

NOTICE OF PUBLIC HEARING

Proposed Amendment to the Water Rate Schedule WATER SHORTAGE CONTINGENCY STAGE RATES

November 24, 2021



Customer/Record Property Owner:

Living in California means that Californians are faced with water shortages during drought conditions, natural disasters, or catastrophic infrastructure failures. In its current Water Shortage Contingency Plan (required by California Water Code Section 10632), Coastside County Water District ("District") staff outlined recommended actions and procedures for managing water supply and demand during water shortages with six water shortage levels described as stages. These stages are:

- 1 – Water Shortage Advisory (up to 10%)
- 2 – Water Shortage Emergency Warning (up to 20%)
- 3 – Water Shortage Emergency (up to 30%)
- 4 – Water Shortage Severe Emergency (up to 40%)
- 5 – Water Shortage Extreme Emergency (up to 50%)
- 6 – Water Shortage Catastrophic Emergency (>50%)

Successful water rationing programs result in reduced water sales and increased costs to incorporate changes to the District's water supply sources. Expenditures do not decline in proportion to reduced sales because a large part of expenditures are related to fixed capital costs, maintenance, and operations.

The District is proposing to amend its current Rate and Fee Schedule with water shortage contingency stage rates that correspond to the six water shortage stages. The resulting water shortage contingency stage rates (shown on page 3 of this notice) comply with Proposition 218 requirements and allow for the District to reliably

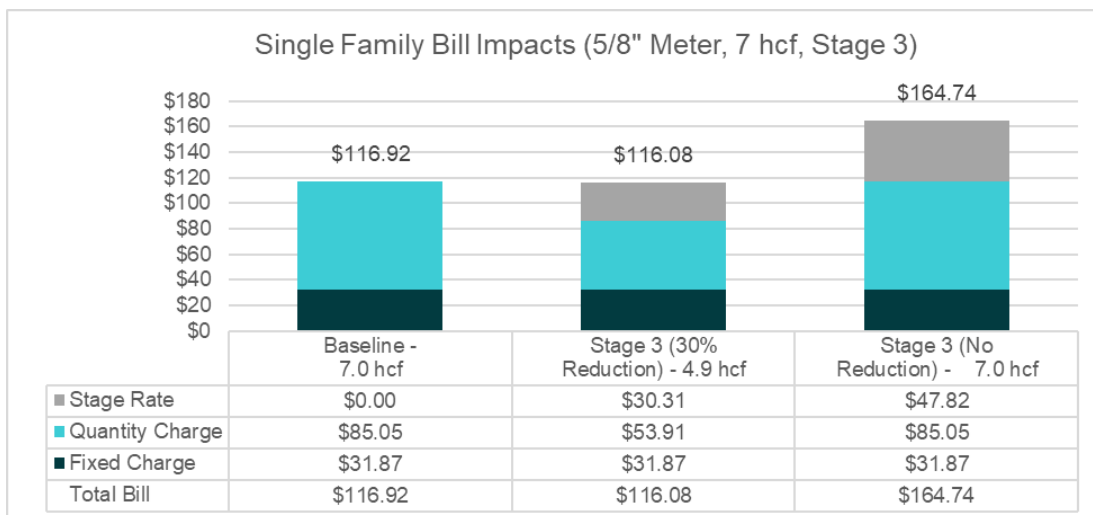
recover the necessary revenue to fully fund the water system in times of requested and mandated reductions in water demand.

Based on Proposition 218 requirements, the resulting water shortage contingency stage rates are the maximum that the Board of Directors can implement. When officially activating the District's current Water Shortage Contingency Plan and declaring a Water Shortage stage, the Board has the discretion to implement a lower water shortage contingency stage rate, to use reserves to make up for lost revenue, defer capital projects to reduce total expenditures, or consider a combination of those three strategies to best fit the water shortage conditions.

In addition, this notification includes amending the rate schedule to allow for a pass-through of wholesale water shortage (per unit) rates and surcharges to the District's customers, if imposed by San Francisco Public Utilities Commission during a water shortage situation.

