



Municipal Water District

A Public Agency

1966 Olivenhain Road

Encinitas, CA 92024

www.olivenhain.com



Municipal Water District

NOTICE OF PUBLIC HEARING

May 15, 2024 at 5:30 p.m.

Boardroom of the District's Administrative Office*

1966 Olivenhain Road

Encinitas, California 92024

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.

*See Public Hearing Information Section for information.

NOTICE OF PUBLIC HEARING

REGARDING PROPOSED INCREASES TO OLIVENHAIN MUNICIPAL WATER DISTRICT WASTEWATER SERVICE FEES

Olivenhain Municipal Water District ("OMWD") will conduct a public hearing on May 15, 2024 at 5:30 p.m., in the Boardroom of OMWD's administrative office, located at 1966 Olivenhain Road, Encinitas, California 92024, to consider adopting increases to the Wastewater Annual Service Access Charge and Commodity Rates beginning on July 1, 2024 and over the next four years, as described in this notice.

For Zoom Participation:

www.zoom.us/join

Meeting ID: 842 3513 4766 and Passcode: 505397

For Zoom Call-in Only:

Call: (669) 900-9218

Meeting ID: 842 3513 4766 and Passcode: 505397

You are receiving this notice because you are an OMWD wastewater customer or property owner. OMWD is proposing wastewater service fee increases that will affect your annual wastewater bill. OMWD's wastewater service fees are collected on each property owner's property tax bill on an annual basis.

This notice includes information about 1) the wastewater system, 2) why the proposed fee increases are necessary, 3) what wastewater fees pay for, 4) how your wastewater bill is calculated, 5) the proposed wastewater service fees, 6) impact of the proposed wastewater service fees on an average single-family and an average multi-family residential customer, and 7) procedures for protesting the proposed wastewater service fees.

A 2024 Wastewater Rate Study, conducted by an independent financial consulting firm, is the basis for allocating costs and calculating the proposed increases to OMWD's Wastewater Annual Service Access Charge and the Commodity Rates shown and described in this notice. A copy of OMWD's Wastewater Rate Study Report is available at www.olivenhain.com/rates or at our administrative office.

WASTEWATER SYSTEM

OMWD collects and treats sewage from the 4S Ranch and Rancho Cielo communities as well as other wastewater service areas annexed to OMWD. OMWD's wastewater service area spans approximately 5,500 acres. Wastewater is collected through approximately 65 miles of sewer pipes that rely on gravity to move the wastewater, and 13 miles of pipes that are pressurized via pumps. The wastewater is ultimately pumped to OMWD's 4S Ranch Water Reclamation Facility through 14 sewer lift stations.

Currently, OMWD bills approximately 7,334 equivalent dwelling units (EDUs) for wastewater discharged from single-family residential homes, multi-family residential units, commercial properties, and industrial accounts. OMWD's wastewater service fees are collected on each property owner's property tax bill and 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 in April and December of each year.

WHY ARE WASTEWATER SERVICE FEE INCREASES NECESSARY?

The proposed increases to the wastewater service fees are necessary to continue to provide wastewater collection and treatment services to the 4S Ranch and Rancho Cielo wastewater service areas. OMWD conducted a detailed review of its system and estimated the capital costs of maintaining the system, which is one of the main drivers of rate increases. The proposed increases to wastewater fees over the five-year period, as shown in this notice, were calculated by OMWD's independent financial consultant, and included in the 2024 Wastewater Rate Study Report. The proposed increases are based on the costs of providing wastewater collection and treatment services to our wastewater customers.

Wastewater fees that are collected by OMWD from wastewater customers reflect the full costs of providing wastewater services, including costs related to operations, maintenance, and wastewater infrastructure needs. OMWD strives to keep the costs of its wastewater operations as low as possible; however, costs continue to rise because of high inflation. These costs primarily include:

- (1) Increases in utility and chemical costs to treat wastewater;
- (2) Ongoing repair and maintenance needs; and
- (3) Anticipated increases in construction costs based on recent construction bids.

WHAT DO WASTEWATER FEES PAY FOR?

Each of OMWD's wastewater customers pay their fair share of the cost for wastewater treatment and disposal, which includes utilities, chemicals, supplies, outside services, administration, and labor and benefits. Wastewater customers also pay for OMWD's wastewater capital improvement program, which includes ongoing repairs, replacements, and betterments of wastewater infrastructure.

OMWD utilizes its reserves to provide working capital for operations and finance its wastewater capital improvement program. OMWD also issues debt to pay for wastewater capital replacement and betterment expenditures so that the cost of these projects is paid by sewer customers over the useful life of the infrastructure. Utilizing reserves and issuing debt helps maintain rate stability and avoids rate spikes while ensuring that OMWD can meet its wastewater system financial obligations for years to come.

