

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

SPECIAL MEETING OF THE BOARD OF DIRECTORS

Wednesday, August 24, 2022 - 9:00 a.m.

AGENDA

Due to the Covid-19 pandemic, and in accordance with Assembly Bill 361, which modifies California Government Code Section 54953, this meeting will be conducted by teleconference. Board members and members of the public also may attend this meeting in person at the District Office located at 766 Main Street, Half Moon Bay.

The Public may watch and/or participate in the public meeting by joining the meeting through the Zoom Videoconference link provided below. The public may also join the meeting by calling the below listed teleconference phone number.

How to Join Online or by Phone

The meeting will begin at 9:00 a.m.

Whether you participate online or by telephone, you may wish to “arrive” early so that staff can address any technology questions prior to the start of the meeting.

Join Zoom Meeting

<https://us06web.zoom.us/j/84694869157?pwd=RUUxdI9VSGVyR3NiV1I3cEtTeDljZz09>

Meeting ID: 846 9486 9157

Passcode: 444897

One tap mobile

+16699006833,,84694869157#,,,,*444897# US (San Jose)

Dial by your location

+1 669 900 6833 US (San Jose)

Meeting ID: 846 9486 9157

Passcode: 444897

Find your local number: <https://us06web.zoom.us/u/k27w1iRSf>

Procedures to make a public comment with Zoom Video/Conference – As a reminder, all participants except the Board Members and Staff are muted on entry.

- **From a computer:** (1) Using the Zoom App, at the bottom of your screen, click on "Participants" and then "Raise Hand". Participants will be called to comment in the order in which they are received. Begin by stating your name and place of residence.

OR

- (2) Using the Zoom App, at the bottom of your screen click on "Chat" and then type that you wish to make a comment into the Chat Box. Ensure that the "To:" field is populated by either "Everyone" or "the Moderator". Begin by stating your name and place of residence.
- **From a phone:** Using your keypad, dial *9, and this will notify the Moderator that you have raised your hand. Begin by stating your name and place of residence. The Moderator will call on you by stating the last 4 digits of your phone number. If you wish to block your phone number dial *67 prior to dialing in. If your phone number is not displayed, the Moderator will call you by Caller number.

The Coastside County Water District (CCWD) does not discriminate against persons with disabilities. Upon request, the agenda and agenda packet materials can be provided in a format to accommodate special needs. If you require a copy of the agenda or related materials in an alternative format to accommodate a disability, or if you wish to attend this public meeting and will require special assistance or other special equipment, please call the District at (650) 726-4405 in advance and we will make every reasonable attempt to provide such an accommodation.

All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at the CCWD District Office, located at 766 Main Street, Half Moon Bay, CA at the same time that the public records are distributed or made available to the legislative body.

This agenda and accompanying materials can be viewed on Coastside County Water District's website located at: www.coastsidewater.org.

The Board of the Coastside County Water District reserves the right to take action on any item included on this agenda.

- 1) **ROLL CALL**
- 2) **PLEDGE OF ALLEGIANCE**
- 3) **PUBLIC COMMENT**

At this time members of the public may address the Board of Directors on issues not listed on the agenda which are within the purview of the Coastside County Water District. Comments on matters that are listed on the agenda may be made at the time the Board is considering each item. Each speaker is allowed a maximum of three (3) minutes and must complete and submit a speaker slip. The President of the Board will recognize each speaker, at which time the speaker should give their name and address and provide their comments to the Board.

4) BOARD WORKSHOP ([attachment](#))

- Rate Study Workshop with Raffelis Financial Consultants Inc.
 - Review Financial Model
 - Discussion of potential options for a water rate increase