An example of the impact of water shortage contingency stage rates is shown in the table below. In this example, a typical residential customer in normal years uses 7 units per month. In Stage 3, if this customer reduces water consumption by the required 30%, the customer will see a very similar bill as in normal years. If the customer does not reduce consumption, then this customer would pay \$47.82 additional for water service.

Single Family Residential Customer Impact in Stage 3 of a Water Shortage
Meter Size: 5/8" | Consumption: 7 units per month



The Coastside County Water District Board of Directors will hold a Public Hearing at 7:00 PM on Tuesday, January 11, 2022 during a regular Board of Director's meeting. The Board of Directors will consider adoption of the proposed water shortage contingency stage rates and the SFPUC pass-through wholesale water shortage rates or surcharges to be included in the Rate and Fee Schedule as of January 12, 2022 and affecting all water customers. Prior to implementing a water shortage contingency stage rate or SFPUC pass-through rates, the District will send written notification to all customers at least 30 days prior to the effective date. Interested persons are encouraged to attend and comment. This meeting will be conducted entirely by remote participation. ZOOM Meeting instructions follow below.

The basis for the water shortage contingency stage rates is described in the Water Shortage Contingency Stage Rate Study dated October 29, 2021 prepared by the District's Water Rate consultant, Raftelis Financial Consultants, Inc. This study incorporates the rate model prepared by Raftelis in the Water Financial Plan and Rate Update Report dated August 5, 2020. The Water Shortage Contingency Stage Rate Study, the Water Financial Plan and Rate Update Report, the 2020 Water Shortage Contingency Plan, the Operations Budgets for FY2020-2021 and FY2021-2022, and Capital Improvement Program are available online at www.coastsidewater.org.

Proposition 218 allows a property owner/customer responsible for paying the water bill to respond to proposed rate increases prior to the close of the public hearing. If you wish to protest the proposed water shortage contingency stage rates, the District must receive your *written protest* prior to the close of the public hearing on Tuesday, January 11, 2022 at 7:00 PM.

You may deliver the protest in advance of the public hearing by first class mail or deliver to the District's payment drop box to: General Manager, Coastside County Water District, 766 Main Street, Half Moon Bay, CA 94019. Email protests will not be accepted. For your protest to be counted, please include one of the following: address(es) or Assessor Parcel Number(s) of the property(ies) you own, or the utility account number(s) for active utility accounts that are subject to the proposed rate adjustment(s). Protests are limited to one per parcel. If written protests are submitted by a majority of the District's property owners/customers, the proposed water shortage contingency stage rate adjustment(s) shall not be imposed.

Statute of Limitations for Challenging Proposed Rates

Pursuant to California Government Code section 53759, there is a 120-day statute of limitations for challenging the water shortage contingency stage rates and SFPUC pass-through wholesale water shortage rates set forth in this notice from the date the Board of Directors adopts the resolution approving these rates.

ZOOM Meeting Instructions: This meeting will begin at 7:00 pm

Due to Covid-19 pandemic, and in accordance with Assembly Bill 1361, which modifies California Government Code Section 54953, the Boardroom will not be open to the public for the January 11, 2022 Regular meeting of the Board of Directors of the Coastside County Water District. This meeting will be conducted remotely via teleconference only.

The Public may watch and/or participate in the public meeting by joining the meeting through 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

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.

Online:

<https://us06web.zoom.us/j/93778260596?pwd=aEpRcFlnaHdQM21PSEJQWjNiN09TQT09>

Meeting ID: 937 7826 0596

Passcode: 184355

One tap mobile

+16699006833,,93778260596#,,,,*184355# US (San Jose)

By Phone:

+1 669 900 6833 US (San Jose)

Meeting ID: 937 7826 0596

Passcode: 184355

**COASTSIDE COUNTY WATER DISTRICT
PROPOSED AMENDMENT TO THE WATER RATE AND FEE SCHEDULE
WATER SHORTAGE CONTINGENCY STAGE RATES AND SFPUC PASS-THROUGH WHOLESALE WATER SHORTAGE RATES
TO BE ADDED TO THE RATE AND FEE SCHEDULE ON JANUARY 12, 2022**

The Water Shortage Contingency Stage Rates show the **maximum** rate levels that could be charged PER UNIT during the 6 Water Shortage Stages if the Coastsides County Water District Board of Directors activates the Water Shortage Contingency Plan. The decision to implement Water Shortage Contingency Stage Rates is **discretionary** by the District’s Board of Directors. Water Shortage Contingency Stage Rates and the San Francisco Public Utilities Commission (SFPUC) Pass-Through Wholesale Water Shortage Rates or Surcharges could be implemented upon 30 day written notice to all customers prior to the effective date during water shortage situations including drought, natural disasters, and other water supply interruptions.

