do not apply		

Current and Proposed OMWD System Access Charge (SAC) ⁽¹⁾⁽⁵⁾		
Meter Size	Current	Proposed Effective March 1, 2023
5/8"	\$30.90	\$32.07
3/4"(*)	\$40.41	\$41.94
1"	\$68.93	\$71.55
1-1/2"	\$106.94	\$111.00
2"	\$167.16	\$173.51
2-1/2"	\$303.41	\$314.94
3"	\$331.93	\$344.54
4"	\$550.57	\$571.49
6"	\$1,149.45	\$1,193.13
8"	\$2,068.36	\$2,146.96

Irrigation Unit Allotments (No Changes are Proposed)		
Tier 1 Allotment: Based upon water use by meter size ⁽¹⁾⁽⁴⁾		
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

Notes: * Typical residential meter size

(1) The current commodity rate, OMWD System Access Charge, and Irrigation Unit Allotments were approved and adopted by OMWD's board. These rates and charges are currently used to calculate monthly water bills.

(2) Demand Reduction Rates would only be implemented by General Manager or board action under the terms of OMWD's Water Shortage Contingency Plan. Such action is generally triggered by SDCWA's and/or Metropolitan's declaration of a specific level of water shortage.

(3) The Agricultural water rate is available only to those who meet the program criteria. Visit www.olivenhain.com/ag for details.

(4) For irrigation, all monthly water usage in excess of the Tier 1 allotment shown in the table is charged at the Irrigation Tier 2 rate.

(5) OMWD's System Access Charge is designed to cover 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.

(6) The Rate Reimbursement Credit does not apply to construction or recycled water usage.

Continued on page 4

Continued from page 3

At the February 15, 2023 meeting, OMWD's board will also consider implementing an increase to OMWD's fixed monthly Fire Meter Charge, shown in the table below.

Current and Proposed OMWD Fire Meter Charge Rates (\$/Meter Size) ⁽¹⁾		
Meter Size	Current	Proposed Effective March 1, 2023 ⁽²⁾
5/8"	\$5.31	\$5.57
3/4"(*)	\$5.31	\$5.57
1"	\$5.97	\$6.26
1-1/2"	\$6.84	\$7.18
2"	\$8.24	\$8.65
2-1/2"	\$11.39	\$11.95
3"	\$12.04	\$12.64
4"	\$17.10	\$17.95
6"	\$30.96	\$32.50
8"	\$52.21	\$54.82

Notes: * Typical residential meter size

(1) OMWD's Fire Meter Charge is a fixed monthly service fee collected on certain properties as a condition of extending or initiating water service by (a) the installation of a private fire suppression system, and (b) upon request from an OMWD customer for the delivery of water to the property for the purpose of fire protection.

(2) Per our Proposition 218 notice to customers in 2019. The proposed rate or charge may be slightly lower than shown in the Proposition 218 notice to avoid exceeding a 5% increase over the prior year.

SDCWA Infrastructure Access Charge (IAC) ⁽¹⁾ (No Changes are Proposed)	
Meter Size	Current
5/8"	\$4.24
3/4"(*)	\$4.24
1"	\$8.07
1-1/2"	\$13.17
2"	\$21.24
2-1/2"	\$39.52
3"	\$43.35
4"	\$72.67
6"	\$152.98
8"	\$276.24

Notes: * Typical residential meter size

(1) SDCWA's 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 water supply, transportation, and storage projects over a 30-year forecast horizon to ensure SDCWA meets the projected water supply needs for the region. OMWD collects the SDCWA IAC on OMWD's customers' monthly water bills on SDCWA's behalf.

Essential, Reliable, Invaluable - Water

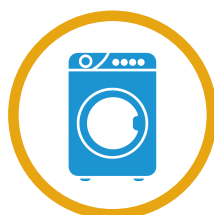
The quality of life San Diego residents enjoy each day would not be possible without a safe and reliable water supply. While there is no system more critical to our survival, water infrastructure is largely invisible to the public. The processes required to treat and deliver water every day are not well known by the average customer.

For example, OMWD operates a water treatment plant and a water reclamation facility, and maintains over 29,000 water meters, 68 miles of recycled water pipelines, 85 miles of sewer pipelines, and 465 miles of drinking water pipelines.

OMWD is committed to keeping water rates as low as possible, particularly for indoor water use that is vital for drinking, cooking, bathing, and sanitation.



18 GALLONS
6 FLUSHES \ \$0.14



15 GALLONS
WASHER LOAD \ \$0.11



70 GALLONS
BATH \ \$0.53



20 GALLONS
10 MIN SHOWER \ \$0.17



20 GALLONS
DISHWASHER \ \$0.05



365 GALLONS
AVERAGE DAILY IRRIGATION \ \$2.85