

**NOTICE OF PUBLIC HEARING FOR PROPOSED WATER RATE INCREASE
(Proposition 218)**

The Yuima Municipal Water District (the “District” or “Yuima”) will conduct a public hearing on Monday, June 24, 2024 at 2:10 p.m. or as soon thereafter as practicable, in the Board Room of the District’s administrative office, located at 34928 Valley Center Rd., Pauma Valley, CA 92061, to consider adopting increases in and adjustments to the District’s current rates and charges for water service, and to consider authorizing periodic rate adjustments over the next five years that are tied to the rate of inflation in the San Diego region, and/or the pass-through of increased wholesale water supply costs that are imposed on the District by the San Diego County Water Authority (“SDCWA”) and/or the Metropolitan Water District of Southern California (“MWDSC”) as well as special rates that can take effect upon mandatory water cutback imposed by state or regional agencies on the District

The District periodically evaluates its service needs, programs, and operational costs before recommending rate changes to the District’s Board of Directors. Prior to adoption of a rate increase, District customers (property owners and/or tenants that pay the District’s bills) are notified by mail about proposed rate changes and given the opportunity to comment and file a written protest. This notice provides information related to the District’s proposed water rate increases for the 2024-25 fiscal year. This notice also describes and proposes for authorization by the District’s Board, for a period of up to five years and as otherwise authorized by Government Code §53756, periodic adjustments of the fees and charges identified herein that are:(1) associated with increases in wholesale water rates, charges and fees that are passed through to the District by the District’s wholesale suppliers, SDCWA and MWDSC; and (2) increases in the District’s costs attributable to inflation in the San Diego Region as reflected in the Consumer Price Index, All Customers, for the San Diego Region. Finally, this notice outlines the public hearing and protest process for the public hearing set for June 24, 2024 at the District offices per Proposition 218.

Why Is the Rate Increase Needed and Basis for Calculation:

The District is required to collect fees and charges for water service through the payment of water rates that are adequate to recover, but do not exceed, the full cost of the District providing water service. The District’s rates are structured so that each customer’s bill adequately reflects the total cost of service to the customer. The District’s current charges, among other things, include a meter charge, a water commodity charge for actual water purchased (which varies according to type of use), a pump zone charge which covers the cost incurred to pump water through the District’s infrastructure to each customer meter and various charges levied on the District by the SDCWA and MWDSC, the San Diego Region’s wholesale imported water agencies. These charges collectively provide the District with sufficient funds to meet current operating expenses as well as the ability to construct and maintain needed capital infrastructure.

The proposed rate increase of up to a maximum of 21.1% on the current Yuima water commodity charge, 25% on the current pump zone charge and 10% on the monthly meter fee is needed to cover the anticipated 20% increase to the wholesale water rate for water supplied by the SDCWA and MWDSC to the District, as well as increased costs for the District’s operation and maintenance of existing facilities, increased energy costs that exceed 25% since the last increase to the pump zone charge, and costs associated with capital projects and related debt service. Additionally, future periodic adjustments, as and to the extent permitted by section 53756 of the Government Code, are needed, and proposed herein for authorization by the District Board for a period of five years, so that the District can, upon 30 days mailed notice to Yuima’s ratepayers, pass-through increases in SDCWA’s and/or MWDSC’s charges to Yuima because such costs are imposed on Yuima at the discretion of third-party wholesale agencies, and Yuima has no choice but to pay the increased wholesale rates as a condition of obtaining water from SDCWA and MWDSC. Moreover, Government Code 53756 allows water agencies such as Yuima to adjust current rates and pass through certain increased costs attributable to inflation,

Mailed May 9, 2024

provided the rate of inflation is calculated per a “clearly defined formula for adjusting for inflation” that does not cause the inflation adjusted water rates to exceed the “cost of providing that service”. Without the adjustments proposed herein, an increase in SDCWA’s and/or MWDSC’s rates and charges could result in a budget deficit and the inability of Yuima to continue providing high quality water service to all of Yuima’s customers.

