



El Toro Water District

NOTICE OF PUBLIC HEARING ON PROPOSED WATER, SEWER AND RECYCLED WATER RATE INCREASE

The District is proposing to increase certain rates, fees and charges as noted on the following pages. The proposed increases are the result of detailed budget analysis and an independent professional Water, Sewer and Recycled Water Cost of Service Rate Study prepared to determine appropriateness of the amounts, and fair and equitable allocation among customer categories. The proposed increases impact 1) the Water Usage Rate which applies to the residential/dedicated irrigation Water Budget-Based Tiered Conservation Rate Structure and the uniform rate for commercial and public authority accounts, 2) the Water, Sewer and Recycled Water Maintenance and Operations Charge.

The net impact of the proposed changes in the rate structure for residential and commercial/public authority customers will vary based upon the actual water consumption and, where applicable, property specific water budgets. No changes to the calculation methodology of water budgets are being proposed. (See "Water Budget Calculation" section)

BACKGROUND

The District provides water, sewer and recycled water services based on the actual cost of operations and maintenance. Each year the District's Board of Directors adopts an annual operating budget that goes into effect on July 1. Part of the budgeting process is to assess the adequacy of the District's fees, rates and charges. Of utmost importance is to minimize costs (and therefore rates), while maintaining the integrity of the District's infrastructure. To assist the District in this endeavor, the District retains independent outside Engineering and Financial consultants.

Customers may obtain a copy of the proposed 2013/14 fiscal year budget and the Cost of Service Rate Study at the District's Administrative Office and the District's website at www.etwd.com. For assistance in determining the impact of the proposed rate increase on your monthly bill you may access a Water Budget Calculator on the District's website or call our Customer Service Representatives at (949) 837-0660.

WATER USAGE RATES

The Water Usage Rates are being adjusted to accommodate an increase in the cost of imported water from our wholesale water provider, the Municipal Water District of Orange County ("MWDOC"). The District purchases 100% of its domestic water supply from MWDOC to meet residential, commercial/public authority and fire protection demands. The wholesale water increases are driven by continued investment in regional water treatment/delivery system infrastructure, increased water importation costs, securing higher cost water supplies due to Northern California Bay-Delta (Bay-Delta) importation regulatory restrictions and increased funding to aggressively pursue near term and long term Bay-Delta solutions that will ensure a greater degree of future water supply reliability to Southern California. The amount paid by the District to MWDOC for wholesale water is the exact amount "passed through" to the District's customers in the form of a Water Usage Charge. The proposed rates include a \$0.12/billing unit "pass-through" to all tiers to cover the additional MWDOC cost. The Water Usage Rate increase will become effective with the first full billing period after July 1, 2013.

PROPOSED MONTHLY TIERED WATER USAGE RATES

Water Usage Charges	Current Rate \$/ccf*	Proposed Rate \$/ccf*
Tier I - Indoor Efficient	\$2.07	\$2.19
Tier II - Outdoor Efficient	\$2.47	\$2.59
Tier III - Inefficient	\$4.79	\$4.91
Tier IV - Excessive	\$6.35	\$6.47
Commercial, Institutional and Industrial ("CII")	\$2.30	\$2.42

* 1 Billing Unit or "ccf" = 748 gallons

WATER, SEWER AND RECYCLED WATER MAINTENANCE AND OPERATIONS CHARGE

To responsibly maintain and preserve its water, sewer and recycled water infrastructure investment, meet stringent regulatory requirements and ensure a continuous high level of service to our customers, the District administers an ongoing maintenance program. To minimize financial impacts to customers and, fairly and equitably allocate that cost, the District commissioned an independent Cost of Service Rate Study (Study). The District's proposed increases to the Water, Sewer and Recycled Water Maintenance and Operations Charge are confirmed by the Study to be the result of normal inflationary cost trends. The Water, Sewer and Recycled Water Maintenance and Operations Charge increase will become effective with the first full billing period after July 1, 2013.

WATER			SEWER		
Meter Size	Current Charge	Proposed Charge		Commercial Current Charge	Proposed Charge
5/8"	\$8.56	\$9.31			
3/4"	\$11.42	\$12.42	Animal Kennel/Hospital	\$2.91	\$3.11
1"	\$17.12	\$18.61	Car Wash	\$2.89	\$3.09
1-1/2"	\$31.38	\$34.12	Department/Retail Store	\$2.91	\$3.11
2"	\$59.93	\$65.15	Dry Cleaner	\$2.54	\$2.72
			Golf Course/Camp/Park	\$2.53	\$2.71
			Health Spa	\$2.90	\$3.10
			Hospital/Convalescence Home	\$2.54	\$2.72
			Hotel	\$4.40	\$4.71
			Market	\$5.77	\$6.17
			Mortuary	\$5.75	\$6.15
			Nursery/Greenhouse	\$2.58	\$2.76
			Professional/Financial Office	\$2.91	\$3.11
			Public Institution	\$2.85	\$3.05
			Repair/Service Station	\$2.90	\$3.10
			Restaurant	\$2.74	\$2.93
			School	\$3.00	\$3.21
			Theater	\$2.91	\$3.11
			Warehouse/Storage	\$2.29	\$2.45
			Basic Commercial	\$2.54	\$2.72
SEWER Residential					
Meter Size	Current Charge	Proposed Charge			
Single Family (1)	\$17.77	\$18.99			
Multi-family Restricted (2)	\$14.09	\$15.06			
Multi-family Unrestricted (2)	\$16.75	\$17.90			
(1) charged per month					
(2) charged per Equivalent Dwelling Unit per month					
RECYCLED WATER					
Description	Current Charge	Proposed Charge			
Recycled Water Charge (acre feet charge)	\$417.00	\$435.00			

WATER BUDGET CALCULATION

RESIDENTIAL CUSTOMERS

A customer's specific water budget is calculated to meet the efficient demands of indoor domestic use as well as outdoor irrigation. A water budget is the sum of the indoor and outdoor water budgets.

