

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

SPECIAL MEETING OF THE BOARD OF DIRECTORS

Tuesday, April 30, 2024 - 3:00 p.m.

AGENDA

The Public may attend this meeting in person at the District Office located at 766 Main Street, Half Moon Bay or choose to 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.

The meeting will begin at 3:00 p.m.

Join Zoom Meeting

<https://us06web.zoom.us/j/88242571537?pwd=i3L9Mh8xybJxbbDWsLnDYFbUPgvqkp.1>

Meeting ID: 882 4257 1537

Passcode: 099382

One tap mobile

+16699006833,,88242571537#,,,,*099382# US (San Jose)

+16694449171,,88242571537#,,,,*099382# US

Dial by your location

• +1 669 900 6833 US (San Jose)

• +1 253 215 8782 US (Tacoma)

Meeting ID: 882 4257 1537

Passcode: 099382

Find your local number: <https://us06web.zoom.us/u/kcr9slj7Ok>

Procedures to make a public comment with Zoom Video/Conference – All participants except the Board Members and Staff are muted on entry and video is disabled. Participants may not unmute themselves unless asked to unmute by the Moderator.

- **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.
- **From a phone:** Using your keypad, dial *9, and this will notify the Moderator that you have raised your hand. The Moderator will call on you by stating the last 4 digits of your phone 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. Members of the public attending in-person must complete and submit a speaker slip. Members of the public attending via Zoom must first “raise hand” and the Moderator will “ask to unmute”. The President of the Board will recognize each speaker, at which time the speaker can provide their comments to the Board.

4) BOARD WORKSHOP

- Rate Study Workshop with Water Resources Economics, LLC
 - Review Preliminary Draft Financial Model and Preliminary Draft Cost of Service Analysis ([attachment](#))

5) CLOSED SESSION

A) Conference with Real Property Negotiators

Pursuant to California Government Code Section 54956.8

1. Property: Acquisition of multiple permanent and temporary easements along Highway 92, Half Moon Bay, CA [APN 056 341 -180, 190, 200, 210, 230, 056-331-110, 056-331-120 and 130]
Agency Negotiators: Mary Rogren, General Manager
Negotiating Parties: Mary Alice Cozzolino, Surviving Co-Trustees of the James and Alice Cozzolino 1998 Family Trust
Under Negotiation: Price and Terms of Payment
2. Property: Acquisition of multiple permanent and temporary easements along Highway 92, Half Moon Bay, CA [APN 056-341-220]
Agency Negotiators: Mary Rogren, General Manager
Negotiating Parties: James Salvatore Cozzolino, a married man, as his sole and separate property, and Linda Jean Cozzolino, a single woman, as tenants-in-common
Under Negotiation: Price and Terms of Payment
3. Property: Acquisition of multiple permanent and temporary easements along Highway 92, Half Moon Bay, CA [APN 056-341-080, 150]
Agency Negotiators: Mary Rogren, General Manager
Negotiating Parties: Robert Gerald Canadas, as to an undivided $\frac{1}{4}$ interest and Gerald Robert Canadas, as to an undivided $\frac{1}{4}$; interest; Marilyn Carol Canadas, as Trustee of The Marilyn Canadas Trust, dated November 1, 2021, as to an undivided $\frac{1}{4}$ interest and Theresa Rose Schmieder, as Trustee of The Theresa Canadas Trust, dated November 1, 2021, as to an undivided $\frac{1}{4}$ Interest
Under Negotiation: Price and Terms of Payment
4. Property: Acquisition of multiple permanent and temporary easements along Highway 92, Half Moon Bay, CA [APN 056-331-020]
Agency Negotiators: Mary Rogren, General Manager
Negotiating Parties: Henry R. Pastorino, Trustee of the Henry R. Pastorino Revocable Trust, dated July 6, 2022
Under Negotiation: Price and Terms of Payment

6) RECONVENE TO OPEN SESSION

Public Report of closed session action.