5) ADJOURNMENT

Coastside County Water District

Water Rate Study

Board Meeting

August 24, 2022



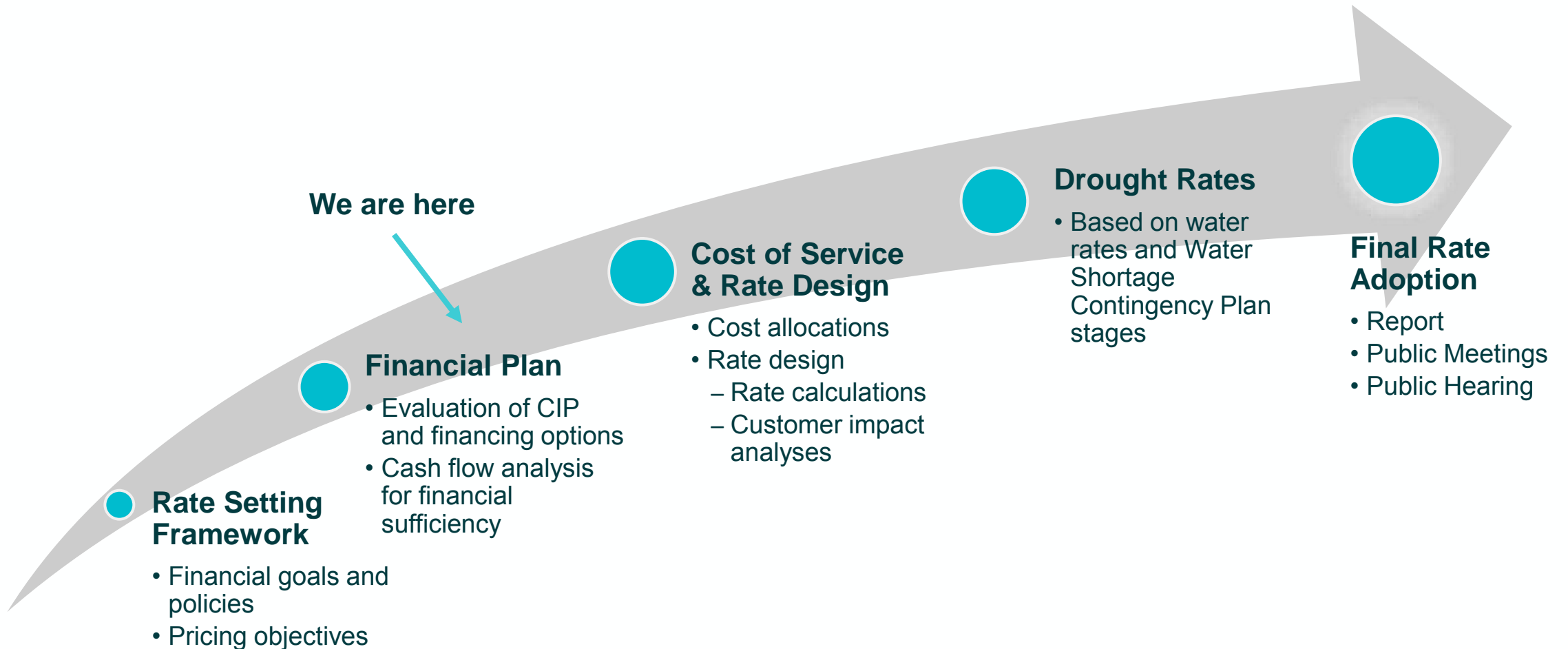
Agenda

- Rate Study Overview
- Model Inputs and Assumptions
- Changes from Prior Study
- Preliminary Financial Plan Scenarios
- Next Steps

Rate Study Overview



Rate Study at a Glance

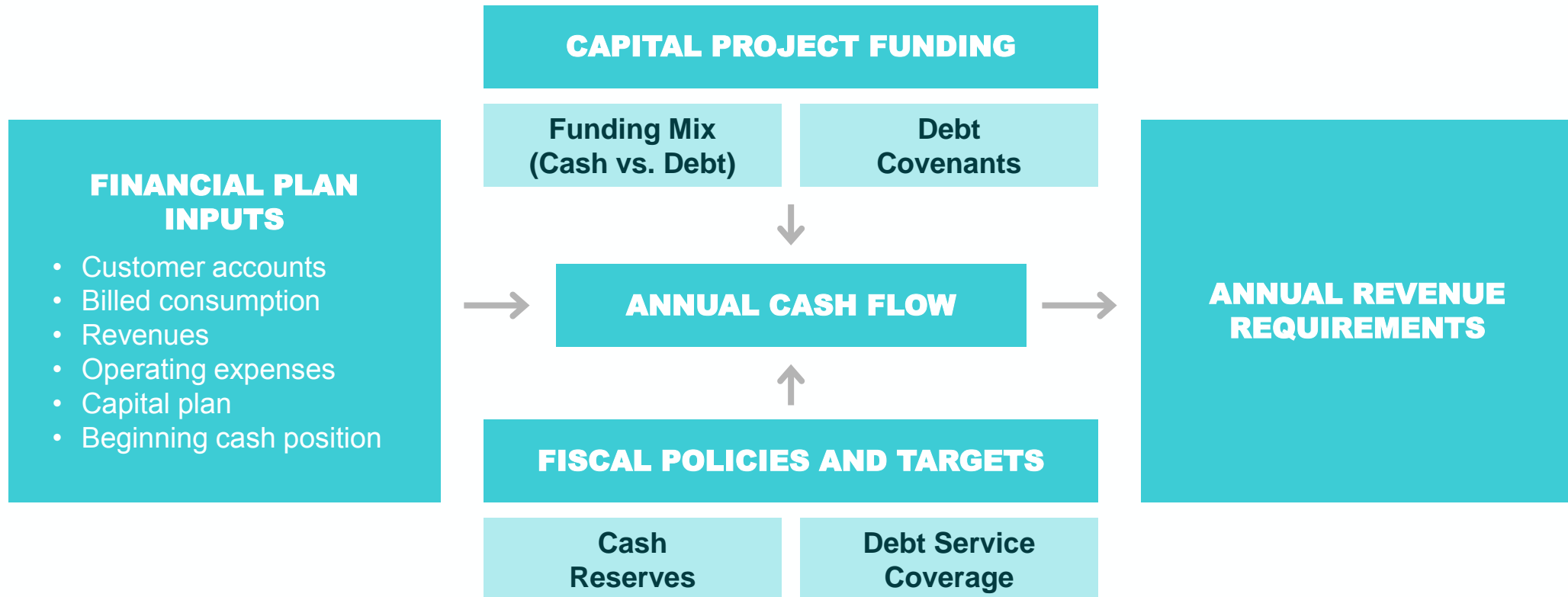


Schedule and Timeline

Task Name	Dates/Details
Board Meeting – Financial plan preliminary results, COS concept, rate study process	August 24
Board Meeting – Financial plan recap, preliminary rate and COS results	September 13
Finance Committee – Drought rate discussion	Mid/Late September
Board Meeting – Rates and drought rates results	October 11
Public Hearing	December 13
Water Rate Implementation	January 1, 2023

