

Alameda County Water District



Community Meeting

Proposed 2022 Rates & Charges

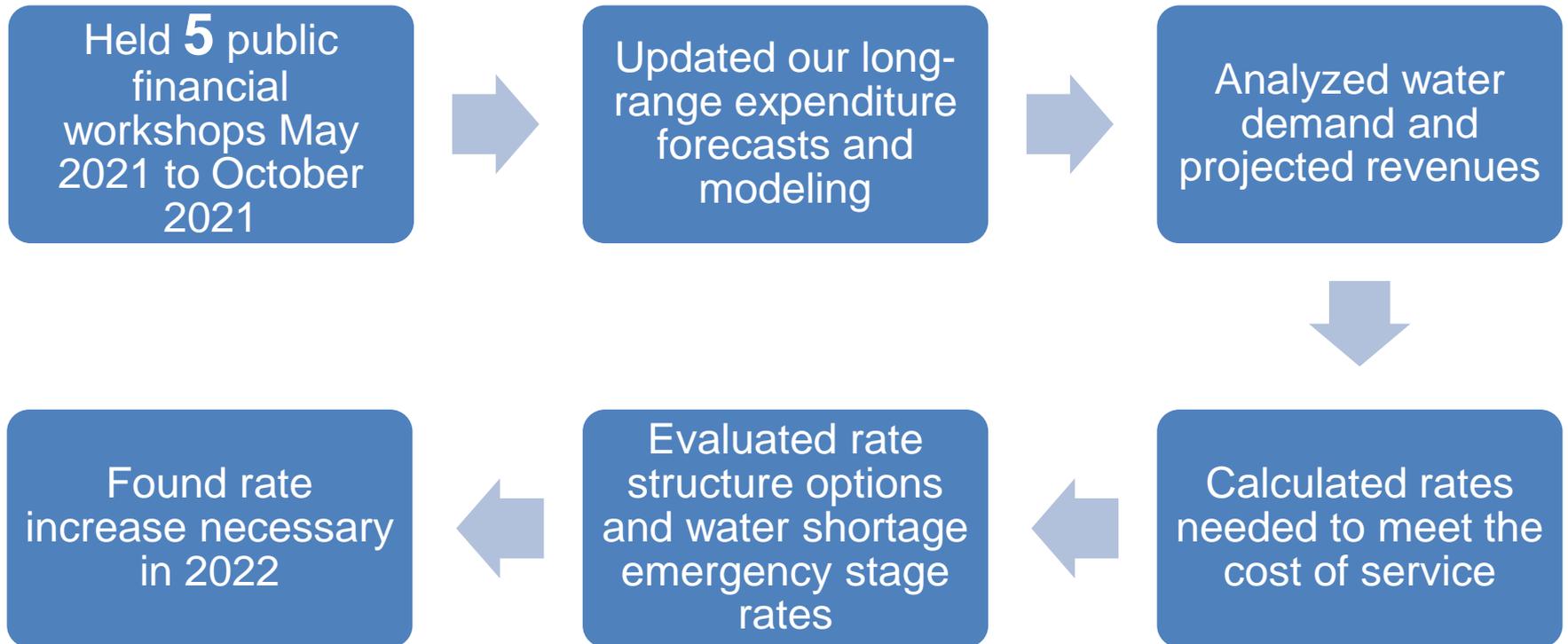
Ed Stevenson, General Manager
Jon Wunderlich, Director of Finance

Presentation Overview

- ACWD Rate Setting Process
- Why are Rate Increases Necessary?
- What is ACWD Doing to be Efficient and Control Costs?
- ACWD Budget Overview
- ACWD's Proposed Water Rates & Charges
- Drought Update and Related Rates Proposal
- How Can I Save Money?
 - Customer Assistance Program: “Help On Tap”
 - ACWD's Conservation Programs
- How Can I Learn More?

ACWD Rate Setting Process

May 2021 – October 2021



Why Are Rate Increases Necessary?

