

*Otay Water District  
2554 Sweetwater Springs Blvd.  
Spring Valley, CA 91978*



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SAN DIEGO, CA

*Dedicated to community service.*



**Please be advised the Otay Water District will be holding  
a Public Hearing on Residential Water and Sewer Rates:**

**Monday, December 15, 2008  
3:30 p.m. in the Board Meeting Room  
2554 Sweetwater Springs Blvd.  
Spring Valley, CA 91978**

# *Important Notice to Residential Water and Sewer Customers*



This notice contains important information about water and sewer rates. The Otay Water District provides service to your community. All property owners within the district's service area are being notified of proposed rate increases.

The district is a revenue neutral public agency meaning only those charges sufficient to support your service are billed to you. Each end user pays their fair share of the cost of water acquisition and delivery, as well as the construction, operation and maintenance of the public water facilities.

An analysis of the district's costs and revenues indicates an average 12.4% rate increase for water is needed effective January 1, 2009. The rate increase is due to higher water costs from our wholesale suppliers, the San Diego County Water Authority (CWA) and the Metropolitan Water District of Southern California (MWD). The analysis also indicates a 4.6% rate increase for sewer is needed. The increase is due to the higher cost for sewage treatment, energy, labor, and materials.

If adopted, the new rate structure would help maintain the high level of



service customers receive, the integrity of the public water systems, and a balanced budget.

If you oppose these actions, you may attend the public hearing on Monday December 15, 2008, at 3:30 p.m. and deliver your written protest.

You may also mail your written protest, which shall include your name and the address of the affected property

To be considered, your protest must be received prior to the close of the public hearing. Immediately following the hearing, the Board of Directors will consider adoption of the proposed rates. Mail written objections to:

**Board Secretary**  
Otay Water District  
2554 Sweetwater Springs Blvd.  
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*The Otay Water District was established in 1956 to provide water service to the San Diego's East County and South Bay.*

## *About the Otay Water District*

The Otay Water District is a public water, sewer, and recycled water service agency: more specifically, a California special district authorized in 1956 by the State Legislature under the provisions of the Municipal Water District Act of 1911. The district provides water service to approximately 191,500 customers within 125.5 square miles of southeastern San Diego County, including the communities of Spring Valley, La Presa, Rancho San Diego, Jamul, eastern Chula Vista, and Otay Mesa along the international border with Mexico.

The district also owns and operates a wastewater collection and recycling system, providing public sewer service to 15,200 sewer customers through 4,630 accounts to homes and businesses within

the Jamacha drainage basin, and delivering an annual daily average of 2.5 million gallons per day of recycled water to irrigation customers.

**Winter Sewer Averaging** - On January 1, 2008, the district established a winter-based consumption charge for residential sewer customers. This rate structure is revenue neutral, encourages water conservation, and brings more equity to sewer customers.

Because it can impact high water use customers, it is being phased-in over a three year period. This is the second year of the phase-in period.

Customers able to reduce their water use, will reduce a future year's sewer charges.

## Proposed New Water and Sewer Rates in Detail

	MWD/CWA Fixed Charge <sup>1</sup>		Monthly System Charge <sup>1</sup>		Water Rate <sup>2</sup>		Energy Charge <sup>3</sup>		Water Charge by Improvement District <sup>4</sup>		Total	
	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed
15 Units (typical)	\$3.85	\$7.02	\$12.30	\$12.36	\$28.55	\$30.00	\$1.86	\$2.06	\$0.95	\$0.98	\$47.51	\$52.42

Meter Size	Current			Proposed			Fire Service <sup>5</sup>	
	System Fee	MWD/CWA	Total	System Fee <sup>1</sup>	MWD/CWA <sup>1</sup>	Total	Existing	Proposed
0.75"	\$12.30	\$3.85	\$16.15	\$12.36	\$7.02	\$19.39	\$25.40	\$28.55
1"	\$19.80	\$6.15	\$25.95	\$15.70	\$11.71	\$27.41	<b>Energy Charges<sup>3</sup></b>	
1.5"	\$38.95	\$11.60	\$50.55	\$24.03	\$23.41	\$47.44	Current	Proposed
2"	\$64.95	\$20.05	\$85.00	\$34.03	\$37.46	\$71.49	\$0.034	\$0.037

Current Single Family Consumption Blocks		Current Attached Residential Consumption Blocks		Existing Rates	Proposed Single & Attached Residential Consumption Blocks		Proposed Rates	Improvement District Charges <sup>4</sup>		
Conservation Tier <sup>6</sup>					Conservation Tier <sup>6</sup>			District No.	Current	Proposed
6	10	0	4	\$1.12	6	10	\$1.15			
11	36	5	15	\$1.85	11	26	\$1.90	3	\$0.16	\$0.17
37+		16+		\$2.01	27+		\$2.20	10	\$0.24	\$0.25
				\$2.94			\$3.27			

Over Capacity Fees <sup>7</sup>		
	Current	Proposed
Category I	\$0.04	-
Category II	\$0.06	-

Occupancy Unit Charge <sup>8</sup>	
Current	Proposed
\$3.85	-

Drought Rates <sup>9</sup>			
Stage 1	Stage 2	Stage 3	Stage 4
\$1.15	\$1.15	\$1.15	\$1.15
\$1.90	\$1.90	\$1.90	\$1.90
\$2.20	\$2.31	\$2.42	\$2.53
\$3.27	\$4.25	\$5.23	\$6.21

Sewer	Base Fee		Usage Fee		Total	
	Current	Proposed	Current	Proposed	Current	Proposed
Typical Bill	\$9.75	\$10.20	\$23.50	\$24.59	\$33.25	\$34.79

### Proposed Sewer Rate:

The monthly charge for a typical single-family residential customer will be calculated as follows: \$1.47 x Winter Average\* + a Fixed Service Charge (based on water meter size)

Meter Size	Current	Proposed
75"	\$ 9.75	\$10.20
1.00"	\$14.25	\$14.90

A \$54 per ASU assessment is collected on a customer's property tax bill for sewer debt. The sewer state loan will be paid in full by 2012.

