



**To EID Customers or Owners of Affected Property**

We are writing to notify you of proposed new rates for water, wastewater, and recycled water services, as stipulated in Article XIII D, Section 6, of the California Constitution (Proposition 218). The EID board of directors will consider the rates during a public hearing as listed on the back of this mailer.

**Why a rate increase?** No one likes to see rates rise, particularly in trying economic times. But the plain fact is the district does not anticipate receiving enough revenue to cover operating expenses while continuing to meet its legally required debt service obligations—payments we must make—in 2010 and beyond.

Given the projected revenue shortfalls, we've acted over the past two years to cut our operating expenses significantly. The top box on page 4 describes those actions, which resulted in reductions of more than \$7 million in the 2010 budget initially adopted by the EID board in late 2008. The final 2010 budget, adopted on November 23, 2009, requires an additional \$1 million in cuts by December 31, 2009.

The 2010 budget is less than any district budget since 2006. Even so, our projected revenues still fall short of what is needed. For the past several years, revenue we collected from new development—along with a series of modest rate increases—helped to stabilize the district's budget and keep existing customers' rates down. But there is little to no residential development in El Dorado County now, and predictions are it will be some time before housing starts rebound. Instead of the \$14 million we projected to receive in 2009 from new hook-up charges and the \$16 million projected for 2010, it is likely the district will receive only \$1 million this year, and we've lowered our 2010 projections to \$3 million.

The proposed rates are designed to bring in the revenue needed to cover operating expenses and meet debt service obligations.

**What are debt service obligations?** As noted above, rates help pay for the district's debt service obligations, which we incur when we have to fund millions of dollars' worth of capital improvements to continue to provide high-quality water and wastewater services (see page 4 for examples). Many of the improvements are the direct result of ever-changing state and federal regulations.

We finance capital improvement projects much like homeowners who borrow money to finance their homes and then pay interest and principal on the loans. We issue bonds to cover our capital costs and pay the principal and interest from revenues. But we are held to stricter financing standards than most home mortgages. We have a legal obligation to ensure that our net revenues exceed our debt service costs by 25 percent.

At present, our outstanding debt equals about \$392 million. Debt service costs projected in the 2010 budget are \$21.5 million and are estimated to rise to \$35.5 million through 2014. The primary components of the debt service costs are \$261 million of fixed-rate debt at 2.50% – 6.25%, \$110 million

**How would the rates change?**

EID is proposing a 35% rate increase on water, wastewater, and recycled water services in 2010, a 15% increase in 2011, and a 5% increase each year from 2012 through 2014.

Three charts on page 5 show what this means in 2010 for residential water customers with low, medium, and high water use. The fourth chart indicates the average residential sewer bill in 2010 under the proposed rates. The charts also compare EID's current and proposed rates with several other agencies in the region. NOTE: The numbers in the charts are for two-month bills. Monthly bills are half of what is shown.

To see how the proposed rates will affect use in 500 cubic-foot increments, you can visit the EID website—[www.eid.org](http://www.eid.org)—and click on the Proposition 218 page. Or call and ask for a copy of the tables (530-622-4513 or 916-965-0930).

If adopted, the rates will go into effect February 8, 2010.

of variable-rate debt at an average 2010 cost of 2.40%, and \$21 million in state loans at 2.32% – 2.60%. The district anticipates incurring additional fixed-rate debt of \$100 million in 2012.

**What's included in operating expenses?** The major components of operating expenses are labor and services/material costs and regulatory fees.

**Labor:** Among the EID employees working daily to provide the best service possible are:

- operators who run the water and wastewater treatment plants and water delivery and wastewater collection systems
- construction and maintenance crews who replace and repair pipes and other infrastructure
- technicians who read and repair the meters
- park staff who manage our recreation facilities
- office staff who answer your billing and service-related questions
- engineers who design and oversee construction projects
- lab technicians and environmental analysts who keep us in compliance with a multitude of state and federal regulations
- financial staff who keep the books and conduct long-term financial planning
- information technology specialists who construct and manage sophisticated electronic systems
- water efficiency specialists who conduct water audits and administer rebate and discount programs for water conservation devices
- mechanics who keep equipment and vehicles in safe condition.