Financial Plan Overview

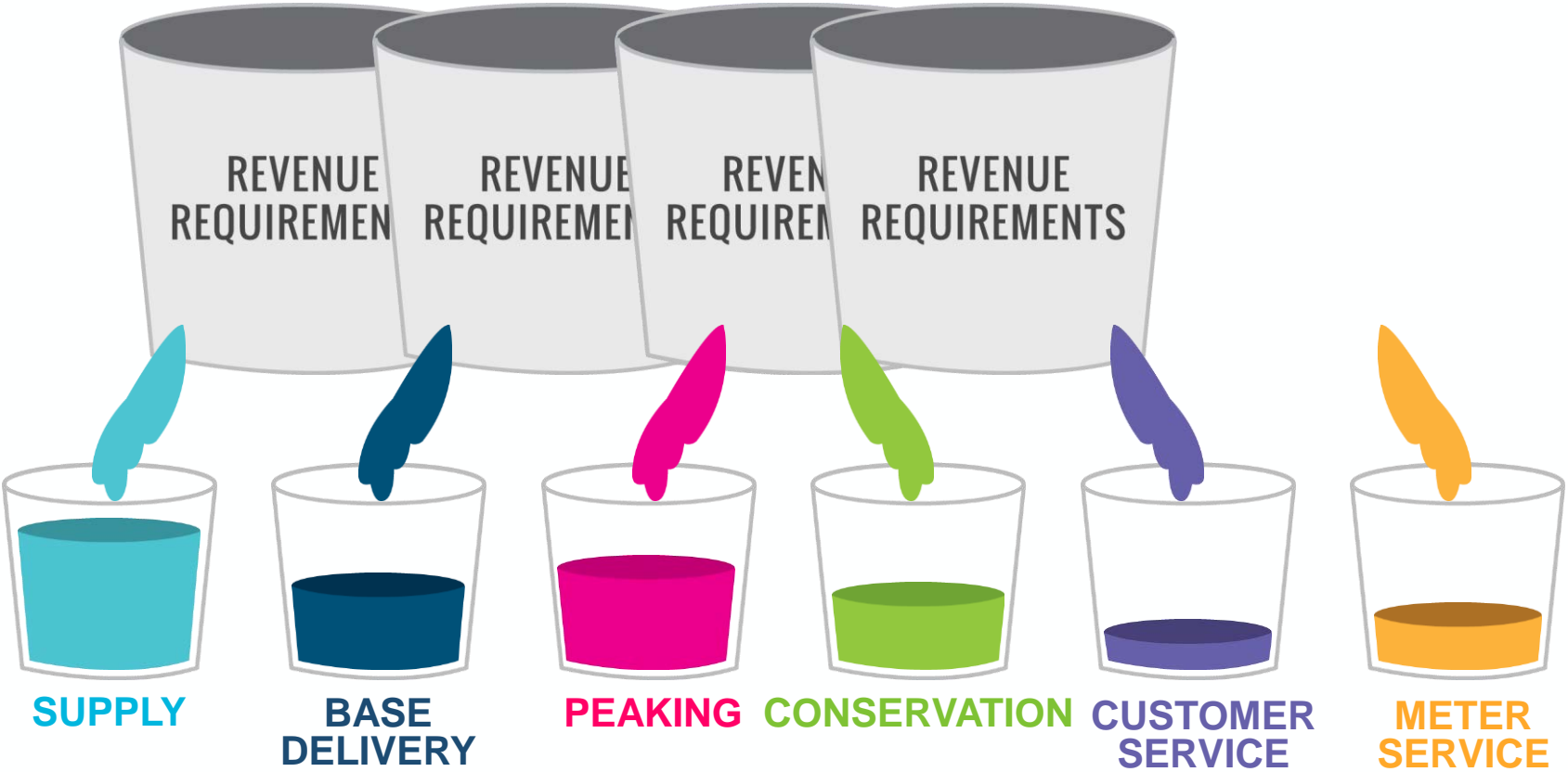
FINANCIAL PLAN ELEMENTS



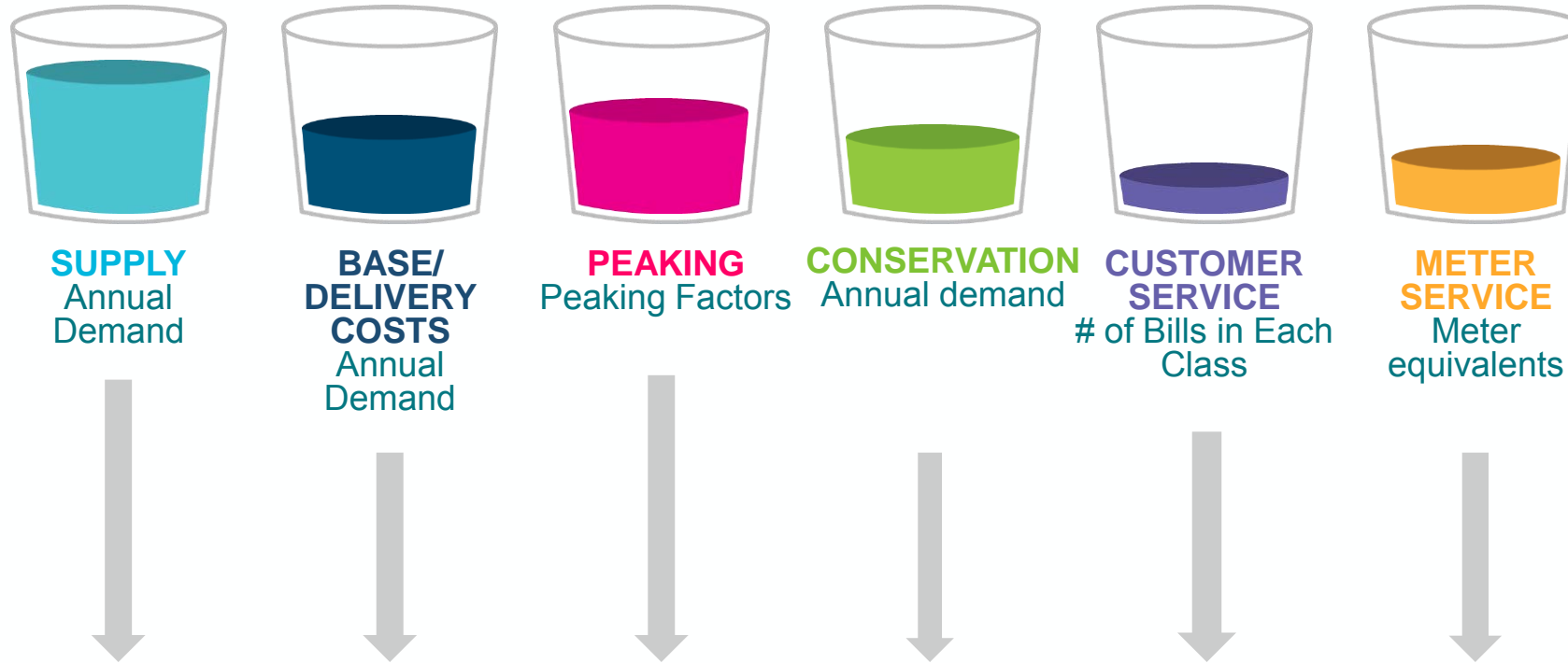
What is Cost of Service?