HOW YOUR WASTEWATER BILL IS CALCULATED

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

Customer Class	Includes
Single-Family Residential	Single-family homes
Multi-Family Residential	Condominiums, apartments, RV/mobile home 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, restaurants

OMWD's wastewater service fees for all customer classes are comprised of two components:

1. **A Service Access Charge (SAC)**, which is an annual flat charge based on one Equivalent Dwelling Unit (EDU). The SAC is calculated on the basis of recovering certain fixed costs of OMWD to operate and maintain wastewater facilities including repairs, maintenance, and customer services such as billing and collections.

The SAC is determined on an EDU basis. EDU is a term used to compare the amount and type of waste produced from a non-residential customer to the waste produced by a single-family home. The number of EDUs assigned to an account is based on the estimated potential amount and type of wastewater generated by that account. A single-family residential home, for example, is assigned one EDU.

2. **A Commodity Rate**, which is a charge based on the estimated type and amount of sewage generated by each user in hundred cubic feet (1 HCF is approximately 748 gallons). For each Single-Family Residential user, the commodity charge is determined based on the lowest monthly amount of potable water billed to that user in the winter months of December to March (i.e., the lowest number of units on your water bill on any of these winter months). The lowest winter month's water billed is used to represent the monthly amount of wastewater generated, since potable water use during winter months reflects mainly indoor water use. For the Single-Family Residential user, billed water use is capped at a maximum of 10 HCF per month to account for irrigation usage. The lowest monthly usage is multiplied by 12 to determine the yearly use and yearly charge. For Multi-Family and Commercial customers, the commodity charge is determined based on the actual billed water use of the prior year, which represents the amount each user discharges to the wastewater system in HCF.

All components of OMWD's wastewater service fees are structured in such a way to proportionately allocate the cost of collecting, treating, and disposing of sewage generated by each customer class in OMWD's wastewater service areas.

How Your Annual Wastewater Bill is Calculated – Examples		
SINGLE-FAMILY RESIDENTIAL	How it's calculated	The Service Access Charge, plus 12 times the monthly commodity charge. The monthly commodity charge is determined by multiplying the Commodity Rate by the lowest units billed in the winter months of the previous year, up to a maximum of 10 hundred cubic feet (HCF) per month.
	Example	A single-family residential wastewater customer with 7 HCF of minimum water use based on December to March water bills (of the prior year). Example charge for 2025 property tax bill: (System Access Charge of \$217.59) + (7 HCF water usage x 12 months x the Commodity Rate of \$7.49) = a total annual bill of \$846.75.
MULTI-FAMILY RESIDENTIAL	How it's calculated	The Service Access Charge for each dwelling unit plus a commodity charge based on actual water use (prior year) for the dwelling unit complex.
	Example	A condominium with four dwelling units totaling 288 HCF in annual usage. Example charge for 2025 property tax bill: (Dwelling units of 4 x annual Service Access Charge of \$172.19) + (288 HCF water usage x the Commodity Rate of \$7.49) = a total of \$2,845.88. The total of \$2,845.88 divided by four dwelling units = a total annual bill of \$711.47 per dwelling unit.
COMMERCIAL - GROUP I & II	How it's calculated	The Service Access Charge per EDU plus a commodity charge based on the customer's actual water use (prior year) for the Commercial account.
	Example	An office building (Commercial - Group I) with 408 HCF in annual water usage and Number of Service EDUs of 10. Example charge for 2025 property tax bill: (Number of Service EDUs of 10 x annual Service Access Charge of \$217.59) + (408 HCF water usage x the Commodity Rate of \$7.49) = a total annual bill of \$5,231.82.

PROPOSED WASTEWATER SERVICE FEES

OMWD is proposing to increase wastewater service fees annually over a five-year period. If approved, the proposed Wastewater Annual Service Access Charge and Commodity Rates will become effective July 1, 2024 and will increase on July 1 of each of the next four years thereafter, as included below.

Current and Five-Year Proposed System Access Charges (per EDU*)						
Customer Class	Current	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027	July 1, 2028
Single -Family Residential	\$ 197.52	\$ 217.59	\$ 229.56	\$ 242.19	\$ 255.52	\$ 269.58
Multi-Family Residential**	\$ 156.31	\$ 172.19	\$ 181.67	\$ 191.67	\$ 202.22	\$ 213.35
Commercial - Group I	\$ 197.52	\$ 217.59	\$ 229.56	\$ 242.19	\$ 255.52	\$ 269.58
Commercial - Group II	\$ 197.52	\$ 217.59	\$ 229.56	\$ 242.19	\$ 255.52	\$ 269.58

*EDU=Equivalent Dwelling Unit

** The Multi-Family Service Access Charge is based on 0.79 EDU due to lower estimated flow of wastewater generated by this customer class.

