
ALAMEDA COUNTY WATER DISTRICT

**Notice of Proposed Increase in
Water Rates** and Water Shortage
Emergency Stage Rates



Public Hearing
Thursday, February 10, 2022 at 6 p.m.



Notice of Proposed Increase in Water Rates and Water Shortage Emergency Stage Rates

The past two years have been unprecedented, requiring changes of us all. We thank our customers for your flexibility while we made adjustments to ensure seamless service to continue our 24/7 operation of water treatment, supply, delivery, and emergency repairs. Our essential work continues to provide a reliable supply of high-quality water at a reasonable price to the communities of Fremont, Newark, and Union City.

To deliver on our mission, ACWD regularly conducts analysis to ensure water rates accurately reflect the cost of water service. Your water rates fund: staffing; the purchase, treatment, testing and delivery of water; infrastructure improvements; and debt coverage. As a public agency, ACWD cannot take in funds beyond the cost of providing service. To inform customers and to receive public input, ACWD held five financial public workshops in 2021 - two focused on budget and three focused on rates and charges. The most recent analysis was presented at a public Board meeting on December 9, 2021 and concluded that an increase to water rates is necessary. Meeting materials and recordings are available at acwd.org/agendacenter.

ACWD did not raise water rates last year. This year, ACWD staff, working with an independent financial consultant, updated the District's cost of service analysis. The rate increase presented in this notice is based on the updated cost of service analysis, which includes increases to service charges and no increase to the consumption charge. The full cost of service study is available at acwd.org/rates. This notice explains the proposed rate changes in more detail and provides examples of how they are likely to affect a customer's water bill.

In addition, ACWD staff has proposed adopting water shortage emergency stage rates that would ensure sufficient revenues to cover the cost of providing water service when consumption decreases due to a water shortage emergency, such as a drought. This notice also explains the proposed water shortage emergency stage rates. Due to the current water shortage emergency, ACWD is asking customers to conserve water and a proposed stage rate, if approved, will go into effect March 1, 2022.

As part of the cost of service analysis, the financial consultant also evaluated rates for dedicated fire service lines. These are water service lines primarily to commercial or multi-family properties that serve a fire sprinkler system and are in addition to a property's water service line for regular indoor use or water service line for outdoor landscaping. This notice also explains proposed rate adjustments for these dedicated fire service lines.



EFFECTIVE DATE & PRORATION

If adopted by the Board of Directors, the proposed water rates including the proposed water shortage emergency stage rates and dedicated fire service line rates, would become effective March 1, 2022. For bills that overlap this effective date, the bills will be prorated to reflect the changes.



HOW TO SUBMIT COMMENTS ON OR PROTEST THE WATER RATE PROPOSAL

Please visit us at acwd.org/rates if you would like more information or wish to comment on or protest the proposed rate increases. Online comments/protests must be received by the end of the public hearing, which starts at **6 p.m. on February 10, 2022**.

Alternatively, you may submit written comments/protests to:

ACWD
P.O. Box 5110
Fremont, CA 94537-5110
Attn: Proposed Water Rates

Please be sure to include your name and the address of the property you own that receives water service from ACWD or your account number. One written protest per parcel will be counted toward calculating a majority protest. Written protests must be received before the end of the **February 10, 2022** public hearing to count toward calculating a majority protest.

Under State law, there is a 120 day statute of limitations for challenging any new, increased, or extended fee or charge.

Online Public Hearing

A public hearing on the proposed increases to ACWD's water rates, water shortage emergency stage rates, and fire service line rates will be held at **6 p.m. on Thursday, February 10, 2022**.

