



MONTECITO WATER DISTRICT

July 2013

NOTICE OF PUBLIC HEARING ON PROPOSED CHANGES IN RATES AND CHARGES

This Notice provides information about proposed increases in rates and charges, and a Public Hearing at which public comments will be considered and the proposed increase voted on by the District Board of Directors.

HEARING DATE: Thursday, August 29, 2013

HEARING TIME: 6:30 p.m.

LOCATION: El Montecito Presbyterian Church
1455 East Valley Rd,
Santa Barbara, CA 93108

THE REASON FOR THE PROPOSED RATES AND CHARGES

The District's existing financial resources are not adequate to pay for operations, maintenance, facility improvements and all other District costs. Some of the factors leading to the increase, include:

- Need to replace 23 miles of nearly century old pipelines that can cost up to \$1.8 million per mile to replace.
- Cost to purchase and transport water from Lake Cachuma and the State Water Project.
- Requirements to pay for numerous government mandated programs, including: millions of dollars to cover an open reservoir, install a water treatment plant ozone system, complete fishery mitigation projects, and construct a new regional water transmission pipeline.
- Provide funding to balance the budget, restore reserves needed for emergencies, and obtain favorable interest rates, when needed.

HOW THE PROPOSED RATES AND CHARGES WERE DEVELOPED

The District retained an independent financial expert who undertook a detailed financial review that included evaluating the proportionality of customer rates to be sure they are fair and based on the principle that customers should pay only the cost of serving them. As a result, the rates paid by each class of customer (residential, multi-family, institutional, agricultural) were adjusted to match the actual current cost of serving them.

The financial expert also developed a financial planning document that identified revenue needs based on long-term estimated costs, engineering and facility improvement plans, water demand levels and more. From those calculations, a five-year series of changes to rates and charges was developed and reviewed by staff and the Board of Directors.

Currently, District Rates are lower than those of our neighbors in the City of Santa Barbara, Carpinteria and Goleta.

If the proposed rates are approved, our charges are expected to be comparable to neighboring local water agencies.

PLEASE CONTACT US IF YOU HAVE QUESTIONS OR COMMENTS ABOUT THE PROPOSED RATES AND CHARGES

Phone: (805) 969-2271 • Email: info@montecitowater.com • Write: 583 San Ysidro Road, Santa Barbara, CA 93108



MONTECITO WATER DISTRICT

FINANCIAL ISSUES FACING THE DISTRICT

A study of Montecito Water District's finances by an independent consultant has determined that the District must increase rates and charges for the first time in five years if it is to continue to provide safe, reliable water service to its customers over the long-term.

For help estimating your bill, contact the District

PROPOSED CHANGES DEVELOPED IN PUBLIC PROCESS

The rate planning process has been undertaken in public and reviewed by the Board in open public meetings over the course of the past year. The proposed rates and charges have been presented to the Montecito Association, will be discussed at a community meeting, posted on the District website, explained via a newsletter and bill stuffer, and covered by the local press.

PROPOSED WATER USAGE RATES BY CUSTOMER CLASSIFICATION

1 HCF (Hundred Cubic Feet) = 748 gallons.

Classification	Current / HCF	Proposed/HCF				
	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18

SINGLE FAMILY

Tier	Range	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18
Tier 1	0-25	\$3.90	\$4.36	\$4.68	\$5.03	\$5.40	\$5.80
Tier 2	26-60	\$4.15	\$4.83	\$5.18	\$5.57	\$5.98	\$6.42
Tier 3	61-120	\$4.90	\$5.70	\$6.12	\$6.57	\$7.06	\$7.58
Tier 4	121>	\$5.90	\$6.86	\$7.37	\$7.91	\$8.50	\$9.13

MULTI-FAMILY

Tier	Range	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18
Tier 1	0-9	\$3.90	\$4.36	\$4.68	\$5.03	\$5.40	\$5.80
Tier 2	10-30	\$4.15	\$4.83	\$5.18	\$5.57	\$5.98	\$6.42
Tier 3	31>	\$4.90	\$5.70	\$6.12	\$6.57	\$7.06	\$7.58

COMMERCIAL

Tier	Allocation	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18
Tier 1		\$4.25	\$4.83	\$5.18	\$5.57	\$5.98	\$6.42
Tier 2		\$5.90	\$5.70	\$6.12	\$6.57	\$7.06	\$7.58

INSTITUTIONAL

Tier	Allocation	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18
Tier 1		\$3.90	\$4.83	\$5.18	\$5.57	\$5.98	\$6.42
Tier 2		\$4.25	\$5.70	\$6.12	\$6.57	\$7.06	\$7.58

AGRICULTURE

Domestic	20/HCF /DU	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18
		\$3.90	\$4.36	\$4.68	\$5.03	\$5.40	\$5.80
Domestic component 20 HCF per month per dwelling unit (DU)							
Tier 1	Allocation	\$1.76	\$2.43	\$2.61	\$2.80	\$3.00	\$3.23
Tier 2		\$3.90	\$4.36	\$4.68	\$5.03	\$5.40	\$5.80

NON POTABLE

Rate	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18
	\$1.40	\$1.94	\$2.08	\$2.24	\$2.40	\$2.58

PROPOSED RATES AND CHARGES

Following a public review process this spring and summer, the Board of Directors is scheduled to vote on the proposed rates at a Public Hearing on Thursday, August 29, 2013. If approved, the rates shown below would take effect on September 1, 2013. Customers are billed for water usage each month, with a fixed meter service charge.

