

## **RAINBOW MWD AND FALLBROOK PUD BOARDS** **VOTE FOR JOINT POWER AUTHORITY**

In February the Boards of Directors of the Rainbow Municipal Water District and Fallbrook Public Utility District voted to form a Joint Power Authority (JPA) that will oversee the management and administration of both agencies. The new JPA will be called the North County Joint Power Authority (NCJPA), and will have its own appointed Board of Directors.

The NCJPA will help cut operating costs by eliminating the duplication and redundancies at both agencies. As example, there will be only one general manager that will oversee both districts. According to preliminary estimates the NCJPA should save about \$850,000 per year in staffing costs alone by the end of the second year. That savings will be shared by both Districts. In addition the NCJPA should enhance the opportunity for the Districts to share equipment and infrastructure, which will result in even more savings.

This is not a takeover by either District; both RMWD and FPUD continue to exist as separate agencies, both have their own elected Boards of Directors, the finances of the two agencies are not comingled, and employees still work for either RMWD or FPUD. The only change is the day-to-day administration of the two Districts will be managed by a single entity—the NCJPA. Rainbow MWD customers will not subsidize Fallbrook PUD ratepayers and vice versa.

The organizational meeting for the NCJPA is set for the first week in March. At that meeting the Board will set their schedule for future meetings. The Board meetings are open to the public and the agendas will be posted on the RMWD and FPUD web sites. Three Board members from each District have been

appointed to serve on the Board of the NCJPA; a seventh member will be recruited from the general public. At the organizational meeting the NCJPA Board will discuss the process by which they will solicit interest to serve on the NCJPA Board. Look to RMWD's web site and future newsletters for details on how you can apply.

The NCJPA will have an Executive Director who is a staff member from either RMWD or FPUD. That person will run the JPA and also serve as the general manager of RMWD and FPUD. The new Executive Director will be Dr. Brian Brady, PE, who currently serves as the general manager of FPUD. Since RMWD's general manager is retiring Brian Brady will step into the role of leading Rainbow as well. Dr. Brady brings decades of utility experience to the NCJPA and Rainbow. He earned a Doctorate from Pepperdine University and an MBA from USC. He is also a licensed Professional Engineer.

So what does all of this mean to customers of the RMWD? Forming the NCJPA will help curtail future rate increases. Although the JPA will reduce Rainbow's operating costs the price increase on imported water means your rates will still go up, but under the JPA they will go up less than they would without the JPA. Nothing should change as far as the level of service you receive, your bills will still come from RMWD, and RMWD staff will still answer the phones when you call. You will continue to elect your RMWD Board of Directors, who will continue to have monthly Board meetings that you may attend.

The North County Joint Power Authority will help both RMWD and FPUD cut down on administrative costs and will not have any negative impact on you, our valued customer.

## **RMWD Board Sets New Water and Sewer Rates and Fees**

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**2013  
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**Water Operations/  
Customer Service Mgr.**  
*Juan Atilano*

At their February meeting the RMWD Board of Directors adopted new rates and fees for water and sewer service. The bad news is water rates were increased slightly; the good news is our Board also discontinued the monthly Reservoir Upgrade Charge, so, overall, most customers should notice a slight decrease in their monthly bill.

You may recall that a few years back we implemented a monthly charge on your water bill to help offset the high cost of bringing our drinking water reservoirs up to current health department standards. The fee was \$14.79 for most customers, and slightly less for users with small meters. At the time the fee was established the Board promised that if we were able to obtain long-term financing for the projects we could substantially reduce or eliminate the monthly charge. This year we were fortunate enough to be approved for a State Revolving Fund (SRF) Loan to help pay for a major part of our reservoir upgrade project, and, accordingly, the Board has decided to discontinue the Reservoir Upgrade Charge. The SRF loan will be paid back over 20 years at a very low interest rate.

Our water commodity rates are made up of three components: the amount we are charged by the Metropolitan Water District (MWD), the amount we are charged by the San Diego County Water Authority (SDCWA), and the amount RMWD collects to help cover our operating costs. The RMWD component will increase \$0.03 per unit (one unit is 100 cubic feet, or 748 gallons). We realize that your cost of water has increased substantially in recent years, but this 3 cent increase marks the first time since 2009 that Rainbow has increased any portion our commodity charge (an increase of about 1.4% per year). The new domestic water rate will be \$3.03 per unit. Of that amount Rainbow will only keep \$0.59, the rest goes to either MWD or SDCWA.

In addition, the monthly fixed Operation and Maintenance charges will increase by \$1.29 for small residential meters to as much as \$27.54 per month for a six-inch meter. The O&M charges pay for fixed costs that occur regardless of water sales, such as reservoir and pipeline maintenance.

For a residential customer with a one-inch meter the elimination of Reservoir Upgrade Charge should more than offset the slight increases in RMWD's rates. In fact you would need to use more than 400 units of water each month to have your water bill increase

In addition to the changes in water rates the Board voted to keep our sewer rates at their current level for the next year. Improved efficiencies in District operation have enabled us to reduce our sewer operating costs and, accordingly, the rates do not need to be increased.

All the aforementioned changes will commence with the water and sewer bills issued during the month of July 2013 (beginning with the June 2013 meter reading date).

Your Board of Directors is well aware that the increasing cost of buying imported water places a tremendous burden on you, our customers. Over the past several years we have worked to reduce our operating costs by more than \$600,000 per year, decreased staffing levels, renegotiated labor and other contractual agreements, while at the same time invested in major projects such as the reservoir covers and a new sewage lift station. The recent formation of the North County Joint Powers Authority should help control costs even more. These are just a few of the many savings we have planned to help control costs to you, and you can rest assured we will continue to look for additional savings in the future.