Members of the public may participate in this meeting via webinar <https://us02web.zoom.us/j/83359856504?pwd=ZkxPUGVHWmVNTi8raFc2UIJGY3kzZz09> (passcode: 438204), or by calling any of the following phone numbers: 1-669-900-9128 or 1-346-248-7799 or 1-301-715-8592 followed by 833 5985 6504, or access the meeting using the above link at acwd.org/rates. Members of the public may not attend this meeting in person. Due to the COVID-19 pandemic and in accordance with Assembly Bill 361 which modifies Government Code Section 54953, this meeting will be conducted by webinar or teleconference

only. At the public hearing, the ACWD Board of Directors will consider a rate increase of 6% to total fixed charge revenue, which is about a 2% rate increase for the average customer. The Board will also consider the proposed water shortage emergency stage rates and updates to dedicated fire service line rates. Materials will be available at least 72 hours before the meeting at acwd.org/agendacenter.

Community Meeting

Learn more about proposed rate increases, water shortage emergency stage rates, fire service line rates, and the projects and programs supported by your rate dollars. This meeting will be hosted on Zoom. A brief presentation will be given at **6 p.m. on Thursday, January 20, 2022** followed by a question and answer session. Information on joining the Zoom meeting is available at acwd.org/rates.



Financial Sustainability



WHY ARE RATE CHANGES NECESSARY?

Financial planning and appropriate rate-setting based on cost of service is ACWD's responsibility to ensure we deliver the service you deserve and the water quality and reliability you expect. The rate proposal will be used to:

- Attract and maintain a specialized workforce with competitive salaries and benefits
- Construct and modernize capital infrastructure to meet increasing environmental and water quality regulations and standards
- Fund significant water supply and water quality initiatives, including Los Vaqueros Reservoir Expansion and Delta Conveyance, and ensuring the preservation and protection of the southern Alameda Creek watershed, a critical source of the District's water supply
- Meet debt covenants
- Maintain sufficient emergency reserves and ACWD's excellent AAA bond rating which lowers borrowing costs
- Address anticipated wholesale water cost increases from the San Francisco Public Utilities Commission and State Water Project
- Ensure ACWD can withstand financial pressures that could result from increased regulation of water supply sources



WHAT IS ACWD DOING TO CONTROL COSTS?

ACWD is taking several steps to reduce costs, improve efficiencies and identify alternative revenue sources to minimize the need for rate increases, including:

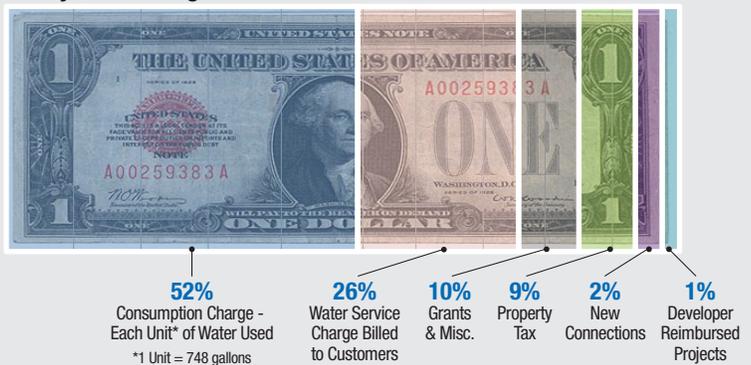
- Securing grants and reimbursements, primarily for mandated projects in Alameda Creek, that totaled \$21.3 million over the past three years and are estimated to provide an additional \$17 million in the current and next two fiscal years
- Using ACWD's diverse water supplies to maximize use of lowest-cost water and maximizing returns from the District's water storage banking program during the current drought
- Installing Advanced Metering Infrastructure to provide customers better tools to track and make informed decisions regarding their water use, improve metering accuracy, and to provide long-term cost reductions and operational savings
- Increasing energy efficiency to reduce power costs and lowering operating costs by installing over 5 megawatts of solar panels at ACWD facilities
- Refinancing existing debt to lower debt service costs
- Lowering costs related to our vehicle fleet by transitioning to a leasing program and reducing the number of vehicles in our fleet
- Upgrading pump stations with more energy-efficient equipment and reducing maintenance 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



WHERE DOES ACWD GET ITS MONEY?

ACWD receives revenue from not only water bills but also from a variety of sources including property taxes, grants & reimbursements, and developer-related charges. If revenue components were spread evenly across every dollar received, the breakdown would be as shown to the right.

