

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

SPECIAL MEETING OF THE BOARD OF DIRECTORS

Tuesday, June 11, 2024 - 6:00 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 6:00 p.m.

Join Zoom Meeting

<https://us06web.zoom.us/j/81277240724?pwd=XJ7TeJrfranJhOfbPSvqFqeIky9RPI.1>

Meeting ID: 812 7724 0724

Passcode: 513540

One tap mobile

+16699006833,,81277240724#,,,,*513540# US (San Jose)

Dial by your location

- +1 669 900 6833 US (San Jose)

Meeting ID: 812 7724 0724

Passcode: 513540

Find your local number: <https://us06web.zoom.us/j/81277240724?pwd=XJ7TeJrfranJhOfbPSvqFqeIky9RPI.1>

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) Water Shortage Rates and Water Rate Study/Financial Plan ([attachment](#))**
- 5) ADJOURNMENT**

STAFF REPORT

To: Coastside County Water District Board of Directors
From: Mary Rogren, General Manager
Agenda: June 11, 2024 - Special Meeting

Report Date: June 7, 2024

Agenda Title: Water Shortage Rates and Water Rate Study/Financial Plan

Recommendation/Motion:
Information Only.

Background:

At the April 30, 2024 Board Rate Study Workshop, the Board reviewed the draft Financial Plan and draft Cost-of-Service Analysis and draft Water Rates prepared by the District's Rate Consultant, Water Resource Economics LLC ("WRE") considering the following assumptions:

- \$8 Million in Financing in FY2024-2025
- 8% Rate Increase/Year effective January 2025, January 2026, and January 2027

The next step in the rate planning process prior to WRE preparing the final draft Rate Study Report is to develop Water Shortage Rates that the Board could consider implementing during a drought or other water shortage emergency. Such rates represent the maximum that the Board could elect to implement at each stage in a water emergency. Water Shortage Rates can only go into effect if the Board takes the following two actions: 1) A water shortage emergency must be declared by the Board; and 2) the Board of Directors must take action to implement the Water Shortage Rates. In addition, written notice must be mailed to all customers at least 30 days prior to implementing the Water Shortage Rates.

At the Special Meeting, Nancy Phan, Senior Consultant for WRE, will walk through the calculations for arriving at the draft Water Shortage Rates.

Coastside County Water District

Water Rate Study – Water Shortage Rates

Board Meeting – June 11, 2024



**Water Resources
Economics**

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WATER SERVICE



Water Shortage Rates

- Based on Water Shortage Contingency Plan, Stages 1-6
- Incorporates the following costs:
 - Commodity revenue loss from reduced usage
 - Changes to SFPUC water supply costs and availability
 - Additional O&M expenses in Stages 4-6
- Water shortage rates are designed to maintain the District's financial position with usage reductions
- Usage reductions do not include fire protection services, which will be available during all water shortage stages as a health and safety requirement



Water Shortage Rates

- Water shortage rates are only in effect when:
 - Board formally declares a water shortage emergency
 - Board takes action to implement the water shortage rates
 - District sends out a 30-day notice in mail to customers
- The rates shown in this presentation are the maximum that the Board can elect to implement in each stage
- Other responses to water shortage emergencies include:
 - Implementing a partial water shortage rate
 - Reducing CIP spending
 - Using reserve funds
 - A combination of any of the above



Usage Reductions by Stage

Customer Class	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Single Family Residential							
Tier 1	231,264	231,264	231,264	231,264	226,947	189,122	151,298
Tier 2	97,645	97,645	71,332	33,508	0	0	0
Tier 3	49,336	11,512	0	0	0	0	0
Multi-Family	41,552	37,397	33,242	29,087	24,931	20,776	16,621
All Other Customers	275,572	248,015	220,457	192,900	165,343	137,786	110,229
Total	695,369	625,832	556,295	486,758	417,221	347,684	278,147
Total Usage Reduction		-10%	-20%	-30%	-40%	-50%	-60%

For Single Family Residential – assumes that usage reductions happen in the highest tiers first



