

**Draft**

201 Vallecitos de Oro, San Marcos, CA 92069 | Phone: (760) 744-0460

**NOTICE OF PUBLIC HEARING ON PROPOSED CHANGE IN  
WATER AND SEWER SERVICE RATES AND WATER RATE STRUCTURE**

**Date:** Wednesday, August 16, 2017  
**Time:** 5:00 p.m.  
**Location:** 201 Vallecitos de Oro, San Marcos, CA 92069

You are receiving this notice because you are a Vallecitos Water District customer. This notice is being furnished to you pursuant to the California Constitution Article XIIIID, also known as Proposition 218. The August 16, 2017, public hearing will cover the proposed adjustments for water and sewer rates, and water rate structure to become effective from January 1, 2017, through December 31, 2019. This notice addresses why rate changes are necessary, what the water and sewer rates fund, and the basis for the proposed rates.

**What is the impact to the average single family residence?**

**EXAMPLE**

The proposed rates will result in the following increases to the average single family residential bill. Your resulting increase will vary depending on your water usage and meter size. Visit [www.vwd.org/rates](http://www.vwd.org/rates) to learn how rates will impact you.

Average Single Family Residential Customer Bill*			
	Current	Jan 2018	Jan 2019
Total Water and Sewer Bill	\$ 118.77	\$ 123.53	\$ 128.47
\$ Increase over Prior Year		\$ 4.76	\$ 4.94
% Increase over Prior Year		4.0%	4.0%

\*The average Single Family Residential Bill assumes a 5/8" meter using 13 units (9,724 gallons) of water per month.

**Why are rate increases necessary?**

Rate increases are necessary to continue to provide safe, reliable and sustainable water and sewer service to our customers and are required to cover the increased cost of wholesale water, electricity cost increases, inflationary cost increases, escalating costs to comply with increasingly stringent environmental regulations, replace aging infrastructure, fund an asset replacement program and meet debt service requirements.

Even with the proposed rate increases, Vallecitos is a public agency that does not operate for profit, so only those charges sufficient to support your service are billed to you. Each end user pays a fair share of the cost of water acquisition and delivery, as well as the rehabilitation, operation and maintenance of the public water and sewer facilities. As always, we will continue to honor our commitment to provide the most reliable service at the lowest possible cost.

### **What do water and sewer rates fund?**

The proposed rates are being considered solely for the purpose of covering costs incurred by the water and sewer system, which include treated water purchases, collection and treatment of wastewater and disposal of treated effluent, water and sewer system operation and maintenance, facility and equipment maintenance, water and sewer system rehabilitation, regulatory compliance, metering, billing, and account management. The new rate structure will also be tiered to encourage conservation, fund conservation programs, comply with drought alerts and cover the costs of public awareness, education and outreach, and water reliability and diversification.

The proposed rate increases include wholesale water cost increases from our wholesaler, the San Diego County Water Authority (CWA). CWA has adopted rates for calendar years 2017 and 2018 but not for subsequent years and these wholesale rates are passed through to our customers.

### **What Vallecitos is doing to control costs?**

Vallecitos' priority to ensure financial stability is to control costs. In recent years Vallecitos has restructured its organization, eliminating positions, and redistributing workload to maximize productivity and efficiency. The last two labor negotiations have resulted in cuts to employee benefits. Vallecitos contracted with the Olivenhain Municipal Water District for water treatment services at a cost of 20% less than the San Diego County Water Authority's treatment charge. Vallecitos has engaged consultants to perform energy and operational efficiency studies and implemented recommendations from the studies, as well as input from staff, including changes and upgrades to the sewer treatment process which reduced chemical usage and power consumption, installing energy efficient lighting and pumping equipment, in-house mechanical and fleet maintenance, critical asset condition assessments, predictive asset maintenance and replacement, and strategic use of technology throughout field operations and customer billing. Staff evaluates the effectiveness of changes implemented and continuously improves efficiency of operations.

### **How are water and sewer rates determined?**

A comprehensive Cost of Service Study was performed. One of the major goals of the study was to ensure equitable water and sewer rates that produce adequate revenues to meet the District's financial needs, recognize customer costs of service and encourage water conservation in a resource-constricted environment. No increase to sewer rates are being proposed. For more information, the report is posted to [www.vwd.org](http://www.vwd.org).

### **How to provide comments or protest the rate adjustment**

You may comment or ask questions at any time by contacting Vallecitos Water District, 760.744.0460, [vwd@vwd.org](mailto:vwd@vwd.org), or participating in the August 16, 2017, Public Hearing at 5:00 pm.

