

RESOLUTION NO. 2024-07

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE COASTSIDE COUNTY WATER DISTRICT
AMENDING THE RATE AND FEE SCHEDULE
TO INCREASE WATER SERVICE RATES AND WATER SHORTAGE RATES
AND FINDING THAT THE AMENDMENTS ARE EXEMPT FROM THE
CALIFORNIA ENVIRONMENTAL QUALITY ACT**

THIS RESOLUTION IS ADOPTED with reference to the following facts and circumstances which are found and declared by the Board of Directors:

1. The General Manager and Finance Committee, during consideration and preparation of the Operations and Maintenance Budget for Fiscal Year 2024-2025 and Capital Improvement Program for Fiscal Years Fiscal Years 2024/25 to 2033/34 determined that financing the District's operating expenses, debt service, and capital improvement program, as well as maintaining the District's existing reserve levels, will require an increase in water rates. California Water Code Section 31007 authorizes the District to establish rates and charges to yield an amount sufficient to pay operating expenses, to provide for repairs and depreciation of works owned and operated by the District, to pay interest on bonded debt, and to provide a fund to pay principal on bonded debt.

2. The District's financial consultant, Water Resource Economics, LLC ("WRE"), prepared a "2024 Water Rate Study" dated July 1, 2024. This study includes a five year Water Financial Plan and an updated Cost-of-Service analysis which is used to allocate and recover costs from customers in proportion to their use of the system, recognizing the impact of each customer class (residential, multi-family, non-residential, and fire services) on system facilities and operations. The 2024 Water Rate Study analyzed the District's Fiscal Year 2024-2025, Fiscal Year 2025-2026, and Fiscal Year 2026-2027 revenue requirements based upon the Cost of Service analysis in order to comply with the substantive requirements of Proposition 218. The 2024 Water Rate Study provides support for an overall 8% annual increase in total operating revenues for each of the next three years. Increases in Water Service Rates will become effective on January 20, 2025 for year 1, on January 19, 2026 for year 2, and January 18, 2027 for year 3. Because the District's cost structure and customer usage characteristics have changed since the last cost of service study that was completed in 2018, the adjustments to water rates across each customer class and residential tier will vary in magnitude. In other words, for the increase effective January 20, 2025, some rates and charges will be lower or higher than the overall 8% revenue increase, and some customers will see lower or higher water bills than the District's overall 8% revenue requirement. For the 8% revenue increase effective

January 19, 2026 and 8% revenue increase effective January 18, 2027, the increase will be applied proportionately across all of the previous year's rates.

3. Utilizing the Water Financial Plan, Cost-of-Service Analysis, and Water Service Rates effective January 20, 2025, January 19, 2026, and January 18, 2027 included in the 2024 Water Rate Study and in consideration of the 8% annual revenue requirement, WRE next developed Water Shortage Rates that are also included in the 2024 Water Rate Study. These rates can be used as a tool that allows the District to reliably recover the necessary revenue to fully fund the water system in times of reduced water demand at each of the six Board declared water shortage stages and as included in the District's "Water Shortage Contingency Plan" adopted in June 2021 (required by California Water Code Section 10632.) The 2024 Water Rate Study provides support for the Water Shortage Rates to be effective January 20, 2025, January 19, 2026, and January 18, 2027, and in accordance with substantive requirements of Proposition 218. Water Shortage Rates can only go into effect if the Board of Directors takes the following two actions: 1) A Water Shortage Stage must be declared by the Board; 2) The Board must take action to implement the Water Shortage Rates. In addition, the District is required to provide written notice of the proposed rates changes to all customers 30 days prior to their effective date. The District Rate and Fee Schedule also includes a San Francisco Public Utility Commission (SFPUC) Pass-Through of Wholesale Water Shortage Rates or Surcharges if the SFPUC imposes an additional wholesale charge to the cost of water as a result of a water shortage.