Multiple factors create pressure on rates:

- **Increasing labor costs** – latest union contract includes a 3.25% cost-of-living increase each year in 2022 and 2023 and 3.14% in 2024
- **Capital projects** – fund significant water supply and water quality initiatives, including Los Vaqueros Reservoir Expansion, Delta Conveyance, PFAS treatment, and Alameda Creek watershed preservation and protection
- Increasing environmental and water quality **regulations**
- Increasing costs for **water purchases** from SFPUC and the State Water Project
- **Meeting debt covenants** and maintaining sufficient reserves and ACWD's excellent AAA bond rating

Capital Projects Funded by Rate Dollars

Advanced Metering Infrastructure (AMI)

REMOTELY READS YOUR WATER METER AND PROVIDES ENHANCED CAPABILITIES TO KEEP YOU INFORMED



New Wireless Transmitter and/or Replacement Meter

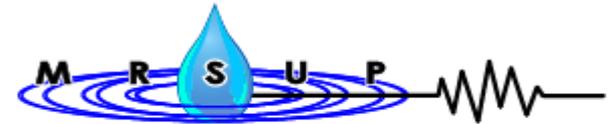
Wireless Information Network

Secure Online Customer Portal

acwd.org/ami
@AlamedaCountyWD

BENEFITS

- Receive Leak Alerts
- Encourage Efficient Water Use
- Monitor Water Use
- Review and Pay Bills
- Operational Efficiencies



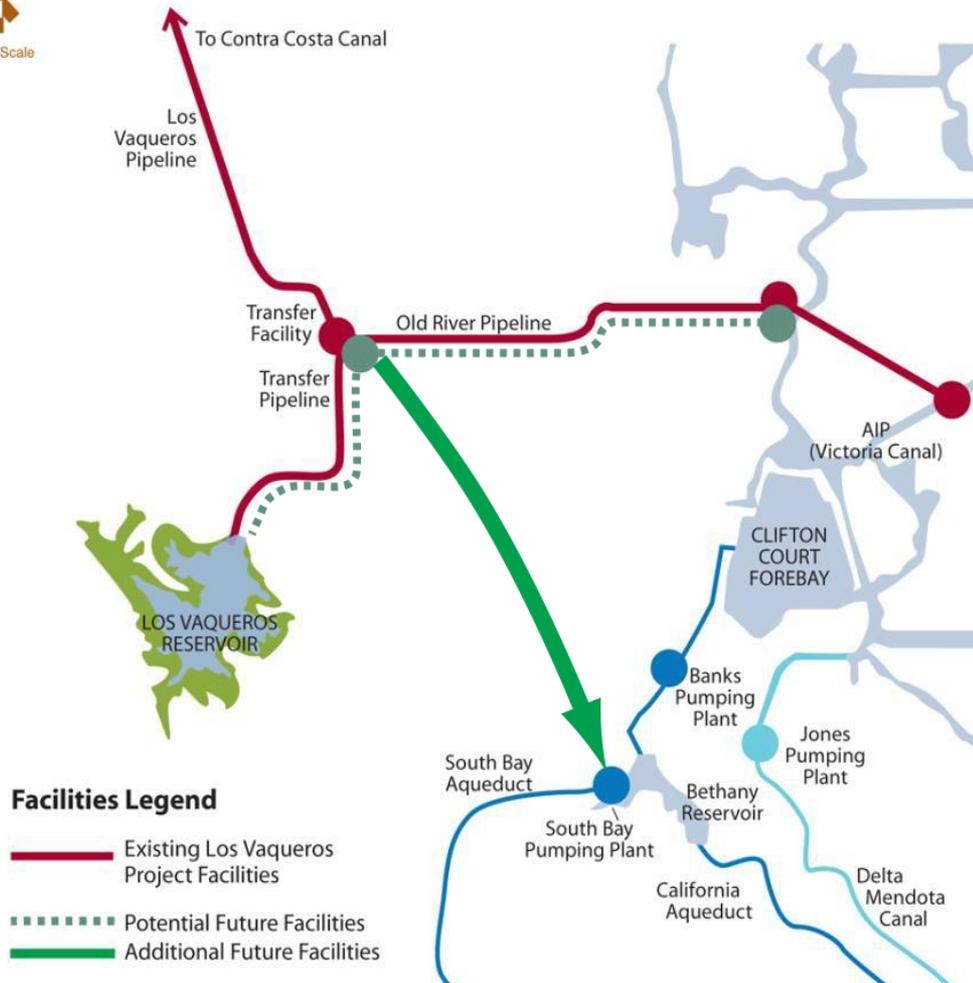
Main Renewal and Seismic Upgrade Program



