

WHERE DOES MY WATER COME FROM AND WHAT IS DRIVING MY WATER RATE?

Let's start with a question for you as a RMWD ratepayer. Do you know who is the largest player in supplying water to scores of municipalities all over Southern California? Hope you got it. If not, it is the Metropolitan Water District, (MWD), in Los Angeles. You may have heard their name lately in conjunction with their publicized plans for increased water prices or possibly in relation to litigation by various San Diego water districts, (including RMWD), challenging what they feel are unfair, ongoing charges from MWD. They dominate the water supply side of the business for scores of water districts & public utility districts in six different counties. See the first graphic below. Their water sources are primarily from: Northern California sent down the California Aqueduct, Colorado River water via the Colorado River Aqueduct, plus water from numerous local/remote reservoirs statewide.

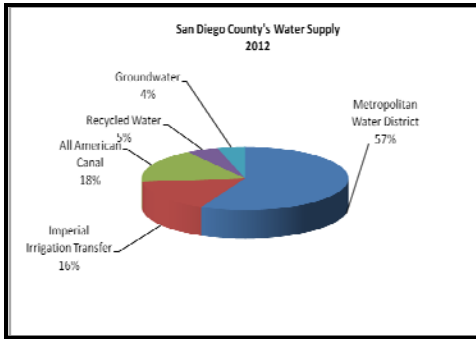
The rest of the water supplied to RMWD comes from the San Diego County Water Authority (SDCWA). RMWD is one of a number of SDCWA's participating member agencies. Some of their water is also obtained from MWD; while more of it comes from SDCWA's own Colorado River water contacts, from local supplies and through conservation programs.

Still, MWD remains the dominate water provider that all agencies must work with to meet our water user's needs. MWD's water prices drive the expense side of the ledger for RMWD and just about everyone else's in San Diego County. See Pie Chart #2.

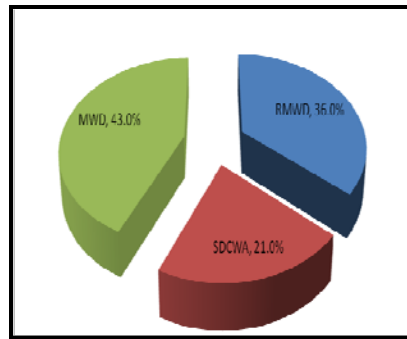
The full view of RMWD's water rate determining expenditures is visible in the third graphic. The water itself as a commodity, largely from MWD is what really drives overall costs. Then this expenditure plus the other expense elements shown on the graphic ultimately drive the water rates charged to customers. Nobody ever wants to see their rate go up. The reality is that MWD has a history of regular and continuing price increases. Further they have indicated that future water price growth may even need to accelerate to accommodate expected faster cost growth, all of this is based on their longer term projection models.

One can also see that expenditures fully within RMWD's control represent approximately 36% of total costs driving our water rates. That dollar amount is not insignificant and provides ample opportunity for innovation and more cost effective execution innovation. RMWD management takes very seriously the need to keep expenditures under control while continuing to sustain both a high quality product and reliable, uninterrupted services to its customers. The current efforts focused on closer cooperation and cost/management sharing with FPUD is a good example of steps that can and should be taken.

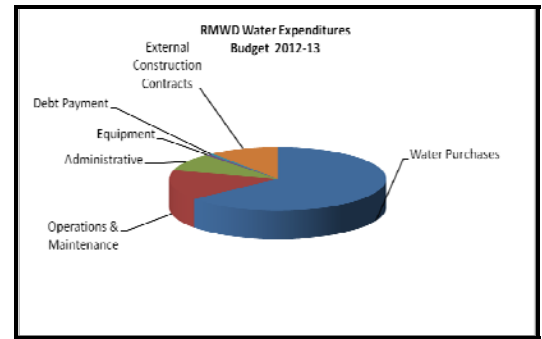
So now you know. Enjoy the water.