### Winter Average\*

The maximum usage in the calculation of the usage fee will increase to 22 units (from 18 units last year, and will increase to 30 units in 2010). The winter period is December through March, and is calculated by adding the four months of the preceding winter usage together and dividing by four.

This average is then discounted by 15 percent recognizing that not all water flows to the public sewer system.

### Footnotes:

1. These fees are based on the meter size. The fees shown are for average customers using a 3/4" meter. The MWD/CWA fee is increasing to reflect the full pass-through of this cost from the district's water suppliers.
2. This cost varies based on water usage and can be calculated using the consumption block tables. Please note, the proposed rate structure combines Single-Family and Residential Attached. Customers outside the Otay Water District or an Improvement District pay two times the water rate.
3. The Energy Charge represents the cost of energy required to pump each unit of water 100 feet in elevation. This only applies to elevations above 450 feet. This increase is necessary due to increased power cost to the district.
4. This charge is a per unit charge and your bill will vary based on water consumption. Improvement District charges do not apply to the first five units of water per month.
5. The Fire Service fee is proposed to increase by 12.4%.
6. The Conservation Tier discount applies toward the first five units when overall consumption is ten units or less.
7. The Over Capacity surcharge is proposed to be eliminated for all user groups with the implementation of tiers.
8. The district is proposing to eliminate the Occupancy Unit charge for residences with more than one dwelling unit.
9. The district is proposing to adopt drought rates per unit up to the amount shown in this schedule. These Drought Rates will be implemented at the discretion of the board of directors in the event a drought stage is declared by the board. This rate structure is intended to be revenue neutral, and to have the least effect on conserving customers.

# Governor Orders Immediate Action to Address Water Shortage

## *Supply Limitations Driving Higher Cost for Water and Mandatory Conservation*

Following two straight years of below-average rainfall and very low snowmelt runoff, in June Governor Arnold Schwarzenegger proclaimed a statewide drought.

In addition to record low precipitation levels, he cited court ordered pumping restrictions on water deliveries from the State Water Project (SWP) that have reduced water supplies and lead to rapidly depleted water storage levels across much of the state.

The federal court-ordered restrictions were put in place to protect the Delta smelt, an endangered fish. These restrictions have been in place since December of 2007 and may continue long-term and additional restrictions have been ordered. In February the state Fish and Game Commission ordered more pumping restrictions to protect another fish,

the Longfin smelt.

The drought and pumping restrictions have severely reduced the reliability of the water supply across much of California. State officials estimate these restrictions will reduce Southern California's water deliveries from the SWP by as much as 30 percent. Thus far, the restrictions have cut 465,000 acre-feet of water deliveries to SWP customers. This is enough water to meet the annual needs of more than 900,000 families.

The impact of these supply reductions is already being felt by thousands of growers and agricultural water users in San Diego. About 5,000 customers who subscribed to a discount water program -- as provided for under the terms of their contracts -- had those supplies cut 30 percent in January of this year. Growers responded by stumping trees and taking

cropland out of production to comply with restrictions.

The reduction in supply is beginning to impact the cost of water as wholesalers must pay more to acquire water to meet everyday demand. The San Diego region will experience higher water costs due to the need to supplement lost supply. The increased cost of water must be passed-on to all customers and is a primary factor driving higher water rates.

Equally important, supply reductions may cause shortages in 2009, resulting in no new construction or developments projects, no annexations, and strict limits on all water used for irrigation and non-public health purposes. This will affect our quality-of-life, impact jobs, business expansion, and the economic health of the region.

About 34 percent of water used in San Diego County came from the State Water Project. The SWP conveys runoff from the Sierra snow pack in Northern California through the Sacramento River/San Joaquin River Delta to the Harvey O. Banks pumping plant, which pumps the water south to 25 million Californians in communities from the Bay Area to San Diego.

## *Otay Declares Level I Drought Watch*

The Otay Water District has declared a Level I Drought Watch for its service area. All customers are strongly urged to voluntarily reduce their water use by 10 percent.

If the conservation goals are not met, a Level II Drought Alert could be declared. Under a Drought Alert, regulations would set mandatory residential and commercial water conservation measures such as limitations on outdoor irrigation.

Our best defense against mandatory water use restrictions is conservation. Your efforts to save water can make a difference by reduc-



ing the amount of water that must be purchased and the cost of that water.

## *Take the 20-Gallon Challenge*

The San Diego County Water Authority, the region's primary water wholesaler, and its 24 member agencies are asking residents and businesses to increase voluntary water conservation immediately to help save water.

Saving 20 gallons a day is easier than you might think. Some simple changes can make a big difference in your water use.

Keep in mind that 60 percent of urban water use in San Diego is spent on landscape irrigation and other outdoor purposes, so make sure you think inside AND outside to maximize water savings.

Everyone can contribute to



the San Diego region's effort to increase conservation by 20 gallons per person per day.

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If adopted, the new rate structure would help maintain the high level of service customers receive, the integrity of the public water systems, and a balanced budget.

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attend the public hearing on Monday, December 15, 2008, at 3:30 p.m. and deliver your written protest. You may also mail your written protest, which shall include your name and the address of the affected property.

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The district also owns and operates a

wastewater collection and recycling system, providing public sewer service to 15,200 sewer customers through 4,630 accounts to homes and businesses within the Jamacha drainage basin, and delivering an annual daily average of 2.5 million gallons per day of recycled water to irrigation customers.

**Rate Comparisons:** For a conserving customer (using 10 units of water per month or 10 HCF), Otay is the 3<sup>rd</sup> lowest cost provider of 24 water agencies in San Diego county.