4. WRE conducted a Board Workshop at a Special Meeting on April 30, 2024 to review the District's financing model and Water Financial Plan and Cost-of-Service Analysis and to evaluate the District's reserves and proposed reserve targets and proposed increases to the District's Water Service Rates. At a special meeting on June 11, 2024, the Board reviewed the proposed Water Shortage Rates, and at the July 9, 2024 Regular Board Meeting, the Board received the Water Rate Study dated July 1, 2024 prepared by WRE. District staff prepared staff reports and presentations for these above-mentioned meetings and for the March 12, 2024, May 14, 2024, and June 11, 2024 Regular Board of Directors Meetings on presentations of the draft Fiscal Year 2024-2025 O&M budget and Fiscal Years 2024/25 to 2033/34 Capital Improvement Program. The Water Rate Study dated July 1, 2024, staff reports, and staff and WRE presentations are incorporated into this Resolution by this reference.

5. The Board has considered the July 1, 2024 Water Rate Study in light of the approved Fiscal Year 2024-2025 Operation and Maintenance Budget and Fiscal Years 2024/25 to 2033/34 Capital Improvement Program and determined that the projects identified are important for the safe and efficient operation of the District's water system and to preserve and improve the reliability of the water system. The Fiscal Year 2024-2025 Operations and Maintenance Budget and the Fiscal Year 2024/25 to 2033/34 Capital Improvement Program were approved at the June 11, 2024 Regular Board of Directors Meeting. The approved budget and Capital Improvement program documents, by this reference are incorporated into this resolution.

6. The anticipated increases in expenses are attributable to a number of factors including but not limited to, payment of capital project costs, debt service for financing of necessary capital improvements and replacement of aging facilities, higher costs for personnel, materials, and services.

7. On August 13, 2024, the Board of Directors at its Regular Board meeting evaluated the proposed modifications to the District's Rate and Fee Schedule and set a scheduled public hearing for November 12, 2024 at its Regular Board Meeting at 7 PM to consider the modifications to the District's Rate and Fee Schedule.

8. The District prepared a notice that described the amounts, the basis for calculating, and the reasons for the adjusted Water Service Rates and charges and Water Shortage Rates, and identified the date, time, and location for the public hearing on the adjusted rates and charges, and the procedures for submitting a protest. The District mailed the written notice to the property owners and customers in the District at least 45 days before the date of the public hearing.

9. The Board considered its options at a public hearing at which the specific rate proposal enacted herein was addressed. Notice of the public hearing was provided to each parcel subject to the proposed rate increase. Notice of the public hearing was also advertised in the October 7-12, 2024 San Mateo Daily Journal. Additionally, the notice was placed on the District's website. At the public hearing, the Board of Directors considered all protests against the proposed rate modification to the Water Service Rates and Water Shortage Rates, and written protests against the proposed rate increase were not presented by a majority of owners of the parcels subject to the proposed rate increase.

10. After discussion and consideration of the comments received before and at the public hearing, the Board finds the Water Service Rates and Water Shortage Rates hereinafter set forth to be reasonable and required for the proper operation of the District.

11. The Board further finds that the amendments to the Rate and Fee Schedule and the amount of the Water Service Rates and Water Shortage Rates hereinafter set forth do not exceed the amount of the estimated costs required to provide the services for which the rates are levied.

12. The Board further finds that the increases in Water Service Rates and Water Shortage Rates effected by this Resolution are reasonable and required for the proper operation of the District, and are exempt from the California Environmental Quality Act, pursuant to Section 21080(b)(8) of the Public Resources Code, because they are for the purposes of (1) meeting operating expenses, (2) purchasing or leasing supplies, equipment and materials, (3) meeting financial reserve requirements, and (4) obtaining funds for capital projects necessary to maintain service within existing service areas. The analysis in this Resolution and the documents incorporated into this Resolution by reference justify that the modifications to the rates and charges are for the purposes set forth in section 21080(b)(8).