**Other operating costs:** Non-labor expenses include water charges, regulatory fees, and the costs of chemicals, energy to run all facilities, gasoline, and diesel fuel for emergency generators. We must also be prepared to install new pumps when old ones fail and replace aging or failing pipelines and segments of our canal system to reliably convey water, wastewater, and recycled water.

Commodity Charges (per cf consumed)	Current Rate per cf	2010 1.35	2011 1.15	2012 1.05	2013 1.05	2014 1.05
<b>WATER</b>						
Single Family Residential						
0 – 1,500 cf	\$0.00964	\$0.01301	\$0.01497	\$0.01571	\$0.01650	\$0.01733
1,501 – 4,500 cf	0.01164	0.01571	\$0.01807	\$0.01897	\$0.01992	\$0.02092
Above 4,500 cf	0.01364	0.01841	\$0.02118	\$0.02223	\$0.02335	\$0.02451
Commercial and retail landscape (all water used)	\$0.01053	\$0.01422	\$0.01635	\$0.01717	\$0.01802	\$0.01892
Agricultural metered irrigation (with residence)						
0 – 1,800 cf	\$0.00964	\$0.01301	\$0.01497	\$0.01571	\$0.01650	\$0.01733
1,801 – 30,000 cf per acre	0.00087	0.00117	\$0.00135	\$0.00142	\$0.00149	\$0.00156
30,001 – 58,200 cf per acre	0.00101	0.00136	\$0.00157	\$0.00165	\$0.00173	\$0.00182
Above 58,200 cf per acre	0.00115	0.00155	\$0.00179	\$0.00187	\$0.00197	\$0.00207
Agricultural metered irrigation (without residence)						
0 – 30,000 cf per acre	\$0.00087	\$0.00117	\$0.00135	\$0.00142	\$0.00149	\$0.00156
30,001 – 58,200 cf per acre	0.00101	0.00136	\$0.00157	\$0.00165	\$0.00173	\$0.00182
Above 58,200 cf per acre	0.00115	0.00155	\$0.00179	\$0.00187	\$0.00197	\$0.00207
Small Farms						
0 – 1,800 cf	\$0.00964	\$0.01301	\$0.01497	\$0.01571	\$0.01650	\$0.01733
1,801 – 6,500 cf	0.00087	0.00117	\$0.00135	\$0.00142	\$0.00149	\$0.00156
6,501 – 50,000 cf	0.00101	0.00136	\$0.00157	\$0.00165	\$0.00173	\$0.00182
Above 50,000 cf	0.00115	0.00155	\$0.00179	\$0.00187	\$0.00197	\$0.00207
Recreational Turf (5/8" – 1 1/2"T meter size)						
0 – 13,300 cf	\$0.00527	\$0.00711	\$0.00818	\$0.00859	\$0.00902	\$0.00947
13,301 – 75,000 cf	0.00543	0.00733	\$0.00843	\$0.00885	\$0.00929	\$0.00976
Above 75,000 cf	0.00676	0.00913	\$0.01049	\$0.01102	\$0.01157	\$0.01215
Recreational Turf (2", 2"T, 3", 3"T meter size)						
0 – 37,500 cf	\$0.00527	\$0.00711	\$0.00818	\$0.00859	\$0.00902	\$0.00947
37,501 – 166,700 cf	0.00543	0.00733	\$0.00843	\$0.00885	\$0.00929	\$0.00976
Above 166,700 cf	0.00676	0.00913	\$0.01049	\$0.01102	\$0.01157	\$0.01215
Recreational Turf (4", 4"T, 6", 6"T, 8"T meter size)						
0 – 500,000 cf	\$0.00527	\$0.00711	\$0.00818	\$0.00859	\$0.00902	\$0.00947
500,001 – 1,666,700 cf	0.00543	0.00733	\$0.00843	\$0.00885	\$0.00929	\$0.00976
Above 1,666,700 cf	0.00676	0.00913	\$0.01049	\$0.01102	\$0.01157	\$0.01215
Multi-family residential (all water used)	\$0.01053	\$0.01422	\$0.01635	\$0.01717	\$0.01802	\$0.01892
Domestic Irrigation						
0 – 6,500 cf	\$0.00120	\$0.00162	\$0.00186	\$0.00196	\$0.00205	\$0.00216
6,501 – 50,000 cf	0.00133	0.00180	\$0.00206	\$0.00217	\$0.00228	\$0.00239
Above 50,000 cf	0.00176	0.00238	\$0.00273	\$0.00287	\$0.00301	\$0.00316
Fire Hydrant/Construction (all water used)	\$0.01748	\$0.02360	\$0.02714	\$0.02849	\$0.02992	\$0.03142
Wholesale (City of Placerville)						
0 – 295,500 cf	\$0.00422	\$0.00570	\$0.00655	\$0.00688	\$0.00722	\$0.00758
295,501 – 12,160,000 cf	0.00477	0.00644	\$0.00741	\$0.00778	\$0.00816	\$0.00857
Above 12,160,000 cf	0.00544	0.00734	\$0.00845	\$0.00887	\$0.00931	\$0.00978