For a typical customer (using 15 HCF), Otay is the 6<sup>th</sup> lowest cost provider.

## Proposed New Water Rates in Detail

If approved, for a typical single-family residential customer, as of January 1, 2009, the water portion of your bill will increase by \$4.91. Your bill will vary based on meter size, water consumption, and geographic location.

	MWD/CWA Fixed Charge <sup>1</sup>		Monthly System Charge <sup>1</sup>		Water Rate <sup>2</sup>		Energy Charge <sup>3</sup>		Water Charge by Improvement District <sup>7</sup>		Total	
	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed
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2"	\$64.95	\$20.05	\$85.00	\$34.03	\$37.46	\$71.49	\$0.034	\$0.037

Current Single Family Consumption Blocks	Current Attached Residential Consumption Blocks		Existing Rates	Proposed Single & Attached Residential Consumption Blocks		Proposed Rates <sup>6</sup>
<b>Conservation Tier<sup>5</sup></b>			\$1.12	<b>Conservation Tier<sup>5</sup></b>		\$1.15
6	10	0	\$1.85	6	10	\$1.90
11	36	5	\$2.01	11	26	\$2.20
37+		16+	\$2.94	27+		\$3.27

Improvement District Charges <sup>6</sup>			Over Capacity Fees <sup>7</sup>			Drought Rates <sup>9</sup>			
District No.	Current	Proposed	Category I	Current	Proposed	Stage 1	Stage 2	Stage 3	Stage 4
			3	\$0.16	\$0.17				
10	\$0.24	\$0.25	<b>Occupancy Unit Charge<sup>8</sup></b>			\$1.90	\$1.90	\$1.90	\$1.90
			<b>Current</b>		<b>Proposed</b>	\$2.20	\$2.31	\$2.42	\$2.53
			<b>\$3.85</b>		<b>\$0.00</b>	\$3.27	\$4.25	\$5.23	\$6.21

**Footnotes:**

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- This charge is a per unit charge and your bill will vary based on water consumption. Improvement District charges do not apply to the first five units of water per month.
- The Over Capacity surcharge is proposed to be eliminated for all user groups with the implementation of tiers.
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Equally important, supply reductions may cause shortages in 2009, resulting in no new construction or developments projects, no annexations, and strict limits on all water used for irrigation and non-public health purposes. This will affect our quality-of-life, impact jobs, business expansion, and the economic health of the region.

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## *Otay Declares Level I Drought Watch*

The Otay Water District has declared a Level I Drought Watch for its service area. All customers are strongly urged to voluntarily reduce their water use by 10 percent.

If the conservation goals are not met, a Level II Drought Alert could be declared. Under a Drought Alert, regulations would set mandatory residential and commercial water conservation measures such as limitations on outdoor irrigation.

Our best defense against mandatory water use restrictions is conservation. Your efforts to save water can make a difference by reduc-



ing the amount of water that must be purchased and the cost of that water.

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An analysis of the district's costs and revenues indicates a 4.6% rate increase for sewer is needed effective January 1, 2009. The rate increase is due to the higher cost for sewage treatment, energy, labor, and materials.

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## *Proposed New Sewer Rates in Detail*

### Proposed Sewer Rate:

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**\$1.47 x Winter Average\* + a Fixed Service Charge (based on water meter size)**

<u>Meter Size</u>	<u>Current</u>	<u>Proposed</u>
.75"	\$ 9.75	\$10.20
1.00"	\$14.25	\$14.90

	Base Fee		Usage Fee		Total	
	Current	Proposed	Current	Proposed	Current	Proposed
Typical Bill	\$9.75	\$10.20	\$23.50	\$24.59	\$33.25	\$34.79

- A typical bill is based on 16.7 units, after the 15 percent discount. The maximum bill for a .75-inch meter is \$42.54.
- The maximum bill for a 1.00-inch meter in 2009 (based on 22 units per month, after the 15 percent discount) would be \$47.24.

### Winter Average\*

On January 1, 2008, the Otay Water District established a winter-based consumption charge for residential sewer customers. This new rate structure is revenue neutral for the district. It encourages water conservation and brings more equity to sewer customers.

Because winter averaging can impact high water use customers, the rate structure is being phased-in over a three year period. This is the second year of the three year phase-in period. Under this program, customers able to reduce their water usage, such as through water conservation, will reduce a future year's sewer charges.

The maximum usage in the calculation of the usage fee will now increase to 22 units (from 18 units last year, and will increase to 30 units in 2010).

The winter period is January through April and is calculated by adding the total water usage for the two billing periods (of the preceding winter) and dividing by four.

This average is then discounted by 15 percent recognizing that not all water flows to the public sewer system.

If approved, the proposed rate of \$1.47 per unit will be effective January 1, 2009. This winter average is then multiplied by the usage rate to determine the usage fee.

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Take the 20-Gallon Challenge by visiting [www.20gallonchallenge.com](http://www.20gallonchallenge.com). For water conservation tips, visit the Otay Water District website at [www.otaywater.gov](http://www.otaywater.gov).

*Otay Water District  
2554 Sweetwater Springs Blvd.  
Spring Valley, CA 91978*



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*Dedicated to community service.*



**Please be advised the Otay Water District will be  
holding a Public Hearing on Residential  
Master Metered Water Rates:**

**Monday, December 15, 2008  
3:30 p.m. in the Board Meeting Room  
2554 Sweetwater Springs Blvd.  
Spring Valley, CA 91978**

# *Important Notice to Residential Master Metered Water Customers*



This notice contains important information about water rates. The Otay Water District provides service to your community. All property owners within the district's service area are being notified of proposed rate increases.

The district is a revenue neutral public agency meaning only those charges sufficient to support your service are billed to you. Each end user pays their fair share of the cost of water acquisition and delivery, as well as the construction, operation and maintenance of the public water facilities.