Commodity Revenue Loss

Commodity Revenues	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Single Family Residential							
Tier 1	\$2,846,856	\$2,846,856	\$2,846,856	\$2,846,856	\$2,793,715	\$2,328,096	\$1,862,477
Tier 2	\$1,785,921	\$1,785,921	\$1,304,662	\$612,853	\$0	\$0	\$0
Tier 3	\$1,092,798	\$254,986	\$0	\$0	\$0	\$0	\$0
Multi-Family	\$610,404	\$549,364	\$488,323	\$427,283	\$366,243	\$305,202	\$244,162
All Other Customers	\$4,850,062	\$4,365,056	\$3,880,049	\$3,395,043	\$2,910,037	\$2,425,031	\$1,940,025
Total	\$11,186,041	\$9,802,183	\$8,519,891	\$7,282,035	\$6,069,994	\$5,058,329	\$4,046,663
Commodity Revenue Loss	\$0	\$1,383,858	\$2,666,150	\$3,904,006	\$5,116,047	\$6,127,713	\$7,139,378



SFPUC Supply Cost Difference

Water Supply Mix	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Local Supply	35.0%	25.0%	6.0%	6.0%	0.0%	0.0%	0.0%
SFPUC	65.0%	75.0%	94.0%	94.0%	100.0%	100.0%	100.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Production	470,823	488,931	544,705	476,617	434,605	362,171	289,737
SFPUC Net Unit Cost	\$5.28	\$5.28	\$5.28	\$5.28	\$5.28	\$5.28	\$5.28
SFPUC Variable Cost	\$2,485,943	\$2,581,556	\$2,876,045	\$2,516,539	\$2,294,717	\$1,912,264	\$1,529,811
Supply Cost Difference	\$0	\$95,613	\$390,102	\$30,596	(\$191,226)	(\$573,679)	(\$956,132)



Water Shortage Costs

Water Shortage Costs	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Commodity Revenue Loss	\$0	\$1,383,858	\$2,666,150	\$3,904,006	\$5,116,047	\$6,127,713	\$7,139,378
Supply Cost Difference	\$0	\$95,613	\$390,102	\$30,596	(\$191,226)	(\$573,679)	(\$956,132)
O&M Expense Difference	\$0	\$0	\$0	\$0	\$250,000	\$250,000	\$250,000
Total Costs	\$0	\$1,479,472	\$3,056,252	\$3,934,602	\$5,174,821	\$5,804,034	\$6,433,246
% Change from Revenues	0%	15%	36%	54%	85%	115%	159%

O&M expense differences include: two (2) full-time temporary positions (1 in field, 1 in office), additional outreach, door tagging, purchases of bottled water, etc.



Proposed Water Shortage Rates (FYE 2025)

Water Shortage Rates (FYE 2025)	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Incremental Water Shortage Rates							
Single Family Residential							
Tier 1	\$0.00	\$1.86	\$4.42	\$6.66	\$10.50	\$14.13	\$19.58
Tier 2	\$0.00	\$2.77	\$6.57	\$9.89	\$15.60	\$20.99	\$29.08
Tier 3	\$0.00	\$3.35	\$7.95	\$11.97	\$18.89	\$25.42	\$35.22
Multi-Family	\$0.00	\$2.22	\$5.27	\$7.94	\$12.53	\$16.86	\$23.36
All Other Customers	\$0.00	\$2.66	\$6.32	\$9.51	\$15.01	\$20.20	\$27.98
Combined Commodity Charge							
Single Family Residential							
Tier 1	\$12.31	\$14.17	\$16.73	\$18.97	\$22.81	\$26.44	\$31.89
Tier 2	\$18.29	\$21.06	\$24.86	\$28.18	\$33.89	\$39.28	\$47.37
Tier 3	\$22.15	\$25.50	\$30.10	\$34.12	\$41.04	\$47.57	\$57.37
Multi-Family	\$14.69	\$16.91	\$19.96	\$22.63	\$27.22	\$31.55	\$38.05
All Other Customers	\$17.60	\$20.26	\$23.92	\$27.11	\$32.61	\$37.80	\$45.58