7) ADJOURNMENT

Coastside County Water District

2024 Water Cost-of-Service Rate Study

Board Meeting – April 30, 2024



**Water Resources
Economics**

PROMOTING THE VALUE AND PRICE OF
WATER SERVICE



Agenda

- Introductions
- Rate Study Overview
- Financial Plan Scenarios
- Cost-of-Service
- Preliminary Water Rates
- Next Steps and Discussion



Introductions

- Water Resources Economics Project Team
 - Sanjay Gaur, Project Manager
 - Email: sgaur@water-economics.com
 - Phone: 213-327-4405
 - Nancy Phan, Project Analyst
 - Email: nphan@water-economics.com
 - Phone: 626-236-0600



Goals of Today's Workshop

- Review the rate study process
- Evaluate financial plan scenarios
- Discuss cost-of-service concepts
- Review preliminary water rates



Rate Study Overview



Rate Study Process

- 1. Policy framework:** Identify key policy objectives (revenue stability, customer affordability, conservation, etc.)
- 2. Financial plan:** Develop multi-year projections to determine annual rate revenue requirement
- 3. Cost-of-service analysis:** Allocate the rate revenue requirement to customers in proportion to use of and burden on the water system
- 4. Rate design:** Identify appropriate rate structure and calculate rates
- 5. Documentation:** Develop a study report for transparency and defensibility



Proposition 218

(Article XIIIC and XIID of California Constitution)

