



*Santa Margarita
Water District*

NOTICE OF PUBLIC HEARING
Concerning Proposed
Rate Increases for
Santa Margarita Water District

March 4, 2015 at 7:00 p.m.
Santa Margarita Water District
Board Room - District Headquarters
26111 Antonio Parkway,
Rancho Santa Margarita, CA 92688

**Water, Recycled Water &
Wastewater Service Fees**

NOTICE IS HEREBY GIVEN THAT the Board of Directors of the Santa Margarita Water District (the “District”) will conduct a public hearing on March 4, 2015, at 7 p.m. in the Board Room of the District Headquarters located at 26111 Antonio Parkway, Rancho Santa Margarita, CA 92688, to consider adopting increases in the rates for its water, recycled water, and wastewater service fees.

REASONS FOR THE PROPOSED RATE INCREASES

The District makes every effort to provide its customers with water in the most efficient and cost effective manner possible. It is always preparing for the future and looking for ways to increase storage, to conserve, and recycle. It is also dedicated to providing exceptional wastewater services at the lowest possible cost while protecting the public health of the community. While the District continually strives for cost reductions and better utilization of the assets it holds, it also needs to keep pace with inflation and other cost increases, including, among others, the cost to purchase water and comply with regulations governing the treatment of water and wastewater, and the disposal of wastewater.

The District currently purchases water from the Metropolitan Water District of Southern California (“MWD”) through the Metropolitan Water District of Orange County (“MWDOC”). MWD imports water from two sources—the Colorado River via the Colorado River Aqueduct and Northern California via the California Aqueduct. MWD delivers water to this region through a pipeline network. Water from both sources is purified to drinking water (“potable water”) and tested at the Diemer Filtration Plant in Yorba Linda to ensure that it meets or exceeds state and federal drinking water standards. Then, it is piped to the District and then to you. Effective January 1, 2015, MWD increased its rates for the wholesale water the District purchases and further increases are anticipated in the future.

The State of California is currently in the third year of a record-setting drought. On January 17, 2014, and April 25, 2014, Governor Jerry Brown issued drought state of emergency declarations in response to record-low water levels in California’s rivers and reservoirs, as well as an abnormally low snowpack in the Sierra Nevada mountain range. In response to the statewide drought declaration by Governor Brown, the District has declared a Level 2 Water Shortage and is looking for a 20% reduction in water use district-wide. This conservation effort will help reduce demand on statewide water supplies that are stretched thinly and extend water reserves during this historically severe drought.

The drought has impacted not only the availability of water supplies, but may also impact the cost of imported water the District purchases from MWD. During water shortages, MWD may establish water supply allocations for the amount of water that MWD will deliver to the District and other retail water agencies. If the District exceeds its allocation, MWD may impose a surcharge or penalty (“MWD Surcharge”) on the District for the water it purchases.

To diversify its water supply portfolio and increase water system reliability for its customers, the District, in partnership with other neighboring agencies, is constructing the Baker Water Treatment Plant for the purpose of providing an additional source of potable water. The District anticipates producing water from the plant beginning in fiscal year 2016. The District is also reviewing additional local projects to enhance reliability.

In addition to the increases in the cost of water purchased, the District anticipates that there will be future increases in the costs of operating and maintaining its water system, recycled water system, and wastewater system. Because of these cost increases, the District is proposing to increase the rates for its water, recycled water, and wastewater service fees. In summary, the proposed water, recycled water, and wastewater rate increases are necessary to enable the District to: (1) recover current and projected increases in the costs of operating and maintaining the water, recycled water, and wastewater systems; (2) construct capital infrastructure improvements needed to repair, replace and update the District’s aging water, recycled water, and wastewater systems; (3) fund new capital infrastructure to provide additional water supplies for the District; (4) maintain the operational and financial stability of the utilities; (5) avoid operational deficits and depletion of reserves; and (6) comply with state and federal regulatory requirements.

As described below, the rates are being proposed to be adjusted and increased annually for a five-year period for increases in the costs of providing these services.

PROPOSED POTABLE AND RECYCLED WATER RATE INCREASES

The District’s rate structure for potable and recycled water service fees has four customer classes: (1) Single-Family Residential; (2) Multi-Family Residential; (3) Commercial (includes commercial, industrial, governmental and institutional customers); and (4) Irrigation. Irrigation customers are further classified based on the type of water they use — potable, recycled, and blended (potable water blended with recycled water). The rates are comprised of three compo-

nents: (1) a Service Charge; (2) a Commodity Charge; and (3) a Power Surcharge.