*Water shortage rates for FYE 2026 and FYE 2027 will increase at the same rate as the financial plan – 8% annually

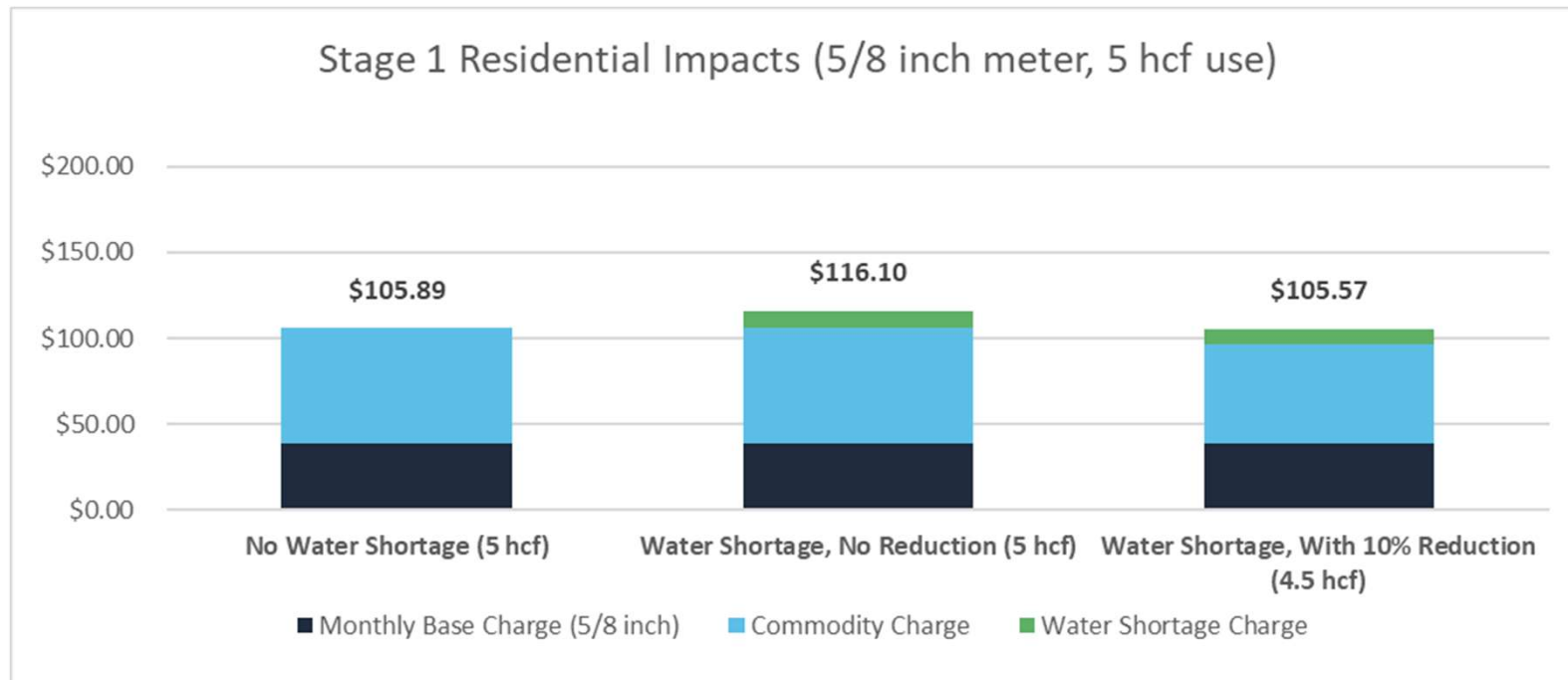


Water Shortage Rate Comparison

Water Shortage Rates	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
As of 1/18/24						
Single Family Residential						
Tier 1 (1-4 units)	\$2.57	\$4.58	\$6.48	\$9.03	\$13.67	\$27.17
Tier 2 (5-8 units)	\$3.75	\$6.69	\$9.47	\$13.20	\$19.98	\$39.71
Tier 3 (9+ units)	\$4.53	\$8.10	\$11.46	\$15.97	\$24.18	\$48.05
Multi-Family	\$3.42	\$6.10	\$8.64	\$12.03	\$18.22	\$36.20
All Other Customers	\$3.64	\$6.50	\$9.21	\$12.83	\$19.42	\$38.59
Effective 1/1/25						
Single Family Residential						
Tier 1 (1-4 units)	\$1.86	\$4.42	\$6.66	\$10.50	\$14.13	\$19.58
Tier 2 (5-8 units)	\$2.77	\$6.57	\$9.89	\$15.60	\$20.99	\$29.08
Tier 3 (9+ units)	\$3.35	\$7.95	\$11.97	\$18.89	\$25.42	\$35.22
Multi-Family	\$2.22	\$5.27	\$7.94	\$12.53	\$16.86	\$23.36
All Other Customers	\$2.66	\$6.32	\$9.51	\$15.01	\$20.20	\$27.98