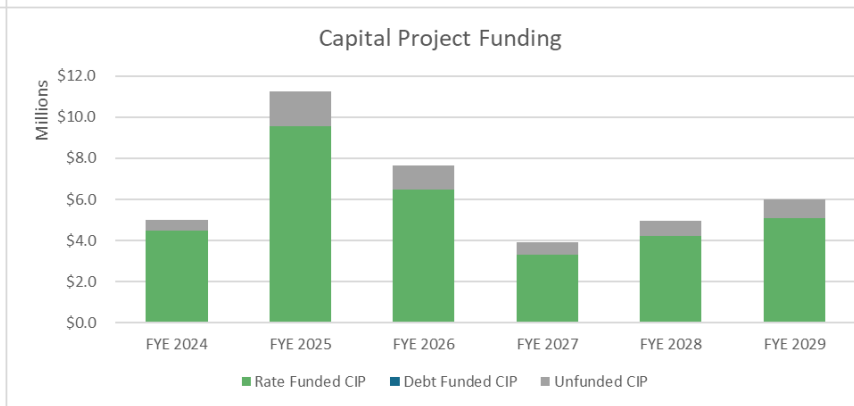
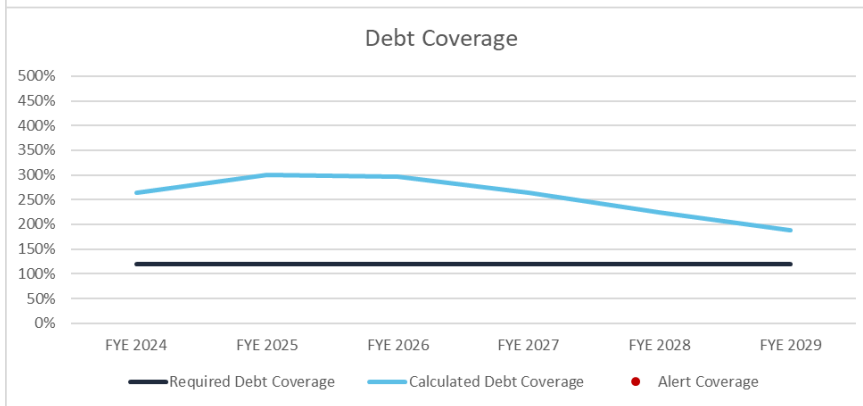
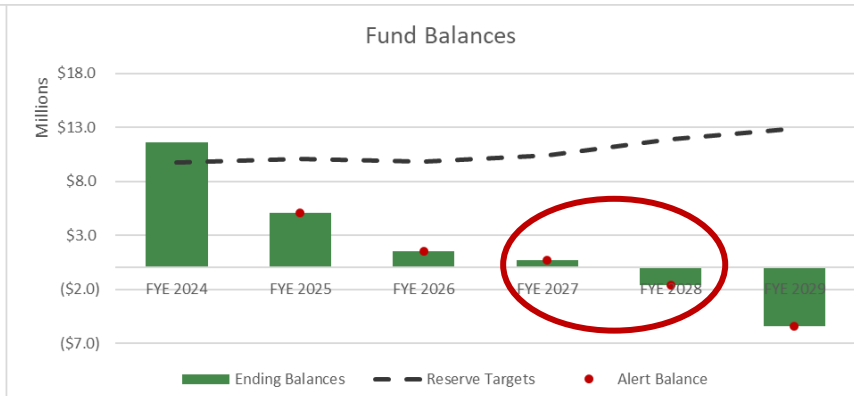
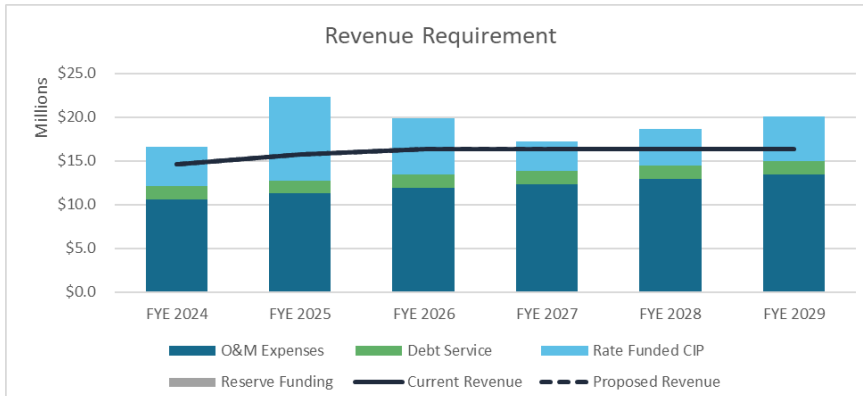
- Proposition 218 requirements for water rates:
 - Rates must be proportional to and may not exceed the cost of providing water service
 - One customer class (residential, commercial, etc.) may not subsidize another customer class
 - **Retail water agencies typically conduct a “cost-of-service analysis” at least once every 5 years to ensure a sufficient nexus between rates and costs**
 - Last cost-of-service analysis for CCWD was in 2018