**Drought rates:** In early 2009, the district adopted drought rates for the three stages of drought. These rates apply only during a declared drought; no drought rates are currently in effect. The drought rates are subject to the 35%, 15%, and 5% proposed increases for water over the next five years. A table showing current and proposed drought rates is posted on the EID website or can be requested by calling 530-622-4513 or 916-965-0930.

Commodity Charges (per cf consumed)	Current Rate per cf	2010 1.35	2011 1.15	2012 1.05	2013 1.05	2014 1.05
<b>RAW WATER</b>						
Metered Landscape Irrigation	\$0.00109	\$0.00147	\$0.00169	\$0.00178	\$0.00187	\$0.00196
Metered Landscape Irrigation (outside District)	\$0.01538	\$0.02076	\$0.02388	\$0.02507	\$0.02632	\$0.02764
Raw Water—continuous flow	\$0.00069	\$0.00093	\$0.00107	\$0.00112	\$0.00118	\$0.00124
Raw Water—continuous flow (outside District)	\$0.00109	\$0.00147	\$0.00169	\$0.00178	\$0.00187	\$0.00196
<b>RECYCLED WATER</b>						
Dual Plumbed Residential (all water used)	\$0.00613	\$0.00828	\$0.00952	\$0.00999	\$0.01049	\$0.01102
Commercial/Industrial/Landscape (all water used)	\$0.00613	\$0.00828	\$0.00952	\$0.00999	\$0.01049	\$0.01102
Fire Hydrant/Construction Recycled (all water used)	\$0.00788	\$0.01064	\$0.01223	\$0.01285	\$0.01349	\$0.01416
<b>WASTEWATER</b>						
Single Family Residential	\$0.02136	\$0.02884	\$0.03316	\$0.03482	\$0.03656	\$0.03839
Multi-Family	\$0.02136	\$0.02884	\$0.03316	\$0.03482	\$0.03656	\$0.03839
Commercial/Industrial						
Laundromat	\$0.02839	\$0.03833	\$0.04408	\$0.04628	\$0.04859	\$0.05102
Repair Shop/Service Station	\$0.04273	\$0.05769	\$0.06634	\$0.06966	\$0.07314	\$0.07679
Light Industrial	\$0.05718	\$0.07719	\$0.08877	\$0.09321	\$0.09787	\$0.10276
Market	\$0.06131	\$0.08277	\$0.09518	\$0.09994	\$0.10494	\$0.11019
Restaurant	\$0.07908	\$0.10676	\$0.12277	\$0.12891	\$0.13536	\$0.14212
Other	\$0.03662	\$0.04944	\$0.05685	\$0.05970	\$0.06268	\$0.06581
School Wastewater (per student and staff)	\$4.07	\$5.49	\$6.32	\$6.63	\$6.97	\$7.31
Septage Transfer (per 1000-gallon load)	\$145.28	\$196.13	\$225.55	\$236.82	\$248.67	\$261.10