Total of 20,000 Acre Feet



Rainbow MWD Water Rate—What's Driving It



All Budget Expenditures

Source	Volume	Percentage
Metropolitan Water District	11,391	57%
Imperial Irrigation Transfer	3,261	16%
All American Canal	3,478	18%
Recycled Water	1,000	5%
Groundwater	870	4%
Totals	\$20,000	100%

Entity	Amount	Percentage
RMWD	\$12,069,925	36.0%
SDCWA	\$ 7,051,001	21.0%
MWD	\$14,434,865	43.0%
Totals	\$33,555,791	100.0%

Category	Amount	Percentage
Water Purchases	\$21,485,538	63.93%
Operations & Maint.	\$ 5,192,720	15.45%
Administrative	\$ 3,026,733	9.01%
Equipment	\$ 225,000	0.67%
Debt Payment	\$ 214,000	0.64%
External Construction Contracts	\$ 3,461,800	10.30%
Totals	\$33,605,791	100.0%

**Rainbow purchases 100% of its water from Wholesalers Metropolitan Water District and San Diego County Water Authority*

**RAINBOW
MUNICIPAL
WATER
DISTRICT**

3707 Old Highway 395
Fallbrook, CA 92029
760-728-1178
www.rainbowmwd.com

**2013
BOARD OF DIRECTORS**

Division 1
Helene Brazier
(760) 723-0465

Jack Griffiths
Division 2
(760) 940-8935

George McManigle
Division 3
(619) 701-7974

Bob Lucy
Division 4
(760) 728-8325

Dennis Sanford
Division 5

STAFF

General Manager
Brian Brady

**Assistant GM/Finance
Manager**
Gene Buckley

District Engineer
Kirsten Plonka

**Human Resources/
Safety Mgr.**
René Bush

**Water Operations/
Customer Service Mgr.**
Juan Atilano



Existing "B Plant" Lift Station

RWMD AVOIDS \$4 MILLION IN REPAIRS

Due to successful negotiations by RMWD staff and the developments going in near Hwy. 76 and I-15, RMWD will be able to remove two large projects from the Capital Improvement Project List. Together the projects total approximately \$4 million.

The first project is a wastewater collection line located near Horse Ranch Creek. The pipeline has had numerous problems and was the site of a prior break. Access to the pipeline is extremely

limited due to its proximity to the creek. With a new line in Horse Ranch Creek Road constructed by the developer, we will be able to abandon the existing line and remove the project from our CIP list.

The second project includes the abandonment of our B-Plant Lift Station, located adjacent to the RMWD office. This plant is at the end of its useful life and was slated to be replaced. Due to a new lift station that will be constructed at Highway 76 and Pankey Road, we will be able to abandon B-Plant rather than replace it.

The money saved will be used to make further improvements to infrastructure elsewhere in the District.

SDCWA'S TURF REPLACEMENT PROGRAM

Residents and businesses interested in reducing outdoor water use could get help paying for removing their yard's turf (grass). The San Diego County Water Authority has introduced a new program offering \$1.50 per square foot for replacing turf grass with water-efficient landscapes. The program is designed to reduce irrigation across the county since about half the water used at the typical home goes into landscaping. Grass is an especially thirsty plant.

People interested in participating must submit an application and the project must be pre-approved prior to beginning any landscape modifications. A professionally drawn yard design is required. The program requires the plans to include at least 50 percent live plants, along with decomposed granite and other "hardscape." Artificial turf isn't covered since the program is designed to showcase how a live, water-efficient yard can be beautiful.

On a first-come, first-served basis, qualifying homeowners can receive up to \$3,000 for plants and irrigation equipment to convert their front or side yards. Businesses can receive up to \$9,000.

Since the program is new and the Water Authority received \$943,000 from the California Department of Water Resources for new projects, landscape projects that are currently underway or are already completed do not qualify. WaterSmart landscapes can cut water use by up to 70 percent through a combination of proper plant selection and irrigation technology.

For more info or to apply, visit: turfreplacement.watersmartsd.org or call (858) 685-2322.



Before Turf Replacement



After Turf Replacement