



# NOTICE OF PUBLIC HEARING

Concerning Proposed Changes to Water Rates



**DATE:** Tuesday, August 24, 2021

**TIME:** 1 p.m.



### JOIN US ON ZOOM

Webinar ID: 847 5552 8706



### JOIN US VIA PHONE

Dial (for higher quality, dial a number based on your current location): US: +1 669 900 6833 or +1 253 215 8782 or +1 346 248 7799 or +1 301 715 8592 or +1 312 626 6799 or +1 929 205 6099



### JOIN US IN-PERSON

District Headquarters Boardroom  
3707 Old Highway 395  
Fallbrook, CA 92028

The Rainbow Municipal Water District (RMWD) Board of Directors is holding a public hearing at the time and date specified above to consider a proposed five-year schedule of water rate adjustments. If approved, the proposed adjustments will take effect September 1, 2021, and each July 1 thereafter, through and including July 1, 2025. All members of the public are invited to attend the public hearing. Additionally, under California -state law, all property owners/ customers of record may submit a written protest to the proposed rate changes. Only one protest per parcel is permitted. Please refer to the “How Can I Participate?” section of this document for instructions on submitting a formal written protest against the proposed rates. All written protests will be verified.

**Customer Service** : 760-728-1178

Monday-Friday, 8 a.m.—4:30 p.m.

<https://www.rainbowmwd.com/>



# Rainbow Municipal Water District

## *At a Glance*

RMWD services an area of approximately 80 square miles located in northern San Diego County. We provide water to one of the largest agricultural areas in the state. The District is 100% dependent on imported water. We purchase water from San Diego County Water Authority (SDCWA) who in turn purchases the vast majority of its water from Metropolitan Water District of Southern California (MWD). MWD imports water from the Colorado River Aqueduct and Northern California via the State Water Project. Water must travel hundreds of miles to reach the RMWD.