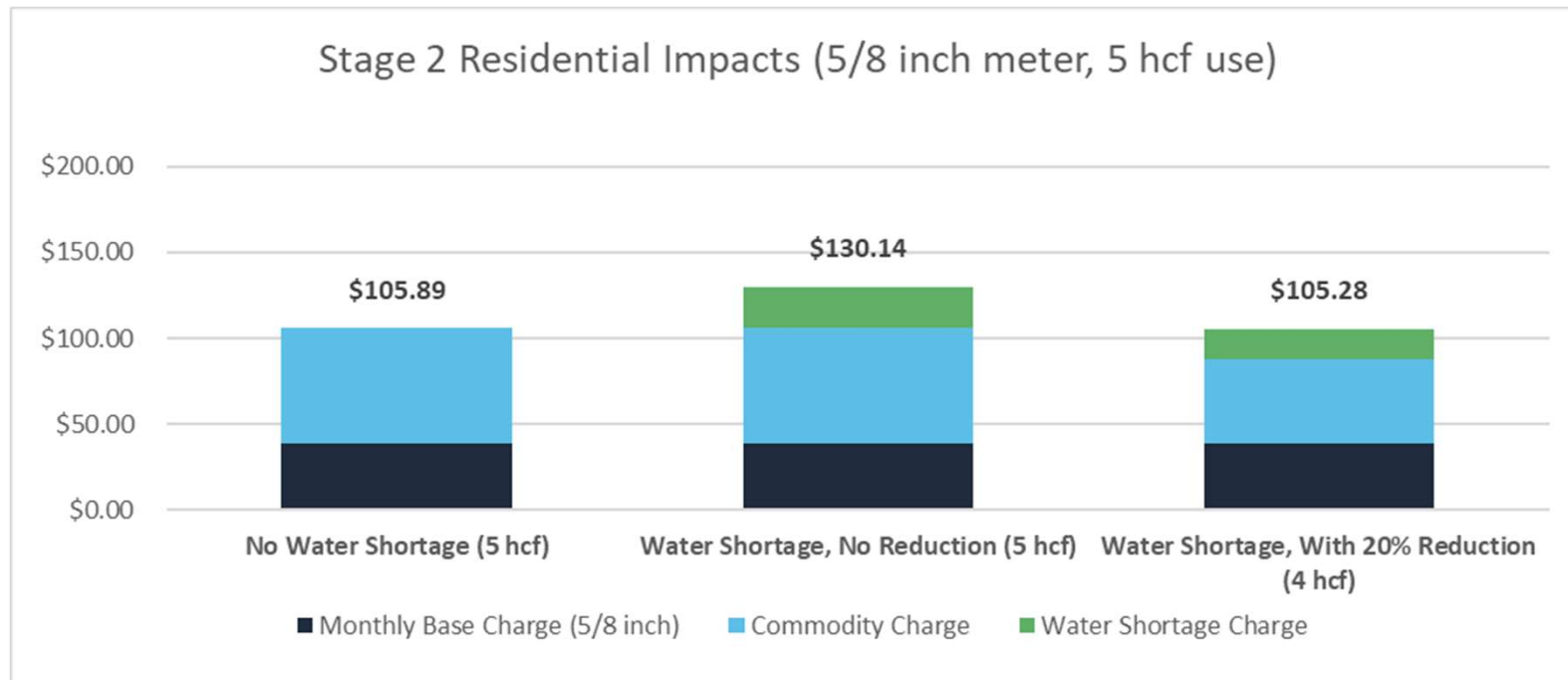


Residential Impacts, Stage 1 Shortage



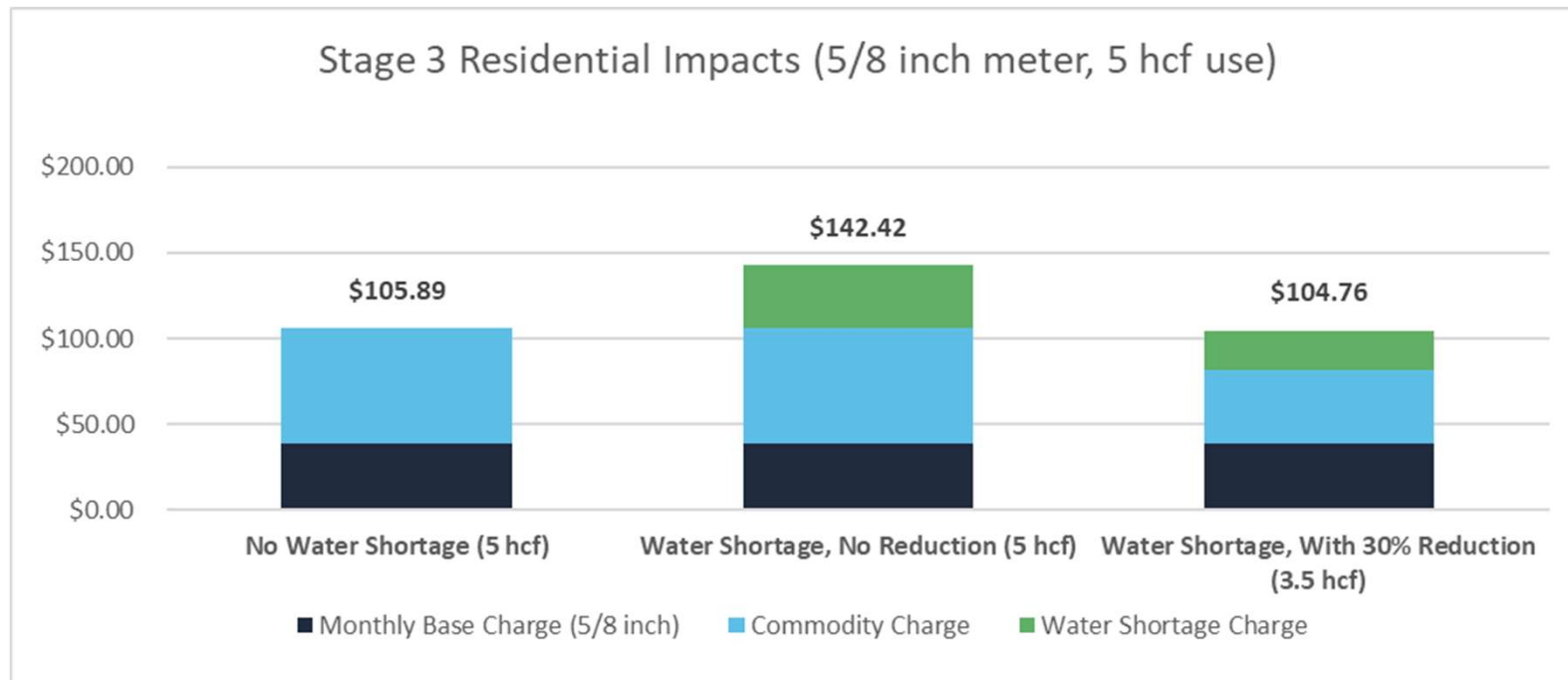


Residential Impacts, Stage 2 Shortage



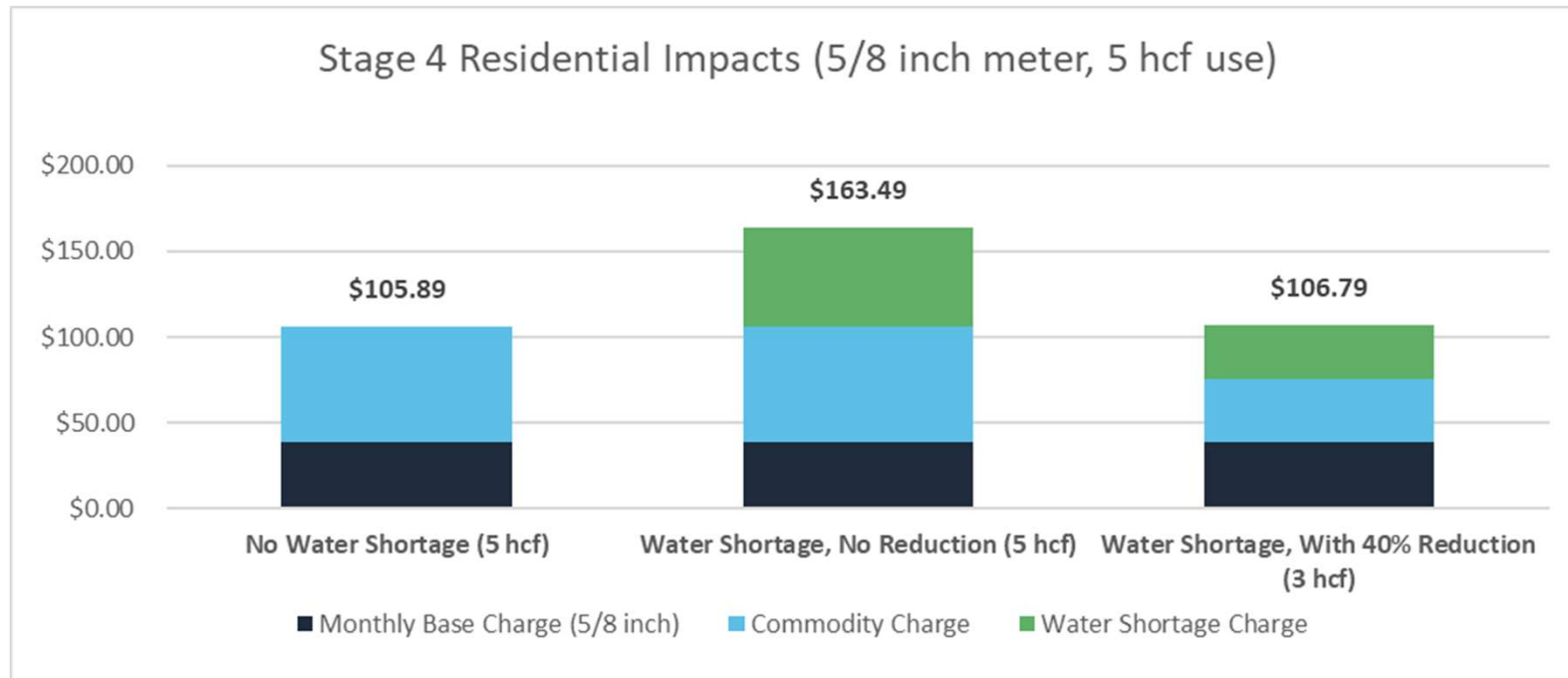


Residential Impacts, Stage 3 Shortage



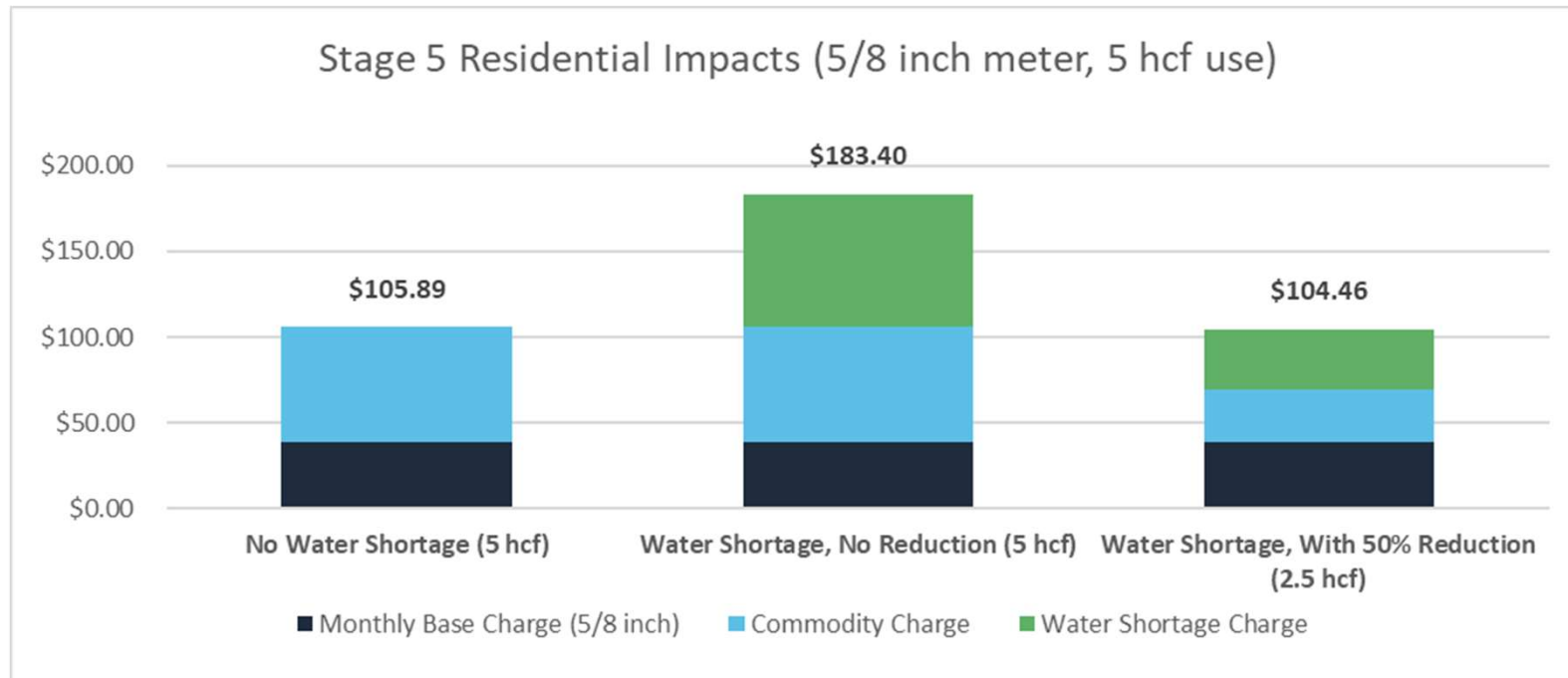