Rates Support Water Supply Reliability



Not to Scale



- Los Vaqueros Expansion Project
- Location
 - Adjacent to SWP
 - South of Delta yet “Upstream” of ACWD
- Provides emergency resiliency for Delta outage
- Potential to capture Delta surpluses
- Could provide more operational flexibility
- Facilitate easy transfers to and from any and all LVE partners and sources of water

What is ACWD Doing to be Efficient and Control Costs?

- Managing water supplies to maximize use of lowest-cost water
- Implementing AMI to provide customers better tools to track their water use, improve metering accuracy, and to provide long-term operational savings
- Increasing energy efficiency to reduce power costs
- Lowering costs related to our vehicle fleet by transitioning to a leasing program
- Refinancing existing debt to lower debt service costs
- Partnering with other agencies to execute joint projects to reduce costs and community impacts
- Teaming with other agencies to secure lower prices on necessary chemicals



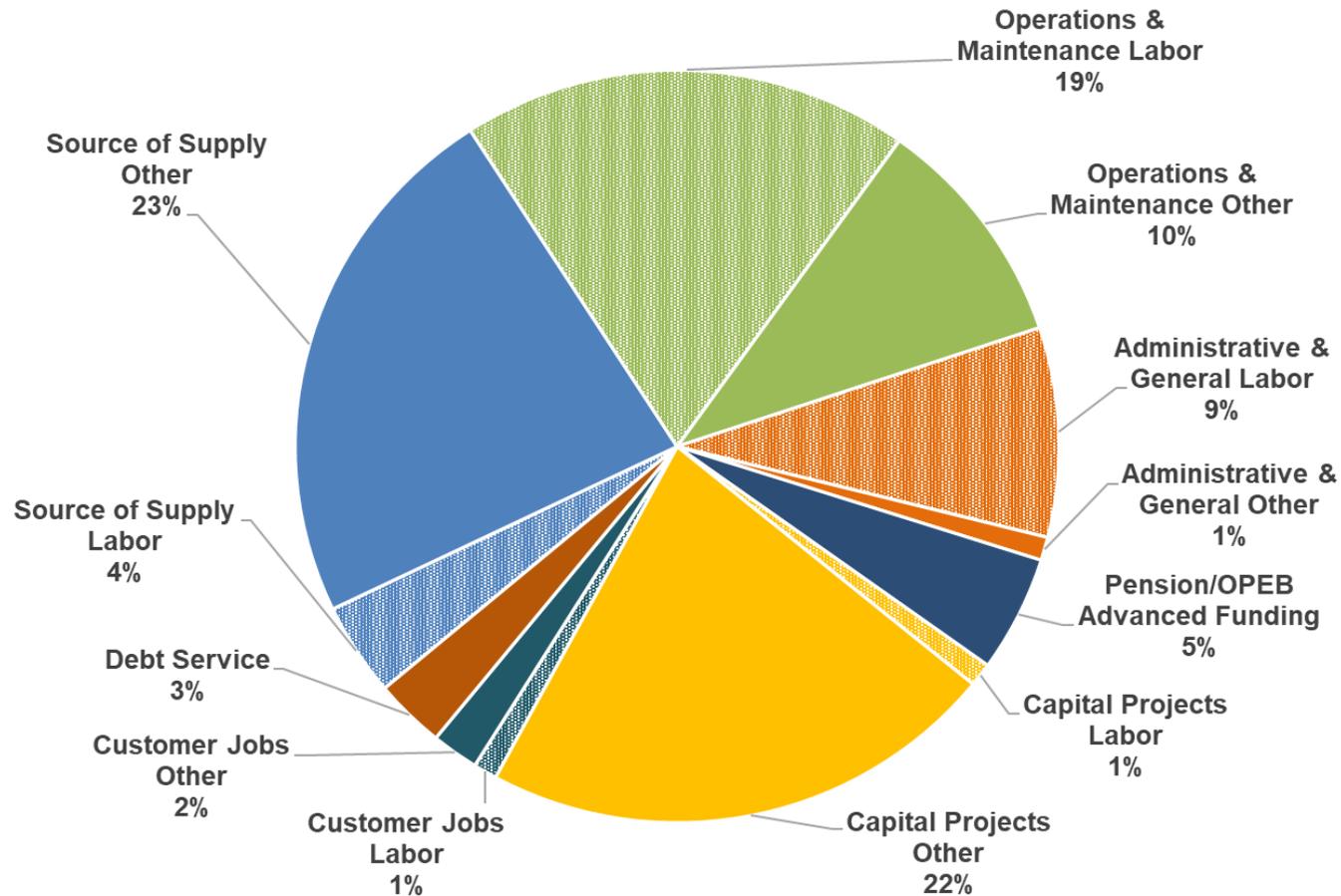
What is ACWD Doing to be Efficient and Control Costs?