An analysis of the district's costs and revenues indicates an average 12.4% rate increase for water is needed effective January 1, 2009. The rate increase is due to higher water costs from our wholesale suppliers, the San Diego County Water Authority (CWA) and the Metropolitan Water District of Southern California (MWD).

If adopted, the new rate structure would help maintain the high level of service customers receive, the integrity of the public water systems, and a balanced budget.

If you oppose these actions, you may



attend the public hearing on Monday, December 15, 2008, at 3:30 p.m. and deliver your written protest. You may also mail your written protest, which shall include your name and the address of the affected property.

To be considered, your protest must be received prior to the close of the public hearing. Immediately following the hearing, the Board of Directors will consider adoption of the proposed rates.

Mail written objections to:

**Board Secretary**  
Otay Water District  
2554 Sweetwater Springs Blvd.  
Spring Valley, CA 91978



*The Otay Water District was established in 1956 to provide water service to the San Diego's East County and South Bay.*

## *About the Otay Water District*

The Otay Water District is a public water, sewer, and recycled water service agency: more specifically, a California special district authorized in 1956 by the State Legislature under the provisions of the Municipal Water District Act of 1911. The district provides water service to approximately 191,500 customers within 125.5 square miles of southeastern San Diego County, including the communities of Spring Valley, La Presa, Rancho San Diego, Jamul, eastern Chula Vista, and Otay Mesa along the international border with Mexico.

The district also owns and operates a

wastewater collection and recycling system, providing public sewer service to 15,200 sewer customers through 4,630 accounts to homes and businesses within the Jamacha drainage basin, and delivering an annual daily average of 2.5 million gallons per day of recycled water to irrigation customers.

**Rate Comparisons:** For a conserving customer (using 10 units of water per month or 10 HCF), Otay is the 3<sup>rd</sup> lowest cost provider of 24 water agencies in San Diego county.

For a typical customer (using 15 HCF), Otay is the 6<sup>th</sup> lowest cost provider.

# Proposed New Residential Master Metered Rates in Detail

Current			Proposed		
Consumption Block		Rates <sup>1</sup>	Consumption Block		Rates <sup>1</sup>
0	4	\$1.85	0	4	\$2.34
5	15	\$2.01	5	9	\$2.71
16+		\$2.94	10+		\$4.02

Meter Size	Current			Proposed		
	System Fee	MWD/ CWA	Total	System Fee <sup>2</sup>	MWD/ CWA <sup>2</sup>	Total
3/4"	\$24.00	\$3.85	\$27.85	\$12.36	\$7.02	\$19.38
1"	\$36.95	\$6.15	\$43.10	\$15.70	\$11.71	\$27.41
1 1/2"	\$51.95	\$11.60	\$63.55	\$24.03	\$23.41	\$47.44
2"	\$ 64.95	\$20.05	\$85.00	\$34.03	\$37.46	\$71.49
3"	\$104.55	\$36.95	\$141.50	\$60.70	\$74.92	\$135.62
4"	\$119.70	\$63.15	\$182.85	\$90.71	\$117.07	\$207.78
6"	\$239.20	\$115.50	\$354.70	\$174.05	\$234.14	\$408.19
8"	-	-	-	\$274.07	\$374.62	\$648.69
10"	\$456.60	\$300.30	\$756.90	\$390.75	\$538.52	\$929.27

Fire Service <sup>2</sup>		Energy Charge <sup>3</sup>		Improvement District Charges <sup>4</sup>			Occupancy Unit Charge <sup>5</sup>	
Current	Proposed	Current	Proposed	District No.	Current	Proposed	Current	Proposed
\$25.40	\$28.55	\$0.034	\$0.037	3	\$0.16	\$0.17	\$3.85	-
				10	\$0.24	\$0.25		

Over Capacity Fees <sup>6</sup>		
	Current	Proposed
Category I	\$0.04	-
Category II	\$0.06	-

Drought Rates <sup>7</sup>			
Stage 1	Stage 2	Stage 3	Stage 4
\$2.34	\$2.34	\$2.34	\$2.34
\$2.71	\$2.85	\$2.98	\$3.12
\$4.02	\$5.23	\$6.43	\$7.64

**Footnotes:**

1. The increases in these rates are offset by the reduction in System Fees and the elimination of Occupancy Unit charges and Over Capacity fees. Customers outside the Otay Water District or an Improvement District pay two times the water rate.
2. These fees are based on the meter size. The MWD/CWA fee is increasing to reflect the full pass-through of this cost by the district's water suppliers. The system fee and fire service fee are proposed to decrease.
3. The Energy Charge represents the cost of energy required to pump each unit of water 100 feet in elevation. This only applies to elevations above 450 feet. This increase is necessary due to increased power cost to the district.
4. This charge is a per unit charge based on water consumption.
5. The district is proposing to eliminate the Occupancy Unit Charge for Master Meter customers.
6. The surcharge for Over Capacity is proposed to be eliminated with the implementation of tiers for all user groups.
7. The district is proposing to adopt Drought Rates per unit up to the amount shown in this schedule. These Drought Rates will be implemented at the discretion of the board of directors in the event a drought stage is declared by the board. This rate structure is intended to be revenue neutral, and to have the least effect on conserving customers.

# Governor Orders Immediate Action to Address Water Shortage

## Supply Limitations Driving Higher Cost for Water and Mandatory Conservation

Following two straight years of below-average rainfall and very low snowmelt runoff, in June Governor Arnold Schwarzenegger proclaimed a statewide drought.

In addition to record low precipitation levels, he cited court ordered pumping restrictions on water deliveries from the State Water Project (SWP) that have reduced water supplies and lead to rapidly depleted water storage levels across much of the state.

The federal court-ordered restrictions were put in place to protect the Delta smelt, an endangered fish. These restrictions have been in place since December of 2007 and may continue long-term and additional restrictions have been ordered. In February the state Fish and Game Commission ordered more pumping restrictions to protect another fish,

the Longfin smelt.

