



## **NOTICE OF PUBLIC HEARING CONCERNING PROPOSED WATER RATE INCREASES**

**MARCH 26, 2019 AT 1:00 pm**

**NOTICE IS HEREBY GIVEN THAT** the Board of Directors of Rainbow Municipal Water District (the "District") will conduct a public hearing on March 26, 2019, at 1:00 p.m. in the Boardroom of the District Headquarters at 3707 Old Highway 395, Fallbrook, CA 92028, to consider adopting increases in the rates for its water effective April 1, 2019 and an ordinance that would authorize the District to pass through increased costs in Purchased Wholesale Water, increases in the cost of energy necessary to move water, future increase needs to the District's Cost of Operations and Maintenance and Capital Facilities, and any reduction in the allocation of ad valorem property tax revenues by the State of California ("Ad Valorem Pass Through") pursuant to Proposition 1A.

### **REASONS FOR THE PROPOSED RATE INCREASES**

The District's Mission Statement is to provide our customers reliable, high quality water and water reclamation services in a fiscally sustainable manner. While the District continually strives for cost reductions and efficient utilization of the assets it holds, it also needs to keep pace with inflation and other increases in costs, including, among others, the cost to purchase water and to comply with regulations. The District purchases its water from the San Diego County Water Authority ("SDCWA"). SDCWA in turn purchases a substantial portion of its water supplies from the Metropolitan Water District of Southern California ("MWD"). MWD imports water from two sources: the Colorado River via the Colorado River Aqueduct and Northern California via the California Aqueduct. Every January, SDCWA increases the cost of wholesale water that it delivers to the District. In addition to increases in the costs of wholesale water, the District anticipates that there will be future increases in the costs of operating and maintaining the water system. Revenues collected from rates and charges are used to cover the cost of purchased water from SDCWA and costs to operate and maintain the water system and to provide ongoing repairs, replacements, and upgrades to the water system.

### **HOW THE WATER RATES ARE CALCULATED**

The District's rate structure for monthly water service fees is comprised of four components: (1) a SDCWA Fixed Charge ("SDCWA Fixed"), which is a fixed monthly charge established by SDCWA on the basis of the meter size of the parcel of property receiving water service; (2) a Rainbow Municipal Water District Operations and Maintenance Charge ("RMWD O&M Charge"), which also is a fixed monthly charge established on the basis of the meter size of the parcel of property receiving water service; (3) a pumping charge that consists of both a fixed monthly charge and variable charges based on the pump zone of the property; and (4) a Commodity Charge, which is determined on the basis of the amount of water served to a parcel of property in units of water (one unit of water is equivalent to approximately 748 gallons of water).

The SDCWA Fixed Charge is imposed by SDCWA on the District for the purpose of recovering certain SDCWA infrastructure costs. The IAC is a fixed charge that is established on the basis of the size of the customer's meter and is imposed on the District by SDCWA and passed through to our customers.

The RMWD O&MC is calculated on the basis of recovering certain fixed costs of the District to operate, maintain, and deliver water to its customers. These costs include, among others, meter reading, billings and collections, customer service, water facilities repairs and maintenance, meter reading, and certain other costs imposed on the District by SDCWA.

The Commodity Charge is a variable charge and generally consists of tiers which impose different rates per unit of water as the level of consumption increases. The rates for the variable Commodity Charge are based on the number of units of water delivered to a property and the water customer classification. These rates are calculated on the basis of the cost of providing water and infrastructure, purchasing water from SDCWA, and managing the District's water resources. The rates for all four components of the District's water service fees are structured in such a way as to proportionately allocate the costs of providing water to each customer class and to manage the District's water resources.

The current and proposed rate increases are described in the tables below. If approved, the proposed rate increases will be effective on and after April 1, 2019. In addition to the water service charges described to the right, the District also imposes a fixed monthly fire meter service fee on certain properties as a condition of extending or initiating water service by (1) the installation of a

private fire suppression system, and (2) upon the request of the consumer or property owner for the delivery of water to the property for the purpose of fire service protection.