Proposed Rates to take Effect July 1, 2024:

The proposed rates covered by this notice, as detailed below, include: (i) a maximum rate increase of up to 21.1% on the current Yuima water commodity charge, 25% on the current Yuima pump zone charge and 10% on the current Yuima monthly meter charge; and (ii) authorized adjustments between 2024 and 2029, as and to the extent permitted by section 53756 of the Government Code,¹ which if approved by the District Board after public hearing, will authorize, but not require, Yuima to pass through to Yuima customers any increases in SDCWA’s and/or MWDSC’s wholesale charges that are imposed on the District.

Maximum rate increases proposed by the District for 2024-25 are listed in the tables below:

Water Rates

Increase up to a maximum of 21.1% depending on the ultimate increase in the cost of wholesale water from SDCWA and MWDSC.

	YUIMA - General District Current		YUIMA - General District Proposed	
	Per Unit	Per Acre Foot	Per Unit	Per Acre Foot
Domestic	4.0868	1,780.20	4.6876	2,041.91
PSAWR AG / PSAWR Ag W/Incidental Domestic	3.5888	1,563.29	4.0199	1,751.08
Non-PSAWR Ag / Non PSAWR Ag w/ Inc. Domestic	4.0868	1,780.20	4.6876	2,041.91
	IDA - Current		IDA - Proposed	
	Per Unit	Per Acre Foot	Per Unit	Per Acre Foot
Domestic	3.9692	1,728.97	4.1947	1,827.19
PSAWR AG / PSAWR Ag W/Incidental Domestic	2.8466	1,239.97	3.4464	1,501.27
Non-PSAWR Ag / Non PSAWR Ag w/ Inc. Domestic	3.9692	1,728.97	4.1947	1,827.19
Well Use Agreements	1.4233	619.99	1.7232	750.64
Non-Potable Water Credit	0.0689	30.00	0.1054	45.91

¹ California Government Code section 53756 authorizes a water agency to adopt a schedule of fees or charges for up to five years with automatic adjustments that pass-through increases in wholesale charges for water from other agencies, as well as adjustments for inflation, provided (1)the adjustment for inflation is pursuant to a pre-established annual formula or methodology; (2) the adjustment for inflation does not cause the revised fee/charge for inflation to exceed the cost of the agency providing the water service; (3) the wholesale water costs passed through from the wholesale agency increase or decrease independently of any action taken by the retail water agency.

Monthly Meter and Pumping Charges

Yuima Pump Zone Charge*			Yuima Meter Charge*			SDCWA IAC Charge*	
Pump Zone	Current Rate Per 100 cubic feet	25% Proposed Increase	Size	Current Monthly	10% Proposed Increase	Current Monthly	Maximum Eff. 7/1/2024 No Increase
1	.16900	.2113	5/8"	36.81	40.49	4.41	4.41
2	.37914	.4739	1"	58.91	64.80	7.05	7.05
3	.64249	.8031	1 1/2"	110.50	121.55	13.23	13.23
4	.81402	1.0175	2"	191.54	210.69	22.93	22.93
5	.23755	.2969	3"	353.59	388.95	42.33	42.33
6	.23755	.2969	4"	604.06	664.47	72.32	72.32
7	.81402	1.0175	5"	854.51	939.96	132.29	132.29
11	.23755	.2969	6"	1105.00	1215.50	132.29	132.29
			8"	1915.30	2106.83	229.30	229.30
			10"	2872.27	3159.50	343.95	343.95
			Add'l Unit	59.06	64.97		

The increased water rates described in the tables above are necessary primarily because of the significant increase in the cost of acquiring imported water from SDCWA and MWDCS, and substantial inflation that has occurred in the San Diego Region since the last District rate increase.