The drought and pumping restrictions have severely reduced the reliability of the water supply across much of California. State officials estimate these restrictions will reduce Southern California's water deliveries from the SWP by as much as 30 percent. Thus far, the restrictions have cut 465,000 acre-feet of water deliveries to SWP customers. This is enough water to meet the annual needs of more than 900,000 families.

The impact of these supply reductions is already being felt by thousands of growers and agricultural water users in San Diego. About 5,000 customers who subscribed to a discount water program -- as provided for under the terms of their contracts -- had those supplies cut 30 percent in January of this year. Growers responded by stumping trees and taking

crops out of production to comply with restrictions.

The reduction in supply is beginning to impact the cost of water as wholesalers must pay more to acquire water to meet everyday demand. The San Diego region will experience higher water costs due to the need to supplement lost supply. The increased cost of water must be passed-on to all customers and is a primary factor driving higher water rates.

Equally important, supply reductions may cause shortages in 2009, resulting in no new construction or developments projects, no annexations, and strict limits on all water used for irrigation and non-public health purposes. This will affect our quality-of-life, impact jobs, business expansion, and the economic health of the region.

About 34 percent of water used in San Diego County came from the State Water Project. The SWP conveys runoff from the Sierra snow pack in Northern California through the Sacramento River/San Joaquin River Delta to the Harvey O. Banks pumping plant, which pumps the water south to 25 million Californians in communities from the Bay Area to San Diego.

## Otay Declares Level I Drought Watch

The Otay Water District has declared a Level I Drought Watch for its service area. All customers are strongly urged to voluntarily reduce their water use by 10 percent.

If the conservation goals are not met, a Level II Drought Alert could be declared. Under a Drought Alert, regulations would set mandatory residential and commercial water conservation measures such as limitations on outdoor irrigation.

Our best defense against mandatory water use restrictions is conservation. Your efforts to save water can make a difference by reduc-



ing the amount of water that must be purchased and the cost of that water.

## Take the 20-Gallon Challenge

The San Diego County Water Authority, the region's primary water wholesaler, and its 24 member agencies are asking residents and businesses to increase voluntary water conservation immediately to help save water.

Saving 20 gallons a day is easier than you might think. Some simple changes can make a big difference in your water use.

Keep in mind that 60 percent of urban water use in San Diego is spent on landscape irrigation and other outdoor purposes, so make sure you think inside AND outside to maximize water savings.

Everyone can contribute to



the San Diego region's effort to increase conservation by 20 gallons per person per day.

Take the 20-Gallon Challenge by visiting [www.20gallonchallenge.com](http://www.20gallonchallenge.com). For water conservation tips, visit the Otay Water District website at [www.otaywater.gov](http://www.otaywater.gov).



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Spring Valley, CA 91978-2096  
(619) 670-2777

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## **Notice of Public Hearing on Commercial and Public Agency Water Rates**

**Monday, December 15, 2008  
3:30 p.m. in the Board Meeting Room  
2554 Sweetwater Springs Blvd.  
Spring Valley, CA 91978**

# NOTICE OF PUBLIC HEARING FOR COMMERCIAL AND PUBLIC WATER CUSTOMERS

This notice contains important information about water rates. All commercial and public water customers within the district's service area are being notified of proposed rate increases.

The Otay Water District is a revenue-neutral public agency, meaning only those charges sufficient to support your service are billed to you. Each end user pays their fair share of the cost of water acquisition and delivery, as well as the construction, operation, and maintenance of the public water facilities.

An analysis of the district's costs and revenues indicates an average 12.4% rate increase for water is needed effective January 1, 2009. The rate increase is due to higher water costs from our wholesale suppliers, the San Diego County Water Authority (CWA) and Metropolitan Water District of Southern California (MWD). If adopted, the new rate structure would help maintain the high level of service customers receive, the integrity of the public water systems, and a balanced budget. In addition, the district proposes to adopt a new tiered rate structure to promote conservation.

If you oppose this action, you may attend the public hearing on Monday, December 15, 2008, at 3:30 p.m. and deliver your written protest. You may also mail your written protest. Please include your name and the address of the affected property. To be considered, your protest must be received prior to the close of the public hearing. Immediately following the hearing, the Otay Water District's Board of Directors will consider adoption of the proposed rates. Mail written objections to:

**Board Secretary**  
 Otay Water District  
 2554 Sweetwater Springs Blvd.  
 Spring Valley, CA 91978



Current Rate	Proposed <sup>1</sup>			Over Capacity Fees <sup>7</sup>		Drought Rates <sup>8</sup>				
	Less than 10" Meters		10" Meters		Current	Proposed	Stage 1	Stage 2	Stage 3	Stage 4
Consumption Block	Consumption Block		Rates	Category I						
\$1.98	0	101	0	7,965	\$0.04	-	\$2.22	\$2.22	\$2.22	\$2.22
	102	720	7,966	21,761			\$2.26	\$2.37	\$2.49	\$2.60
	721+		21,762+				\$2.31	\$3.00	\$3.70	\$4.39

Meter Size	Current			Proposed		
	System Fee	MWD/CWA	Total	System Fee <sup>2</sup>	MWD/CWA <sup>2</sup>	Total
3/4"	\$24.00	\$3.85	\$27.85	\$12.36	\$7.02	\$19.38
1"	\$36.95	\$6.15	\$43.10	\$15.70	\$11.71	\$27.41
1 1/2"	\$51.95	\$11.60	\$63.55	\$24.03	\$23.41	\$47.44
2"	\$64.95	\$20.05	\$85.00	\$34.03	\$37.46	\$71.49
3"	\$104.55	\$36.95	\$141.50	\$60.70	\$74.92	\$135.62
4"	\$119.70	\$63.15	\$182.85	\$90.71	\$117.07	\$207.78
6"	\$239.20	\$115.50	\$354.70	\$174.05	\$234.14	\$408.19
8"	-	-	-	\$274.07	\$374.62	\$648.69
10"	\$456.60	\$300.30	\$756.90	\$390.75	\$538.52	\$929.27