## Proposed Water Fixed Rates

RMWD + SDCWA	Current	Proposed April 2019	Difference (\$)	Difference (%)
<b>SFR, MFR, COM, INST</b>				
5/8"	\$61.46	<b>\$65.56</b>	\$4.10	6.7%
3/4"	\$61.46	<b>\$65.56</b>	\$4.10	6.7%
1"	\$99.37	<b>\$105.59</b>	\$6.22	6.3%
1-1/2"	\$194.12	<b>\$205.62</b>	\$11.50	5.9%
2"	\$307.82	<b>\$325.67</b>	\$17.85	5.8%
3"	\$667.85	<b>\$705.81</b>	\$37.96	5.7%
4"	\$1,198.46	<b>\$1,266.04</b>	\$67.58	5.6%
6"	\$2,468.09	<b>\$2,606.55</b>	\$138.46	5.6%
<b>AG</b>				
5/8"	\$85.37	<b>\$94.25</b>	\$8.88	10.4%
3/4"	\$85.37	<b>\$94.25</b>	\$8.88	10.4%
1"	\$139.18	<b>\$153.36</b>	\$14.18	10.2%
1-1/2"	\$273.77	<b>\$301.20</b>	\$27.43	10.0%
2"	\$435.27	<b>\$478.61</b>	\$43.34	10.0%
3"	\$946.65	<b>\$1,040.37</b>	\$93.72	9.9%
4"	\$1,700.30	<b>\$1,868.25</b>	\$167.95	9.9%
6"	\$3,503.62	<b>\$3,849.18</b>	\$345.56	9.9%
<b>TSAWR</b>				
5/8"	\$68.01	<b>\$77.36</b>	\$9.35	13.7%
3/4"	\$68.01	<b>\$77.36</b>	\$9.35	13.7%
1"	\$110.25	<b>\$125.21</b>	\$14.96	13.6%
1-1/2"	\$215.89	<b>\$244.89</b>	\$29.00	13.4%
2"	\$342.67	<b>\$388.52</b>	\$45.85	13.4%
3"	\$744.10	<b>\$843.30</b>	\$99.20	13.3%
4"	\$1,335.70	<b>\$1,513.53</b>	\$177.83	13.3%
6"	\$2,751.27	<b>\$3,117.21</b>	\$365.94	13.3%

## Proposed Water Variable Rates

RMWD + SDCWA	Current Variable	Proposed April 2019	Difference (\$)	Difference (%)
<b>Single Family Residential</b>				
Tier 1	\$3.64	<b>\$3.73</b>	\$0.10	2.6%
Tier 2	\$3.86	<b>\$3.99</b>	\$0.14	3.5%
Tier 3	\$4.27	<b>\$4.48</b>	\$0.22	5.0%
<b>Multi-Family Residential</b>				
	\$3.76	<b>\$3.87</b>	\$0.12	3.1%
<b>Commercial</b>				
	\$3.89	<b>\$4.03</b>	\$0.15	3.7%
<b>Institutional</b>				
	\$3.98	<b>\$4.14</b>	\$0.17	4.2%
<b>Agriculture w/o Residence</b>				
	\$3.56	<b>\$3.63</b>	\$0.08	2.1%
<b>Agriculture w/ Residence</b>				
Tier 1	\$3.64	<b>\$3.73</b>	\$0.10	2.6%
Tier 2	\$3.86	<b>\$3.99</b>	\$0.14	3.5%
Tier 3	\$3.56	<b>\$3.63</b>	\$0.08	2.1%
<b>TSAWR - Domestic</b>				
Tier 1	\$3.70	<b>\$3.94</b>	\$0.24	6.6%
Tier 2	\$3.92	<b>\$4.21</b>	\$0.29	7.5%
Tier 3	\$3.04	<b>\$3.15</b>	\$0.11	3.7%
<b>TSAWR Commercial</b>				
	\$3.04	<b>\$3.15</b>	\$0.11	3.7%
<b>Construction</b>				
	\$4.87	<b>\$5.20</b>	\$0.34	6.9%

Any property owner or any tenant directly responsible for the payment of water and or wastewater service fees may submit a written protest to the proposed water and wastewater rate increases and Pass Through Increases, provided, however, only one protest will be counted per identified 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 whether the protest is submitted in opposition to the water rate increases, and/or Pass Through Increases; (3) provide the location of the identified parcel (by 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: Rainbow Municipal Water District at 3707 Old Highway 395, Fallbrook, CA 92028. 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. Please 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 Rate Increases and Pass Through Increases.

The Board of Directors will consider all written protests timely submitted and hear and consider all public comments made at the public hearing. Oral comments at the public hearing will not qualify as the 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 determine whether to adopt the proposed water rate increases and Pass Through Increases described in this notice. If, after the close of the public hearing, written protests against the proposed rate increases and Pass Through Increases as outlined above are not presented by a majority of the owners of record and tenants directly responsible for the payment of water service fees for the identified parcels upon which the increases are proposed to be imposed, the Board of Directors will be authorized to impose the rate increases and Pass Through Increases.

If you have any questions regarding the information provided in this notice, or the rates applicable to your property, please contact Rainbow Municipal Water District at 760-728-1178.