Financial Plan Scenarios



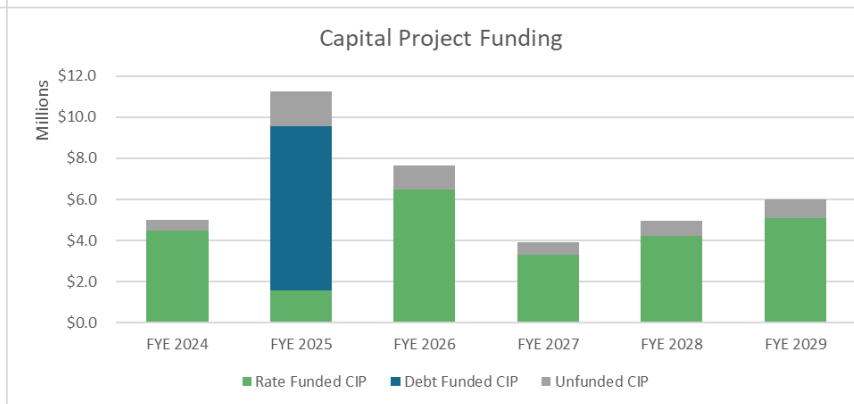
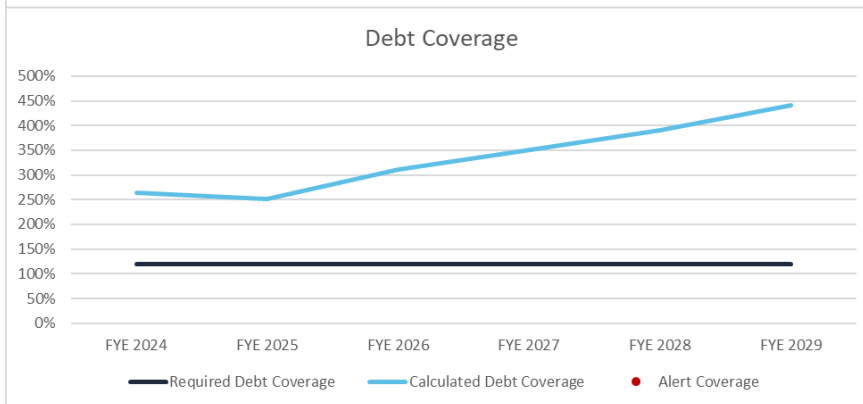
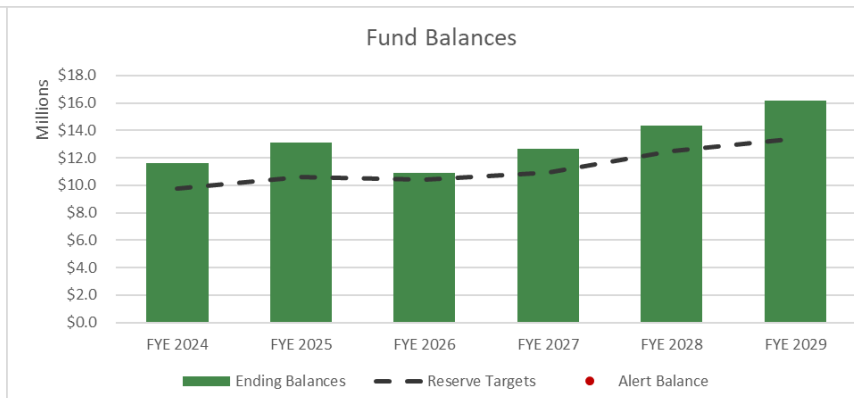
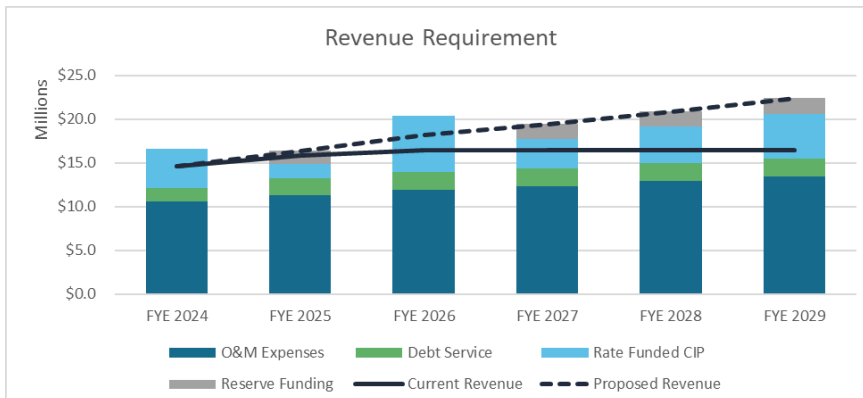
Financial Plan – Status Quo



Fiscal Year	Rev. Adj.	New Debt	CIP Comp.
2025	0.0%	\$0	85%
2026	0.0%	\$0	85%
2027	0.0%	\$0	85%
2028	0.0%	\$0	85%
2029	0.0%	\$0	85%