Base Charges Water	Current	2010 1.35	2011 1.15	2012 1.05	2013 1.05	2014 1.05
5/8" and 3/4" meter	\$19.08	\$25.76	\$29.62	\$31.10	\$32.66	\$34.29
1"	\$22.15	\$29.90	\$34.39	\$36.11	\$37.91	\$39.81
1 1/2"	\$25.72	\$34.72	\$39.92	\$41.92	\$44.02	\$46.22
1 1/2"T	\$29.86	\$40.30	\$46.35	\$48.67	\$51.10	\$53.66
2"	\$34.66	\$46.79	\$53.81	\$56.50	\$59.33	\$62.29
2"T	\$40.24	\$54.32	\$62.47	\$65.60	\$68.87	\$72.32
3"	\$46.72	\$63.07	\$72.53	\$76.15	\$79.96	\$83.96
3"T	\$54.23	\$73.22	\$84.20	\$88.41	\$92.83	\$97.47
4"	\$62.96	\$85.00	\$97.75	\$102.64	\$107.77	\$113.16
4"T	\$73.10	\$98.68	\$113.49	\$119.16	\$125.12	\$131.37
6"	\$84.86	\$114.57	\$131.75	\$138.34	\$145.26	\$152.52
6"T	\$98.52	\$133.01	\$152.96	\$160.60	\$168.63	\$177.07
8"T	\$114.38	\$154.41	\$177.57	\$186.45	\$195.78	\$205.57
10"T	\$132.79	\$179.27	\$206.16	\$216.46	\$227.29	\$238.65
12"T	\$154.16	\$208.12	\$239.33	\$251.30	\$263.87	\$277.06
Strawberry	\$36.97	\$49.91	\$57.40	\$60.27	\$63.28	\$66.44
Multi-Family Residential (per unit)	\$9.45	\$12.76	\$14.67	\$15.40	\$16.17	\$16.98
Domestic Irrigation	\$52.40	\$70.74	\$81.35	\$85.42	\$89.69	\$94.17
Fire Hydrant/Construction Meter	\$342.39	\$462.22	\$531.56	\$558.13	\$586.04	\$615.34

Base Charges Raw Water	Current	2010 1.35	2011 1.15	2012 1.05	2013 1.05	2014 1.05
Metered Landscape Irrigation	\$59.57	\$80.42	\$92.48	\$97.11	\$101.96	\$107.06
Metered Landscape Irrigation (outside District)	\$89.45	\$120.76	\$138.87	\$145.81	\$153.11	\$160.76
1/2" ditch flow	\$54.91	\$74.13	\$85.25	\$89.51	\$93.99	\$98.68
1" ditch flow	\$121.95	\$164.63	\$189.33	\$198.79	\$208.73	\$219.17
2" ditch flow	\$243.91	\$329.28	\$378.67	\$397.60	\$417.48	\$438.36
4" ditch flow	\$487.80	\$658.53	\$757.31	\$795.17	\$834.93	\$876.68
<b>Base Charges Recycled Water</b>						
Commercial/Industrial/Landscape	\$106.00	\$143.10	\$164.57	\$172.79	\$181.43	\$190.50
Fire Hydrant/Construction Meter	\$365.79	\$493.82	\$567.89	\$596.28	\$626.10	\$657.40
<b>Base Charges Wastewater</b>						
Flat Rate District Avg. (without winter calc.)	\$95.43	\$128.83	\$148.16	\$155.56	\$163.34	\$171.51
Single Family Res. (with winter calc.)	\$56.98	\$76.92	\$88.46	\$92.88	\$97.53	\$102.41
Multi-Family Res. (per unit with winter calc.)	\$56.98	\$76.92	\$88.46	\$92.88	\$97.53	\$102.41
Commercial Industrial	\$51.41	\$69.40	\$79.81	\$83.80	\$87.99	\$92.39
Commercial (no water service)	\$60.16	\$81.22	\$93.40	\$98.07	\$102.97	\$108.12
Commercial-each add. unit	\$68.65	\$92.68	\$106.58	\$111.91	\$117.50	\$123.38

cf = 1 cubic foot = 7.48 gallons

T= Turbine meter

Services outside of the District are billed at 1.5 times the adopted rate.

## How has the district cut costs?

During the past two years—and months before the Wall Street meltdown of September 2008—EID acted to reduce expenses significantly. We:

- Refinanced \$110 million in bonds in early 2008, resulting in substantially lower interest rates and interest payments than would likely have been achieved under the former bond issuance.
- Downsized management ranks, saving \$1.1 million in 2009 and \$1.4 million annually beginning in 2010.
- Reduced operating costs by another \$5 million in the fall of 2008, through the unfortunate layoff of 31 employees, the elimination of then-vacant positions plus additional vacancies due to retirements, and cuts in materials and services line items. In all, the district has cut nearly 20 percent of its workforce from early 2008 levels.
- Deferred capital improvement projects to reduce borrowing and, thus, interest and principal payments.
- Reduced operating costs further in October 2009, while preparing the 2010 budget—now less than any district budget since 2006.

