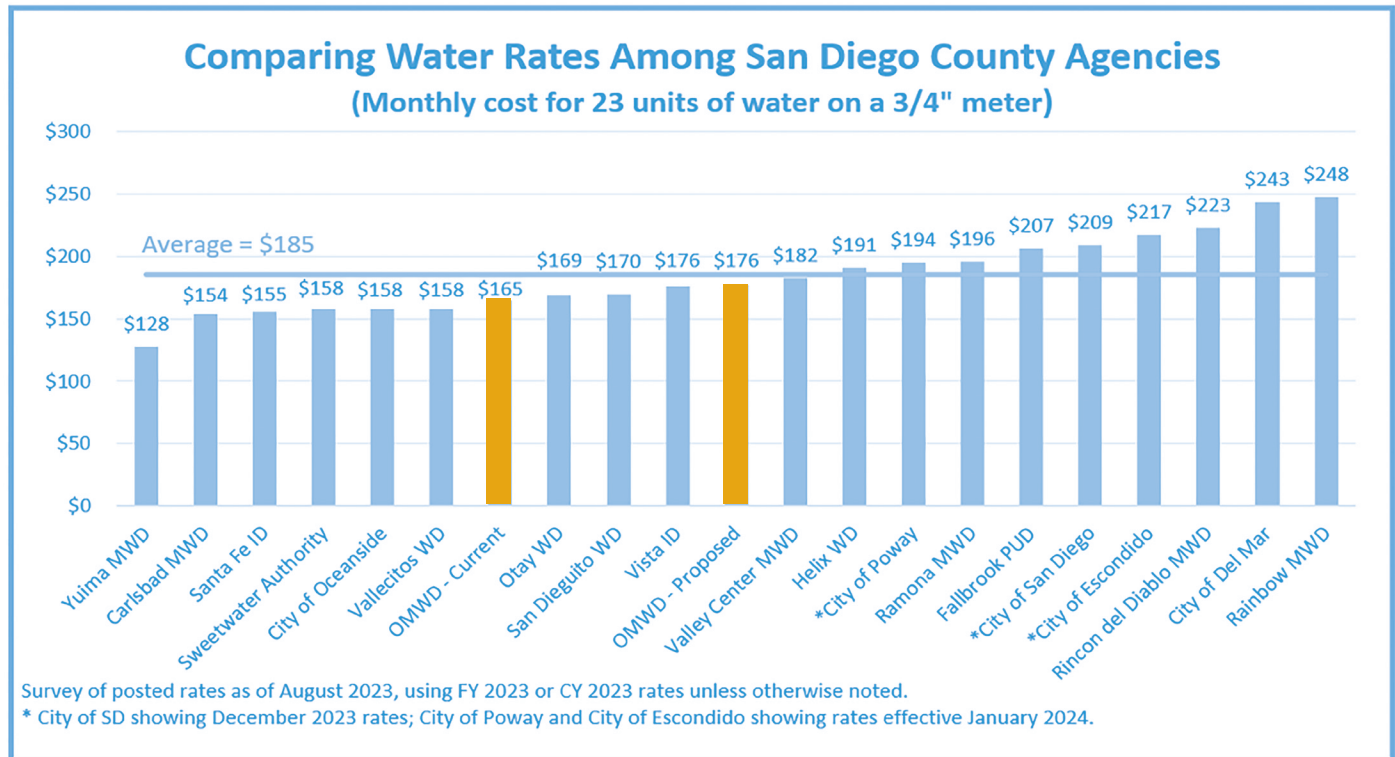


Despite 11.8% Increase in Wholesale Water Costs, OMWD Board to Consider 7.4% Revenue Adjustment in 2024

Pulling from reserves and increasing the existing Rate Reimbursement Credit will reduce the impact on customers

To meet our customers’ drinking water demand, OMWD purchases 100% of our untreated water supplies from wholesaler San Diego County Water Authority (SDCWA). Effective January 1, 2024, OMWD’s cost to purchase water from SDCWA will increase by 11.8%. OMWD voted against this rate increase at SDCWA in June, but lost in a majority vote, being one of only five agencies to oppose the increase, with 19 supporting it.

Impacts to San Diego County water ratepayers vary at each water agency that purchases water from SDCWA. OMWD ratepayers will be less impacted than customers of other retail water agencies, and our water still costs about a penny a gallon. This is due to OMWD’s internal efforts to control the impact of inflation on our water operation and maintenance budget; reprioritize planned, non-critical infrastructure projects; and pursue grants and alternate funding opportunities to help reduce expenses.