Leveraging other funding options:

- Secured significant funding from grants and partnerships with other agencies:
 - Received \$21 million in grants and reimbursements over the past three years primarily for mandated projects in Alameda Creek
 - Estimate receiving an additional \$17 million in grants and reimbursements over the next three years for various capital projects
- Maintaining excellent bond ratings and may strategically use debt for a share of the AMI project to help manage cash flow and spread costs out over time

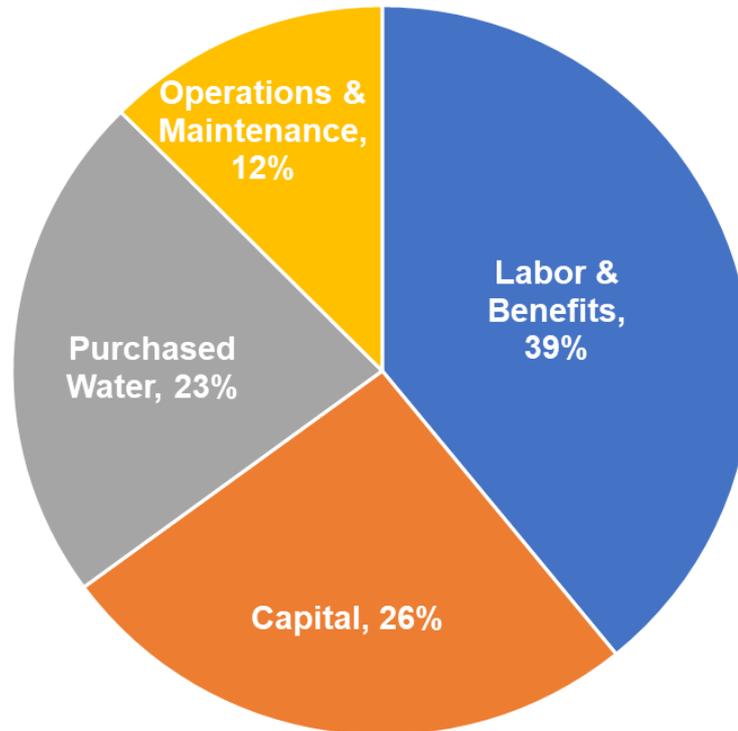
District Budget Overview

FY 2021/22 Adopted Budget
\$156.0 million



Where is the Money Going?