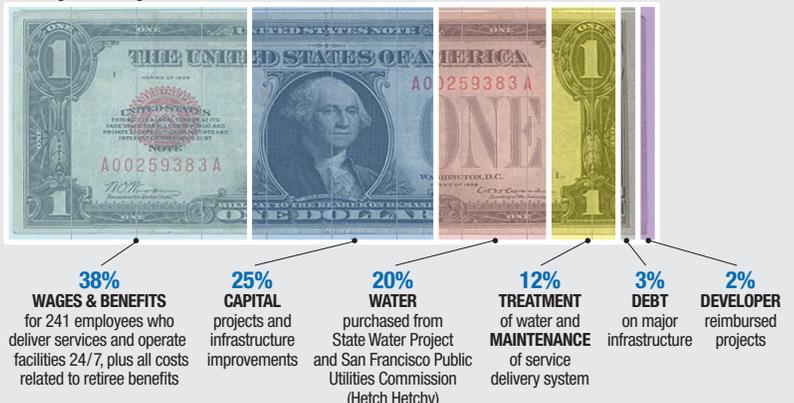
Every \$1 Flowing in Comes From:



WHERE DOES MY RATE DOLLAR GO?

Likewise, ACWD's costs are not just for the supply of water but for many other costs including such items as debt service, capital expenditures, labor and benefits, and water treatment. If cost components were spread evenly across every dollar spent, the breakdown would be as shown to the right.

Every \$1 Pays For:





Effect on Single-Family Residential Customers

The average single-family residential customer currently uses about 16 units of water in a two-month billing cycle, or about 200 gallons per day. The chart below shows the estimated impact of the rate increase on a typical residential customer who uses 16 units of water.

Charge	Current	March 1, 2022 <i>Proposed Effective Date</i>
Service Charge	\$56.61	\$58.94
Consumption Charge	+ \$73.54	+ \$73.54
Total	\$130.15	\$132.48
Increase to each bimonthly bill		\$2.33
Amount of increase per month		\$1.17

Please refer to the tables for Service Charges, the Consumption Charge, and Water Shortage Emergency Stage Rates to estimate bill impacts based on your individual meter size, water usage, and at different levels of drought emergency.

Understanding Your Water Bill

ACWD bills its customers **every other month**, or six times per year. On these bimonthly bills, a customer is billed both a fixed “service charge” and a “consumption charge” based on the quantity of water used during the billing period.



SERVICE CHARGE

Water customers are billed for a fixed service charge based on the size of each meter at the customer’s property. For residential customers – who typically have a 5/8 or 3/4-inch meter – the service charge is proposed to increase by \$2.33 per bill, beginning March 1, 2022. The cost of service study completed by the District’s consultant also realigned service charges by meter size, which resulted in larger increases for larger meter sizes.

The table to the right illustrates the current **bimonthly** service charges and proposed increase for each size of water meter.

Meter Size	Current	March 1, 2022 <i>Proposed Effective Date</i>
5/8 & 3/4 inch meter	\$56.61	\$58.94
1 inch meter	\$87.29	\$94.18
1-1/2 inch meter	\$163.97	\$182.25
2 inch meter	\$255.99	\$287.95
3 inch meter	\$547.39	\$622.64
4 inch meter	\$976.81	\$1,115.87
6 inch meter	\$2,464.48	\$2,824.56
8 inch meter	\$4,304.88	\$4,938.41
10 inch meter	\$6,451.99	\$7,404.57



CONSUMPTION CHARGE

The water consumption charge is based on the number of “units” used by each customer. One unit is equivalent to 100 cubic feet, or 748 gallons, of water. No increase is proposed to the water consumption charge.

Current	March 1, 2022 <i>Proposed Effective Date</i>
\$4.596/unit	\$4.596/unit

A small number of customers reside outside the District’s boundary. These customers pay a differential that is being updated consistent with the cost of service study performed by the District’s consultant.