The **indoor water budget** in hundred cubic feet (ccf¹) is:

$$60 \text{ gallons/person/day} * \text{Number of people per household} * \text{Days/billing cycle} * DF_{\text{indoor}}/748$$

- Where DF_{indoor} is the indoor drought factor to be set by the Board depending on the drought stage, currently set to 1 and the number of people per household is as follows:
 - Detached home (single family home): 4 people
 - Apartment: 2 people
 - Attached home - unrestricted (i.e. condominium or townhouse): 3 people
 - Attached home - restricted (i.e. condominium or townhouse with age restrictions): 2 people

The **outdoor water budget allocation** in ccf is: **Weather data * Landscape area * ETAF * $DF_{\text{outdoor}}/1200$**

- Where the weather data is measured by the reference EvapoTranspiration (ET_0) data in inches of water per billing cycle. ET is the amount of water that is lost by plants through evaporation and transpiration, and needs to be replaced for the plants to remain healthy. ET_0 data is obtained from California Irrigation Management Information System (CIMIS) Station 75 established by State of California Department of Water Resources, Office of Water Use Efficiency;
- The landscape area for multi-family accounts including apartments, condominiums and mobile homes will be provided 25 square feet of landscape per dwelling unit plus any dedicated landscape area associated with the account;
- The landscape area for single-family detached homes is calculated by taking the building area and dividing it by the number of floors and subtracting that from the parcel area. The result is then multiplied by 70 percent to obtain the landscape area as follows:
Landscape area = (lot size - (building area / number of floors)) * 70%
- ET Adjustment Factor (ETAF) is a coefficient that adjusts the EvapoTranspiration (ET_0) values based on type of plants and irrigation efficiency. Based on the updated Model Water Efficient Landscape Ordinance² developed by the California Department of Water Resources, any landscape installed prior to January 1, 2010 has an ETAF of 0.8 and new landscape is an ETAF of 0.7. New landscape is defined as new or re-developments.
- DF_{outdoor} is the outdoor drought factor to be set by the Board depending on the drought stage, currently set to 1. This factor is not necessarily the same as the DF for indoor;
- 1200 is the conversion factor from inches/sq ft to ccf.

The indoor water budget, as determined above, will be billed at Tier I ("Indoor - Efficient") rates. The outdoor water budget, as determined above, will be billed at Tier II ("Outdoor - Efficient") rates. Water use in excess of the Tier I and II water budget would be deemed inefficient and/or excessive. Tier III ("Inefficient") water use would be usage between 100% and 130% of the Tier I and II water budget (or Total Water Budget) and Tier IV ("Excessive") usage would be consumption over 130% of Total Water Budget.

Customers may request a variance/adjustment to provide an equitable water budget for special circumstances such as, more people living in the home than the formula provides or medical needs.

IRRIGATION CUSTOMERS

Irrigation customers fall into one of two categories: Recreational or Functional. Recreational irrigation customers are those whose landscape is used mostly for recreational purposes (i.e. parks, soccer fields, etc.) while Functional irrigation customers will be those whose landscape is ornamental in nature (greenbelts, medians, etc.).

The irrigation water budget for dedicated irrigation customers in ccf is calculated as follows:

$$\text{Weather data} * \text{Landscape area} * \text{ETAF} * DF_{\text{outdoor}}/1200, \text{ where}$$

- Weather data (ET_0) as described in the section above,
- Landscape area is assumed to be the lesser of 100% of total parcel area or 100% of the measured landscape area served by each meter,
- ET adjustment factor (ETAF) is equal to 0.8 for Functional irrigation and 1 for Recreational irrigation customers based on the updated Model Water Efficient Landscape Ordinance, and
- DF_{outdoor} as described in the section above.

All of an irrigation customer's Water Budget will be at Tier II ("Outdoor - Efficient"). Water use in excess of the Tier II water budget would be deemed inefficient and/or excessive. Tier III ("Inefficient") water usage would be between 100% and 130% of the Tier II budget and Tier IV ("Excessive") usage would be consumption over 130%.

Customers may request a variance/adjustment to provide an equitable water budget for special circumstances such as, establishing new landscaping and changes in irrigation landscape area.



El Toro Water District

24251 Los Alisos Blvd.
Lake Forest, CA 92630

PUBLIC HEARING AND PROTEST PRECEEDING

The Governing Board of the El Toro Water District will conduct a **public hearing on June 27, 2013 at 7:30 a.m.** in the Board Room of its Administrative Office located at 24251 Los Alisos Blvd., Lake Forest, CA 92630. The purpose of the hearing will be to consider adoption of the proposed Water Usage Rate increase and the proposed Water, Sewer and Recycled Water Maintenance and Operations Charge increase. Property owners, tenants and customers may comment and file a written protest on the proposed increases. California law prohibits the District from increasing charges if a majority of the affected property owners, tenants and customers file a written protest opposing the proposed increases before the end of the public hearing. Written protests must be submitted to the District at P.O. Box 4000, Laguna Hills, CA 92654 or personally submitted on or before the end of the public hearing, which is scheduled for 7:30 a.m. on June 27, 2013. Each protest must identify the affected property (by account number or street address) and include the signature of a record property owner or customer. Email protests will not be accepted. Oral protests at the public hearing will not qualify as a protest, unless accompanied by a written protest. The District's Board of Directors welcomes input from the public during the public hearing.