To keep costs down, the district applied for and received grants worth \$27 million since 2003 to help finance water reliability projects (\$17.2 million), improvements to recreation facilities (\$5.7 million), water conservation programs (\$1.1 million), and alternative energy projects (\$3 million), which reduce EID energy bills all year long.

## Keeping water quality high and service reliable

In surveys conducted in 2004, 2007, and 2009, EID customers clearly stated their priorities for the district: water quality and water reliability. Below are a few of the major projects, undertaken over the past few years and funded from the proceeds of bond sales to make sure you receive reliable, high-quality water and wastewater services.

**Emergency replacement of more than five miles of the Pleasant Oak Main:** A two-year project that replaced failing Techite pipe in the Pleasant Oak Main, the primary drinking water artery for more than 15,000 accounts in the Pleasant Valley, Diamond Springs, Logtown, Shingle Springs, and Cameron Park areas. The project ended a pattern of dangerous and costly main breaks. Total cost: \$21.6 million.

**Oak Ridge storage tanks:** This project in El Dorado Hills more than doubled in-system water storage, which improved system reliability and allowed the district to save hundreds of thousands of dollars in electricity bills every year by pumping and treating water during off-peak hours. Total cost: \$4.7 million.

**Caples Lake outlet emergency remediation:** In June 2008, an underwater dive team discovered the 85-year-old outlet works at the Caples Lake main dam were on the verge of failing. The district declared an emergency, and staff immediately set to work to repair the infrastructure. The lake level was drawn down to ensure safety of the workers, with as much drinking water as possible transferred to Jenkinson Lake in Sly Park. By November, the repairs were complete at this, the largest of the district's four high-Sierra reservoirs. Total cost: \$2.2 million.

**Replacing portions of the Motherlode Force Main:** This multi-year project is improving the Motherlode wastewater collection system, which consists of more than 8 miles of larger mains and smaller lateral pipes stretching from El Dorado to Cameron Park. The district is currently replacing 6,000 feet of the force main along Mother Lode Drive (photo) and will replace another 1,700 feet along Durock Road in 2010. Total cost of this phase of the project: \$2.1 million

**Repair/replace the El Dorado canal system:** This ongoing project repairs—and replaces, if needed—portions of the 22.3-mile water conveyance system that delivers water from high-Sierra lakes for all EID customers and hydropower production. Normally scheduled during the fall, much of the work takes place in remote areas and steep terrain where helicopters are often the only means of delivering construction equipment and hauling out old infrastructure. District employees perform the work on the ground whenever possible. Costs to replace flumes 49/50 in 2006 and 31/31A in 2008: \$10.6 million.