Financial Plan – With Debt



Fiscal Year	Rev. Adj.	New Debt	CIP Comp.
2025	8.0%	\$8.0M	85%
2026	8.0%	\$0	85%
2027	8.0%	\$0	85%
2028	8.0%	\$0	85%
2029	8.0%	\$0	85%



Financial Model Review



Cost-of-Service



Financial Plan vs. Cost-of-Service

Financial Plan

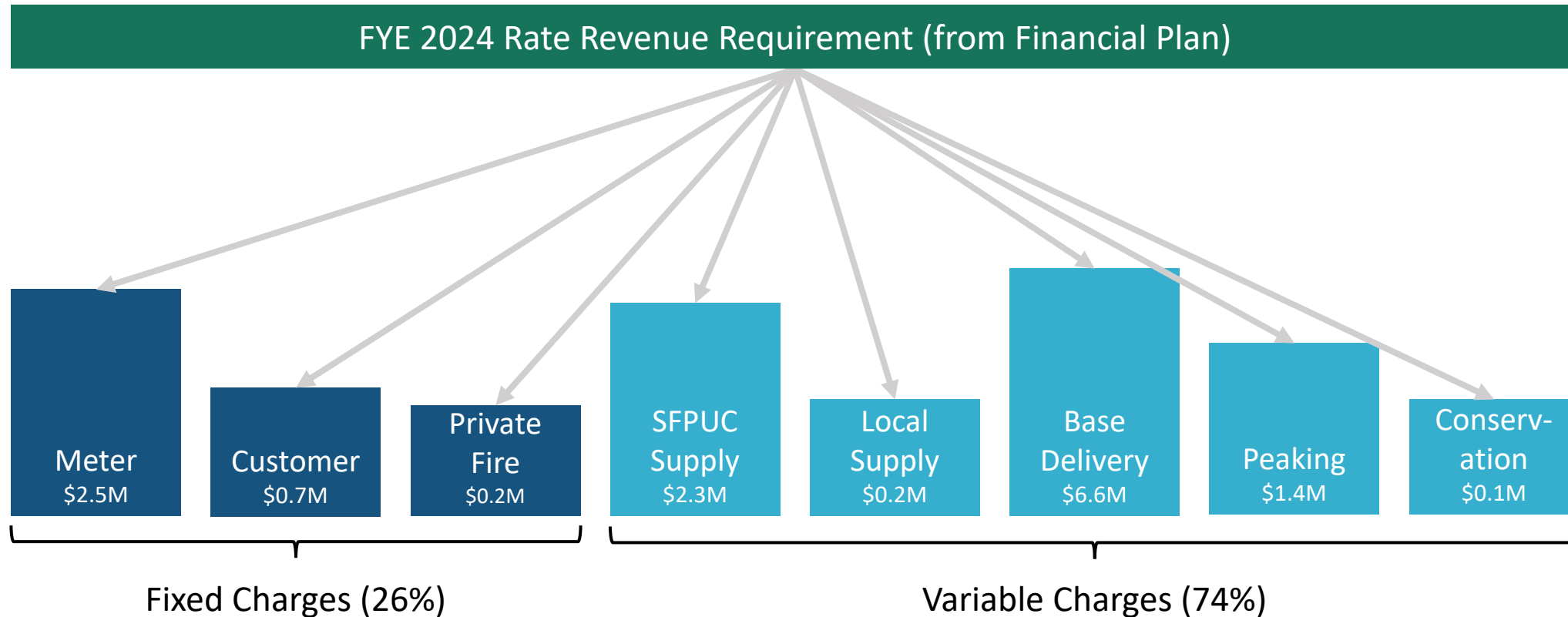
- Determines total revenue increase needed for all customers (“revenue requirement”)
 - “How big is the pie?”
- Establishes revenue needs to meet financial targets, such as CIP funding, reserve balances, debt coverage, etc.