Cost Increase Component



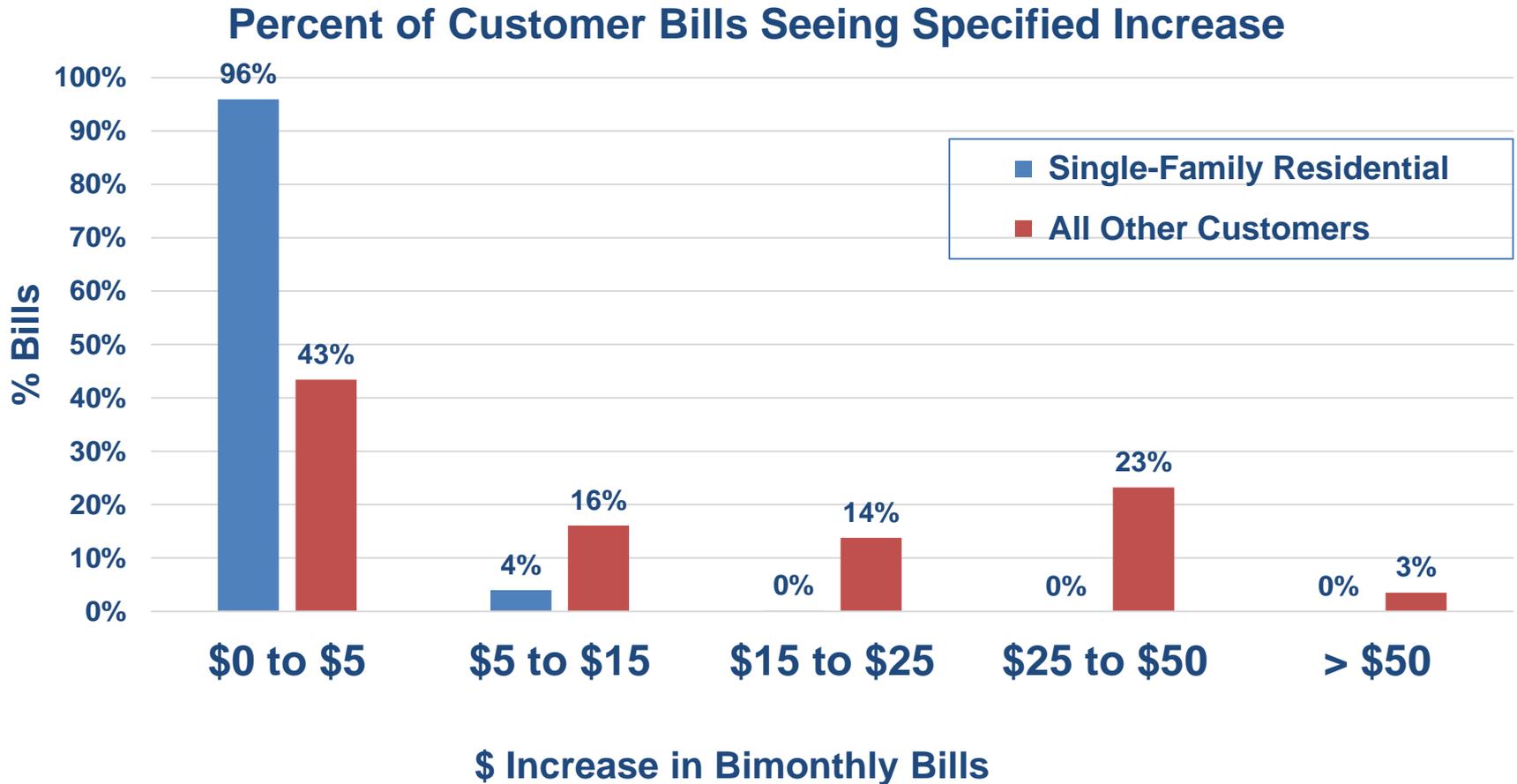
Proposed rate increase would generate about \$2.3 million allocated to employee compensation, capital projects, water purchases, and operations & maintenance

ACWD's Proposed Water Rates & Charges

- No increase is proposed to the baseline water consumption charge
- Bimonthly service charges for each size of water meter

Meter Size	Current	March 1, 2022 Proposed Effective Date	Increase
5/8 & 3/4 inch meter	\$56.61	\$58.94	\$2.33
1 inch meter	\$87.29	\$94.18	\$6.89
1-1/2 inch meter	\$163.97	\$182.25	\$18.28
2 inch meter	\$255.99	\$287.95	\$31.96
3 inch meter	\$547.39	\$622.64	\$75.25
4 inch meter	\$976.81	\$1,115.87	\$139.06
6 inch meter	\$2,464.48	\$2,824.56	\$360.08
8 inch meter	\$4,304.88	\$4,938.41	\$633.53
10 inch meter	\$6,451.99	\$7,404.57	\$952.58