**4** Reservoirs



**7** Pump Stations



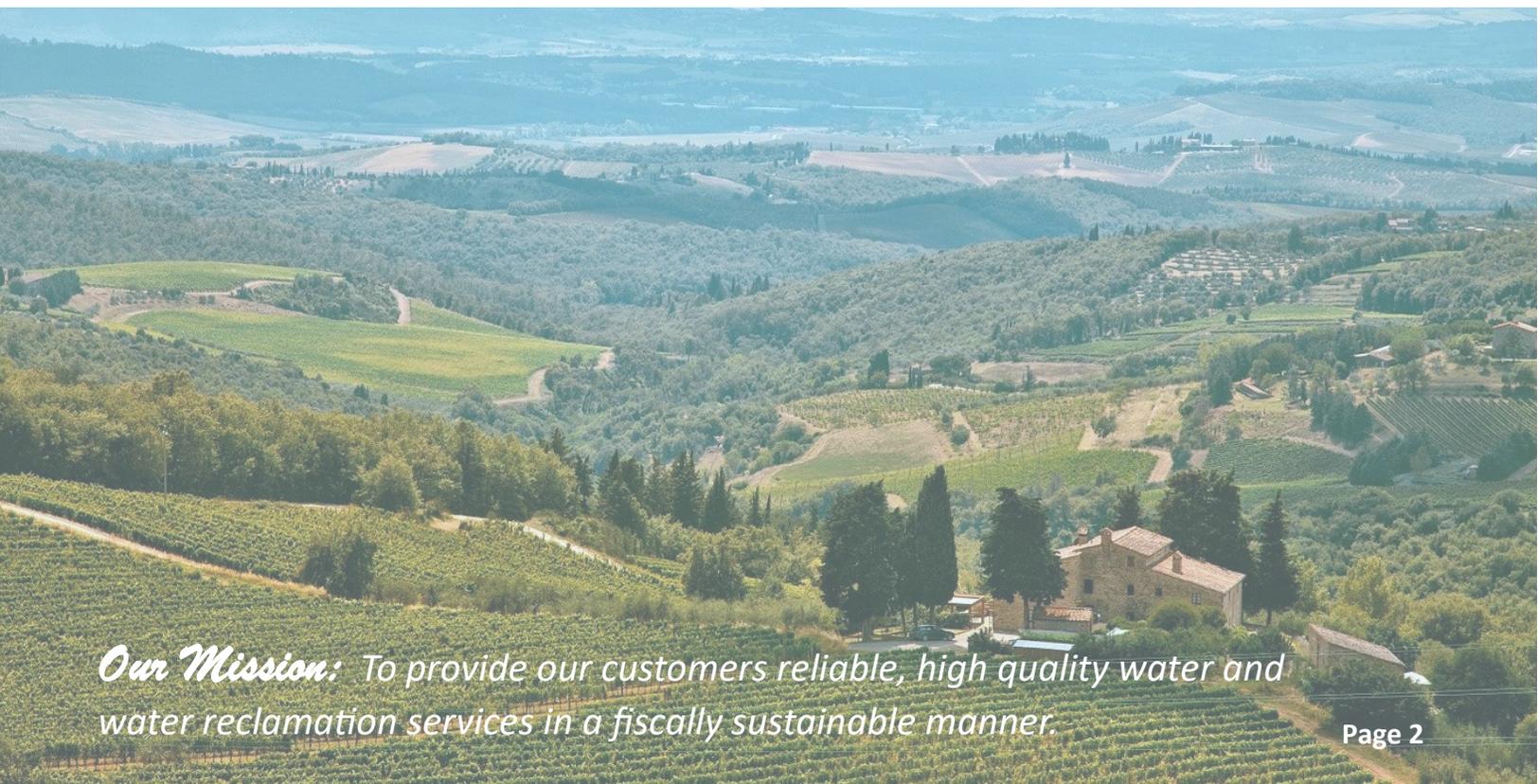
**13** Storage Tanks



**350** Miles of Pipes



**8,000 +** Connections



*Our Mission:* To provide our customers reliable, high quality water and water reclamation services in a fiscally sustainable manner.

# Why are rate changes necessary?

A study conducted by an independent rate consultant determined the cost of providing water and the revenue required to maintain current service levels. The cost-of-service analysis identified these factors that necessitate the proposed rates and charges:



**Rising Purchased Water Costs**—RMWD spends over \$23M annually to bring water to the District. These costs continue to increase.



**Capital projects**— Significant repairs and replacements required over the next 5 years in order to provide safe and reliable water service to homes, businesses, and groves on demand, 24 hours a day, 7 days a week.

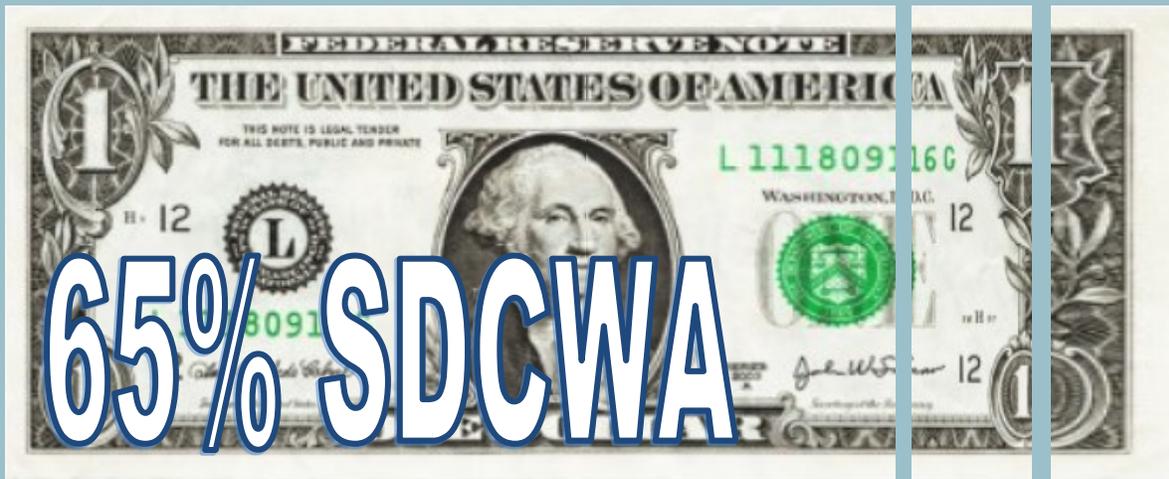


**Financial stability**—Without adequate rate increases, the revenue generated by water sales will not be sufficient to cover the costs of operating. The proposed rates will allow RMWD to fully fund operating expenses, capital costs, and meet reserve requirements.