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Coastside County Water District as follows:

1. Section 1.A, Base Charge, of the Rate and Fee Schedule is hereby amended to read as follows:

A. Base Charge

The following base charge is the minimum charge to be paid by all customers on a monthly basis. Customers may be billed on a monthly basis depending on type of meter, customer class, service address, or water usage:

Size of Meter	Effective January 20, 2025 Monthly Base Charge	Effective January 19, 2026 Monthly Base Charge	Effective January 18, 2027 Monthly Base Charge
5/8 x 3/4 inch	\$38.36	\$41.43	\$44.75
3/4 inch	\$53.32	\$57.59	\$62.20
1 inch	\$83.26	\$89.93	\$97.13
1-1/2 inch	\$158.09	\$170.74	\$184.40
2 inch	\$247.89	\$267.73	\$289.15
3 inch	\$532.27	\$574.86	\$620.85
4 inch	\$951.34	\$1,027.45	\$1,109.65
6 inch	\$2,028.96	\$2,191.28	\$2,366.59

Meters larger than 6 inches will be subject to base charges as determined by the Board of Directors.

2. Section 1.B, Quantity Charge, of the Rate and Fee Schedule is hereby amended to read as follows:

B. Quantity Charge

In addition to the base charge set forth in Section 1A, the following quantity charges shall be paid per one hundred cubic feet (hcf) of water delivered:

Residential Customers

Quantity Delivered (During Monthly Billing Period)	Effective January 20, 2025 Monthly Water Consumption Charge per hcf	Effective January 19, 2026 Monthly Water Consumption Charge per hcf	Effective January 18, 2027 Monthly Water Consumption Charge per hcf
1 - 4 hcf	\$12.31	\$13.30	\$14.37
5 - 8 hcf	\$18.29	\$19.76	\$21.35
9 or more hcf	\$22.15	\$23.93	\$25.85

Definition of Residential Customers: For purposes of Sections 1 and 2, Residential Customers are single family homes, single family homes with one accessory dwelling unit, condominiums, townhouses and all residential buildings with individual meters for separate residential dwelling units. Residential buildings with a single "master meter" measuring consumption within multiple dwelling units are not "Residential Customers" for purposes of Sections 1 and 2 but are classified as "Multi-Family" in Section 3 below.

All Other Customers

Customer Type	Effective January 20, 2025 Monthly Water Consumption Charge per hcf	Effective January 19, 2026 Monthly Water Consumption Charge per hcf	Effective January 18, 2027 Monthly Water Consumption Charge per hcf
Multi-Family	\$14.69	\$15.87	\$17.14
All Other Customers	\$17.60	\$19.01	\$20.54

A. Section 3.D, Portable Meters, of the Rate and Fee Schedule, is hereby amended to read as follows:

D. Portable Meters

Customers requesting water service through portable meters shall pay:

1. a deposit in an amount, as estimated by the General Manager, equal to the replacement cost of the meter;
2. a monthly rental charge of \$112.36
3. the quantity/consumption charge per hcf for "All Other Customers" as shown in Section 1B above, and follows below:
 - a. Effective January 20, 2025, \$17.60 per hcf
 - b. Effective January 19, 2026, \$19.01 per hcf
 - c. Effective January 18, 2027, \$20.54 per hcf

B. Section 3.E, Fire Service Charge, is hereby amended to read as follows:

E. Fire Service Charge

Fire Service Charges are calculated utilizing a methodology that considers the fire capacity of the diameter of the pipe based on the Hazen-Williams equation. In addition, the customer must pay the actual cost of installation of the fire service.

Size of Meter	Effective January 20, 2025 Monthly Service Charge	Effective January 19, 2026 Monthly Service Charge	Effective January 18, 2027 Monthly Service Charge
3/4 inch	\$8.87	\$9.58	\$10.35
1 inch	\$9.37	\$10.12	\$10.93
1-1/2 inch	\$11.19	\$12.09	\$13.06
2 inch	\$14.31	\$15.46	\$16.70
3 inch	\$25.52	\$27.57	\$29.78
4 inch	\$44.86	\$48.45	\$52.33
6 inch	\$114.26	\$123.41	\$133.29
8 inch	\$233.97	\$252.69	\$272.91
10 inch	\$414.03	\$447.16	\$482.94