- Required by Proposition 218
- Different types of customers generate different costs because their patterns of use or characteristics are different
- Cost of service allows the matching of rates charged with the costs of serving each group (classes and tiers)
- Financial plan determines total revenue needed for the whole system, whereas cost of service determines how to split the revenue needs between customer classes

Allocate Costs to Cost Components



Distribute Costs to Customer Classes

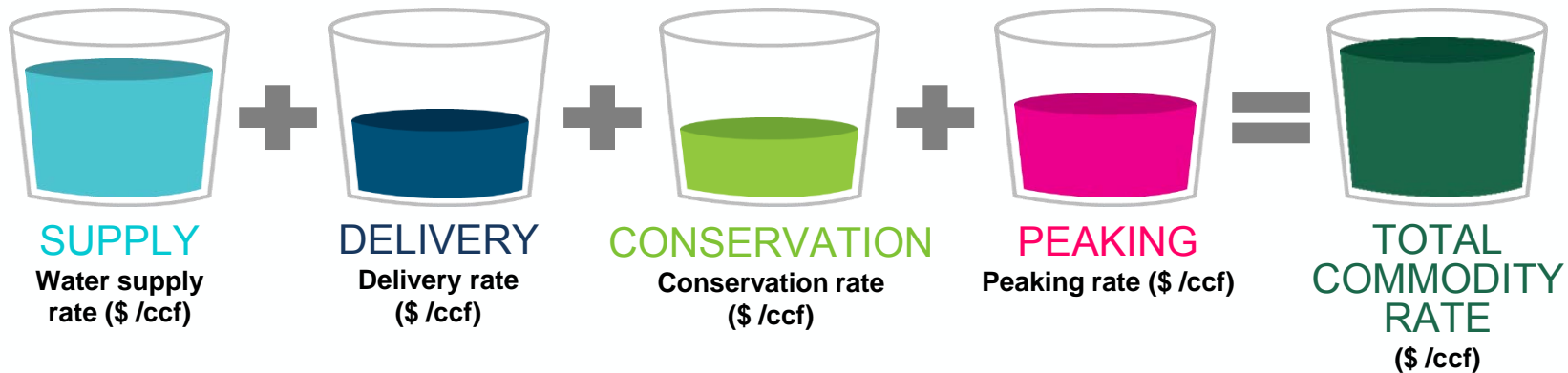


CUSTOMER CLASSES (Cost to Serve Each Class)

(Residential, Non-Residential, etc.)

Proposition 218 Requirements

- Agencies must develop a **nexus** between their tiered rates and their costs to serve those tiers and **document** their methodology in a report
- We develop a **nexus** between rates and cost of service by adding a unit rate for each cost component



Model Inputs and Assumptions



Inflationary Assumptions

- No customer account growth
- Water sales assumptions:
 - › 550 MG in FYE 2023
 - › 600 MG in FYE 2024
 - › 625 MG in FYE 2025 and beyond
- Escalation factors for expenses assume higher inflation in FYE 2024 and returns to prior rate study assumptions in FYE 2027

Escalation Factors	FYE 2024	FYE 2025	FYE 2026	FYE 2027
General	5.0%	4.2%	3.5%	2.7%
Salary/Benefits	6.5%	5.8%	5.2%	4.5%
Power	6.0%	5.7%	5.3%	5.0%
Capital	5.0%	4.4%	3.8%	3.2%
Non-Rate Revenues	2.0%	2.0%	2.0%	2.0%
Interest Income	0.9%	0.9%	0.9%	0.9%

Operating Expenditures

Water Supply Costs	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027
SFPUC Variable Rate (\$/ccf)	\$3.74	\$4.32	\$4.79	\$4.79	\$4.79	\$4.80

O&M Expenses	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027
Water Purchases	\$2.0M	\$2.5M	\$2.8M	\$2.9M	\$2.9M	\$2.9M
O&M	\$7.0M	\$8.0M	\$8.5M	\$9.0M	\$9.3M	\$9.7M
Total Expenditures	\$9.0M	\$10.5M	\$11.3M	\$11.9M	\$12.3M	\$12.6M

Capital Improvement Plan

CIP (Uninflated)	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027
Equipment Purchase & Replacement	\$400,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
Facilities & Maintenance	\$200,000	\$190,000	\$150,000	\$150,000	\$150,000	\$150,000
Pipeline Projects	\$600,000	\$2,850,000	\$650,000	\$100,000	\$2,600,000	\$3,900,000
Pump Stations/Tanks/Wells	\$500,000	\$900,000	\$1,500,000	\$6,600,000	\$2,250,000	\$750,000
Water Supply Development	\$300,000	\$400,000	\$1,250,000	\$1,000,000	\$1,300,000	\$800,000
Water Treatment Plants	\$5,100,000	\$3,775,000	\$1,450,000	\$0	\$0	\$0
Total CIP	\$7,100,000	\$8,205,000	\$5,090,000	\$7,940,000	\$6,390,000	\$5,690,000