PROPOSED MONTHLY METER SERVICE CHARGE

This is a fixed charge based on meter size.

Service Charge Based on Meter Size	Current	Proposed				
	FY 12/13	FY 13/14	FY 14/15	FY 16/17	FY 17/18	FY 17/18
3/4 - Inch	\$30.95	\$35.99	\$38.66	\$41.52	\$44.59	\$47.89
1 - Inch	\$51.60	\$60.01	\$64.45	\$69.22	\$74.34	\$79.84
1 1/2 - Inch	\$92.86	\$108.00	\$115.99	\$124.57	\$133.79	\$143.69
2 - Inch	\$165.08	\$191.99	\$206.20	\$221.45	\$237.84	\$255.44
3 - Inch	\$371.43	\$431.97	\$463.94	\$498.27	\$535.14	\$574.74
4 - Inch	\$619.05	\$719.96	\$773.23	\$830.45	\$891.90	\$957.91
6 - Inch	\$1,031.75	\$1,199.93	\$1,288.72	\$1,384.08	\$1,486.51	\$1,596.51

CURRENT & PROPOSED MONTHLY BILL COMPARISON

Each customer pays for their actual water usage plus a fixed meter charge based on their meter size.

The following examples of charges are based on the assumptions listed below, including the water usage and the meter charge. Your water bill and meter charges may vary.

Classification	Current	Proposed				
	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18

Single Family	19 HCF/Month	\$105.05	\$118.83	\$127.58	\$137.09	\$147.19	\$158.09
	33 HCF/Month	\$161.65	\$183.63	\$197.10	\$211.83	\$227.43	\$244.25
3/4" Meter	100 HCF/Month	\$469.70	\$542.04	\$581.76	\$625.02	\$671.29	\$720.79
Commercial	55 HCF/Month	\$285.35	\$325.66	\$349.35	\$375.57	\$403.24	\$432.94
Institutional	195 HCF/Month 2" Meter	\$925.58	\$1,133.84	\$1,216.30	\$1,307.60	\$1,403.94	\$1,507.34
Agriculture	150 HCF/Month 2" Meter	\$429.08	\$556.49	\$597.70	\$641.45	\$687.84	\$739.94

The agricultural bill comparison excludes the domestic component.

POSSIBLE INFLATION ADJUSTMENTS ABOVE CPI

To ensure that rates reflect the effects of any unusual inflation, the rates shown may be increased by Board action each year through and including FY 2017/18 by the percentage change over 3% per year in the Consumer Price Index (CPI) for Los Angeles-Anaheim-Riverside for all urban consumers since the most recently published value as of July 1, 2013.

A fully detailed Cost of Service Study and Rate Report explaining the proposed rates is available at www.montecitowater.com or by contacting the District.

Our water currently costs about one-half penny per gallon—treated, tested for quality and delivered to your home or business.



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583 San Ysidro Road
Santa Barbara, CA 93108-2124
805.969.2271
info@montecitowater.com
www.montecitowater.com

Board of Directors

Samuel Frye, President
W. Douglas Morgan, Vice President
Jan E. Abel
Darlene Bierig
Richard Shaikewitz

General Manager and Secretary

Thomas R. Mosby

QUESTIONS OR COMMENTS?

IF YOU HAVE QUESTIONS OR COMMENTS, PLEASE:

Call: the District office at
(805) 969-2271
from 7:30 AM to 5:00 PM

Email:
info@montecitowater.com

Write: 583 San Ysidro Road,
Santa Barbara, CA 93108

Web: Check our website
for additional details.
www.montecitowater.com

Participate: In the Public Hearing
on August 29, 2013 at 6:30 PM at:
El Montecito Presbyterian Church
1455 East Valley Road
Santa Barbara, CA 93108.

For information about how
to submit a protest, see the
adjacent information.

HOW TO COMMENT ON OR PROTEST THE PROPOSED RATES

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 water bill for an affected parcel.

Protests submitted by people who are not record owners or customers of record for a parcel must include, along with their protest, evidence of their eligibility to submit a protest. Each protest must (i) indicate that it is a protest against the water rate increase, (ii) identify (by address or Assessor's Parcel Number) the parcel for which the protest is submitted, (iii) indicate the name of the person submitting the protest and (iv) be signed by the person submitting the protest. Only one protest will be accepted per parcel. If written protests are received representing a majority of the parcels subject to the water rates, then the increases will not be imposed.

Whether hand delivered or mailed, written protests must be received at the District's Offices, 583 San Ysidro Road, Santa Barbara, CA 93108, by 5:00 PM on August 29, 2013.

Protests may also be submitted in writing at the August 29, 2013 Public Hearing to be held at 6:30 PM at El Montecito Presbyterian Church, 1455 East Valley Road.

You may also provide oral or written testimony to the Board at the hearing or contact the District Monday through Friday between the hours of 7:30 AM and 5:00 PM to ask questions or provide input. However, only written protests will be tabulated.