At its January 17, 2024 meeting, OMWD’s Board of Directors will consider a 7.4% revenue adjustment. This adjustment is driven by several factors, including a pass through of a portion of SDCWA’s significant cost increases, increases in the cost to purchase recycled water from local suppliers, and a 7.3% inflation increase based on San Diego/Carlsbad Consumer Price Index from the second half of 2021 to the second half of 2022. Additionally, the board will consider using OMWD reserves to help pay for increases in purchased water costs, thereby reducing the impact on customer water bills.



Municipal Water District

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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 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.

To help further reduce the impact of rate increases on customer bills, OMWD’s board approved increasing the existing Rate Reimbursement Credit from 6.9 cents to 11 cents per unit of potable water, effective March 1, 2024. This credit is a result of lawsuits filed by SDCWA between 2010 and 2018 that successfully challenged the legality of certain Metropolitan Water District of Southern California water rates and charges. 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. Customers have received the Rate Reimbursement Credit of 6.9 cents per unit of potable water since March 2022.

OMWD’s water rates are designed to adequately fund operations, maintenance, and infrastructure needs to allow us to continue providing customers with safe, reliable water supplies. Our water rates comply with state law, and our board ensures that rates are fair and equitable for all customers.

What is the reason for a 7.4% revenue adjustment?

San Diego relies on imported water from Northern California and the Colorado River. OMWD has only one source to purchase untreated water to meet our potable water demand. In June of each year, SDCWA’s board approves wholesale water rate increases that directly impact OMWD’s expenses beginning on January 1 of the following year.

Effective January 1, 2024, wholesale costs from SDCWA for untreated water will increase by 11.8%, which includes not only the cost of water, but other services like water transportation and storage. The cost of purchasing water is OMWD’s largest expense, accounting for more than half of our total operating costs. In addition to the untreated water that OMWD purchases from SDCWA, OMWD purchases recycled water from four providers for resale to irrigation customers. The cost of purchasing recycled water from all four of these agencies will increase in 2024.

For 2024, the impact of increases in wholesale water costs and inflation contribute to the proposed 7.4% revenue adjustment to OMWD water rates and charges, which would take effect on March 1, 2024, if approved. It is necessary to pass these costs through to customers to ensure there are sufficient revenues to continue to provide high-quality services to OMWD customers, maintain the safety and reliability of water system infrastructure, and avoid budget deficits.

Proposed changes to current water rates and charges, based on a 7.4% revenue adjustment, are reflected in the proposed OMWD Commodity Charge, OMWD System Access Charge, OMWD Fire Meter Charge, and the SDCWA Infrastructure Access Charge tables.

How Will This Affect the Water Bill for My Home?

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

The proposed 7.4% revenue adjustment for 2024 would appear broken down on a customer’s bill as an up to 6.8% increase to the SAC, an up to 8.2% increase to the commodity charge, and an up to 4.0% increase to the IAC. The actual percentage increase is dependent on meter size, customer type, and usage tier.

The average residential customer using 23 units will see an increase of approximately \$11.67, which includes a proposed Rate Reimbursement Credit of 11 cents per unit of water. A residential customer who uses six units will see an estimated increase of \$4.70, which includes the proposed 11-cent Rate Reimbursement Credit.

If approved by the board, the proposed changes to OMWD’s water rates and charges will take effect with water purchased March 1, 2024.



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OMWD Current Commodity Charge Effective March 1, 2023 (1 unit=748 gallons) ⁽¹⁾				
Customer Type	NON-SHORTAGE	WATER SUPPLY SHORTAGE RATES		
	(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
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		

WE ARE
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Proposed OMWD Commodity Charge Effective March 1, 2024 (1 unit=748 gallons)				
Customer Type	NON-SHORTAGE	WATER SUPPLY SHORTAGE RATES		
	(Base) Rates	10% Demand Reduction Rates ⁽²⁾	20% Demand Reduction Rates ⁽²⁾	30% Demand Reduction Rates ⁽²⁾
Domestic				
0-6 Units	\$4.24	\$4.47	\$4.74	\$5.09
7-23 Units	\$6.14	\$6.37	\$6.64	\$6.99
24-80 Units	\$6.85	\$7.08	\$7.35	\$7.70
80+ Units	\$8.14	\$8.37	\$8.64	\$8.99
Agricultural⁽³⁾	\$6.75	\$6.98	\$7.25	\$7.60
Combined Agricultural/ Domestic	First 23 units per month: Follow Domestic Rate Structure. Over 23 units per month: Follow Agricultural Rate Structure.			
Commercial	\$5.78	\$6.01	\$6.28	\$6.63
Irrigation⁽⁴⁾				
Tier 1	\$6.50	\$6.73	\$7.00	\$7.35
Tier 2	\$6.94	\$7.17	\$7.44	\$7.79
Construction ⁽⁶⁾	\$8.21	\$8.44	\$8.71	\$9.06
Recycled ⁽⁶⁾	\$4.29	Shortage rates do not apply		