PASS THROUGH, INFLATION, AND DEMAND REDUCTION ADJUSTMENTS

A. Wholesale Pass Through Rates and Charges: Commencing July 1, 2024, and at any time through and including June 30, 2029, the District is proposing to have the authority to automatically pass through to all District customers any annual increases in the rates, fees and charges that Yuima is charged or assessed by its primary wholesalers, the SDCWA and MWDCS (“Wholesale Pass Through”). The District also proposes to make annual adjustments for inflation within the District’s service area for increases to the District’s Costs of Operations and Maintenance and Capital Facilities based upon the over-the-year percent change in the San Diego County Consumer Price Index for All Urban Consumers (“CPI-U”) (“Inflationary Pass-Through”). As noted in Section I, SDCWA is the District’s wholesale supplier of treated imported water, and imported water from SDCWA, on average constitutes 65% of the total supply delivered by Yuima in the Yuima General District, and 35% of the total supply delivered by Yuima in the IDA. When local supplies of groundwater are insufficient to meet the demands of the District’s customers, the District purchases imported water from SDCWA, and SDCWA bills the District for those deliveries at SDCWA’s then current rates for treated water. The SDCWA charges include SDCWA’s cost of purchasing the imported water from the MWD as well as other fees and charges imposed by SDCWA each year on its retail water agency customers. The District has no ability to control the amounts SDCWA charges its retail water agencies for imported water each year.

Per California Government Code Section 53756, therefore, Yuima proposes to adjust its rates on July 1 of each year* to authorize the pass through of up to the entirety of any annual increase in SDCWA rates, fees and charges imposed on the District by SDCWA for imported water purchases and other SDCWA charges, beginning with the first District purchase of imported water from SDCWA after July 1, 2024. These pass-through rate adjustments are proposed to remain in effect for five years and may be adjusted annually until June 30, 2029. Future SDCWA rate increases are unknown at this time; however, no pass-through event shall increase District rates in a manner that results in the District exceeding its cost of providing water service.

* SDCWA / MWDCS Fixed Cost Pass Through increases are unknown at this time but, per this Notice, will be subject to future adjustments by the District between 2024 and 2029 to adjust for when/if SDCWA/MWDCS modifies the current charges.

B. Annual Inflation Adjustment: Pursuant to California Government Code Section 53756, the District proposes to adjust its rates annually, commencing July 1, 2025 (one year after the current rates proposed herein take effect), by an amount less than or equal to the amount of the annual increase in the change in the San Diego County Consumer Price Index for All Urban Consumers between April 1 and March 31 of the immediately prior year. This annual adjustment is proposed to remain in effect for five years, until June 30, 2029.

Prior to implementing any of the Pass-Through Increases and Adjustments listed herein, the District will provide written notice of the increase to District customers affected by the adjustment, not less than 30 days prior to the effective date of the pass-through increases.

When does the rate increase take effect?

If approved by the District Board, the proposed rate increases on the District's rates and charges identified in the tables above would be effective as of July 1, 2024. Subsequent adjustments for inflation per the Inflation Index and Government Code § 53756 shall take effect not less than 30 days from the date the District mails notice of the adjustment to eligible property owners and tenants that receive retail water service from the District.

Public hearing and protest information:

The District's Board of Directors will conduct a public hearing at which it will consider adoption of a resolution increasing water rates as provided in this notice. The public hearing will be held as follows:

**June 24, 2024 at 2:10 p.m.
Yuima Municipal Water District Board Room
34928 Valley Center Road
Pauma Valley, California 92061**

The public is invited to attend the public hearing in person and present testimony regarding the proposed rate increase.

Written protests to the proposed rate increase may be submitted to the Secretary of the District's Board of Directors by mail to P.O. Box 177, Pauma Valley, CA 92061-0177, or by personal delivery to the District's Offices at 34928 Valley Center Road, Pauma Valley, CA 92061, and written protests must be received at the District prior to the conclusion of the public hearing on June 24, 2024. Each protest must identify the affected property (by assessor's parcel number, customer account number and/or street address) and include the signature of the record property owner or tenant (if the tenant is directly responsible for paying the District's water bill). Protests sent or received by e-mail or fax will not be accepted. Oral comments at the public hearing will not qualify as a formal protest unless such comments are accompanied by a written protest, though all public comments submitted will be considered by the District Board during the public hearing. If written protests against the proposed rate increase are presented by a majority of eligible owners or tenants within the District's service area prior to the close of the public hearing, the proposed rate increase will not be approved.