*Did you know?*

*As a public utility, RMWD **cannot profit** from what it charges to provide water service and will only charge the actual cost of the services provided.*

*Where does each dollar go?*



88¢ OPERATING COSTS

6¢ CAPITAL

6¢ DEBT

# Steps We've Taken

## To Keep Costs as Low as Possible

### Rainbow's Stewardship:

- **Did Not** increase District water rates for almost **3 years**
- **Did Not** pass through SDCWA's rate increase for calendar year 2020. ***This created a financial loss of approximately \$950,000 for the District.***

### Rainbow's Innovation:

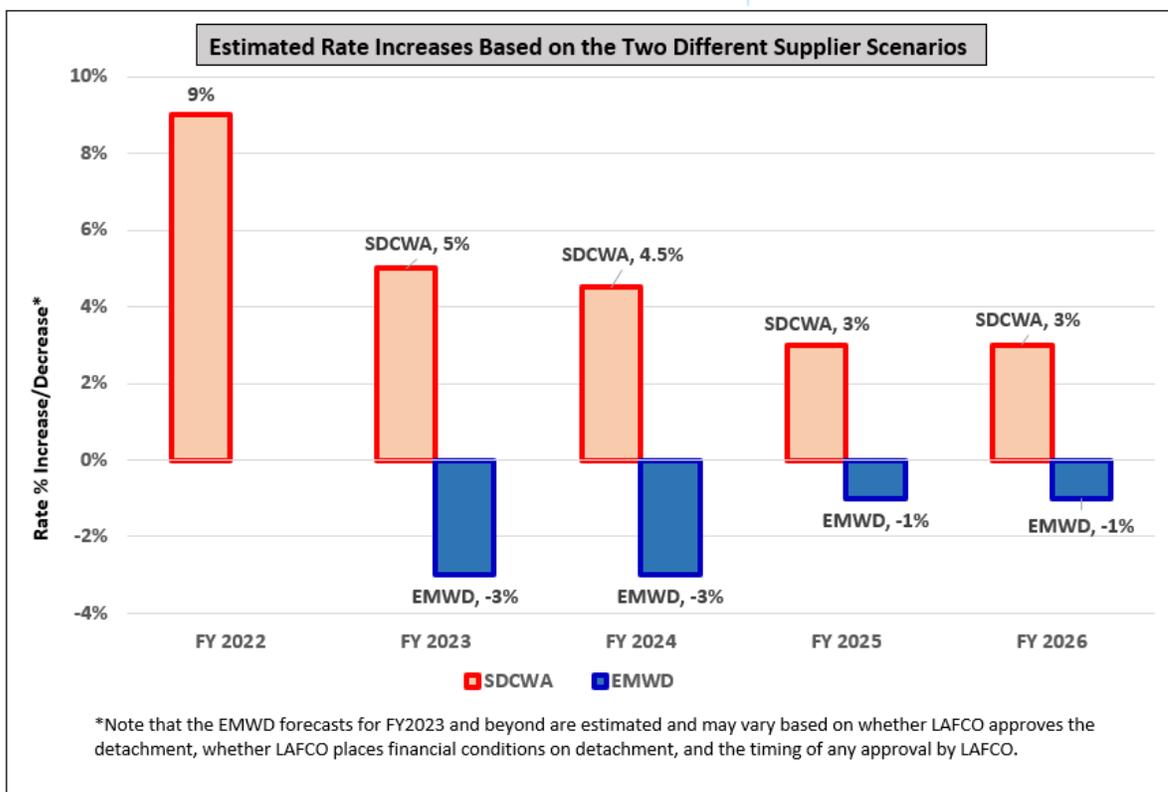
- Evaluate and explore other options for importing water
- Filed detachment application with San Diego Local Agency Formation Commission (LAFCO) to change wholesale water supplier to Eastern Municipal Water District (EMWD)

