



Notice of Public Hearing - Water and Sewer Rates¹
May 25, 2016 at 9:00 a.m.

Borrego Water District
806 Palm Canyon Drive, Borrego Springs, CA 92004

Notice of Public Hearing on Proposed Water and Sewer Rates

In compliance with Article XIID of the California Constitution and the Proposition 218 Omnibus Implementation Act, notice is hereby given that the Borrego Water District Board of Directors will conduct a public hearing on Wednesday, May 25, 2016 at 9:00 a.m. at the District Office, 806 Palm Canyon Drive, Borrego Springs, CA, 92004, to consider adopting proposed changes to water and sewer rates.

The rate adjustments being considered will become effective July 1, 2016. The District bills monthly for water and sewer service used in the month prior to the billing date.

¹ Para recibir una copia de este Aviso o información adicional en Español acerca de las propuestas tarifas de agua y alcantarilla, por favor llame al número (760) 767-5806 o informes en el sitio Web del Distrito www.borregowd.org.

Purpose of Proposed Rate Increases

The purpose of the proposed rate increases is to allow the District to collect sufficient revenue to enable it to continue providing water and sewer service to its customers in the face of increasing operating costs; to enable the District to afford capital improvements that are essential for operating the water and sewer system in a safe and financially prudent manner; and to establish a revenue stream capable of meeting future obligations to repay debt incurred to finance necessary capital improvements. Without the proposed water rate increases, the District's water revenues could cover operating expenses, but not its necessary capital expenses to continue to meet customer expectations for dependable service and future drinking water quality standards. The sewer rates are inadequate to sufficiently recover both operating and capital expenses of the District beginning in FYE 2016.

Revenues derived from the District's water and sewer service charges are used solely for the actual and necessary expenses of providing water and sewer service to its customers. The District is prohibited by law from making a profit on water and sewer service.

The proposed rate increases are based on a rate study conducted by the California office of Raftelis Financial Consultants, Inc. (RFC), a well respected national water and wastewater financial consulting firm, which took into consideration all of the factors described above in conducting the study. The rate study and its methodology will be discussed in more detail at the public hearing. Copies of the rate study are available at the District's offices [and posted online on the District's website].

Sewer Rates

The District provides sewer service to Improvement Districts 1, 2 and 5. Changes are being proposed for all Districts. The District's monthly sewer charges are based on one equivalent dwelling unit (EDU) usage of 250 gallons per day, for a typical single family residence. Commercial projected EDU requirements are determined on a case-by-case basis. Sewer customers are charged a fixed monthly holder fee, and a monthly user fee based on number of EDU's.

Sewer service charges are proposed to change as shown in the following table:

Sewer Rates							
		Current Rates	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
ID-1		\$ 33.56	\$ 38.78	\$ 40.33	\$ 41.94	\$ 43.62	\$ 45.37
ID-5		\$ 62.62	\$ 45.10	\$ 46.90	\$ 48.78	\$ 50.73	\$ 52.76
ID-2	User	\$ 29.42	\$ 45.10	\$ 46.90	\$ 48.78	\$ 50.73	\$ 52.76
ID-2	Holder	\$ 19.42	\$ 24.76	\$ 25.75	\$ 26.78	\$ 27.85	\$ 28.97
BSR		\$ 62.62	\$ 24.76	\$ 25.75	\$ 26.78	\$ 27.85	\$ 28.97
BSR	Usage	\$ 1.30	\$ 1.82	\$ 1.89	\$ 1.97	\$ 2.05	\$ 2.13

Water Rates

The District's water rates have two components: (1) a **Fixed Meter Charge** based on the customer's meter size, to recover a portion of the District's fixed costs of operating, maintaining and delivering water, and (2) a **Commodity Charge**, determined by the amount of water used. It is proposed that the fixed charges, applicable to all customers account for 33% of the District's ongoing expenses, and 67% of such expenses should be funded on a consumption basis. It is further proposed that both charges increase at the rate of 5% per year for five years, in order to meet future increases in expenses, provide reserves, and provide sufficient reserves to any meet future debt obligations, and to allow for additional annual increases to pass through inflation as described in the section titled "Pass Through Costs," below. The proposed rates would consider two tiers, calculated to address the costs incurred by the District to delivery water, the difference based on basic domestic (i.e., indoor) water usage, and outdoor irrigation.

Fixed Meter Charges are proposed to change as shown in the following table:

Water Rates for All ID's						
Fixed Charge	Current Rates		Proposed		Rates	
Meter Size	\$/Mo.	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
3/4"	\$ 42.04	\$ 34.89	\$ 36.99	\$ 39.21	\$ 41.57	\$ 44.07
1"	\$ 61.45	\$ 45.27	\$ 47.99	\$ 50.87	\$ 53.93	\$ 57.17
1 1/2"	\$ 103.62	\$ 71.20	\$ 75.48	\$ 80.01	\$ 84.82	\$ 89.91
2"	\$ 156.85	\$ 102.32	\$ 108.46	\$ 114.97	\$ 121.87	\$ 129.19
3"	\$ 284.86	\$ 185.31	\$ 196.43	\$ 208.22	\$ 220.72	\$ 233.97
4"	\$ 454.12	\$ 278.68	\$ 295.41	\$ 313.14	\$ 331.93	\$ 351.85
6"	\$ 906.10	\$ 538.03	\$ 570.32	\$ 604.54	\$ 640.82	\$ 679.27

Commodity Rates are proposed to change as shown in the following table:

		Current Rates (All ID's)			Proposed Rates (All ID's)		
Residential		FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
	Tier 1 1 - 7	\$ 2.42	\$ 3.16	\$ 3.35	\$ 3.56	\$ 3.78	\$ 4.01
	Tier 2 > 7		\$ 3.48	\$ 3.69	\$ 3.92	\$ 4.16	\$ 4.41
Non-Residential							
	Tier 1	\$ 2.42	\$ 3.35	\$ 3.55	\$ 3.77	\$ 4.00	\$ 4.24

Other Rates and Fees

Any rates or fees associated with water or sewer service that are not addressed in this Notice shall remain in full force and effect as previously adopted by the Board of Directors.

Pass Through Costs

Pursuant to AB 3030, the District Board will also consider authorizing the pass-through of future increases in operations based on inflation, in excess of the approved 5-year schedule set forth above. The Board will hold a public hearing to review the proposed increases prior to enacting any such charges.

Protests

The District Board of Directors will hear and consider all written and oral comments regarding the proposed changes to the water and sewer rates at the public hearing. The Board of Directors will then consider, and may adopt the rates described in this notice. However, if written protests are received that represent a majority of the affected parcels, the proposed rate adjustments will not be approved.

Oral comments at the public hearing will not qualify as a formal protest unless accompanied by a written protest. Only one written protest will be counted per identified parcel which receives water and/or sewer service. The Board of Directors will receive a final tabulation of all written protests received by the District at the hearing. Written protests must be received by the District prior to the close of the public hearing, which can be delivered to the District by U.S. Mail or in person at the hearing.

Written protests must contain a description of the property such as the address or assessor's parcel number, and include the name and original signature of the customer submitting the protest. Please send written protests to: Borrego Water District, 806 Palm Canyon Drive, Borrego Springs, CA, 92004. **Protests sent by email or fax will not be accepted as a qualified written protest.**

If you have any questions about this Notice or the proposed water and sewer rates, please call the District office at (760) 767-5806, or visit the District's website at www.borregowd.org.