Customer Impacts of Proposed Rates

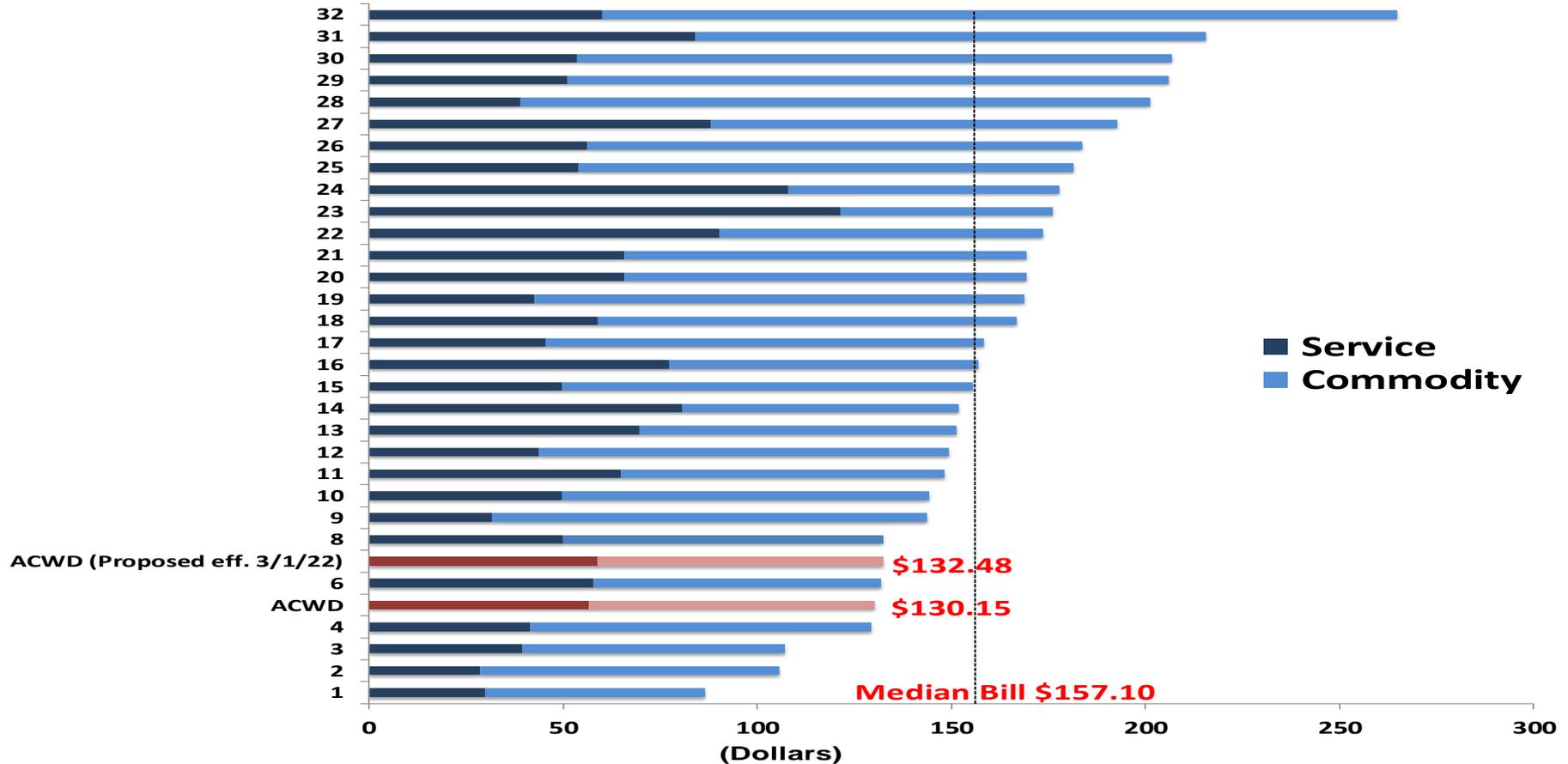


Proposed Water Rates Increase

How do ACWD's rates compare?