Current and Five-Year Proposed Commodity Rates (per hundred cubic foot of wastewater - 1 HCF is approximately 748 gallons)						
Customer Class	Current	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027	July 1, 2028
Single -Family Residential	\$ 7.24	\$ 7.49	\$ 7.91	\$ 8.35	\$ 8.81	\$ 9.30
Multi-Family Residential**	\$ 7.24	\$ 7.49	\$ 7.91	\$ 8.35	\$ 8.81	\$ 9.30
Commercial - Group I	\$ 7.24	\$ 7.49	\$ 7.91	\$ 8.35	\$ 8.81	\$ 9.30
Commercial - Group II	\$ 10.02	\$ 10.72	\$ 11.31	\$ 11.94	\$ 12.60	\$ 13.30

IMPACT OF PROPOSED WASTEWATER SERVICE FEES: AVERAGE SINGLE-FAMILY AND MULTI-FAMILY RESIDENTIAL CUSTOMERS

Below are examples of the impact to the average single-family residential and multi-family residential customer of the proposed wastewater service fees. The actual impact to each single-family and multi-family residential wastewater customer will vary depending on water used. Information on how to calculate your annual wastewater bill is included in the "How Your Wastewater Bill is Calculated" section of this notice.

Average Annual Single Family Residential Wastewater Bill*						
Annual Wastewater Bill	Current	Proposed 7/1/2024	Proposed 7/1/2025	Proposed 7/1/2026	Proposed 7/1/2027	Proposed 7/1/2028
Service Access Charge	\$ 197.52	\$ 217.59	\$ 229.56	\$ 242.19	\$ 255.52	\$ 269.58
Commodity Rate	\$ 608.16	\$ 629.16	\$ 664.44	\$ 701.40	\$ 740.04	\$ 781.20
Annual Total Bill	\$ 805.68	\$ 846.75	\$ 894.00	\$ 943.59	\$ 995.56	\$ 1,050.78
Monthly Total Bill	\$ 67.14	\$ 70.56	\$ 74.50	\$ 78.63	\$ 82.96	\$ 87.57
Monthly Rate Increase Impact		\$ 3.42	\$ 3.94	\$ 4.13	\$ 4.33	\$ 4.61

Average Annual Multi-Family Residential Wastewater Bill**						
Annual Wastewater Bill	Current	Proposed 7/1/2024	Proposed 7/1/2025	Proposed 7/1/2026	Proposed 7/1/2027	Proposed 7/1/2028
Service Access Charge	\$ 156.31	\$ 172.19	\$ 181.67	\$ 191.67	\$ 202.22	\$ 213.35
Commodity Rate	\$ 521.28	\$ 539.28	\$ 569.52	\$ 601.20	\$ 634.32	\$ 669.60
Annual Total Bill	\$ 677.59	\$ 711.47	\$ 751.19	\$ 792.87	\$ 836.54	\$ 882.95
Monthly Total Bill	\$ 56.47	\$ 59.29	\$ 62.60	\$ 66.07	\$ 69.71	\$ 73.58
Monthly Rate Increase Impact		\$ 2.82	\$ 3.31	\$ 3.47	\$ 3.64	\$ 3.87

*Based on OMWD's average Single Family Residential wastewater customer with 7 HCF lowest winter month usage.

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

PROTESTING THE PROPOSED WASTEWATER SERVICE FEES

Any property owner of a parcel upon which the wastewater service fees are proposed for imposition or any tenant directly liable for the payment of wastewater service charges (i.e., a wastewater customer of the District who is not a property owner) may submit a written protest to the proposed wastewater fees and rate structure shown and described in this notice; however, only one protest will be counted per parcel subject to the wastewater fees. To be used in determining whether there is a majority protest, each protest must: (1) be in writing; (2) state that the identified property owner or tenant is opposed to the proposed wastewater fee 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 for the identified parcel. Written protests may be submitted by mail or in person to the Board Secretary at OMWD's administrative office at 1966 Olivenhain Road, Encinitas, CA 92024, or at the public hearing, if they are received by the Board Secretary prior to the close of the public hearing. Any protest received after the close of the public hearing will not be accepted. Any protest submitted via e-mail or other electronic means will not be accepted.

The Board of Directors will consider all written protests and will hear and consider all public comments made at the public hearing. Oral comments at the public hearing will not qualify as written protests to be used in determining whether there is a majority protest. At the conclusion of the public hearing, the Board of Directors will consider adoption of the proposed fees and rate structure. If written protests are not presented by owners or tenants of a majority of the parcels subject to the wastewater service fees, the Board of Directors will be authorized to adopt the fees. If approved, the Board of Directors will be authorized to adopt the proposed increases to the Service Access Charge and the Commodity Rate described in this notice, for a five-year period commencing July 1, 2024, through June 30, 2029.

California law (Government Code section 53759) provides a 120-day statute of limitations for judicially challenging any new, increased, or extended fee or charge such as these rates.

Questions? www.olivenhain.com/customer-services 760-753-6466