The Service Charge is a fixed monthly charge established on the basis of the size of the meter serving the property receiving water service. It is calculated to recover a portion of the District’s fixed costs, such as the costs of billing and collections, customer service, meter reading, meter maintenance, and meter-related capital and infrastructure costs. (Please refer to your water bill to determine your meter size.)

The Commodity Charge is a variable water usage charge and consists of five tiers that impose higher rates as the level of water consumption increases (one unit of water equals one hundred cubic feet (“CCF”), or 748 gallons). Customers who use more water place greater demands on the District’s water system and scarce resources and therefore pay a higher cost per unit of water than those who use less water. For Irrigation customers, there are different rates for the Commodity Charge depending on whether the water delivered is non-potable (non-domestic) water or potable (domestic) water.

The Power Surcharge is based on the type of customer being served and the cost of energy required to pump water within certain identified pumping zones in the District’s retail water service area (based on linear feet of lift to pump the water). Properties located in Zones 1 and 2 and A and B are not subject to Power Surcharges. Properties located in the other zones require pumping and are subject to Power Surcharges. (Please refer to your water bill to determine if you are subject to a Power Surcharge for your identified pump zone.) The proposed rates for the Power Surcharges assume annual increases of 7.5% based on amounts charged by utility companies to the District.

Together, the three components of the District’s water service fees are structured to recover the proportionate costs of providing water service to each customer class, deter waste, encourage water use efficiency, and manage the District’s valuable water resources.

Water is a vital resource. For health and safety reasons, indoor water usage is given the highest priority by State law, whereas outdoor water usage for landscape irrigation is considered to be the least essential. To better manage water supplies, beginning January 1, 2016, the District is proposing to phase in a new water rate structure for Single-Family Residential and Irrigation customers. Under this new rate structure, each Single-Family Residential and Irrigation customer will be allocated a reasonable amount of water for their monthly water usage. These allocations are referred to as “water budgets.” These customers were selected to have water budgets be-

cause they have the greatest outdoor water usage.

Single-Family Residential customers are given an indoor and an outdoor water budget. Their indoor water budgets are based on four factors: (1) the number of persons in a household (by default, this number is assumed to be 4 persons); (2) a standard consumption of 55 gallons of water per person per day; (3) the number of dwelling units served by the water meter; and (4) the number of days in the billing cycle. Their outdoor water budgets are calculated using three factors: (1) the size of the irrigable landscape area per parcel; (2) actual daily plant water loss to the atmosphere over a given period of time (“evapotranspiration”); and (3) a “plant factor” that reflects the water needs of specific types of plants and irrigation efficiencies established pursuant to guidelines provided by State law. Irrigation customers are given only an outdoor water budget. Their outdoor water budgets are calculated using these same three factors.

Because the District does not currently have parcel specific data on the amount of irrigable landscape area for each Single-Family and Irrigation parcel within the District, the initially proposed outdoor water budgets will be based on an allotted irrigable landscape area by lot size for Single-Family Residential and will be developed for Irrigation customers. Until the specific parcel data is available, the allotted irrigable areas for Single-Family Residential customers will be as follows starting January 1, 2016:

SINGLE-FAMILY RESIDENTIAL CUSTOMERS OUTDOOR IRRIGABLE AREA BY LOT SIZE (IN SQ. FEET)	
Lot Size Range	Allotted Irrigable Landscape Area
0 - 4,000	1,100
4,001 - 8,000	2,400
8,001 - 15,000	5,500
15,001 - 50,000	12,500
Above 50,000	30,000

The District intends to measure the irrigable area for each Single-Family Residential parcel within the District and develop customized outdoor water budgets for each customer over time. The multi-year phase-in schedule is set forth in the table below.