Cost-of-Service

- Determines how revenue requirement should be divided between customers
 - “How do we slice the pie?”
- Establishes a nexus between how a customer uses the system vs. how much they are charged for service



Cost-of-Service Allocations



Keeping current fixed/variable percentage of 26%



Changes and Challenges

- The District's last cost-of-service (COS) analysis was during 2018 study
 - Agencies typically complete a COS every 5 years
- Changes in the water system since prior COS are reflected in new COS
 - Customer use characteristics: total water use, peaking, etc.
 - Capital investments, operational changes
- A COS is a “snapshot in time” – it reestablishes the nexus based on the most recent customer and cost data



Changes and Challenges (cont'd)

- Compared to 2018, water rates are now under more legal scrutiny
 - Administrative records/reports are more detailed
 - Analyses are more technical and rigorous
 - Every allocation and calculation must have a clear rationale
- Fire protection cost allocation methodology has been updated
 - More accurate calculation to allocate capacity required for fire protection
 - Linear fire line ratios vs. fire capacity ratios (Hazen-Williams equation)
 - Fire capacity is industry standard



Preliminary Water Rates



Proposed Monthly Base Charges

(With \$8.0 Debt Issuance, 8.0% Rev. Adj.)

Monthly Base Charge	Current Charge	Proposed Charge	Difference (\$)	Number of Accounts
5/8 inch	\$35.81	\$38.36	\$2.55	6,114
3/4 inch	\$52.92	\$53.32	\$0.40	201
1 inch	\$87.10	\$83.26	(\$3.84)	187
1.5 inch	\$172.59	\$158.09	(\$14.50)	31
2 inch	\$275.18	\$247.89	(\$27.29)	35
3 inch	\$600.02	\$532.27	(\$67.75)	5
4 inch	\$1,078.79	\$951.34	(\$127.45)	2
6 inch		\$2,028.96		0



Proposed Monthly Private Fire Charges

(With \$8.0 Debt Issuance, 8.0% Rev. Adj.)

Monthly Private Fire Charge	Current Charge	Proposed Charge	Difference (\$)	Number of Accounts
3/4 inch	\$6.01	\$8.87	\$2.86	10
1 inch	\$8.01	\$9.37	\$1.36	753
1.5 inch	\$12.02	\$11.19	(\$0.83)	50
2 inch	\$16.02	\$14.31	(\$1.71)	89
3 inch	\$24.03	\$25.52	\$1.49	4
4 inch	\$32.04	\$44.86	\$12.82	130
6 inch	\$48.06	\$114.26	\$66.20	61
8 inch	\$64.08	\$233.97	\$169.89	15
10 inch	\$80.10	\$414.03	\$333.93	1



Proposed Commodity Charges

(With \$8.0 Debt Issuance, 8.0% Rev. Adj.)

Consumption Charges	Current Charge	Proposed Charge	Difference (\$)	Annual Use (hcf)
Single Family Residential				
Tier 1	\$11.40	\$12.31	\$0.91	225,000
Tier 2	\$16.66	\$18.29	\$1.63	95,000
Tier 3	\$20.16	\$22.15	\$1.99	48,000
Multi-Family	\$15.19	\$14.69	(\$0.50)	39,000
All Other Customers	\$16.19	\$17.60	\$1.41	243,000



Residential Impacts (5/8" Meter, No Fire)

(With \$8.0 Debt Issuance, 8.0% Rev. Adj.)

Usage Level	Monthly Usage (hcf)	Current Bill	Proposed Bill	Difference (\$)	Difference (%)
Very Low Usage	1	\$47.21	\$50.67	\$3.46	7.3%
Low Usage	2	\$58.61	\$62.98	\$4.37	7.5%
Median Usage	4	\$81.41	\$87.60	\$6.19	7.6%
Average Usage	5	\$98.07	\$105.89	\$7.82	8.0%
High Usage	7	\$131.39	\$142.47	\$11.08	8.4%
Very High Usage	10	\$188.37	\$205.06	\$16.69	8.9%



Residential Impacts (5/8" Meter, 1" Fire)

(With \$8.0 Debt Issuance, 8.0% Rev. Adj.)