WATER SHORTAGE CONTINGENCY STAGE RATES - QUANTITY CHARGE (Monthly Rates)

Table 1A shows the proposed **incremental Water Shortage Contingency Quantity Charge** per UNIT* by Water Shortage Stage.

Table 1B shows the combined **Baseline Quantity Charge** (rates in effect January 1, 2022) **plus the Water Shortage Contingency Quantity Charge** per UNIT by Water Shortage Stage.

Table 1A: Water Shortage Contingency Quantity Charge by Water Shortage Level							
Customer Type	Baseline*	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Residential							
Tier 1 1 - 4 units	\$0.00	\$2.24	\$4.01	\$5.70	\$7.96	\$12.09	\$24.04
Tier 2 5 - 8 units	\$0.00	\$3.27	\$5.87	\$8.34	\$11.64	\$17.68	\$35.15
Tier 3 9+ units	\$0.00	\$3.95	\$7.09	\$10.09	\$14.08	\$21.38	\$42.52
Multi-Family	\$0.00	\$2.98	\$5.35	\$7.60	\$10.61	\$16.11	\$32.05
Non-Residential	\$0.00	\$3.17	\$5.70	\$8.10	\$11.31	\$17.17	\$34.16

Table 1B: Baseline Quantity Charge* plus Water Shortage Contingency Quantity Charge by Water Shortage Level							
Customer Type	Baseline*	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Residential							
Tier 1 1 - 4 units	\$10.14	\$12.38	\$14.15	\$15.84	\$18.10	\$22.23	\$34.18
Tier 2 5 - 8 units	\$14.83	\$18.10	\$20.70	\$23.17	\$26.47	\$32.51	\$49.98
Tier 3 9+ units	\$17.94	\$21.89	\$25.03	\$28.03	\$32.02	\$39.32	\$60.46
Multi-Family	\$13.52	\$16.50	\$18.87	\$21.12	\$24.13	\$29.63	\$45.57
Non-Residential	\$14.41	\$17.58	\$20.11	\$22.51	\$25.72	\$31.58	\$48.57

* Baseline - Quantity Charge effective 1/1/2022

1 Unit = 1 hcf (hundred cubic feet) = 748 gallons

Table 2: Description of Water Shortage Levels by Stage:

Stage 1	Up to 10%	Water Shortage Advisory
Stage 2	Up to 20%	Water Shortage Emergency Warning
Stage 3	Up to 30%	Water Shortage Emergency
Stage 4	Up to 40%	Water Shortage Severe Emergency
Stage 5	Up to 50%	Water Shortage Extreme Emergency
Stage 6	Up to 60%	Water Shortage Catastrophic (Extraordinary) Emergency

SFPUC Pass-Through Wholesale Water Shortage Rates: If SFPUC implements an additional unit wholesale charge to the cost of water as a result of a water shortage, the District may pass through this per unit wholesale charge to their customers based on the percentage of the District’s total water supply purchased from SFPUC. The District’s only other source of water is local surface and groundwater which does not require any additional water supply costs to obtain. Therefore, the proportion of the pass-through charge will be a direct proportion of how much SFPUC water is purchased to meet demand versus how much water is local sourced. The equation below shows an example of how the SFPUC per unit wholesale charge related to a water shortage will be passed through when SFPUC is charging an additional \$0.50 per unit of water (hcf) and the District is purchasing 90% of its water from SFPUC and using 10% local water sources to meet the rest of demand.

$$\$0.50 \text{ per hcf SFPUC additional cost} \times 90\% \text{ SFPUC water purchases} = \$0.45 \text{ pass-through charge to commodity rates}$$

Pass-through wholesale water shortage rates or surcharges would cease at the end of the water shortage situation.