

## Coastside County Water District

### Water Shortage Rates

District customers recently received a written notice in the mail notifying them that the District is considering increasing its water and its water shortage rates\*. (\*Water Shortage Rates were formerly called Water Shortage Contingency Stage Rates and were originally incorporated in the District's Rate and Fee Schedule dated January 12, 2022.) This FAQ specifically addresses Water Shortage Rates only.

#### Q: What are Water Shortage Rates?

Water Shortage Rates are designed to recover decreases in revenue due to reductions in water use during each stage of a water shortage. Water Shortage Rates comply with the provisions of Proposition 218 and will impact all customers. Water Shortage Rates are designed to recover lost revenue depending on the severity of the water shortage.

#### Q: How and when will the Water Shortage Rates go into effect?

Water Shortage Rates **do not** automatically go into effect when a Water Shortage Emergency is declared. There are two actions by the Board of Directors and one additional notice that must take place before the rates are implemented.

- 1) First, a Water Shortage Contingency Stage must be declared by the Board of Directors (in March of 2022, the Board of Directors declared a Water Shortage Emergency – Stage 2 of the District's Water Shortage Contingency Plan.).
- 2) Second, the Board of Directors must take action to implement the Water Shortage Rates.
- 3) Third, a written notice must be mailed to all customers at least 30 days prior to implementing the Water Shortage Rates.

*Note: Even after the Board of Directors acts to implement a stage in its Water Shortage Contingency Plan, the Board of Directors does not have to implement the Water Shortage Rates, and the Board of Directors may implement them at a lower rate. The Board of Directors may consider using reserves, leaving open positions vacant, deferring capital projects, or a combination of actions to cover all or a portion of the District's financial obligations.*

#### Q: When do the Water Shortage Rates end once implemented?

Once implemented, the Water Shortage Rates would be repealed when the Board of Directors determines the District no longer needs to implement its Water Shortage Contingency Plan, or earlier if the Board of Directors decides that the District is able to fund its financial obligations without these Water Shortage Rates. In addition, the Board of Directors may change the Water Shortage Contingency Stage during the water shortage situation and implement a different Water Shortage Rate that corresponds with that Water Shortage Contingency Stage.

#### Q: Do the Water Shortage Rates include penalties?

Please contact 650-726-4405 or [customerservice@coastsidewater.org](mailto:customerservice@coastsidewater.org) for other questions.

The Water Shortage Rates do not include financial penalties. The Water Shortage Rates are designed to allow the District to recover its costs during the water shortage. These Water Shortage Rates are not intended to penalize customers.

### Q: What customers are subject to the Water Shortage Contingency Stage Rates?

The Water Shortage Rates apply to all customers equally. The Water Shortage Rates are applied to the Water Quantity Charge at the same (uniform) percentage across all single-family, multi-family, and non-residential customer classes. There is no change to the base charge.

### Q: How will my water bill be impacted?

Customers who meet the goal of the Water Shortage Contingency Stage implemented by the District should see a similar bill to what they paid during non-water shortage times. If a customer does not meet the requested reduction in water use, they will see an increase in their water bill. The District acknowledges that customers who already have low water usage will see increases in their water bills with the proposed Water Shortage Rates.

### Q: Why are Water Shortage Rates included in the District's Rate and Fee Schedule?

The District is preparing for more frequent and severe droughts in the watersheds the District relies on for water. The District is also considering natural disasters and catastrophic infrastructure failures that may result in water shortage situation.

Adding the Water Shortage Rates provides the Board with a mechanism to recover costs during a water shortage situation. Implementing the Water Shortage Rates is optional for the Board of Directors and the Board of Directors will decide whether to implement the rates based upon the District's ability to manage revenue shortfalls.

Incorporating Water Shortage Rates (also called drought rates, and drought surcharges) in rate and fee schedules is becoming a more common occurrence for California water providers. For reference, other Bay Area water providers that have adopted similar rates and surcharges include; San Francisco Public Utilities Commission (San Francisco Water), Alameda County Water District, East Bay Municipal Utility District, Mid-Peninsula Water District; City of Palo Alto; City of Santa Cruz, Marin Municipal Water District, and San Jose Water Company.

### Q: What is the SFPUC "pass-through" Water Shortage Rate?

The District purchases a portion of its water directly from the San Francisco Public Utilities Commission (SFPUC). If SFPUC implements a wholesale water shortage per unit rate for its wholesale customers, the District's Board of Directors could take action to pass through this charge to the District's customers on a per unit basis (in proportion to the District's SFPUC water use vs local source use). At this writing, District staff is not aware of SFPUC's plans to enact a wholesale water shortage per unit rate. The Board of Directors would need to approve the pass-through and customers would be notified 30 days before the pass-through becomes effective.