### Message from General Manager

*"While we had hoped to bring the detachment matter to rate-payers for a decision by fall 2020, that has not been possible. Had we been buying our water from EMWD, this proposed rate increase would be far less than what's proposed. Depending on what sort of detachment conditions LAFCO places on our detachment, if we succeed, we will be able to address much-needed replacement of aging pipeline at a lower rate than proposed. If we are unsuccessful, the sad reality is that the old pipelines will still need replacement.*

*We will be holding a series of public meetings over the next few months to discuss the impact of higher SDCWA water costs and prioritize the most efficient and effective allocation of funds for the district capital project plan.*

*We encourage you to come out and participate in these important meetings"*



*Did you know?*

EMWD can deliver the same water, through the same pipelines, with the same quality and reliability as SDCWA, but at [significantly lower costs.](#)

# Proposed Rates

## Fixed Charges

### Fixed Charges

Monthly charges imposed on all customers based on the size of the meter serving the property.

### Proposed Fixed Charges (\$/month)

The monthly fixed charge covers the costs that do not change based on the amount of water used, such as meter reading, billings, customer service, water facility repairs and maintenance, and certain other system costs. In addition, the existing fixed costs from SDCWA have been included in the charges shown below. **Any future increases from SDCWA for fixed wholesale water charges may be passed through to RMWD customers in addition to what is shown below.**

Monthly Fixed Charges	Current Charge Effective 1/1/2021	Proposed FY 2022 Charge Effective 09/1/2021	Proposed FY 2023 Charge Effective 7/1/2022	Proposed FY 2024 Charge Effective 7/1/2023	Proposed FY 2025 Charge Effective 7/1/2024	Proposed FY 2026 Charge Effective 7/1/2025
<b>SFR, MFR, COM, INST</b>						
5/8"	\$67.09	<b>\$68.29</b>	\$71.71	\$74.94	\$77.19	\$79.51
3/4"	\$67.09	<b>\$68.29</b>	\$71.71	\$74.94	\$77.19	\$79.51
1"	\$108.14	<b>\$113.82</b>	\$119.51	\$124.89	\$128.64	\$132.50
1 1/2"	\$210.72	<b>\$227.63</b>	\$239.02	\$249.78	\$257.28	\$265.00
2"	\$333.83	<b>\$364.21</b>	\$382.43	\$399.64	\$411.63	\$423.98
3"	\$723.66	<b>\$796.72</b>	\$836.56	\$874.21	\$900.44	\$927.46
4"	\$1,298.17	<b>\$1,434.09</b>	\$1,505.80	\$1,573.57	\$1,620.78	\$1,669.41
6"	\$2,672.85	<b>\$2,959.23</b>	\$3,107.20	\$3,247.03	\$3,344.45	\$3,444.79
<b>AG &amp; AG w/ Res</b>						
5/8"	\$95.78	<b>\$115.64</b>	\$121.43	\$126.90	\$130.71	\$134.64
3/4"	\$95.78	<b>\$115.64</b>	\$121.43	\$126.90	\$130.71	\$134.64
1"	\$155.91	<b>\$192.73</b>	\$202.37	\$211.48	\$217.83	\$224.37
1 1/2"	\$306.30	<b>\$385.47</b>	\$404.74	\$422.96	\$435.65	\$448.72
2"	\$486.77	<b>\$616.75</b>	\$647.59	\$676.74	\$697.05	\$717.97
3"	\$1,058.22	<b>\$1,349.13</b>	\$1,416.59	\$1,480.34	\$1,524.76	\$1,570.51
4"	\$1,900.38	<b>\$2,428.44</b>	\$2,549.87	\$2,664.62	\$2,744.56	\$2,826.90
6"	\$3,915.48	<b>\$5,011.07</b>	\$5,261.62	\$5,498.40	\$5,663.36	\$5,833.27
<b>SAWR</b>						
5/8"	\$78.41	<b>\$99.09</b>	\$104.05	\$108.74	\$112.01	\$115.38
3/4"	\$78.41	<b>\$99.09</b>	\$104.05	\$108.74	\$112.01	\$115.38
1"	\$126.96	<b>\$165.15</b>	\$173.41	\$181.22	\$186.66	\$192.26
1 1/2"	\$248.40	<b>\$330.30</b>	\$346.82	\$362.43	\$373.31	\$384.51
2"	\$394.13	<b>\$528.48</b>	\$554.91	\$579.89	\$597.29	\$615.21
3"	\$855.57	<b>\$1,156.05</b>	\$1,213.86	\$1,268.49	\$1,306.55	\$1,345.75
4"	\$1,535.61	<b>\$2,080.89</b>	\$2,184.94	\$2,283.27	\$2,351.77	\$2,422.33
6"	\$3,162.78	<b>\$4,293.90</b>	\$4,508.60	\$4,711.49	\$4,852.84	\$4,998.43

