

NOTICE OF PUBLIC HEARING

Concerning Proposed Rate Increases for Olivenhain Municipal Water District (“District”) Wastewater Service Fees

PUBLIC HEARING INFORMATION

A public hearing will be held on the proposed increases to the Wastewater Annual Service Access Charge and the Commodity Rates commencing on July 1, 2021 and on July 1 of each of the next four years thereafter, as described in this notice. The public hearing will be held on Wednesday, May 19, 2021, at 5:30 p.m. Pursuant to the State of California Executive Order N-35-20, and in the interest of public health, the District is temporarily taking actions to mitigate the COVID-19 pandemic by holding meetings, including this hearing, via teleconference. The Boardroom will not be open to the public for this meeting.

To join this meeting via teleconference, please dial:

(669) 900-9128 or (346) 248-7799

Meeting ID: 833 9123 7389 and Password: 284592

Members of the public can provide oral testimony at the meeting by e-mailing written protests to the Board Secretary at skaufmann@olivenhain.com by 3:00 p.m. the day of the hearing. Please use “Rate Hearing” as the subject line of your e-mail and include your name and phone number to ensure you are called on and have the opportunity to provide oral comment. If you do not receive a confirmation email that your written protest has been received, please call (760) 632-4648.

The Board of Directors will hear and consider oral testimony and written protests regarding the proposed rate increases at the hearing. Any written protest must: (1) be in writing; (2) state that the identified property owner or tenant is opposed to the proposed wastewater service charge increases; (3) provide the location of the identified parcel for which the protest is submitted (by assessor’s parcel number or wastewater service address); and (4) include the printed full name and signature of the property owner or tenant submitting the protest. One written protest per parcel will be counted in calculating a majority protest to the proposed increase.

Written protests can be mailed to the District’s administrative office at 1966 Olivenhain Road, Encinitas, CA, 92024, Attn. Board Secretary. Written protests may also be e-mailed to skaufmann@olivenhain.com. Written protests must be sent to the attention of and received by the Board Secretary prior to the close of the public hearing. At the close of the public hearing, the Board of Directors will consider and may approve the rate increases. **Oral comments at the public hearing will not qualify as formal protests unless accompanied by a written protest.** If by the close of the public hearing, written protests against the proposed wastewater service charge increases included in this notice are not presented by owners or tenants of a majority of the identified parcels subject to the wastewater service charges, the Board of Directors will be authorized to adopt an ordinance to increase the wastewater service charge effective July 1, 2021 and on July 1st of each year for the next four fiscal years, Fiscal Years 2023-2026, as shown in this notice.

A 2020 Wastewater Rate Study, conducted by an independent financial consulting firm, is the basis for allocating costs and calculating the proposed increases to the District’s wastewater service fees as shown and described in this notice. A copy of the District’s Wastewater Rate Study Report can be found on the District’s website at www.olivenhain.com or is available for inspection at the District’s administrative office.

REASONS FOR THE PROPOSED RATE INCREASES

The District’s Wastewater System is an interconnect system comprised of two sub-districts, 4S Ranch Sanitation District and Rancho Cielo Sanitation District. The District continually strives to provide wastewater treatment and collection services in the most cost-effective and environmentally responsive manner. While the District continually strives to achieve its goals, the District also needs to be proactive in its plans to keep pace with inflation and increases in costs associated with the operations, maintenance, and replacement of aging wastewater infrastructure.

Over the next five years, the District is planning to execute over \$20.5 million in wastewater capital replacement and rehabilitation projects. The District used an engineering firm to develop a ten-year wastewater capital spending plan to determine when replacement projects will need to start construction and the cost to complete replacement of aging wastewater capital facilities in 4S Ranch Sanitation District and Rancho Cielo Sanitation District.

The District engaged an independent financial consulting firm to conduct a Wastewater Rate Study in 2020. The Wastewater Rate Study projects the District’s wastewater revenues and expenditures over the next ten years, conducts a cost of service analysis, and recommends increases in wastewater rates for the next five years. These increases are based on the District’s wastewater revenue requirements to be collected from wastewater rates and charges and wastewater infrastructure needs of the 4S Ranch Sanitation District and Rancho Cielo Sanitation District.

The District’s last wastewater service fees increase of three (3) percent went into effect July 1, 2019. The District’s wastewater customers were originally expected to see a three (3) percent increase in their wastewater service fees effective July 1, 2020; however, the District did not raise its wastewater service fees in an effort to help customers that were impacted financially as a result of the COVID-19 pandemic. During this time, the District complied with regulations governing the treatment and disposal of wastewater and inspected its sewer lines and pump stations and has maintained them in excellent working condition.

BASIS UPON WHICH THE RATES ARE CALCULATED

The District’s wastewater service fees are calculated to recover the cost to collect, treat, dispose of sewage, and maintain the 4S Ranch Water Reclamation Facility (4SWRF) within the 4S Ranch Sanitation District and Rancho Cielo Sanitation District.

