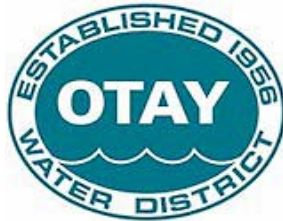
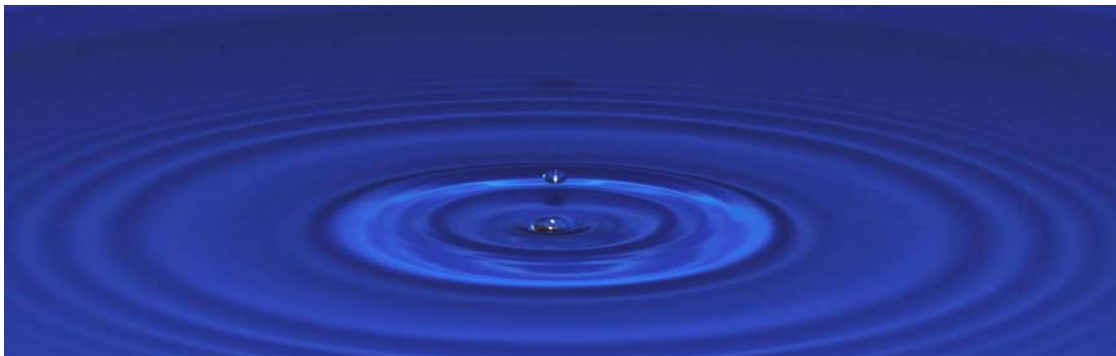


Otay Water District
2554 Sweetwater Springs Blvd.
Spring Valley, CA 91978
www.otaywater.gov
619-670-2777



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**Please be advised the Otay Water District will be holding
a Public Hearing on Residential 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 for Residential Sewer Customers



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

The district is a revenue neutral public agency, meaning that only those charges sufficient to support your service are billed to you. Each end user pays a fair share of the operation and maintenance of the public sewer system and facilities.

An analysis of the district's costs and revenues indicates a 4.6% rate increase for sewer is needed effective on January 1, 2009. The rate 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 sewer system and a balanced budget.

If you oppose this action, you may attend the public hearing on Monday, De-

ember 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.



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

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 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 services 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 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. The district delivers an annual daily average of 2.5 million gallons per day of recycled water to irrigation customers.



Proposed New Sewer Rates in Detail

Proposed Sewer Rates:

If approved, as of January 1, 2009, the monthly charge for a typical single-family residential customer will be calculated as follows:

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

<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" meter is \$42.54.
- The maximum bill for a 1.00" meter in 2009 (based on 22 units per month, after the 15% 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.

The calculation for multiple residential sewer accounts is $(\$1.47 \times \text{Winter Average} \times 85\%) + (\$10.20 \times \text{the number of dwelling units})$.

A \$54.00 per Assigned Service Unit assessment is collected on a customer's property tax bill for sewer debt. One ASU is equal to the demand placed on the system by a residential unit. It is anticipated that the loan will be paid in full by 2012.

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 not 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 development 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. For water conservation tips, visit the Otay Water District website at www.otaywater.gov.