A fixed monthly pumping charge is imposed on customers living in higher elevations to cover the costs of maintaining the required pump stations.

Fixed Pumping Charge	Current Charge Effective 1/1/2021	Proposed FY 2022 Effective 09/1/2021	Proposed FY 2023 Effective 7/1/2022	Proposed FY 2024 Effective 7/1/2023	Proposed FY 2025 Effective 7/1/2024	Proposed FY 2026 Effective 7/1/2025
All Zones	\$9.24	<b>\$6.80</b>	\$7.14	\$7.47	\$7.70	\$7.94

## Variable Rates

Volumetric rate determined by the amount of water delivered to each parcel, measured in units.

**One unit equals 748 gallons.**

# Proposed Rates

## Variable Rates

### Proposed Variable Rates (\$/unit)

The variable rates cover expenses such as variable purchased water costs, delivery costs, and other operating and maintenance costs that connect directly to the amount of water used. The existing variable costs from SDCWA have been included in the rates shown below. **Any future increases from SDCWA for volumetric wholesale water charges may be passed through to RMWD customers in addition to what is shown below.**

Customer Class	Current Tiers	Proposed Tiers	Current Rate Effective 1/1/2021	Proposed FY 2022 Rate Effective 09/1/2021	Proposed FY 2023 Rate Effective 7/1/2022	Proposed FY 2024 Rate Effective 7/1/2023	Proposed FY 2025 Rate Effective 7/1/2024	Proposed FY 2026 Rate Effective 7/1/2025
<b>Single-Family</b>								
Tier 1	(0-10 HCF)	(Uniform)	\$3.89	<b>\$4.77</b>	\$5.01	\$5.24	\$5.40	\$5.57
Tier 2	(11-26 HCF)	(N/A)	\$4.15					
Tier 3	(27+ HCF)	(N/A)	\$4.64					
<b>Multi-Family</b>	(Uniform)	(Uniform)	\$4.03	<b>\$4.77</b>	\$5.01	\$5.24	\$5.40	\$5.57
<b>Commercial</b>	(Uniform)	(Uniform)	\$4.19	<b>\$4.77</b>	\$5.01	\$5.24	\$5.40	\$5.57
<b>Institutional</b>	(Uniform)	(Uniform)	\$4.30	<b>\$4.77</b>	\$5.01	\$5.24	\$5.40	\$5.57
<b>Ag w/ Residence</b>								
Tier 1	(0-10 HCF)	(Uniform)	\$3.89	<b>\$3.90</b>	\$4.10	\$4.29	\$4.42	\$4.56
Tier 2	(11-26 HCF)	(N/A)	\$4.15					
Tier 3	(27+ HCF)	(N/A)	\$3.79					
<b>Agricultural</b>	(Uniform)	(Uniform)	\$3.79	<b>\$3.90</b>	\$4.10	\$4.29	\$4.42	\$4.56
<b>PSAWR w/ Residence</b>								
Tier 1	(0-10 HCF)	(Uniform)	\$4.14	<b>\$3.53</b>	\$3.71	\$3.88	\$4.00	\$4.12
Tier 2	(11-26 HCF)	(N/A)	\$4.41					
Tier 3	(27+ HCF)	(N/A)	\$3.35					
<b>PSAWR</b>	(Uniform)	(Uniform)	\$3.35	<b>\$3.53</b>	\$3.71	\$3.88	\$4.00	\$4.12

The power zone rates are directly related to the cost of pumping water to the different elevations and the amount of water a property consumes.