SINGLE-FAMILY RESIDENTIAL MULTI-YEAR PHASE-IN FOR OUTDOOR BUDGETS OUTDOOR IRRIGABLE AREA BY LOT SIZE (IN SQ. FEET)				
Lot Size	1/1/2016	1/1/2017	1/1/2018	1/1/2019
0 - 4,000	1,100	1,100	1,100	Individualized
4,001 - 8,000	2,400	2,400	Individualized	Individualized
8,001 - 15,000	5,500	Individualized	Individualized	Individualized
15,001 - 50,000	Individualized	Individualized	Individualized	Individualized
Above 50,000	Individualized	Individualized	Individualized	Individualized

Irrigation customers' irrigable area will be phased-in beginning January 1, 2016 and will be based on individualized meter consumption allotted to the irrigable area.

Beginning January 1, 2016, all water used by a Single-Family Residential or an Irrigation customer within the calculated water budget is billed at the Tier 1 and Tier 2 Commodity Charge rates set forth in the tables below. All water used in excess of the calculated water budgets is billed in the upper tiers. Because of the nature of their water use, Commercial customers' rates are uniform.

The rates are proposed to be effective beginning March 10, 2015, and adjusted each January 1 thereafter through January 1, 2019. The current and proposed water rate structure designs by customer class, tier definitions for Single-Family Residential and Irrigation customers, and water and recycled water rates, are set forth in the tables as shown.

MULTI-YEAR WATER RATE STRUCTURES BY CUSTOMER CLASS*

Customer Class	3/10/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019
Single-Family	Inclining Tiers	Water Budgets	Water Budgets	Water Budgets	Water Budgets
Multi-Family	Inclining Tiers	Inclining Tiers	Inclining Tiers	Inclining Tiers	Inclining Tiers
Irrigation	Uniform	Water Budgets	Water Budgets	Water Budgets	Water Budgets
Commercial	Uniform	Uniform	Uniform	Uniform	Uniform
All Others	Uniform	Uniform	Uniform	Uniform	Uniform

*See preceding table for the phase-in of individualized water budgets based on outdoor irrigable area by lot size.

TIER DEFINITIONS FOR SINGLE-FAMILY RESIDENTIAL AND IRRIGATION CUSTOMERS' WATER BUDGET RATE STRUCTURE

Single-Family Residential				Irrigation		
Tiers	From	To	Tier Widths	From	To	Tier Widths
1	0%	100%	100% Indoor Budget	0%	50%	50% Outdoor Budget
2	0%	100%	100% Outdoor Budget	50%	100%	50% Outdoor Budget
3	100%	150%	50% Total Budget	100%	150%	50% Outdoor Budget
4	150%	200%	50% Total Budget	150%	200%	50% Outdoor Budget
5	Above Tier 4			Above Tier 4		

FIXED POTABLE AND RECYCLED WATER SERVICE CHARGE RATES (\$/METER SIZE)*

Meter Size	Current	3/10/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019
3/4"	\$6.41	\$8.72	\$14.89	\$21.79	\$23.05	\$25.01
1"	\$8.25	\$10.96	\$20.59	\$26.76	\$28.30	\$30.71
1 1/2"	\$13.64	\$16.58	\$29.01	\$36.70	\$38.82	\$42.12
2"	\$20.12	\$24.22	\$42.03	\$52.98	\$56.03	\$60.80
2 1/2"	\$28.75	\$38.54	\$72.94	\$95.03	\$100.50	\$109.05
3"	\$37.37	\$52.86	\$103.84	\$137.07	\$144.96	\$157.29
4"	\$56.76	\$78.23	\$150.96	\$198.06	\$209.45	\$227.26
6"	\$110.67	\$146.58	\$274.90	\$357.02	\$377.55	\$409.65
8"	\$175.34	\$230.22	\$428.94	\$555.74	\$587.70	\$637.66
10"	\$261.57	\$344.22	\$642.46	\$832.90	\$880.80	\$955.67

*Includes District reserve funds of \$3.1 million approved by the Board to help soften any potential hardship due to fixed meter charge increases in 2015 (reduction of approximately \$2.82 per meter) and 2016 (reduction of approximately \$1.77 per meter).

