

PUBLIC HEARING AND PROTESTS

Any record owner of a parcel upon which the wastewater service fees are proposed for imposition, or any tenant directly responsible for the payment of wastewater service fees (i.e a customer of record), may submit a written protest to the proposed rate increases to the District's wastewater service fees; provided, however, only one protest will be counted per identified parcel. If your name does not appear as the record owner of a parcel on the last equalized secured property tax assessment roll for the county, you must submit with your written protest, written evidence that you are the current owner of the parcel. To be used in determining whether there is a majority protest as set forth below, each protest must: (1) be in writing; (2) state that the protest is submitted in opposition to the wastewater service fee increases; (3) provide the location of the identified parcel (by service address, customer account number, or assessor's parcel number or service address); and (4) include the name and signature of the person submitting the written protest. Written protests may be submitted by mail to: Olivenhain Municipal Water District at 1966 Olivenhain Road, Encinitas, CA 92024. Written protests may also be submitted in person at the District's office, or at the public hearing (see date, time and location above). All written protests must be received prior to the conclusion of the public input portion of the public hearing. Any protest submitted via e-mail or other electronic means will not be accepted as a formal written protest. Identify on the front of the envelope for any protest, whether mailed or submitted in person, that the enclosed letter is for the Public Hearing on the Proposed Wastewater Service Fees.

The Board of Directors will consider written protests that are timely submitted in accordance with the procedures set forth in this notice and hear and consider all public comments made at the public hearing. Oral comments at the public hearing will not qualify as formal protests unless accompanied by a written protest. At the conclusion of the public hearing, the Board of Directors will determine whether to adopt the proposed wastewater service fee increases as described in this notice. If, after the close of the public hearing, written protests against the proposed rate increases as outlined above are not presented by a majority of the record owners and customers of record of identified parcels upon which the fees are proposed to be imposed, the Board of Directors will be authorized to impose the wastewater service fee increases.

If you have any questions regarding the information provided in this notice, or the rates applicable to your property, please contact the District, 760-753-6466. A copy of the Wastewater Cost of Service Rate Study Report is available on the District's website at www.olivenhain.com.

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NOTICE OF PUBLIC HEARING

Concerning Proposed
Rate Increases for Olivenhain
Municipal Water District
Wastewater Service Fees

**May 25, 2016
at 5:30 p.m.**

**Boardroom of the
District Headquarters**
1966 Olivenhain Road
Encinitas, California 92024



NOTICE OF PUBLIC HEARING

Concerning Proposed Rate Increases for Olivenhain Municipal Water District Wastewater Service Fees

NOTICE IS HEREBY GIVEN THAT the Board of Directors of the Olivenhain Municipal Water District (the “District”) will conduct a public hearing on May 25, 2016, at 5:30 p.m. in the Boardroom of the District Headquarters at 1966 Olivenhain Road, Encinitas, California 92024, to consider adopting increases in the rates for its wastewater service fees for the first time in six years.

REASONS FOR THE PROPOSED RATE INCREASES

The District continually strives to provide wastewater treatment and collection services in the most cost-effective and environmentally responsive manner. To this end, the District has not increased its wastewater service fees since 2009. While the District continually strives to provide wastewater services at the lowest possible cost, the District also needs to keep pace with inflation and other cost increases, including, among others, the cost of complying with regulations governing the treatment and disposal of wastewater and repairing and replacing of aging infrastructure.

To evaluate those costs, the District retained an independent consultant to evaluate the District’s financial plan and revenue requirements for the ensuing five years. Based on that analysis and Cost of Service Rate Study Report, the District has determined that rate increases are necessary to enable the District to: (1) recover current and projected increases in the cost of operating and maintaining the 4S Wastewater Collection and Treatment Facilities; (2) construct capital infrastructure improvements needed to replace and refurbish the aging wastewater collection and treatment facilities; (3) fund new capital infrastructure; (4) maintain the operational and financial stability of the 4S Ranch Sanitation and Rancho Cielo Sanitation funds; (5) avoid operational deficits and depletion of reserves; and (6) comply with state and federal regulatory wastewater and disposal requirements. As described below, the rates are being proposed to be increased annually for a five-year period to account for increases in the cost of providing these services.

BASIS UPON WHICH THE RATES ARE CALCULATED

The District’s wastewater service fees are calculated to recover the cost to collect, treat and dispose of sewage, as well as to maintain the 4S Ranch Wastewater and Reclamation Facilities 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 is comprised of five customer classes: 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, supermarkets and/or restaurants); Commercial –Group III (industrial manufacturers)

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 fixed charge, on per account basis, and is structured 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 4S Wastewater Collection and Treatment Facilities 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. A single-family residential unit is assigned one EDU. The number of EDU’s assigned to an account is therefore based on the estimated potential sewer flow generated by that account.