Outside District
\$5.285/unit \$5.253/unit

Water Shortage Emergency Stage Rates

ACWD is also proposing the adoption of Water Shortage Emergency Stage Rates (“Stage Rates”) which would ensure sufficient revenues to cover its cost of providing water service when consumption decreases due to a water shortage emergency, such as a drought. Stage rates are assessed as an additional charge per unit of water consumption, so customers who use less will pay less and customers who use more will pay more. Stage Rates are also set up incrementally to reflect the different levels of water shortage emergency defined in ACWD’s Urban Water Management Plan, specifically the Water Shortage Contingency Plan. The schedule of Stage Rates is shown in the table below:

Water Shortage Contingency Plan Stage	Reduction in Water Demand	Projected Water Sales (Acre-feet)	Proposed Effective Date:	Proposed Effective Date:
			March 1, 2022	March 1, 2022
			Unit Stage Rate (\$/unit)	Total Consumption Charge By Stage
0	0%	38,730	\$0.000/unit	\$4.596/unit
1	10%	34,857	\$0.496/unit	\$5.092/unit
2a	15%	32,920	\$0.787/unit	\$5.383/unit
2b	20%	30,984	\$1.115/unit	\$5.711/unit
3a	25%	29,047	\$1.486/unit	\$6.082/unit
3b	30%	27,111	\$1.920/unit	\$6.516/unit
4	40%	23,238	\$3.000/unit	\$7.596/unit
5	50%	19,365	\$4.443/unit	\$9.039/unit
6	Up to 60%	16,654	\$5.852/unit	\$10.448/unit

In the current water shortage situation, the ACWD Board has declared a stage 2 water shortage emergency with a systemwide 15% conservation mandate, imposed specific water use restrictions, and taken other necessary actions to address the water shortage emergency. This took place at a properly noticed public hearing on December 9, 2021, with an opportunity for public input. Based on these actions, the stage 2a rate of \$0.787/unit is planned for implementation on March 1, 2022. Should the drought worsen and the ACWD Board declare a higher-level water shortage emergency, 30-day advance notification is required before implementing the higher stage rate. However, stage rates will be rescinded immediately upon a determination by the Board that ACWD is no longer in a water shortage emergency.

Proposed Adjustments to Private Fire Service Rates

ACWD’s water system supports both public fire protection for firefighting, which is generally visible as hydrants on the street, and private fire systems that provide water flow to building and other structure fire sprinkler systems for fire suppression within private improvements. As shown in the table to the right, ACWD is proposing a revision to the private fire service rates based on water system capacity that supports dedicated fire services. The method for calculating these rates is described more fully in the cost of service study, which is available at acwd.org/rates.

Fire Line Pipe Diameter	Current	March 1, 2022 Proposed Effective Date
	Private Fire Service Rates	Proposed Fire Service Charges
3/4 inch	\$71.01	\$7.93
1 inch	\$71.01	\$8.12
2 inch	\$71.01	\$9.97
4 inch	\$71.01	\$21.46
6 inch	\$75.81	\$47.57
8 inch	\$80.61	\$92.59
10 inch	\$85.41	\$160.32
12 inch	\$90.21	\$254.19



Help on Tap Customer Assistance Program



ACWD recognizes that during these difficult times some customers struggle to pay their water bill. The Help on Tap program provides assistance to income-qualified residential customers. In 2020, the Board of Directors updated the income eligibility threshold to the greater of 250% of the Federal Poverty Level or 50% of

Area Median Income, and in October 2020 the Board updated the program benefit from \$25 to \$35 bimonthly. This change was designed to recognize the high cost of living in the East Bay. Eligibility guidelines are shown in the table to the right. For more program information and to download an application, please visit acwd.org/hot.

Household Size	Income Limit
1-2	\$54,800 or less
3	\$61,650 or less
4	\$68,500 or less
5	\$77,600 or less
6	\$88,950 or less
Each additional person, add	\$11,350



www.acwd.org/hot • 510.668.4200



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