POTABLE WATER COMMODITY CHARGE RATES (\$/CCF)

Single-Family

	Current	3/10/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019
Tier 1	\$2.23	\$2.04	\$1.86	\$1.67	\$1.67	\$1.67
Tier 2	\$2.46	\$2.29	\$2.11	\$1.94	\$1.94	\$1.94
Tier 3	\$2.94	\$2.77	\$2.61	\$2.44	\$2.45	\$2.46
Tier 4	\$3.45	\$3.28	\$3.12	\$2.95	\$2.96	\$2.97
Tier 5	\$4.33	\$4.50	\$4.67	\$4.84	\$4.85	\$4.86

Multi-Family

	Current	3/10/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019
Tier 1	\$2.23	\$2.04	\$1.86	\$1.67	\$1.67	\$1.67
Tier 2	\$2.46	\$2.29	\$2.11	\$1.94	\$1.94	\$1.94
Tier 3	\$2.94	\$2.77	\$2.61	\$2.44	\$2.45	\$2.46
Tier 4	\$3.45	\$3.28	\$3.12	\$2.95	\$2.96	\$2.97
Tier 5	\$4.33	\$4.50	\$4.67	\$4.84	\$4.85	\$4.86

Irrigation (Domestic Water)

	Current	3/10/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019
Tier 1	\$2.51	\$2.51	\$2.23	\$1.67	\$1.67	\$1.67
Tier 2	\$2.51	\$2.51	\$2.32	\$1.94	\$1.94	\$1.94
Tier 3	\$2.51	\$2.51	\$2.49	\$2.44	\$2.45	\$2.46
Tier 4	\$2.51	\$2.51	\$2.66	\$2.95	\$2.96	\$2.97
Tier 5	\$2.51	\$2.51	\$3.29	\$4.84	\$4.85	\$4.86

Commercial and Lakefill (Domestic Water)

	Current	3/10/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019
	\$2.51	\$2.25	\$2.00	\$1.74	\$1.75	\$1.76

RECYCLED WATER COMMODITY CHARGE RATES (\$/CCF)

Irrigation (Non-Domestic/Blended Water)

	Current	3/10/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019
Tier 1	\$2.47	\$2.47	\$2.24	\$1.78	\$1.82	\$1.86
Tier 2	\$2.47	\$2.47	\$2.43	\$2.34	\$2.39	\$2.45
Tier 3	\$2.47	\$2.47	\$2.44	\$2.38	\$2.44	\$2.50
Tier 4	\$2.47	\$2.47	\$2.51	\$2.60	\$2.66	\$2.72
Tier 5	\$2.47	\$2.47	\$3.38	\$5.21	\$5.32	\$5.44

Irrigation (Non-Domestic Water)

	Current	3/10/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019
Tier 1	\$1.85	\$1.85	\$1.83	\$1.78	\$1.82	\$1.86
Tier 2	\$1.85	\$1.85	\$2.01	\$2.34	\$2.39	\$2.45
Tier 3	\$1.85	\$1.85	\$2.03	\$2.38	\$2.44	\$2.50
Tier 4	\$1.85	\$1.85	\$2.10	\$2.60	\$2.66	\$2.72
Tier 5	\$1.85	\$1.85	\$2.97	\$5.21	\$5.32	\$5.44

POWER SURCHARGE RATES (\$/CCF)

Single-Family, Multi-Family, Commercial

	Current	3/10/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019
Zone 3	\$0.18	\$0.20	\$0.22	\$0.24	\$0.26	\$0.28
Zone 4	\$0.26	\$0.28	\$0.31	\$0.34	\$0.37	\$0.40
Zone 5	\$0.37	\$0.40	\$0.43	\$0.47	\$0.51	\$0.55

Irrigation (Non-Domestic Water)

	Current	3/10/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019
Zone C	\$0.12	\$0.13	\$0.14	\$0.16	\$0.18	\$0.20
Zone D	\$0.24	\$0.26	\$0.28	\$0.31	\$0.34	\$0.37
Zone E	\$0.35	\$0.38	\$0.41	\$0.45	\$0.49	\$0.53

Irrigation (Non-Domestic/Blended Water)

	Current	3/10/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019
Zone B4	\$0.26	\$0.28	\$0.31	\$0.34	\$0.37	\$0.40
Zone C4	\$0.26	\$0.28	\$0.31	\$0.34	\$0.37	\$0.40
Zone C5	\$0.37	\$0.40	\$0.43	\$0.47	\$0.51	\$0.55