Existing Debt Service

Existing Debt	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027
Existing Bond-CIEDB 11-099	\$335,669	\$335,508	\$335,343	\$335,173	\$334,998	\$334,819
CIEDB 16-111	\$322,895	\$322,417	\$321,923	\$321,412	\$320,883	\$320,337
Chase - 2018 Loan (Refunding of 2006B Bonds)	\$435,168	\$436,027	\$437,233	\$432,821	\$432,880	\$437,180
First Foundation 2022 Loan	\$0	\$495,510	\$417,501	\$417,434	\$417,365	\$417,295
Total Debt Service	\$1,093,732	\$1,589,462	\$1,512,000	\$1,506,840	\$1,506,127	\$1,509,630

Fund Balance and Financial Policies

- FYE 2023 beginning balance: \$15.5M
- Operating Reserve Target: 25% of Operating Expenses
- Capital Replacement Reserve Target: Average CIP over 5 years
- Meet debt service coverage of 120%

Changes from Prior Study



Changes from 2020 Study

- SFPUC Water Costs
 - › \$3.71 per ccf in FYE 2021 (prior study)
 - › \$4.32 per ccf in FYE 2023
 - › \$4.79 per ccf in FYE 2024
- Capital Program
 - › 5-year average FYE 2020-2024 was \$4.6M per year
 - › 5-year average FYE 2023-2027 is \$7.1M per year
- Projected Water Sales
 - › FYE 2021 580 MG
 - › FYE 2023 550 MG

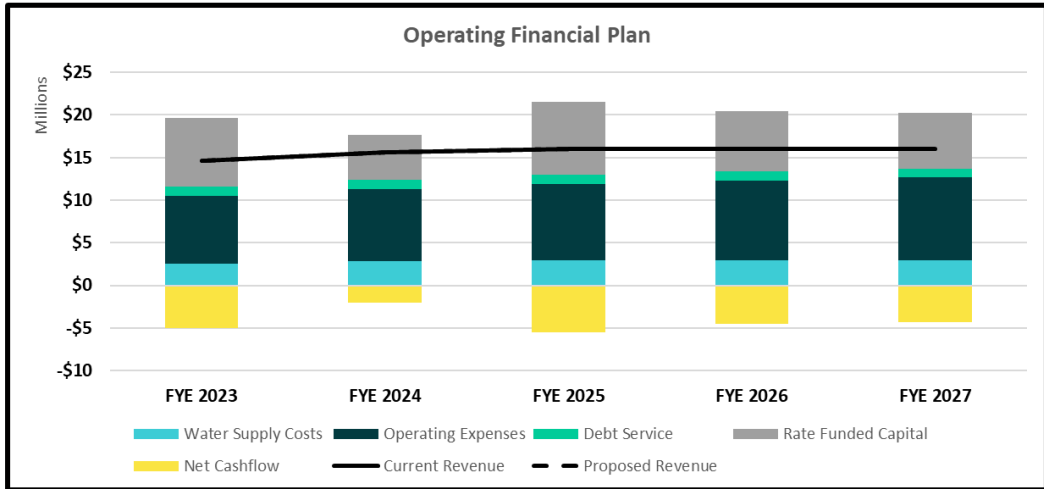
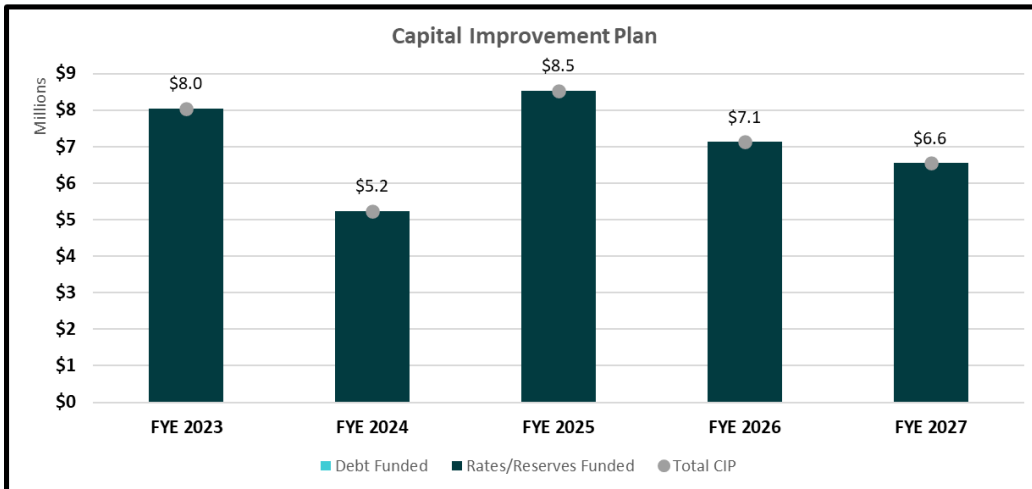
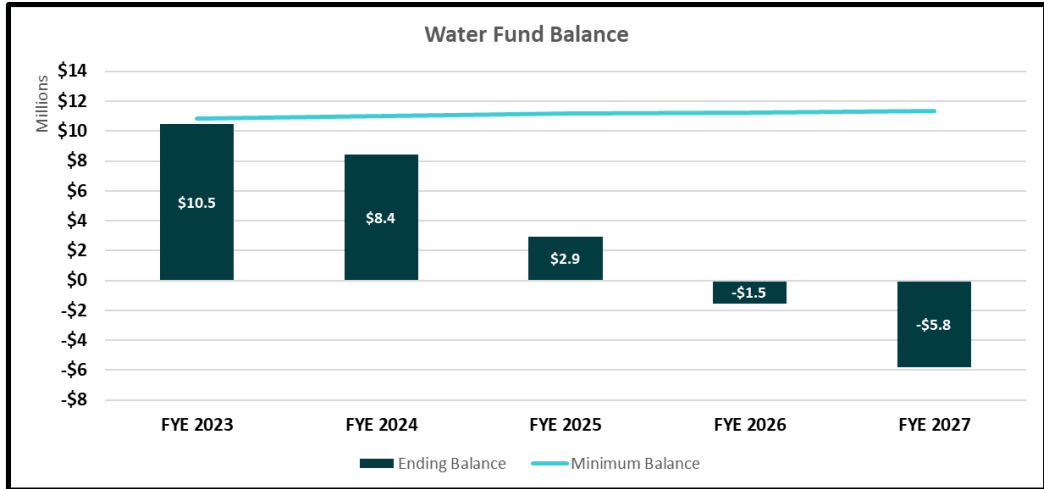
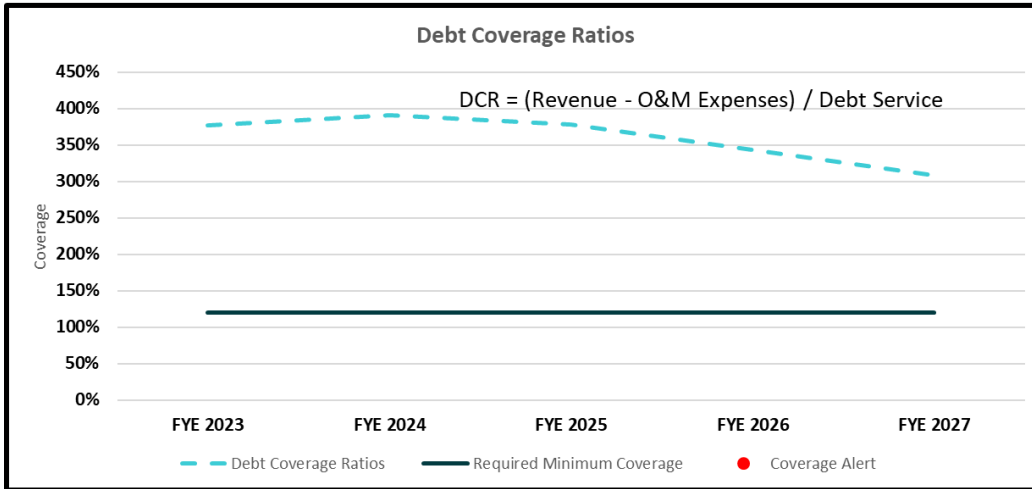
Financial Plan Scenarios