2021 MEDIAN WATER BILL COMPARISON*

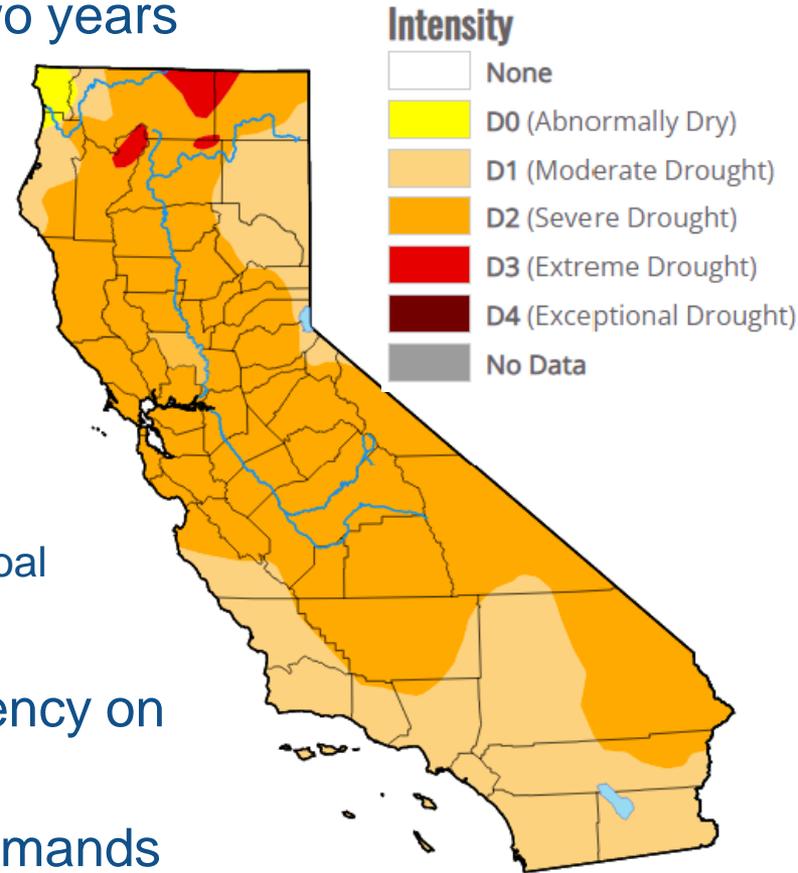
Based on 16 HCF (200 gallons per day) Consumption Bimonthly and a 5/8 or 3/4 inch meter



* Comparison based on July 7, 2021 data. Comparison of Commodity and Service charges only. Ranking is based on Total Cost including surcharges.

Drought Update

- Severe drought conditions over the past two years
- State's water storage levels remain low
- Rain & snow to date has helped, but more is needed
- State remains in a drought emergency
- Imported water supplies are limited
 - State Water Project – 0% allocation
 - San Francisco Regional Water System – under a water shortage emergency with 10% reduction goal
- Local conditions remain dry
- ACWD declared a Water Shortage Emergency on December 9, 2021
- 15% systemwide target to reduce water demands



Source: US Drought Monitor, map released as of 1/13/2022,
<https://droughtmonitor.unl.edu/CurrentMap/StateDroughtMonitor.aspx?CA>

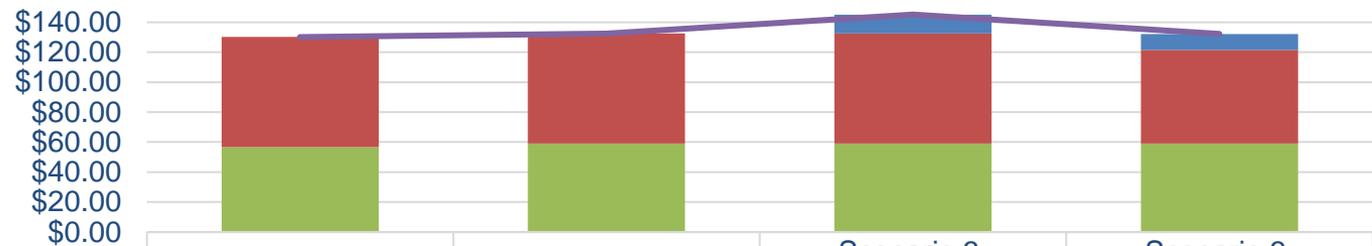
Water Shortage Emergency Stage Rates Overview