Residential Impacts, Stage 4 Shortage



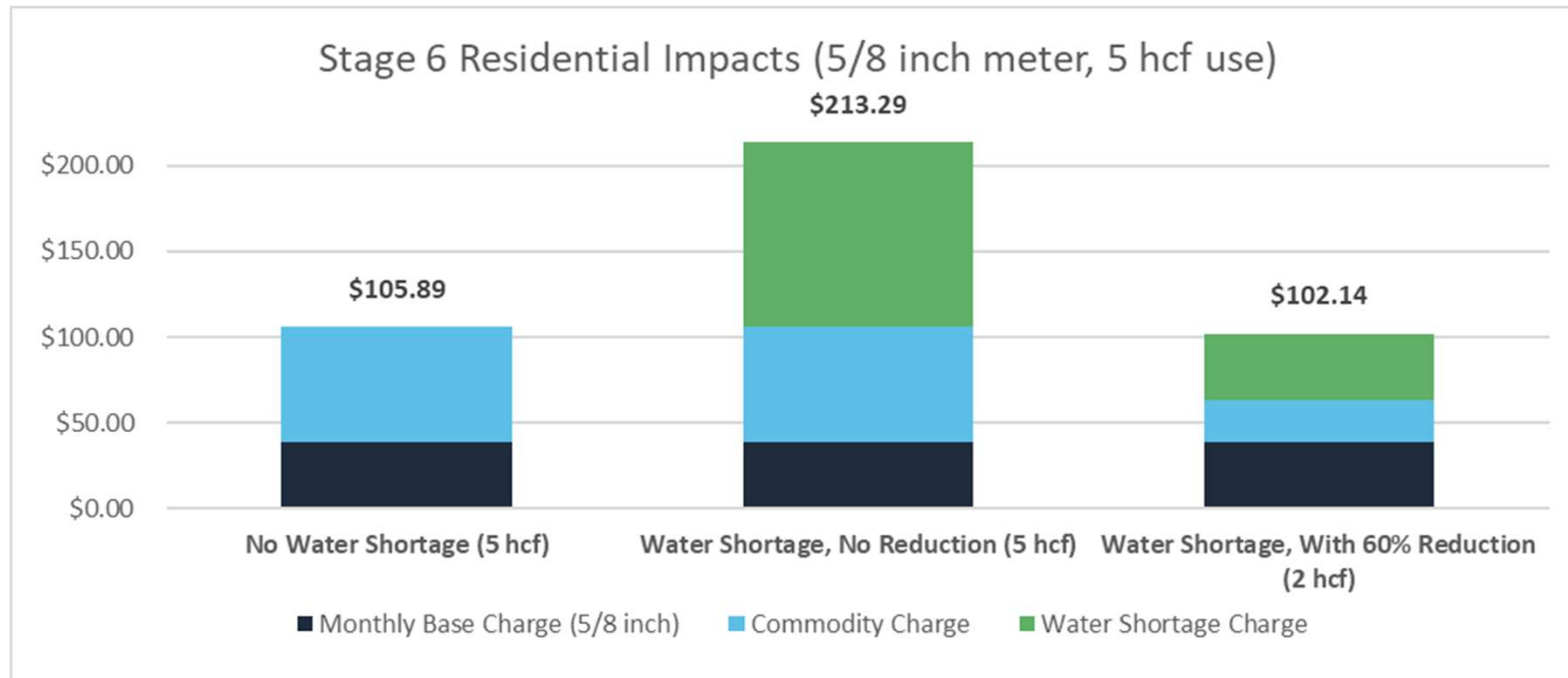


Residential Impacts, Stage 5 Shortage





Residential Impacts, Stage 6 Shortage





Water Resources Economics

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Water Shortage Rate Comparison

A	B	C	D	E	F	G
Drought Revenue Requirement	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Lost Revenue	\$1,577,615	\$2,911,117	\$4,074,968	\$5,230,495	\$6,642,828	\$8,656,159
Water Purchases	\$724,215	\$668,019	\$314,362	(\$38,021)	(\$473,904)	(\$1,160,451)
One Time Expenses	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Total	\$2,351,830	\$3,629,136	\$4,439,329	\$5,242,474	\$6,218,924	\$7,545,708

Water Shortage Costs	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Commodity Revenue Loss	\$0	\$1,383,858	\$2,666,150	\$3,904,006	\$5,116,047	\$6,127,713	\$7,139,378
Supply Cost Difference	\$0	\$95,613	\$390,102	\$30,596	(\$191,226)	(\$573,679)	(\$956,132)
O&M Expense Difference	\$0	\$0	\$0	\$0	\$250,000	\$250,000	\$250,000
Total Costs	\$0	\$1,479,472	\$3,056,252	\$3,934,602	\$5,174,821	\$5,804,034	\$6,433,246