All scenarios assume 95% CIP Funding

Financial Plan Scenario – Status Quo

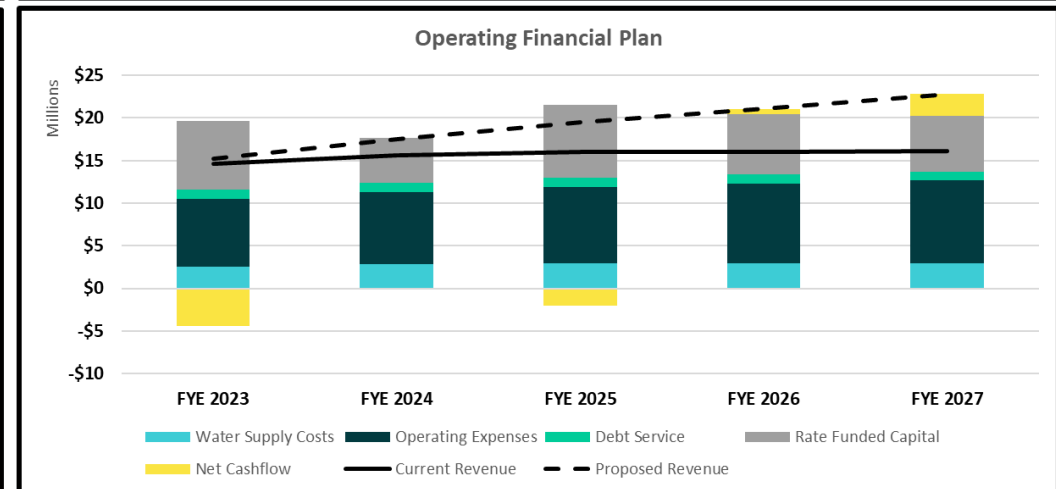
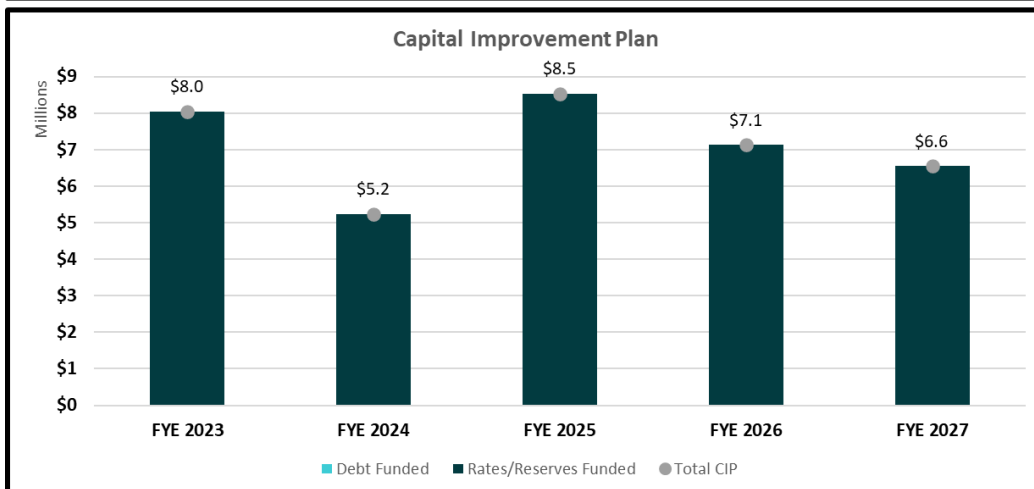
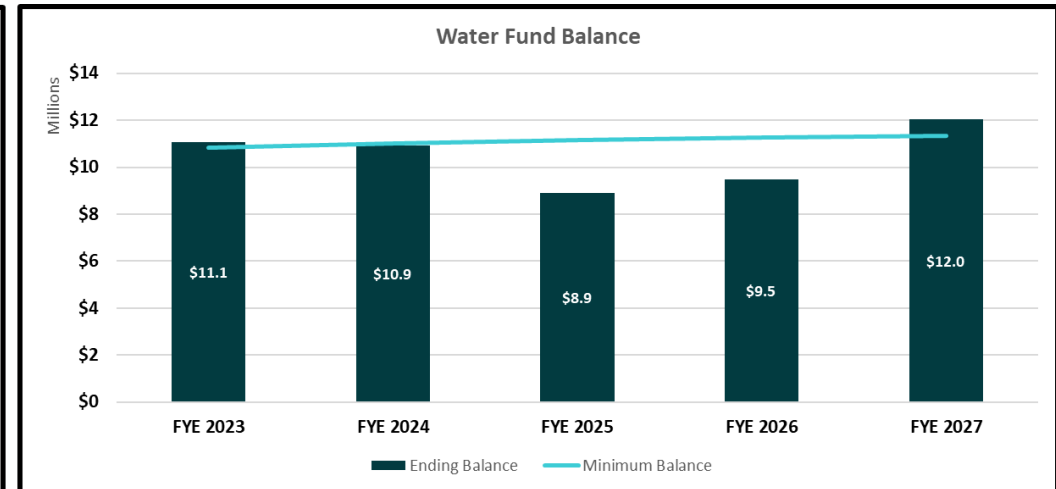
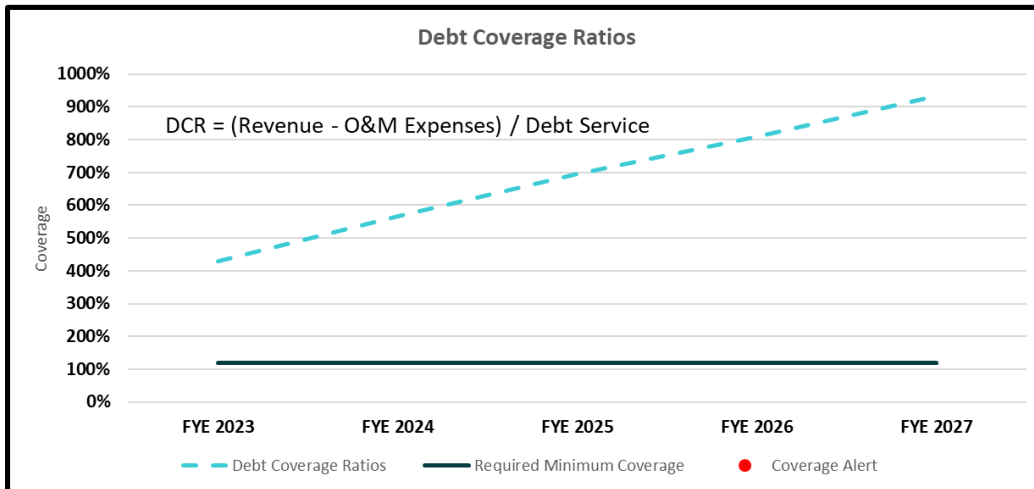
	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027
Revenue Adjustments	0%	0%	0%	0%	0%
Proposed Debt Proceeds	\$0	\$0	\$0	\$0	\$0