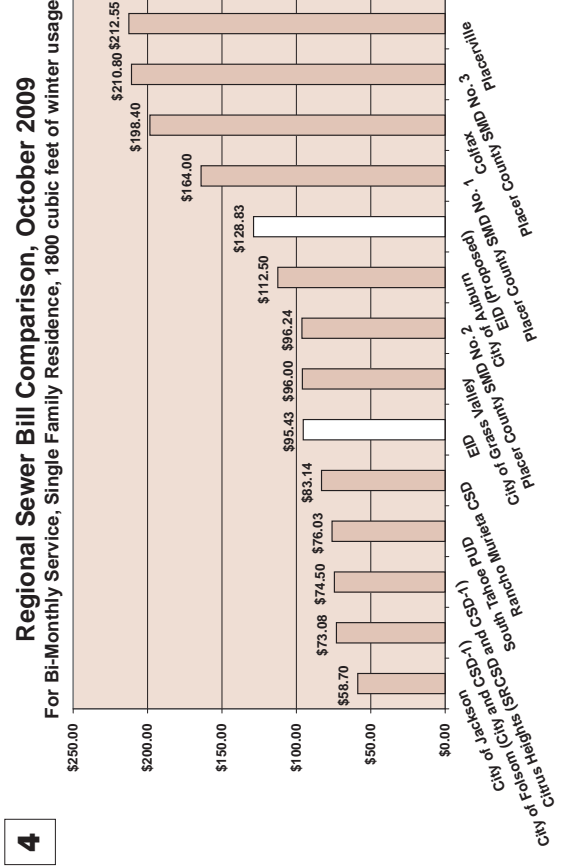
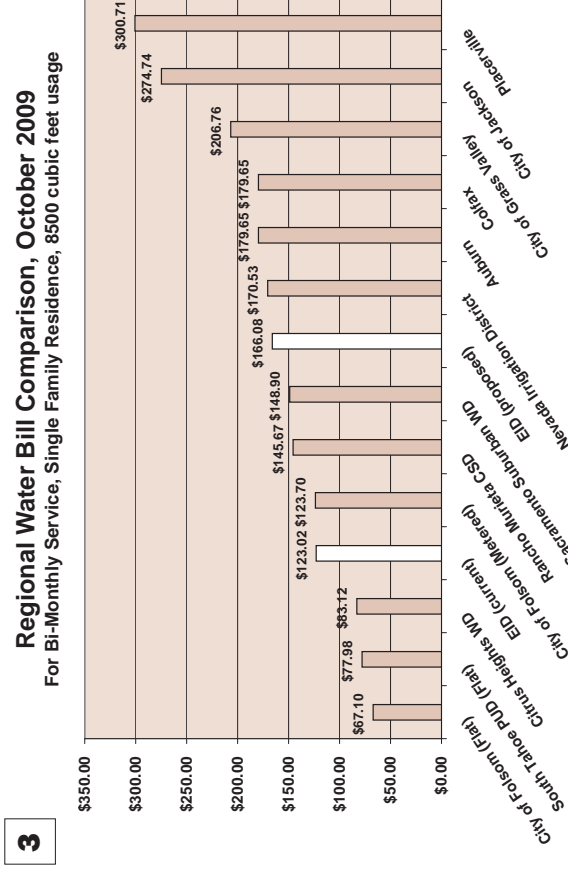
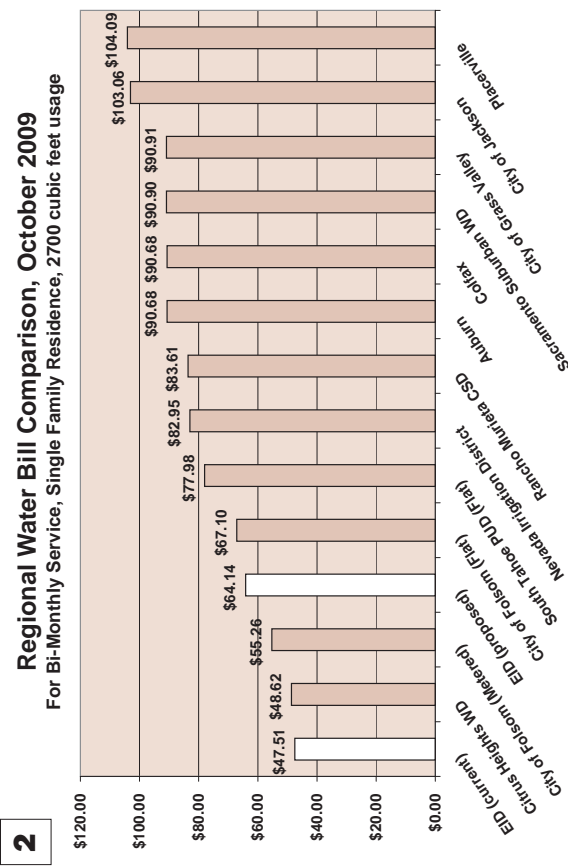
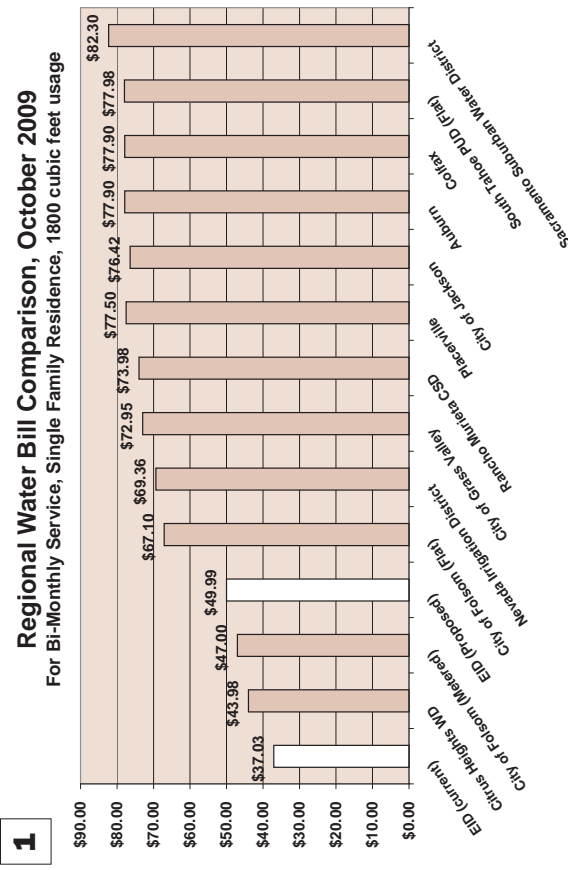