Pumping Rate	Pumping Zone	Current Rate Effective 1/1/2021	Proposed FY 2022 Rate Effective 09/1/2021	Proposed FY 2023 Rate Effective 7/1/2022	Proposed FY 2024 Rate Effective 7/1/2023	Proposed FY 2025 Rate Effective 7/1/2024	Proposed FY 2026 Rate Effective 7/1/2025
None	None	\$0.00	<b>\$0.00</b>	\$0.00	\$0.00	\$0.00	\$0.00
Pump Zone 1	Rainbow Heights	\$1.03	<b>\$0.97</b>	\$1.02	\$1.07	\$1.11	\$1.15
Pump Zone 2	Improvement District U-1	\$0.64	<b>\$0.60</b>	\$0.63	\$0.66	\$0.68	\$0.71
Pump Zone 3	Vallecitos	\$0.36	<b>\$0.34</b>	\$0.36	\$0.38	\$0.40	\$0.42
Pump Zone 4	Northside	\$0.13	<b>\$0.13</b>	\$0.14	\$0.15	\$0.16	\$0.17
Pump Zone 5	Morro Tank	\$0.19	<b>\$0.18</b>	\$0.19	\$0.20	\$0.21	\$0.22
Pump Zone 6	Huntley	\$0.75	<b>\$0.71</b>	\$0.75	\$0.79	\$0.82	\$0.85
Pump Zone 7	Magee Tank	\$3.37	<b>\$3.15</b>	\$3.31	\$3.46	\$3.57	\$3.68

# We Value Your Input

## *How can I participate?*

RMWD welcomes your participation and input throughout the process as the Board of Directors considers the changes explained in this notice. If you have any questions or comments about the proposed adjustments or potential detachment, you may participate in the following ways:



**Call, Visit, or Log-On.** The cost-of-service study and more information on the proposed changes are available for review on our website: <https://www.rainbowmwd.com/water-rates>, or by calling 760-728-1178



**Join Our Community Meeting.** For more information and to ask questions about the proposed rates or detachment, please attend Rainbow's Community meetings and monthly Committee meetings.



**Write.** We encourage you to reach out with any questions. Should you wish to protest the proposed changes, owners of real property who will be affected by the proposed rate changes, as well as tenants who will be directly responsible for payment, may file a written protest against the proposed rate adjustment, however, only one written protest per parcel shall be counted in calculating a majority protest. Written protests will be treated as public records once opened. Written protests may be mailed or placed in our **dropbox at Rainbow Municipal Water District, 3707 Old Highway 395, Fallbrook, CA 92028**, Attn: Board Secretary. Protests must specify the rate being protested and must include: your name, parcel number and/or service address, and your signature. Do not submit protests by email. Email protests will not be accepted by RMWD nor counted. All written protests must be received prior to the close of the public input portion of the public hearing in order to be considered by the Board of Directors.



**Attend the Public Hearing.** Members of the public are welcome to attend the public hearing regarding the proposed rate changes. The public hearing will take place on August 24, 2021 at 1 p.m. At the public hearing, all members of the public will have an opportunity to speak and give testimony regarding the proposed rate adjustments; however, only written protests count towards a majority protest.

### *Pass-Through*

If adopted, the proposed rates may also increase annually by an amount equal to pass through 1) any incremental increase in the cost of energy 2) any increases for the cost of purchased wholesale water.

The pass-throughs may be automatically implemented by RMWD without further published notice, provided that 1) any increase in rates shall not exceed the costs of providing water service, and 2) RMWD shall provide all customers a minimum 30-day written notice before the pass-through adjustments take effect.

### *Public Hearing Process*

At the time of the public hearing, the Board of Directors will hear and consider all written protests and public comments. After the public hearing, if a majority protest does not exist, the Board may adopt the proposed charges. If adopted, the new rates will take effect September 1, 2021. Scheduled increases during the five-year period will take effect each July 1 thereafter.