All scenarios assume 95% CIP Funding

Financial Plan Scenario – All PAYGO

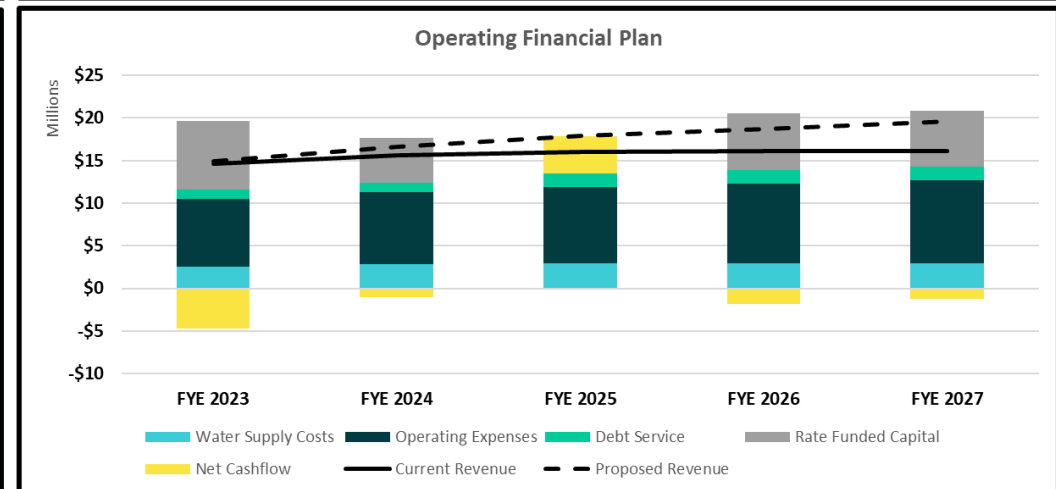
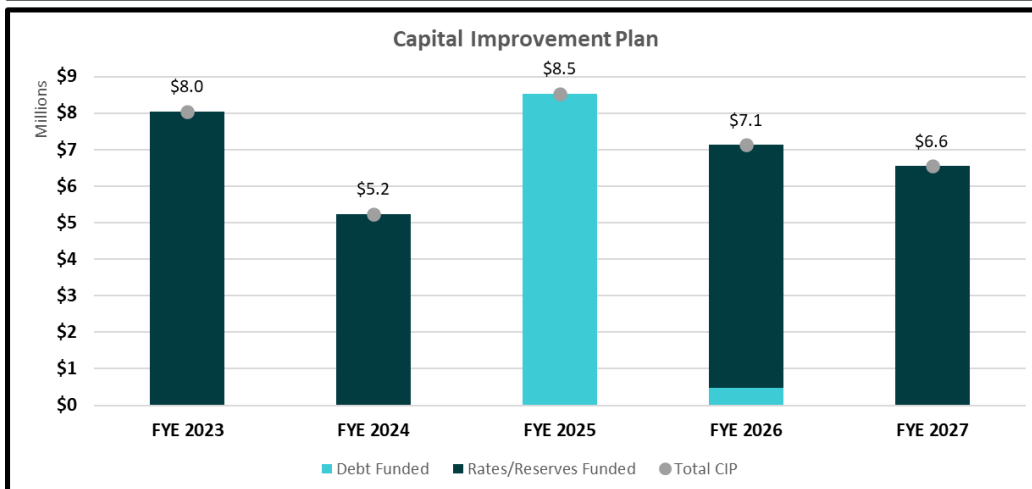
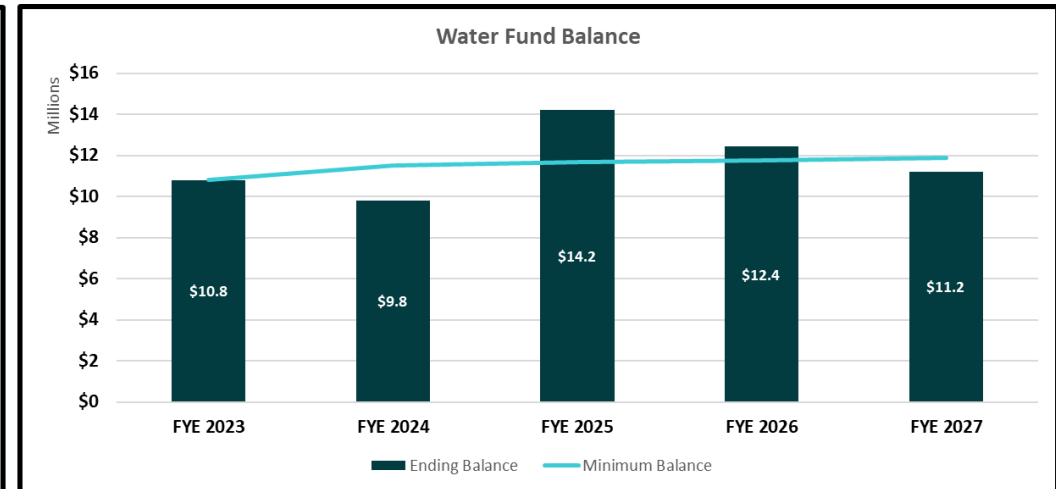
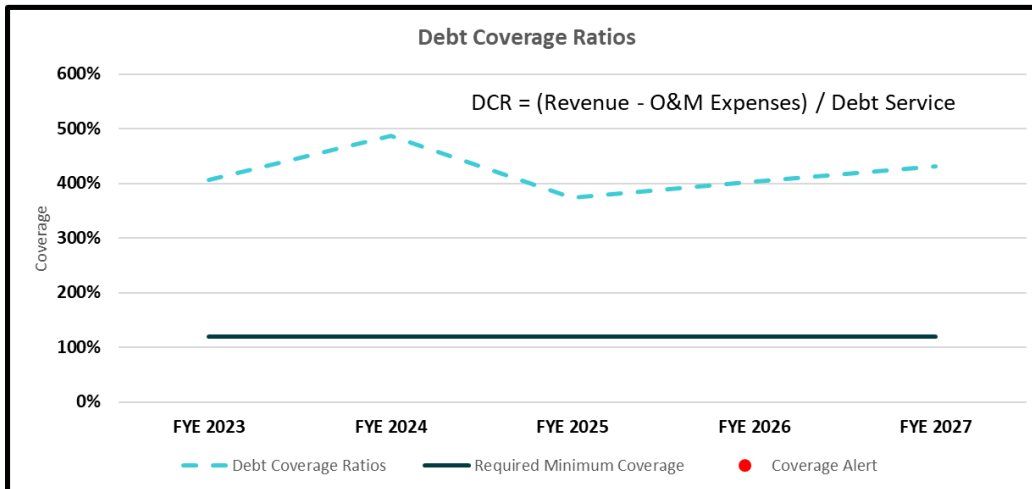
	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027
Revenue Adjustments	9%	9%	9%	9%	9%
Proposed Debt Proceeds	\$0	\$0	\$0	\$0	\$0



All scenarios assume 95% CIP Funding

Financial Plan Scenario – Debt Financing

	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027
Revenue Adjustments	5.0%	5.0%	5.0%	5.0%	5.0%
Proposed Debt Proceeds	\$0	\$0	\$9.0M	\$0	\$0





Thank you!

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