Usage Level	Monthly Usage (hcf)	Current Bill w/ 1" Fire	Proposed Bill w/ 1"	Difference (\$)	Difference (%)
Very Low Usage	1	\$55.22	\$60.04	\$4.82	8.7%
Low Usage	2	\$66.62	\$72.35	\$5.73	8.6%
Median Usage	4	\$89.42	\$96.97	\$7.55	8.4%
Average Usage	5	\$106.08	\$115.26	\$9.18	8.7%
High Usage	7	\$139.40	\$151.84	\$12.44	8.9%
Very High Usage	10	\$196.38	\$214.43	\$18.05	9.2%



All Other Impacts (No Private Fire)

(With \$8.0 Debt Issuance, 8.0% Rev. Adj.)

Customer Type	Meter Size	Monthly Usage (hcf)	Current Bill	Proposed Bill	Difference (\$)	Difference (%)
Agriculture	2 inch	600	\$9,989.18	\$10,807.89	\$818.71	8.2%
Commercial Grocery	1.5 inch	150	\$2,601.09	\$2,798.09	\$197.00	7.6%
Commercial Grocery	1 inch	200	\$3,325.10	\$3,603.26	\$278.16	8.4%
Commercial Retail	1 inch	50	\$896.60	\$963.26	\$66.66	7.4%
Commercial Contractor/Office	1 inch	11	\$265.19	\$276.86	\$11.67	4.4%
Hotel	4 inch	850	\$14,840.29	\$15,911.34	\$1,071.05	7.2%
Hotel	2 inch	300	\$5,132.18	\$5,527.89	\$395.71	7.7%
Hotel	1.5 inch	64	\$1,208.75	\$1,284.49	\$75.74	6.3%
Restaurant	1 inch	205	\$3,406.05	\$3,691.26	\$285.21	8.4%
Restaurant	3/4 inch	78	\$1,315.74	\$1,426.12	\$110.38	8.4%



All Other Impacts (With Private Fire)

(With \$8.0 Debt Issuance, 8.0% Rev. Adj.)

Customer Type	Meter Size	Monthly Usage (hcf)	Private Fire Line	Current Bill w/ Fire	Proposed Bill w/ Fire	Difference (\$)	Difference (%)
Agriculture	2 inch	600	none	\$9,989.18	\$10,807.89	\$818.71	8.2%
Commercial Grocery	1.5 inch	150	6 inch	\$2,649.15	\$2,912.35	\$263.20	9.9%
Commercial Grocery	1 inch	200	8 inch	\$3,389.18	\$3,837.23	\$448.05	13.2%
Commercial Retail	1 inch	50	6 inch	\$944.66	\$1,077.52	\$132.86	14.1%
Commercial Contractor/Office	1 inch	11	none	\$265.19	\$276.86	\$11.67	4.4%
Hotel	4 inch	850	6 inch	\$14,888.35	\$16,025.60	\$1,137.25	7.6%
Hotel	2 inch	300	4 inch	\$5,164.22	\$5,572.75	\$408.53	7.9%
Hotel	1.5 inch	64	8 inch	\$1,272.83	\$1,518.46	\$245.63	19.3%
Restaurant	1 inch	205	4 inch	\$3,438.09	\$3,736.12	\$298.03	8.7%
Restaurant	3/4 inch	78	none	\$1,315.74	\$1,426.12	\$110.38	8.4%



Next Steps and Discussion

- Adopt 3 years of rates
- Finalize water rates
- Develop water shortage rates
- Prepare draft report
- Future meetings:
 - Board meeting to approve Prop 218 Notice
 - Public Hearing (in-person)



Water Resources Economics

PROMOTING THE VALUE AND PRICE OF
WATER SERVICE

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