- (2) A Commodity Rate is a charge based on the estimated 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 sewer 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 proposed rates reflect a 3% increase in revenue for each year of the planned rate increases for the next five years.

CURRENT AND PROPOSED RATES

The District's Wastewater Service Fees are collected on each property owner's property tax bill on an annual basis. Sewer bills are due and payable at the same time

when a property owner's tax bill is due to the San Diego County Tax Assessors Office, April and December of each year.

Current		
User Class	Annual System Access Charge (per EDU)	Commodity Rate (\$/hcf)*
Residential Single Family (1)		
4S Ranch and Santa Luz	\$147.00	\$6.00
Rancho Cielo	\$147.00	\$6.00
Non-Residential		
Multi-Family (2)	\$147.00	\$6.00
Commercial - Group I (3)	\$147.00	\$6.00
Commercial - Group II	\$147.00	\$9.29
Commercial - Group III	\$147.00	\$15.86

Proposed - July 1, 2016		
User Class	Annual System Access Charge (per EDU)	Commodity Rate (\$/hcf)*
Residential Single Family (1)		
4S Ranch and Santa Luz	\$165.70	\$6.01
Rancho Cielo	\$165.70	\$6.01
Non-Residential		
Multi-Family (2)	\$165.70	\$6.01
Commercial - Group I (3)	\$165.70	\$6.01
Commercial - Group II	\$165.70	\$9.29
Commercial - Group III	\$165.70	\$10.37

Proposed - July 1, 2017		
User Class	Annual System Access Charge (per EDU)	Commodity Rate (\$/hcf)*
Residential Single Family (1)		
4S Ranch and Santa Luz	\$170.68	\$6.20
Rancho Cielo	\$170.68	\$6.20
Non-Residential		
Multi-Family (2)	\$170.68	\$6.20
Commercial - Group I (3)	\$170.68	\$6.20
Commercial - Group II	\$170.68	\$9.57
Commercial - Group III	\$170.68	\$10.69

Proposed - July 1, 2018		
User Class	Annual System Access Charge (per EDU)	Commodity Rate (\$/hcf)*
Residential Single Family (1)		
4S Ranch and Santa Luz	\$175.81	\$6.39
Rancho Cielo	\$175.81	\$6.39
Non-Residential		
Multi-Family (2)	\$175.81	\$6.39
Commercial - Group I (3)	\$175.81	\$6.39
Commercial - Group II	\$175.81	\$9.86
Commercial - Group III	\$175.81	\$11.02

Proposed - July 1, 2019		
User Class	Annual System Access Charge (per EDU)	Commodity Rate (\$/hcf)*
Residential Single Family (1)		
4S Ranch and Santa Luz	\$181.09	\$6.59
Rancho Cielo	\$181.09	\$6.59
Non-Residential		
Multi-Family (2)	\$181.09	\$6.59
Commercial - Group I (3)	\$181.09	\$6.59
Commercial - Group II	\$181.09	\$10.16
Commercial - Group III	\$181.09	\$11.36

Proposed - July 1, 2020		
User Class	Annual System Access Charge (per EDU)	Commodity Rate (\$/hcf)*
Residential Single Family (1)		
4S Ranch and Santa Luz	\$186.53	\$6.79
Rancho Cielo	\$186.53	\$6.79
Non-Residential		
Multi-Family (2)	\$186.53	\$6.79
Commercial - Group I (3)	\$186.53	\$6.79
Commercial - Group II	\$186.53	\$10.47
Commercial - Group III	\$186.53	\$11.71

* hcf: hundred cubic feet

Important Notes to the above rate tables:

- (1) The annual Single Family Residential wastewater service charge is the sum of Annual System Access Charge plus a commodity charge based on the customer's minimum winter monthly (prior year) usage up to a maximum of 10 hundred cubic feet (hcf). For example, a typical of residential wastewater customer using 7 hcf of water during winter months would be charged: Total annual Single Family Residential Wastewater Bill=Annual System Access Charge + Commodity Charge (7 times 12 time Commodity Rate (\$/hcf)).
- (2) The Multi-Family wastewater service charge for each Multi-Family user is the sum of Annual System Access Charge plus a commodity charge based on a share of actual water use for the dwelling unit complex. For example, assuming a condo with 4 dwelling units, the annual Multi-Family wastewater service charge per dwelling unit would be the sum of Annual System Access Charge+1/4 of water use for the complex multiplied by the commodity rate (\$/hcf).
- (3) Each commercial account is assessed a charge which is the sum of the number of EDU's times the Annual System Access Charge and actual water use multiplied by the commodity rate (\$/hcf).