You have the right to protest the rate change if you are:

- i. The record owner of an affected parcel,
- ii. A person with a legal interest in an affected parcel, or
- iii. A person who is legally responsible to pay the rates for an affected parcel.

User rates are subject to majority protest, which means if a majority of impacted owners submit written protest against the increase, Vallecitos Water District cannot institute the new rates.

Protests must be in writing and mailed or hand-delivered to Vallecitos Water District. In accordance with State law, faxed or e-mailed protests cannot be accepted.

In compliance with Proposition 218, only one protest per property will be counted. All written protests must be received by Vallecitos Water District before the end of the Public Hearing on August 2, 2017. Please direct written protests to Vallecitos Water District, General Manager, 201 Vallecitos de Oro, San Marcos CA 92069.

Water Monthly Ready-to-Serve Charges			
Meter Size	Current	Effective January:	
		2018	2019
5/8"	\$ 31.42	\$ 33.25	\$ 35.32
3/4"	36.52	36.52	36.52
1"	55.29	55.29	55.29
1.5"	110.59	120.63	130.67
2"	178.11	194.35	214.68
3"	356.22	356.22	356.22
4"	552.94	552.94	552.94
6"	1,105.88	1,105.88	1,105.88
10"	2,549.36	2,549.36	2,549.36
Multiple Dwelling Unit	18.26	11.18	11.18
Temporary Meters	204.48	230.91	257.33
Fire Line per diameter inch	5.87	5.87	5.87

The monthly **Ready-to-Serve Charge** is assessed to recover fixed charges paid by the District to the District's wholesaler, San Diego County Water Authority, expenses associated with meters and service lines, operating expenses not directly related to the flow of water (general and administrative, engineering, information technology, etc.), and capital asset replacement costs of service lines, meters, and general facilities. These expenses are incurred by the District even if no water is delivered to our customers.

Water Commodity Tier Structure in Units (748 gallons)							
Meter Size	Current				Effective January 2018		
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 1	Tier 2	Tier 3
<1"	1 - 5	6 - 17	18 - 36	37 +	1 - 6	7 - 21	22 +
1"	1 - 5	6 - 60	61 - 214	215 +	1 - 16	17 - 78	79 +
1.5"	1 - 5	6 - 157	158 - 627	628 +	1 - 43	44 - 196	197 +
2"	1 - 5	6 - 242	243 - 806	807 +	1 - 85	86 - 335	336 +
>2"	1 - 5	6 - 1133	1134-3970	3,971 +	1 - 430	431-1,190	1,191 +
Agricultural	1 - 5	6 +				1 +	
Temporary Construction				1 +			1 +

Water Commodity Rates per Unit			
	Current	Effective January:	
		2018	2019
Tier 1	\$ 3.08	\$ 3.38	\$ 3.66
Tier 2	4.12	4.43	4.60
Tier 3	5.33	8.47	8.87
Tier 4	7.41		

**Water Commodity Rates** recover the cost of water supply, expenses directly associated with water flow (transmission and distribution, water treatment, tanks and reservoirs, etc.), conservation costs, and capital replacement costs of assets directly associated with water flow (tanks and reservoirs, transmission and distribution, pumping, etc.).

Sewer Monthly Service Charges			
Customer Type	Current	Effective January:	
		2018	2019
Single Family Residential	\$ 38.99	\$ 38.99	\$ 38.99
Residential - Multiple Unit	35.09	35.09	35.09
Mobile Home	31.19	31.19	31.19
Nonresidential <i>(per 100 cubic feet of flow)</i>	4.96	4.96	4.96

**Sewer Service Charges** recover costs of capital replacement of sewer system assets and general facilities, disposal, collection and conveyance, sewer treatment, and operations (general and administrative, information technology, engineering, etc.).



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This legal notice contains important information regarding rates associated with providing 21,000 plus customers in San Marcos, portions of Carlsbad, Escondido, Vista and unincorporated areas in San Diego County with safe, reliable water and wastewater services. (Para información en Español, visítenos en [www.vwd.org](http://www.vwd.org) o llámenos a (760)744-0460.)



### Notice of Public Rate Hearing

## Conservation Assistance

To assist customers to conserve water and reduce their water bill, Vallecitos offers free landscape irrigation audits to determine the efficiency of your irrigation system. For more information on water conservation programs, please visit our website at [www.vwd.org/conservation](http://www.vwd.org/conservation) or go to [SustainableLandscapesSD.org](http://SustainableLandscapesSD.org).

**SUSTAINABLE LANDSCAPES PROGRAM**

- Guidelines
- Education & Training
- Technical Assistance
- Landscape Materials
- \$ Incentives
- Resources

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