New 20-inch diameter PVC pipe goes into the ground to replace a portion of the Motherlode Force Main.

# How do EID rates compare with other water utilities?

The following charts show how EID water rates compare with other utilities in the region for (1) low, (2) medium, and (3) high residential water use and for (4) average residential wastewater services. The EID columns represent current rates and the proposed rates for 2010 shown on pages 2 and 3. Columns for the other utilities are based on rates in place as of October 2009. The calculations in the charts include the base charge plus the commodity charge for the water used.

**PLEASE NOTE: All amounts are for two-month bills. Monthly bills are half of what is shown.**



**A note about wastewater treatment**

We're often asked why bills for wastewater services seem high. Quite simply, it's costly but absolutely necessary to collect, treat, and safely reuse or dispose of wastewater. Today's extremely finely-tuned technology means that contaminants in treated wastewater are now measured in parts per billion (one-half teaspoon per Olympic-sized swimming pool). The resulting grow ever more stringent, which requires costly upgrades to wastewater treatment plants.

In the mostly rural Sierra foothills, the costs seem even higher. Cities like Sacramento and San Francisco are able to discharge into larger rivers or the ocean, and they receive dilution credits that help keep their regulatory costs lower. That's not possible in the foothills. And in many foothill counties, like El Dorado County, there are far fewer customers to share the costs.



El Dorado Irrigation District  
2890 Mosquito Road  
Placerville, CA 95667



**ATTENTION**

**This notice contains important information about proposed new rates for water, wastewater, and recycled water services.**

**Please read.**

**Notice of Public Hearing  
and Workshops**

**On Thursday, February 4, 2010, the EID board of directors will hold a public hearing to consider the proposed rates described in this notice.**

**The hearing will begin at 6:00 p.m. in the El Dorado County Board of Supervisors Meeting Room. The address is 330 Fair Lane, Building A, Placerville, California.**

Prior to the public hearing, EID will host two public workshops in January. EID staff will present information and answer questions.

**Wednesday, January 13, 2010**

El Dorado Hills Fire Department Building  
1050 Wilson Boulevard  
El Dorado Hills, CA 95672  
6:00 – 8:00 p.m.

**Monday, January 18, 2010**

Pollock Pines Community Center  
2675 Sanders Drive  
Pollock Pines, CA 95726  
6:00 – 8:00 p.m.

**How to protest the proposed new rates**

Under Proposition 218, the owner of record for a parcel(s) that is subject to the proposed rate increases can submit a written protest against the proposed rate increases to the district at or before the time set for the public hearing. If a majority of affected property owners submit written protests, the proposed rate increases will not go into effect.

The written protest must identify the parcel(s) in which the party signing the protest has an interest. The best means of identifying the parcel(s) is by the Assessor's Parcel Number (APN). If the party signing the protest is not shown on the last equalized assessment roll of El Dorado County as the owner of the parcel(s), the protest must contain or be accompanied by written evidence that such party is the owner of the parcel(s), unless the protest is by a tenant who pays the utility bills.

In rental situations where the tenant pays the utility bills, the property owner is responsible for supplying the tenant with this notice. Tenants who pay the utility bills can submit a written protest and appear at the public hearing. One written protest per parcel will be counted.

Please mail written protests to: Clerk to the Board, El Dorado Irrigation District, 2890 Mosquito Road, Placerville, CA 95667. Or you can deliver your protest to the Clerk to the Board at the same address.