Fire Service <sup>2</sup>		Energy Charge <sup>3</sup>		Improvement District Charges <sup>6</sup>		
Current	Proposed	Current	Proposed	District No.	Current	Proposed
\$25.40	\$28.55	\$0.034	\$0.037	3	\$0.16	\$0.17
Occupancy Unit Charge <sup>4</sup>		Government Rate <sup>5</sup>		10	\$0.24	\$0.25
Current	Proposed	Current	Proposed			
\$3.85	\$0.00	\$0.08	\$0.15			

**Footnotes:**

- The district proposes to implement a tiered rate system in which the water rates are based on meter size and the amount of water units consumed each month. A unit of water equals 748 gallons. Customers outside the Otay Water District, an Improvement District, or using temporary meters pay two times this rate.
- These fees are based on charges that estimate the meter's fixed cost impact on the system. The MWD/CWA fee is increasing to reflect the full pass-through of this cost from the district's water suppliers. The Fire Service fee is proposed to increase by 12.4 percent.
- The Energy Charge represents the cost of energy required to pump each unit of water 100 feet in elevation. This only applies to elevations above 450 feet. This increase is necessary due to increased power cost to the district.
- The district is proposing to eliminate the Occupancy Unit charge for Master Metered customers.
- This per unit additional charge to governmental customers is needed in lieu of tax revenues to equalize their contribution to overall cost.
- This charge is a per unit charge and your bill will vary based on water consumption.
- The Over Capacity surcharge is proposed to be eliminated for all user groups with the implementation of tiers.
- The district is proposing to adopt Drought Rates per unit up to the amount shown in this schedule. These Drought Rates will be implemented at the discretion of the board of directors in the event a drought stage is declared by the board. This rate structure is intended to be revenue neutral, and to have the least effect on conserving customers.



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(619) 670-2777

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## **Notice of Public Hearing on Landscape, Agricultural, and Construction Water Rates**

**Monday, December 15 , 2008  
3:30 p.m. in the Board Meeting Room  
2554 Sweetwater Springs Blvd.  
Spring Valley, CA 91978**

# NOTICE OF PUBLIC HEARING FOR LANDSCAPE, AGRICULTURAL, AND CONSTRUCTION WATER CUSTOMERS

This notice contains important information about water rates. All landscape, agricultural, and construction water customers within the district's service area are being notified of proposed rate increases.

The Otay Water District is a revenue neutral public agency meaning only those charges sufficient to support your service are billed to you. Each end user pays their fair share of the cost of water acquisition and delivery, as well as the construction, operation, and maintenance of the public water facilities.

An analysis of the district's costs and revenues indicates an average 12.4% rate increase for water is needed effective January 1, 2009. The rate increase is due to higher water costs from our wholesale suppliers, the San Diego County Water Authority (CWA) and the Metropolitan Water District of Southern California (MWD). If adopted, the new rate structure would help maintain the high level of service customers receive, the integrity of the public water systems, and a balanced budget. In addition, the district proposes to adopt a new tiered rate structure to promote conservation.

If you oppose this action, you may attend the public hearing on Monday, December 15, 2008, at 3:30 p.m. and deliver your written protest. You may also mail your written protest. Please include your name and the address of the affected property. To be considered, your protest must be received prior to the close of the public hearing. Immediately following the hearing, the Otay Water District's Board of Directors will consider adoption of the proposed rates. Mail written objections to:



**Board Secretary**  
Otay Water District  
2554 Sweetwater Springs Blvd.  
Spring Valley, CA 91978

Current Rate	Proposed <sup>1</sup>						
	3/4" to 1" Meters		1.5 to 2" Meters		3" + Meters		Rates
\$1.98	Consumption Block		Consumption Block		Consumption Block		
	0	47	0	136	0	651	\$2.40
	48	164	137	415	652	4,064	\$2.45
	165+		416+		4,065+		\$2.50

Meter Size	Current			Proposed		
	System Fee	MWD/CWA	Total	System Fee <sup>2</sup>	MWD/CWA <sup>2</sup>	Total
3/4"	\$24.00	\$3.85	\$27.85	\$12.36	\$7.02	\$19.38
1"	\$36.95	\$6.15	\$43.10	\$15.70	\$11.71	\$27.41
1 1/2"	\$51.95	\$11.60	\$63.55	\$24.03	\$23.41	\$47.44
2"	\$64.95	\$20.05	\$85.00	\$34.03	\$37.46	\$71.49
3"	\$104.55	\$36.95	\$141.50	\$60.70	\$74.92	\$135.62
4"	\$119.70	\$63.15	\$182.85	\$90.71	\$117.07	\$207.78
6"	\$239.20	\$115.50	\$354.70	\$174.05	\$234.14	\$408.19
8"	-	-	-	\$274.07	\$374.62	\$648.69
10"	\$456.60	\$300.30	\$756.90	\$390.75	\$538.52	\$929.27

Energy Charge <sup>3</sup>		Government Rate <sup>4</sup>	
Current	Proposed	Current	Proposed
\$0.034	\$0.037	\$0.08	\$0.15

Over Capacity Fees <sup>5</sup>		
	Current	Proposed
Category I	\$0.04	-
Category II	\$0.06	-

Improvement District Charges <sup>6</sup>		
District No.	Current	Proposed
3	\$0.16	\$0.17
10	\$0.24	\$0.25

Drought Rates <sup>7</sup>			
Stage 1	Stage 2	Stage 3	Stage 4
\$ 2.40	\$ 2.40	\$ 2.40	\$ 2.40
\$ 2.45	\$ 2.57	\$ 2.70	\$ 2.82
\$ 2.50	\$ 3.25	\$ 4.00	\$ 4.75