C. Section 3.O. Water Shortage Rates is hereby amended to read as follows:

O. Water Shortage Rates

To ensure that the District receives sufficient revenues to cover its cost of providing water service when consumption decreases due to a Board declared water shortage situation such as a drought, natural disaster, or other water supply interruption, the Board of Directors, at its discretion, may implement Water Shortage Rates (formerly called Water Shortage Contingency Stage Rates.). Water Shortage Rates are set up incrementally to reflect the stages of a water shortage that the District has defined in its Urban Water Management Plan, specifically the Water Shortage Contingency Plan. The Water Shortage Rates show the maximum rate levels that could be charged PER UNIT during each of the six (6) Water Shortage Stages when the District's Board of Directors activates the Water Shortage Contingency Plan.

There are two actions by the Board of Directors and one additional notice that must take place before the Water Shortage Rates are implemented:

1. First, a Water Shortage Stage must be declared by the Board of Directors.
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.

If a higher water shortage stage is declared by the Board, the Board may choose to increase the Water Shortage Rates up to the maximum level of the declared stage, and upon 30 days advance written notice to all customers. If a lower water shortage stage is declared by the Board, the Board will adjust the Water Shortage Rates to no more than the maximum level of the lower stage. The Water Shortage Rates would be repealed when the Water Shortage situation is declared to be over by the Board of Directors.

WATER SHORTAGE RATES - QUANTITY CHARGE (Monthly Rates)

Effective January 20, 2025

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

Customer Type	Baseline*	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Residential							
Tier 1 1 - 4 units	\$0.00	\$1.86	\$4.42	\$6.66	\$10.50	\$14.13	\$19.58
Tier 2 5 - 8 units	\$0.00	\$2.77	\$6.57	\$9.89	\$15.60	\$20.99	\$29.08
Tier 3 9+ units	\$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
Non-Residential	\$0.00	\$2.66	\$6.32	\$9.51	\$15.01	\$20.20	\$27.98

Table 1B shows the combined Monthly Baseline Quantity Charge (rates in effect January 20, 2025) plus the Water Shortage Rate Quantity Charge per UNIT by Water Shortage Stage.

Customer Type	Baseline*	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Residential							
Tier 1 1 - 4 units	\$12.31	\$14.17	\$16.73	\$18.97	\$22.81	\$26.44	\$31.89
Tier 2 5 - 8 units	\$18.29	\$21.06	\$24.86	\$28.18	\$33.89	\$39.28	\$47.37
Tier 3 9+ units	\$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
Non-Residential	\$17.60	\$20.26	\$23.92	\$27.11	\$32.61	\$37.80	\$45.58

* Baseline - Quantity Charge effective 1/20/2025
1 Unit = 1 hcf (hundred cubic feet) = 748 gallons

WATER SHORTAGE RATES - QUANTITY CHARGE (Monthly Rates)

Effective January 19, 2026

Table 2A shows the incremental Monthly Water Shortage Rate Quantity Charge per UNIT* by Water Shortage Stage.

Customer Type	Baseline*	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Residential							
Tier 1 1 - 4 units	\$0.00	\$2.01	\$4.78	\$7.20	\$11.34	\$15.27	\$21.15
Tier 2 5 - 8 units	\$0.00	\$3.00	\$7.10	\$10.69	\$16.85	\$22.67	\$31.41
Tier 3 9+ units	\$0.00	\$3.62	\$8.59	\$12.93	\$20.41	\$27.46	\$38.04
Multi-Family	\$0.00	\$2.40	\$5.70	\$8.58	\$13.54	\$18.21	\$25.23
Non-Residential	\$0.00	\$2.88	\$6.83	\$10.28	\$16.22	\$21.82	\$30.22

Table 2B shows the combined Monthly Baseline Quantity Charge (rates in effect January 19, 2026) plus the Water Shortage Rate Quantity Charge per UNIT by Water Shortage Stage.