Current and Proposed OMWD System Access Charge (SAC) ⁽¹⁾⁽⁵⁾			
Meter Size	Current	Pass-Through Increases & Adjustments	Proposed Effective March 1, 2024
5/8"	\$32.07	\$2.18	\$34.25
3/4"(*)	\$41.94	\$2.85	\$44.79
1"	\$71.55	\$4.86	\$76.41
1-1/2"	\$111.00	\$7.54	\$118.54
2"	\$173.51	\$11.79	\$185.30
2-1/2"	\$314.94	\$21.39	\$336.33
3"	\$344.54	\$23.40	\$367.94
4"	\$571.49	\$38.81	\$610.30
6"	\$1,193.13	\$81.01	\$1,274.14
8"	\$2,146.96	\$145.77	\$2,292.73

Irrigation Unit Allotments (No Changes are Proposed)		
Tier 1 Allotment: Based upon water use by meter size ⁽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) Current rates and charges were approved and adopted by OMWD's board at its February 15, 2023 meeting. These rates and charges are currently used to calculate monthly water bills.

(2) Demand Reduction Rates would only be implemented by the 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. No water shortages are anticipated in 2024.

(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 more than 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, payment of debt obligations, and customer service expenses for meter reading and billing.

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

Current and Proposed OMWD Fire Meter Charge Rates (\$/Meter Size) ⁽¹⁾			
Meter Size	Current	Change	Proposed Effective March 1, 2024
5/8"	\$5.57	\$0.28	\$5.85
3/4"(*)	\$5.57	\$0.28	\$5.85
1"	\$6.26	\$0.31	\$6.57
1-1/2"	\$7.18	\$0.36	\$7.54
2"	\$8.65	\$0.43	\$9.08
2-1/2"	\$11.95	\$0.60	\$12.55
3"	\$12.64	\$0.63	\$13.27
4"	\$17.95	\$0.90	\$18.85
6"	\$32.50	\$1.63	\$34.13
8"	\$54.82	\$2.74	\$57.56

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.

Current and Proposed SDCWA Infrastructure Access Charge (IAC) ⁽¹⁾			
Meter Size	Current	Pass-Through Increases & Adjustments	Proposed Effective March 1, 2024
5/8"	\$4.24	\$0.17	\$4.41
3/4"(*)	\$4.24	\$0.17	\$4.41
1"	\$8.07	\$0.32	\$8.39
1-1/2"	\$13.17	\$0.53	\$13.70
2"	\$21.24	\$0.85	\$22.09
2-1/2"	\$39.52	\$1.58	\$41.10
3"	\$43.35	\$1.73	\$45.08
4"	\$72.67	\$2.91	\$75.58
6"	\$152.98	\$6.12	\$159.10
8"	\$276.24	\$11.05	\$287.29

Notes: * Typical residential meter size

(1) SDCWA's IAC is a pass-through monthly fixed charge imposed by SDCWA on all OMWD water meters. It 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.

Looking for Ways to Lower Your Water Bill?

OMWD provides a variety of free programs designed to help you save both water and money.

Water Use Evaluations - Take advantage of our water use evaluation service to identify ways to improve water use efficiency at your home or business. Visit www.olivenhain.com/evaluation to schedule your free water use evaluation.

My Water Use - The My Water Use digital dashboard is designed to give you easy access to timely information about your water usage. Learn more at www.olivenhain.com/mywateruse.

Rebates - Save money on improvements at your home or business by applying for rebates on water-saving devices and landscape transformations. Visit www.socalwatersmart.com for more information.

Payment Assistance for Low-Income Customers - To cover overdue residential water and wastewater bills for low-income customers in San Diego County, millions of dollars in federal aid are still available. The Low-Income Household Water Assistance Program will pay water and/or wastewater bills of up to \$2,000 for qualifying, low-income households, including renters whose utility payments are included in their rent. To determine eligibility, view participation requirements, and find other services being offered in your city of residence, visit www.csd.ca.gov/Pages/FindServicesInYourArea.aspx.



Did You Know?

Public water agencies do not make a profit. Every dollar from a customer's water bill is invested back into operation and maintenance, ensuring that water is available at the twist of the tap when you need it. OMWD works 365 days a year on behalf of our community to keep safe, high-quality water flowing to your home or business. When you pay your water bill, you are doing more than just purchasing water, you are investing in projects and programs to meet your community's needs today and into the future.

In 2005, OMWD implemented its Tiger Team Program that challenged employees to reduce operational and maintenance costs through innovation. The program includes aggressively pursuing grant funding for capital projects, identifying alternative revenue sources such as selling hydroelectricity and leasing property, and finding new ways to accomplish existing practices, such as fabricating custom tools to increase the efficiency of repairing valves. To date, employees have generated \$49.7 million in grant awards and cost-saving efforts and \$18.5 million in alternate revenue.