**Footnotes:**

- The district proposes to implement a tiered rate system in which the water rates are based on meter size and the amount of water units consumed each month. A unit of water equals 748 gallons. Customers outside the Otay Water District, an Improvement District, or using temporary meters pay two times this rate.
- These fees are based on charges that estimate the meter's fixed cost impact on the system. The MWD/CWA fee is increasing to reflect the full pass-through of this cost from the district's water suppliers.
- The Energy Charge represents the cost of energy required to pump each unit of water 100 feet in elevation. This only applies to elevations above 450 feet. This increase is necessary due to increased power cost to the district.
- This per unit additional charge to governmental customers is needed in lieu of tax revenues to equalize their contribution to overall cost.
- The Over Capacity surcharge is proposed to be eliminated for all user groups with the implementation of tiers.
- This charge is a per unit charge and your bill will vary based on water consumption.
- The district is proposing to adopt Drought Rates per unit up to the amount shown in this schedule. These Drought Rates will be implemented at the discretion of the board of directors in the event a drought stage is declared by the board. This rate structure is intended to be revenue neutral, and to have the least effect on conserving customers.



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## **Notice of Public Hearing on Recycled Water Rates**

**Monday, December 15, 2008**  
**3:30 p.m. in the Board Meeting Room**  
**2554 Sweetwater Springs Blvd.**  
**Spring Valley, CA 91978**

## NOTICE OF PUBLIC HEARING FOR RECYCLED WATER CUSTOMERS

This notice contains important information about recycled water rates. All recycled water customers within the district's service area are being notified of proposed rate increases. The Otay Water District is a revenue neutral public agency, meaning only those charges sufficient to support your service are billed to you. Each end user pays their fair share of the cost of water acquisition and delivery, as well as the construction, operation, and maintenance of the required facilities.

An analysis of the district's costs and revenues indicates an average 12.4% rate increase for recycled water is needed to recover the increased cost of producing recycled water and other associated costs. This increase is needed to help maintain the high level of service customers receive, the integrity of the public water systems, and a balanced budget. In addition, the district proposes to adopt a new tiered rate structure to promote conservation. If adopted, the new rates and tiers would go into effect January 1, 2009.

If you oppose this action, you may attend the public hearing on Monday, December 15, 2008, at 3:30 p.m. and deliver your written protest. You may also mail your written protest. Please include your name and the address of the affected property. To be considered, your protest must be received prior to the close of the public hearing. Immediately following the hearing, the Otay Water District's Board of Directors will consider adoption of the proposed rates. Mail written objections to:



**Board Secretary**  
Otay Water District  
2554 Sweetwater Springs Blvd.  
Spring Valley, CA 91978

Current Rate	Proposed <sup>1</sup>								Rates	Meter Size	Current System Fee	Proposed System Fee <sup>2</sup>
	3/4" to 1" Meters Consumption Block		1.5 to 2" Meters Consumption Block		3 to 4" Meters Consumption Block		6 to 10" Meters Consumption Block					
\$1.68	0	45	0	159	0	400	0	7,955	\$2.04	3/4"	\$27.85	\$12.36
	46	136	160	465	401	1,005	7,956	17,550	\$2.08	1"	\$42.90	\$15.70
	137+		466+		1,006+		17,551+		\$2.13	1 1/2"	\$60.30	\$24.03
	<b>Energy Charge<sup>3</sup></b>				<b>Government Rate<sup>4</sup></b>					2"	\$75.40	\$34.03
	<b>Current</b>	<b>Proposed</b>			<b>Current</b>	<b>Proposed</b>				3"	\$121.30	\$60.70
	\$0.034	\$0.037			\$0.08	\$0.15				4"	\$138.90	\$90.71
	<b>Over Capacity Fees<sup>5</sup></b>			<b>Drought Rates<sup>6</sup></b>						6"	\$277.60	\$174.05
	<b>Current</b>	<b>Proposed</b>		<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Stage 4</b>			8"	-	\$274.07
	Category I	\$0.04	-	\$2.04	\$2.04	\$2.04	\$2.04			10"	\$529.90	\$390.75
	Category II	\$0.06	-	\$2.08	\$2.19	\$2.29	\$2.39					
				\$2.13	\$2.76	\$3.40	\$4.04					

### Footnotes:

1. The district proposes to implement a tiered rate system in which the water rates are based on meter size and the amount of water units consumed each month. A unit of water equals 748 gallons. Customers using temporary meters pay double the applicable water rates.
2. This rate is a per unit charge. Customers using temporary meters pay two times this rate.
3. These fees are based on charges that estimate the meter's fixed cost impact on the system. Costs are shifting to the consumption-based charge in order to achieve the fixed and total revenue targets.
4. The Energy Charge represents the cost of energy required to pump each unit of water 100 feet in elevation. This only applies to elevations above 450 feet. This increase is necessary due to increased power cost to the district.
5. This per unit additional charge to governmental customers is needed in lieu of tax revenues to equalize their contribution to overall cost.
6. The Over Capacity surcharge is proposed to be eliminated for all user groups with the implementation of tiers.
7. The district is proposing to adopt Drought Rates per unit up to the amount shown in this schedule. These Drought Rates will be implemented at the discretion of the board of directors in the event a drought stage is declared by the board. This rate structure is intended to be revenue neutral, and to have the least effect on conserving customers.



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## **Notice of Public Hearing on Commercial Sewer Rates**

**Monday, December 15, 2008**  
**3:30 p.m. in the Board Meeting Room**  
**2554 Sweetwater Springs Blvd.**  
**Spring Valley, CA 91978**

## NOTICE OF PUBLIC HEARING FOR COMMERCIAL SEWER CUSTOMERS

This notice contains important information regarding commercial sewer rates. The Otay Water District provides sewer service to your community. All customers within the district's service area are being notified of a proposed rate increase.