Customer Type	Baseline*	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Residential							
Tier 1 1 - 4 units	\$13.30	\$15.31	\$18.08	\$20.50	\$24.64	\$28.57	\$34.45
Tier 2 5 - 8 units	\$19.76	\$22.76	\$26.86	\$30.45	\$36.61	\$42.43	\$51.17
Tier 3 9+ units	\$23.93	\$27.55	\$32.52	\$36.86	\$44.34	\$51.39	\$61.97
Multi-Family	\$15.87	\$18.27	\$21.57	\$24.45	\$29.41	\$34.08	\$41.10
Non-Residential	\$19.01	\$21.89	\$25.84	\$29.29	\$35.23	\$40.83	\$49.23

* Baseline - Quantity Charge effective 1/19/2026
 1 Unit = 1 hcf (hundred cubic feet) = 748 gallons

**WATER SHORTAGE RATES - QUANTITY CHARGE (Monthly Rates)
 Effective January 18, 2027**

Table 3A shows the incremental Monthly Water Shortage Rate Quantity Charge per UNIT* by Water Shortage Stage.

Customer Type	Baseline*	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Residential							
Tier 1 1 - 4 units	\$0.00	\$2.18	\$5.17	\$7.78	\$12.25	\$16.50	\$22.85
Tier 2 5 - 8 units	\$0.00	\$3.24	\$7.67	\$11.55	\$18.20	\$24.49	\$33.93
Tier 3 9+ units	\$0.00	\$3.91	\$9.28	\$13.97	\$22.05	\$29.66	\$41.09
Multi-Family	\$0.00	\$2.60	\$6.16	\$9.27	\$14.63	\$19.67	\$27.25
Non-Residential	\$0.00	\$3.12	\$7.38	\$11.11	\$17.52	\$23.57	\$32.64

Table 3B shows the combined Monthly Baseline Quantity Charge (rates in effect January 18, 2027) plus the Water Shortage Rate Quantity Charge per UNIT by Water Shortage Stage.

Customer Type	Baseline*	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Residential							
Tier 1 1 - 4 units	\$14.37	\$16.55	\$19.54	\$22.15	\$26.62	\$30.87	\$37.22
Tier 2 5 - 8 units	\$21.35	\$24.59	\$29.02	\$32.90	\$39.55	\$45.84	\$55.28
Tier 3 9+ units	\$25.85	\$29.76	\$35.13	\$39.82	\$47.90	\$55.51	\$66.94
Multi-Family	\$17.14	\$19.74	\$23.30	\$26.41	\$31.77	\$36.81	\$44.39
Non-Residential	\$20.54	\$23.66	\$27.92	\$31.65	\$38.06	\$44.11	\$53.18

* Baseline - Quantity Charge effective 1/18/2027
 2 Unit = 1 hcf (hundred cubic feet) = 748 gallons

Table 3 shows the six (6) Water Shortages Stages outlined in the District's Water Shortage Contingency Plan.

Water Shortage Stage	Shortage Level	Shortage Description
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	Greater than 50%	Water Shortage Catastrophic Emergency

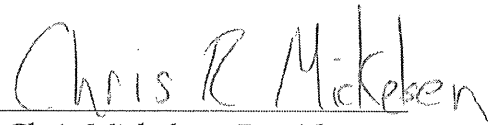
- D. This Resolution shall be effective for water delivered and services provided on or after January 20, 2025, January 19, 2026 and January 18, 2027 and any billing for the current billing cycle that includes water delivered before the effective date shall be pro-rated.
- E. The General Manager shall arrange for the Rate and Fee Schedule to be re-codified to incorporate the changes effected by this Resolution.
- F. The General Manager is directed to file a Notice of Exemption with the County Clerk and to take such other actions as may be necessary to give effect to this Resolution.

PASSED AND ADOPTED THIS 12th day of November, 2024, by the following vote of the Board:

AYES: President Mickelsen, Vice President Reynolds, Directors Coverdell, Feldman and Muller

NOES:

ABSENT:



Chris Mickelsen, President
Board of Directors

ATTEST:



Mary Rogren, General Manager
Secretary of the District