Based on sewage flows and strengths, the rate structure for the District’s wastewater service fees are comprised of four customer classes:

Single-Family Residential (4S Ranch and Rancho Cielo), Multi-Family (Condominiums, RV/Trailer Parks), Commercial – Group I (office buildings, small retail stores, schools, storage facilities, pools, government agencies, churches, sports parks); Commercial – Group II (shopping centers, strip malls, medical office buildings, healthcare facilities, supermarket and/or restaurants).

The District’s wastewater service fees for all customer classes are comprised of at least two components:

- (1) A System Access Charge (SAC) is a uniform flat charge across all customer classes based on one Equivalent Dwelling Unit (EDU) to recover a portion of the fixed costs. The SAC is calculated on the basis of recovering certain fixed costs of the District to operate and maintain wastewater facilities including repairs and maintenance of the 4SWRF and customer services such as billing and collections.

The SAC is determined on an equivalent dwelling unit (“EDU”) basis. EDU is a term used to compare flows from non-residential customers in terms of flows generated by a single-family residential unit. The number of EDU’s assigned to an account is therefore based on the estimated potential quality and flow of wastewater generated by that account. A single-family residential unit, for example, is assigned one EDU. Based on the 2020 Wastewater Rate Study’s recommendation, the EDU for multi-family dwelling units is revised from 1 to 0.79 to reflect the multi-family wastewater flow, which has resulted in a reduction to the FY 22 Proposed System Access Charge for Multi-Family for FY 2022.

- (2) A Commodity Rate is a charge based on the estimated quality and amount of sewage generated by each user in hundred cubic feet (“hcf”). For each Single-Family Residential user, the commodity charge is determined based on the minimum amount of water used by that user in the winter months of December to March, since water use during winter months reflects mainly indoor water use. For the Single-Family Residential user, the winter time water use is capped at a maximum of 10 hcf per month to account for irrigation usage during the winter months. For Multi-Family and Commercial customers, the commodity charge is determined based on the actual monthly metered water use, which represents the amount each user discharges to the wastewater system in hcf.

The rates for all components of the District’s wastewater service fees are structured in such a way to proportionately allocate cost of collecting, treating, and disposing of sewage generated by each customer group in 4S Ranch and Rancho Cielo Sanitation Districts.

The District’s Wastewater Service Fees are collected on each property owner’s property tax bill on an annual basis. Wastewater bills are due and payable at the same time when a property owner’s tax bill is due to the San Diego County Tax Assessor’s Office, April and December of each year.

CURRENT AND PROPOSED RATES AND CHARGES

To cover the aforementioned increases in costs, the District is proposing a revenue increase of two (2) percent effective July 1, 2021 (fiscal year 2022), and three (3) percent on July 1st of each fiscal year for fiscal years 2023, 2024, 2025, and 2026. The current and proposed System Access Charges and Commodity Rates are shown on the tables below.

Current and Five-Year Proposed System Access Charges (per EDU*)						
Customer Class	Current	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Single -Family Residential						
4S Ranch, Santa Luz	\$ 181.09	\$ 186.17	\$ 191.76	\$ 197.52	\$ 203.45	\$ 209.56
Rancho Cielo	\$ 181.09	\$ 186.17	\$ 191.76	\$ 197.52	\$ 203.45	\$ 209.56
Other						
Multi-Family**	\$ 181.09	\$ 147.33	\$ 151.75	\$ 156.31	\$ 161.00	\$ 165.83
Commercial - Group I	\$ 181.09	\$ 186.17	\$ 191.76	\$ 197.52	\$ 203.45	\$ 209.56
Commercial - Group II	\$ 181.09	\$ 186.17	\$ 191.76	\$ 197.52	\$ 203.45	\$ 209.56

*EDU=Equivalent Dwelling Unit

** The 2020 Wastewater Rate Study recommended that EDU for multi-family be revised to 0.79 from 1, which resulted in a reduction in the proposed annual System Access Charges for the multi-family customer class commencing July 1, 2021 (FY 2022.)