The Otay Water District is a revenue-neutral public agency, meaning each end user pays their fair share of the cost of sewer collection and disposal, as well as the construction, operation, and maintenance of the public sewer system. Only those charges needed to support service are billed to customers.

An analysis of costs and revenues indicates a proposed 4.6% rate increase effective January 1, 2009, is needed due to the higher cost for sewage treatment, energy, labor, and materials. If adopted, the new rate structure would maintain the integrity of the sewer collection and treatment system, and a balanced budget.

If you oppose this action, you may attend the public hearing on Monday December 15, 2008, at 3:30 p.m. and deliver your written protest. You may also mail your written protest. Please include your name and the address of the affected property. To be considered, your protest must be received prior to the close of the public hearing. Immediately following the hearing, the Board of Directors will consider adoption of the proposed rates. Mail written objections to:

**Board Secretary**  
Otay Water District  
2554 Sweetwater Springs Blvd.  
Spring Valley, CA 91978



### **How non-residential sewer rates are calculated -**

To meet State of California requirements, customers must pay their fair share of sewer costs. The Otay Water District is required to determine sewer rates in accordance with the State's Revenue Program Guidelines. The formula takes into consideration the cost associated with daily flow, chemical oxygen demand (COD) and the removal of suspended solids (SS). The COD and SS determine whether the strength factor is high, medium, or low, consistent with the State Water Resources Control Board guidelines.

Monthly bills are calculated based on Assigned Service Units (ASU). One ASU is equal to the demand placed on the system by a residential unit. ASUs are calculated by multiplying the daily flow by the strength factor.

$$\text{Daily Flow} \times \text{Strength Factor} = \text{Assigned Service Unit}$$

#### Strength Factors

- 1.0 Churches
- 1.0 Low Strength Commercial
- 1.238 Medium Strength Commercial
- 2.203 High Strength Commercial

The sewer bill is then calculated by multiplying ASUs by the rate per ASU. This charge is increasing by \$1.53 per ASU from \$33.26 to \$34.79. If approved, the proposed 4.6% rate increase will become effective January 1, 2009.

A \$54 per ASU assessment is collected on the property tax bill for sewer debt. The state sewer loan will be paid in full by 2012.



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## **Notice of Public Hearing on Water and Sewer Rates**

**Monday, December 15, 2008**  
**3:30 p.m. in the Board Meeting Room**  
**2554 Sweetwater Springs Blvd.**  
**Spring Valley, CA 91978**

## NOTICE OF PUBLIC HEARING FOR PROPERTY OWNERS

This notice contains important information regarding water and sewer rates. Otay Water District provides service to your community. All property owners within the district's service area are being notified of proposed water and sewer rate increases, even if they do not have active service with the district.

The district is a revenue-neutral public agency meaning, only those charges sufficient to support service are billed to customers. Each end user pays their fair share of the cost of acquisition and delivery, as well as the construction, operation and maintenance of the public facilities to provide the required services.

An analysis of costs and revenues of the district shows an average 12.4% rate increase for water and recycled water and an average 4.6% for sewer services are needed. The rate increases for water and recycled water are necessary mainly due to higher water costs from our wholesale suppliers, the San Diego County Water Authority (CWA), the Metropolitan Water District of Southern California (MWD), and the City of San Diego. The increases are also to maintain high level of service customers receive, the integrity of the water and sewer systems, and a balanced budget. In addition, the district proposes to adopt a new tiered rate structure for all customer classes to promote conservation. If adopted, the new rate structure and tiers would go into effect on January 1, 2009.

If you oppose these actions, you may attend the public hearing on Monday, December 15, 2008, at 3:30 p. m. and deliver your written protest. You may also mail your written protest. Please include your name and the address of the affected property. To be considered, your protest must be received prior to the close of the public hearing. Immediately following the hearing, the Board of Directors will consider adoption of the proposed rates. Mail written objections to:



Board Secretary  
Otay Water District  
2554 Sweetwater Springs Blvd.  
Spring Valley, CA 91978

### ***About the Otay Water District -***

The Otay Water District is a water, recycled water, and sewer service agency: more specifically, a California special district authorized in 1956 by the State Legislature under the provisions of the Municipal Water District Act of 1911. Its ordinances, policies, taxes, and rates for service are set by five directors, elected by voters in their respective divisions to serve staggered four-year terms. The board of directors meets in open public session on the first Wednesday of each month at 3:30 p.m. at district headquarters. The public is welcome to attend these meetings.

The district provides water service to customers within 125.5 square miles of southeastern San Diego County, California. Its facilities serve the water, recycled water, and sewer needs of approximately 191,500 people living in the communities of Spring Valley, La Presa, Rancho San Diego, Jamul, eastern Chula Vista, and Otay Mesa along the international border with Mexico. The potable water delivered by the district is purchased from the San Diego County Water Authority, which in turn, purchases this water from the region's primary importer, the Metropolitan Water District of Southern California.

The Otay Water District owns and operates a wastewater collection system providing public sewer service to 15,200 sewer customers through 4,630 accounts to homes and businesses within the Jamacha drainage basin. At the heart of this system is the Ralph W. Chapman Water Recycling Facility. Each day, this facility treats wastewater and produces up to 1.3 million gallons of high-quality recycled water. Through a dedicated distribution system, the recycled water is transported to customers where it is used to irrigate golf courses, playing fields, public parks, roadside landscapes, and open space; conserving valuable potable water.

Due to drought in California and the Southwest, as well as court-ordered pumping restrictions in place in the Sacramento and San Joaquin Bay-Delta, along with higher energy prices, the cost of importing water to Southern California is increasing. As a revenue-neutral public agency, costs must be passed to customers in the form of higher rates for service.