

LAGUNA BEACH COUNTY WATER DISTRICT

NOTICE OF PUBLIC HEARING - PROPOSED WATER RATE INCREASES

The Laguna Beach County Water District (District) annually evaluates its service needs, programs, and operational costs before recommending rate changes to the District's Board of Directors. To continue the District's long tradition of providing reliable water service to our customers, rate increases are needed to cover increasing operational costs. Costs have and continue to increase in the areas of purchased water, pumping, treatment, electricity, meter reading, and billing. In May, Metropolitan Water District of Southern California (Metropolitan), the District's water wholesaler, announced a water rate increase of 7.5 percent. Increases from Metropolitan will continue over the next 5 years and range from 5 - 8 percent. These increases are the result of the District's 100 percent dependence on imported water supplies, drought, the region's limited water reserves, and worsening environmental and regulatory conditions in Northern California's San Joaquin Delta.

Multi-Year Rate Increase

The Board of Directors is proposing a multi-year rate setting strategy. If approved, there would be a series of rate increases over the next four years. The first increase would take effect January 1, 2011. All following increases would be effective on and after January 1 of each year beginning January 2012. Rate increases over the subsequent three-year period would go into effect without further rate hearings. If adopted, the proposed rates would be subject to pass-through charges, which could include increased costs imposed by an outside utility for items such as electricity and imported water or "penalties" or "surcharges" for water use that exceeds the water supply allocation imposed on the District by its wholesale supplier.

Bi-monthly Service Charge Proposed Increase

The District's service charge is levied against all customers in the District on a bi-monthly basis based on the size of each meter on the customer's premises. The charge recovers costs associated with providing water to the serviced property, which do not vary with consumption. These costs include meter reading and billing customers for each bi-monthly period, maintenance of meters and service lines in the distribution system, administrative costs, water quality testing, and salaries and benefits.

Proposed Bi-Monthly Meter Charge Increase (All Customers)					
Meter Size	Current Rate	Proposed Multi-Year Rates			
		2011	2012	2013	2014
3/4-inch meter	\$ 22.69	\$ 24.04	\$ 24.77	\$ 25.52	\$ 26.28
1-inch meter	56.73	60.09	61.92	63.80	65.71
1.5-inch meter	113.46	120.18	123.84	127.59	131.42
2-inch meter	181.53	192.29	198.15	204.15	210.28
3-inch meter	340.35	360.55	371.53	382.78	394.27
4-inch meter	567.28	600.92	619.21	637.97	657.11
6-inch meter	1,134.55	1,201.83	1,238.43	1,275.95	1,314.23

Water Commodity Charge Increase

The District's commodity charge is based on water usage. The cost to the consumer for water is lower if less water is used and higher if more water is used. The commodity charge is metered in units. One unit equals 748 gallons.

Current Commodity Rates			
Type of Account	Tier	2010	
Single-Family Residential Accounts	Tier 1 - Usage up to 30 units	\$3.23	
	Tier 2 - Usage 31 units and over	\$3.58	
All Other Accounts	Flat Rate	3.42	

Proposed Multi-Year Commodity Rate Increase					
Type of Account	Tier	2011	2012	2013	2014
All Accounts	Tier 1 - Usage within Water Budget	\$3.56	\$3.66	\$3.77	\$3.89
	Tier 2 - Usage in excess of Water Budget	5.96	6.10	6.26	6.45

Notice of Public Hearing

Date: Tuesday, October 12, 2010
Time: 6:00 p.m.
Place: Laguna Beach County Water District
306 Third Street, Laguna Beach CA 92651

This Notice of Public Hearing provides information regarding proposed basic meter charge and water rate increases to Laguna Beach County Water District customers pursuant to the requirements of California Constitution Article XIII (commonly referred to as Proposition 218). The hearing will cover a proposed multi-year rate increase for water services. This notice has been mailed to all customers whose names and addresses appear in the current customer database of the District. If adopted, the first increase would take effect January 1, 2011. All subsequent increases would be effective on and after January 1 of each year beginning January 2012 through January 2014 without further rate hearings.

The District's Board of Directors wants you to have the opportunity to comment on the proposed rate increases before a decision is made.

- **Attend the Public Hearing:** A public hearing is scheduled for Tuesday, October 12, 2010 at 6:00 p.m. at the District headquarters, 306 Third Street in Laguna Beach. During the hearing, members of the public are encouraged to ask questions or comment on the proposed increase.
- **Submit a Written Protest:** Any customer within the District's service area may submit a written protest against the increase. To be valid, a protest must be in writing and include information identifying the property where water is served, such as Assessor's Parcel Number, customer account number or street address. Email and FAX protests are not valid and cannot be accepted. Only one written protest will be counted for each water account. Protest letters must be received prior to the conclusion of the public hearing. Protests can be mailed or personally delivered to the Secretary of the Board, Laguna Beach County Water District, 306 Third Street, Laguna Beach, CA 92651.

If you have questions regarding this notice, please contact our office at (949) 494-1041.