- The District declared a Stage 2 Water Shortage Emergency (15% District-wide reduction by targeting certain uses) and proposed implementation of a stage rate of \$0.787 per billing unit
- Stage rates are commonly called drought surcharges and function as follows:
 - They are an additional charge assessed on water bills during a water shortage emergency, such as a drought
 - There is typically a schedule of stage rates based on the severity of the drought (more severe drought = more expensive stage rate)
 - The term ‘stage’ references the different ‘stages’ of the District’s water shortage contingency plan. A new stage rate would be charged if the District declares a different stage water shortage emergency
 - Proposed stage rates are designed to fully offset the net revenue loss during a water shortage emergency
 - Implementation of stage rates, just like the proposed increase to the bimonthly service charge, is contingent on Board approval

Water Shortage Emergency Stage Rates Customer Impact

- Stage rates are proposed based on conservation targets of 10%, 15%, 20%, 25%, 30%, 40%, 50%, and up to 60%
- Proposed stage rates are set up as a charge on each unit of consumption. If you use more you pay more, but if you use less you pay less
- Example with a 15% conservation target:

Sample SFR Bimonthly Bill with Stage 2a Water Shortage



	Scenario 1: Current Bill	Scenario 3: Proposed Cost of Service Update 16 CCF	Scenario 3: Proposed Update at Stage 2a 16 CCF (No Reduction)	Scenario 3: Proposed Update at Stage 2a 13.6 CCF (15% Reduction)
Stage Rate	\$0.00	\$0.00	\$12.59	\$10.70
Commodity Rate	\$73.54	\$73.54	\$73.54	\$62.51
Fixed Charge	\$56.61	\$58.94	\$58.94	\$58.94
Total Bimonthly Bill	\$130.15	\$132.48	\$145.07	\$132.15

How Can I Save Money?

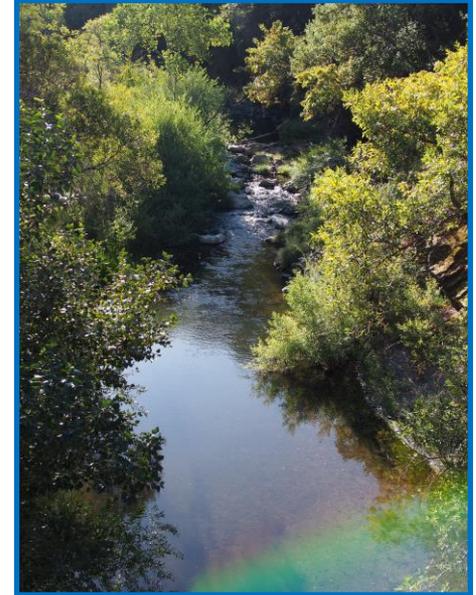
- Help on Tap Program
 - The program provides assistance to income-qualified residential customers, which is defined as income below the greater of 50% of Area Median Income or 250% of the Federal Poverty Level
 - The current benefit amount is \$35 bimonthly
 - Additional changes may be considered by the Board at its February 10 meeting
 - More information is available at [acwd.org/hot](https://www.acwd.org/hot)
- The District offers complimentary water check-ups and water-saving devices

How Can I Learn More?

- Thursday, February 10, 2022: Public Hearing at 6:00 p.m.
 - Members of the public may participate in this meeting via webinar
 - Access to the webinar is provided at [acwd.org/rates](https://www.acwd.org/rates)
 - Brief staff presentation will be provided followed by public comments
- Visit [acwd.org/rates](https://www.acwd.org/rates) to see the following:
 - Information about each of the five financial workshops conducted in 2021
 - A copy of the formal notice of proposed rate adjustments
 - A copy of the study prepared by the District's financial consultant
 - The District's Water Rate Protest Form
- To protest, visit [acwd.org/rates](https://www.acwd.org/rates)

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Alameda County Water District
43885 S. Grimmer Blvd.
Fremont, CA 94538

510.668.4200

Community Meeting, January 20, 2022

Thank you



www.acwd.org



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