WATER RATE ADJUSTMENTS

The District anticipates that MWD and MWDOC will increase the rates for the wholesale water that is sold and delivered to the District and may impose other charges on the District related to wholesale water service. It also anticipates that its energy provider will increase the rates that it imposes on the District. To ensure that there are sufficient revenues to provide water services to its customers, the District is also proposing to annually pass through to its customers: (1) any increases in the rates for wholesale water and any other charges that either MWD or MWDOC imposes on the District (each a “Wholesale Water Pass-Through Adjustment”); and any additional incremental increases in the energy rates imposed on the District by energy providers that are greater than the 7.5% assumed by the District in establishing the rates for the Power Surcharge (“Energy Pass-Through Adjustments”). Any Wholesale Water Pass-Through Adjustment will only impact the rates of the Potable Water Commodity Charge set forth in the table above. Any Energy Pass-Through Adjustment will only impact the rates of the Power Surcharge set forth in the table above. If approved by the Board of Directors, the District may annually implement the Wholesale Water Pass-Through Adjustments and the Energy Pass-Through Adjustments for a five-year period commencing March 2015 through December 2019. Provided, however, that (1) any annual increase in the rates described above as a result of a Wholesale Pass-Through Adjustment shall not exceed 10%; (2) any annual increase in the rates described above as a result of an Energy Pass-Through Adjustment shall not exceed 10%; and (3) in no event shall such rates be increased as a result of a Wholesale Water Pass-Through Adjustment or an Energy Pass-Through Adjustment (collectively the “Pass-Through Adjustments”) by more than the cost of providing water service.

WASTEWATER RATE INCREASES

The rate structure for the District’s monthly wastewater service charges consists of four customer classes: Single-Family Residential (“SFR” customers), Multi-Family Residential (“MFR” customers), Commercial customers that have a water meter that delivers water for indoor and outdoor use, and Commercial/Recreational customers that have a water meter that delivers water for indoor and significant outdoor water use (“Recreational” customers). MFR wastewater customers are classified based on whether the property has a common master water meter (a “common meter”) for all units, or individual water meters (a “single meter”) for each unit. Within the Commercial customer class the customers are further classified based on the type of commercial activity and the constituents (“strength”) that they discharge into the wastewater system (“C-1,” “C-2,” “C-3,” or “C-4” customers). Typical users within the four commercial subclasses generally include the following:

- **Commercial Class 1** (medium to low strength) — schools, car washes, beauty and barber shops, department and retail stores, professional offices and general commercial businesses, warehouses, and hospitals and convalescent homes
- **Commercial Class 2** (medium to low strength) — hotels without dining facilities, auto repair/sales shops, service stations, shopping centers, and bars without dining facilities
- **Commercial Class 3** (medium to high strength) — convenience stores, liquor stores with a delicatessen, and hotels with dining facilities
- **Commercial Class 4** (high strength) — bakeries, restaurants and bars with food, supermarkets, and mortuaries

The rates for the wastewater service charges are comprised of two components: (1) a fixed monthly wastewater service charge established on the basis of the customer class; and (2) a variable volumetric charge determined on the basis of the estimated amount of water returned to the sewer (“flow”) in hundred cubic feet and the strength of the wastewater determined by customer class. The fixed monthly wastewater service charge is structured to recover a portion of the District’s fixed costs and overhead. Because these costs do not vary with wastewater use, the District is proposing to have all customers pay the same rate for the fixed monthly wastewater service charge. The variable volumetric charge is designed to recover the costs of treating the flow and strength generated by each customer class. Because SFR and MFR customers’ water use is not wholly related to indoor water use, and unlike commercial customers, since a greater portion of the water they use is not returned to the sewer, they will not be charged for a volumetric charge for any water used in excess of the following amounts: SFR customer water use in excess of 10 CCF per month; MFR common meter customer water use in excess of 9 CCF per month; and MFR single meter customer water use in excess of 7 CCF per month. The proposed rates and effective dates for the wastewater service fees are set forth in the tables as shown.