Current and Five-Year Proposed Commodity Rates (per hundred cubic foot)						
Customer Class	Current	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Single-Family Residential						
4S Ranch, Santa Luz	\$ 6.59	\$ 6.81	\$ 7.02	\$ 7.24	\$ 7.46	\$ 7.69
Rancho Cielo	\$ 6.59	\$ 6.81	\$ 7.02	\$ 7.24	\$ 7.46	\$ 7.69
Other						
Multi-Family	\$ 6.59	\$ 6.81	\$ 7.02	\$ 7.24	\$ 7.46	\$ 7.69
Commercial - Group I	\$ 6.59	\$ 6.81	\$ 7.02	\$ 7.24	\$ 7.46	\$ 7.69
Commercial - Group II	\$ 10.16	\$ 9.43	\$ 9.72	\$ 10.02	\$ 10.33	\$ 10.64

INFORMATION ON HOW YOUR WASTEWATER BILL IS CALCULATED

The annual Single-Family Residential Wastewater Bill is the sum of the annual System Access Charge per EDU plus an annualized commodity charge based on the minimum amount of water used by the user in the winter months of December to March (of the prior year) up to a maximum of 10 hundred cubic feet (hcf). For example, a typical single-family residential wastewater customer with 7 hcf of minimum water use based on this customer's December to March water bills (of the prior year) would be charged as follows for FY 2022:

(Service EDUs of 1 x annual System Access Charge of \$186.17) + (7 hcf water usage x 12 months x the Commodity Rate of \$6.81).

The annual Multi-Family user wastewater service charge is the sum of annual System Access Charge plus a commodity charge based on a share of actual water use (prior year) for the dwelling unit complex. For example, a condominium with four dwelling units totaling 288 hcf in annual usage would be charged as follows for FY 2022:

(Dwelling units of 4 x annual System Access Charge of \$147.33) + (288 hcf water usage x the Commodity Rate of \$6.81).

The annual Commercial wastewater service charge is the sum of the annual System Access Charge plus a commodity charge based on a share of actual water use (prior year) for the Commercial account. For example, an office building (Commercial - Group I) with 408 hcf in annual water usage would be charged as follows for FY 2022:

(Service EDUs x annual System Access Charge of \$186.17) + (408 hcf water usage x the Commodity Rate of \$6.81).

PROPOSED WASTEWATER BILL INFORMATION

Below are examples of the impact of proposed rates on the average single-family residential and multi-family residential customers. The rates/charges below are proposed to be effective starting July 1, 2021.

Average Annual Wastewater Bill Impacts for Single-Family and Multi-Family Customer Classes Over the Next Five Fiscal Years

Average Annual Single Family Residential Wastewater Bill*						
Annual Wastewater Bill	Current	Proposed 7/1/2021	Proposed 7/1/2022	Proposed 7/1/2023	Proposed 7/1/2024	Proposed 7/1/2025
System Access Charge	\$ 181.09	\$ 186.17	\$ 191.76	\$ 197.52	\$ 203.45	\$ 209.56
Commodity Rate Charge	<u>\$ 553.56</u>	<u>\$ 572.04</u>	<u>\$ 589.68</u>	<u>\$ 608.16</u>	<u>\$ 626.64</u>	<u>\$ 645.96</u>
Annual Total Bill	\$ 734.65	\$ 758.21	\$ 781.44	\$ 805.68	\$ 830.09	\$ 855.52
Monthly Total Bill	\$ 61.22	\$ 63.18	\$ 65.12	\$ 67.14	\$ 69.17	\$ 71.29
Monthly Rate Increase Impact		\$ 1.96	\$ 1.94	\$ 2.02	\$ 2.03	\$ 2.12

Average Annual Multi-Family Residential Wastewater Bill**						
Annual Wastewater Bill	Current	Proposed 7/1/2021	Proposed 7/1/2022	Proposed 7/1/2023	Proposed 7/1/2024	Proposed 7/1/2025
System Access Charge	\$ 181.09	\$ 147.33	\$ 151.75	\$ 156.31	\$ 161.00	\$ 165.83
Commodity Rate Charge	<u>\$ 474.48</u>	<u>\$ 490.32</u>	<u>\$ 505.44</u>	<u>\$ 521.28</u>	<u>\$ 537.12</u>	<u>\$ 553.68</u>
Annual Total Bill	\$ 655.57	\$ 637.65	\$ 657.19	\$ 677.59	\$ 698.12	\$ 719.51
Monthly Total Bill	\$ 54.63	\$ 53.14	\$ 54.77	\$ 56.47	\$ 58.18	\$ 59.96
Monthly Rate Increase Impact		\$ (1.49)	\$ 1.63	\$ 1.70	\$ 1.71	\$ 1.78

*Based on the District's average Single Family Residential wastewater customer with 7 hcf lowest winter month usage.

**Based on the District's average Multi-Family Residential wastewater dwelling unit with 72 hcf water usage per year.



Municipal Water District

A Public Agency

1966 Olivenhain Road

Encinitas, CA 92024

www.olivenhain.com

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*See Public Hearing Information Section for information.

Olivenhain Municipal Water District is considering sewer service charge adjustments that will affect your property tax bill. This notice explains the public hearing and protest process, the reasoning behind the proposed wastewater rate adjustments, and the fee increases being proposed.

May 19, 2021 at 5:30 p.m.
Boardroom of the District's Administrative Office*
1966 Olivenhain Road
Encinitas, California 92024

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