



Notice of Public Hearing - Water and Sewer Rates¹
June 22, 2011 at 11:00 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, June 22, 2011, at 11:00 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, 2011. 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 informacion adicional en Espanol acerca de las propuestas tarifas de agua y alcantarilla, por favor llame al numero (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, and 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. Additionally, the District has a critical need to increase its reserve funds, which are the District's contingency funds to cover situations such as: 1) revenue instability due to seasonal changes in usage; 2) extraordinary increases in the costs for providing water and sewage treatment; and 3) unplanned expenses related to emergencies such as earthquakes, windstorms, electrical outages, and flooding. **The District's reserve funds are currently insufficient to cover unforeseen expenses, such as the need to make emergency repairs to the system.** This could result in an extended service interruption in the event of a system failure or natural disaster.

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.

Sewer Rates

The District provides sewer service to Improvement Districts 1, 2 and 5. Changes are being proposed only for Districts 1 and 5. 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. It is proposed that this current structure for sewer charges remain unchanged. The Board of Directors may consider changes to this basic rate structure at a later date.

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

Sewer Rates						
	Current Rates	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
ID -1	\$ 17.14	\$ 22.29	\$ 28.98	\$ 30.43	\$ 31.96	\$ 33.56
ID -5	\$ 32.00	\$ 41.60	\$ 54.08	\$ 56.79	\$ 59.63	\$ 62.62

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. The current rate structure fixes the customer's Commodity based on the Improvement District the customer is in, and for residential customers, whether the customer's water usage is from 0 to 45 Units in Winter or 0 to 55 Units in Summer (Tier 1); or over 45 Units in Winter or over 55 Units in Summer (Tier 2). It is proposed that this basic rate structure for water rates remain unchanged, however, the Board of Directors may consider changes to the rate structure at a later date.

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 2012	FY 2013	FY 2014	FY 2015	FY 2016
3/4"	\$ 19.58	\$ 25.45	\$ 33.09	\$ 36.40	\$ 40.04	\$ 42.04
1"	\$ 28.62	\$ 37.21	\$ 48.37	\$ 53.20	\$ 58.53	\$ 61.45
1 1/2"	\$ 48.26	\$ 62.74	\$ 81.56	\$ 89.72	\$ 98.69	\$ 103.62
2"	\$ 73.05	\$ 94.97	\$ 123.45	\$135.80	\$ 149.38	\$ 156.85
3"	\$ 132.67	\$172.47	\$ 224.21	\$246.63	\$ 271.30	\$ 284.86
4"	\$ 211.50	\$274.95	\$ 357.44	\$393.18	\$ 432.50	\$ 454.12
6"	\$ 422.00	\$548.60	\$ 713.18	\$784.50	\$ 862.95	\$ 906.10

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

		Current Rates			Proposed Rates (All ID's)				
Winter		ID-1	ID-3	ID-4 & 5	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Tier 1	45	\$ 1.02	\$ 1.23	\$ 1.12	\$ 1.46	\$ 1.90	\$ 2.09	\$ 2.30	\$ 2.42
Tier 2	> 45	\$ 1.53	\$ 1.84	\$ 1.68	\$ 2.19	\$ 2.85	\$ 3.14	\$ 3.46	\$ 3.64
Summer									
Tier 1	55	\$ 1.02	\$ 1.23	\$ 1.12	\$ 1.46	\$ 1.90	\$ 2.09	\$ 2.30	\$ 2.42
Tier 2	> 55	\$ 1.53	\$ 1.84	\$ 1.68	\$ 2.19	\$ 2.85	\$ 3.14	\$ 3.46	\$ 3.64

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 authorize the pass-through of future rate and charge increases by San Diego Gas & Electric for electricity rates associated with storing, treating, pumping, and delivering water. This authorization will be in effect

for five years, until June 30, 2016. 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.