FIXED MONTHLY WASTEWATER SERVICE CHARGE RATES (\$/ACCOUNT)*

	Current	3/10/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019
SFR	\$9.26	\$12.92	\$20.30	\$25.51	\$25.51	\$25.51
MFR (Single Meter)	\$9.26	\$12.92	\$20.30	\$25.51	\$25.51	\$25.51
MFR (Common Meter)	\$45.67	\$12.92	\$20.30	\$25.51	\$25.51	\$25.51
C1- Med-Low Strength	\$45.67	\$12.92	\$20.30	\$25.51	\$25.51	\$25.51
C2- Med-Low Strength	\$45.67	\$12.92	\$20.30	\$25.51	\$25.51	\$25.51
C3-Med-High Strength	\$45.67	\$12.92	\$20.30	\$25.51	\$25.51	\$25.51
C4- High Strength	\$45.67	\$12.92	\$20.30	\$25.51	\$25.51	\$25.51
Recreational	\$45.67	\$12.92	\$20.30	\$25.51	\$25.51	\$25.51

*Includes District reserve funds of \$6 million approved by the Board to help soften any potential hardship due to fixed charge increases in 2015 (reduction of approximately \$5.30 per account) and 2016 (reduction of approximately \$5.21 per account).

SFR and MFR single meters are ¾". MFR common, Commercial, and Recreational meters are 2".

VOLUMETRIC WASTEWATER SERVICE CHARGE RATES (\$/CCF)*

	Current	3/10/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019
SFR	\$1.06	\$1.03	\$1.03	\$1.03	\$1.03	\$1.03
MFR (Single Meter)	\$1.06	\$1.03	\$1.03	\$1.03	\$1.03	\$1.03
MFR (Common Meter)	\$1.06	\$1.03	\$1.03	\$1.03	\$1.03	\$1.03
C1- Med-Low Strength	\$1.27	\$0.87	\$0.87	\$0.87	\$0.87	\$0.87
C2- Med-Low Strength	\$1.55	\$1.03	\$1.03	\$1.03	\$1.03	\$1.03
C3-Med-High Strength	\$2.08	\$1.49	\$1.49	\$1.49	\$1.49	\$1.49
C4- High Strength	\$3.73	\$2.19	\$2.19	\$2.19	\$2.19	\$2.19
Recreational	\$1.27	\$0.84	\$0.84	\$0.84	\$0.84	\$0.84

* SFR customers are billed up to a maximum 10 CCF; MFR common meter customers are billed up to a maximum of 9 HCF; and MFR single meter customers are billed up to a maximum of 7 CCF. Commercial customers’ volumetric rates are based on 90% of total consumption.



26111 Antonio Parkway,
Rancho Santa Margarita,
CA 92688

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PUBLIC HEARING

Any record owner of a parcel upon which the water, recycled water, and wastewater service fees are proposed for imposition, or any tenant directly responsible for the payment of water, recycled water, and wastewater service fees (i.e., a customer of record), may submit a written protest to the proposed rate increases to the District's water, recycled water, and wastewater service fees; provided, however, only one protest will be counted per identified parcel. Each protest must: (1) be in writing; (2) state whether the protest is submitted in opposition to the rate increases to the water, recycled water, wastewater service fees, or the Pass-Through Adjustments; (3) provide the location of the identified parcel (by assessor's parcel number or service address); and (4) include the name and signature of the person submitting the written protest. Written protests may be submitted by mail to 26111 Antonio Parkway, Rancho Santa Margarita, CA 92688. Written protests may also be submitted in person at the District's office or at the public hearing at 7pm on Wednesday, March 4, 2015 in the Board Room of the Santa Margarita Water District at 26111 Antonio Parkway in Rancho Santa Margarita. All written protests must be received prior to the conclusion of the public input portion of the public hearing. Any protest submitted via e-mail or other electronic means will not be accepted as a formal written protest. Please identify on the front of the envelope for any protest, whether mailed or submitted in person, that the enclosed letter is for the public hearing on proposed rate increases.

The Board of Directors will consider all written protests timely submitted and hear and consider all public comments made at the public hearing. Oral comments at the public hearing will not qualify as formal protests unless accompanied by a written protest. At the conclusion of the public hearing, the Board of Directors will determine whether to adopt the proposed rate increases and Pass-Through Adjustments as described in this notice. If, after the close of the public hearing, written protests against the proposed rate increases and Pass-Through Adjustments as outlined above are not presented by a majority of the record owners and customers of record of the identified parcels upon which they are proposed to be imposed, the Board of Directors will be authorized to impose the rate increases and Pass-Through Adjustments.

If you have any questions regarding the information provided in this notice, or the rates applicable to your property, please contact the District at (949) 459-6420, rates@smwd.com, or www.smwd.com.