

Alameda County Water District

Review of Proposed Water-Related Rates and Charges

December 8, 2022

Presenters: Jonathan Wunderlich, Director of Finance & Administration
Sydney Oam, Financial Analysis Supervisor



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Presentation Overview

- Review Financial Workshops Timeline
- Financial Plan Review
- Proposed Water Rates & Charges, Private Fire Service Rates, Drought Surcharges
- Proposed Miscellaneous Rates & Charges
- Facilities Connection Charges
- Recommendation/Next Steps

Financial Workshops Timeline

- May 18, 2022: Midcycle Budget Review and Capital Improvement Program Update
- July 20, 2022: Financial Planning Assumptions, Budget Follow-up, Rate Structure, Drought Surcharges Discussion
- August 25, 2022: Financial Planning Scenarios and Metrics
- September 22, 2022: Approaches to Drought Surcharges and State Water Project Override Tax
 - Direction given to prepare a rate proposal for Board consideration with 4% rate increase for each of the next two years
- December 8, 2022: Potentially Set Public Hearing for proposed Water Rates
- February 9, 2023: Consider Adopting Proposed Rates and Fees (regular February Board meeting)

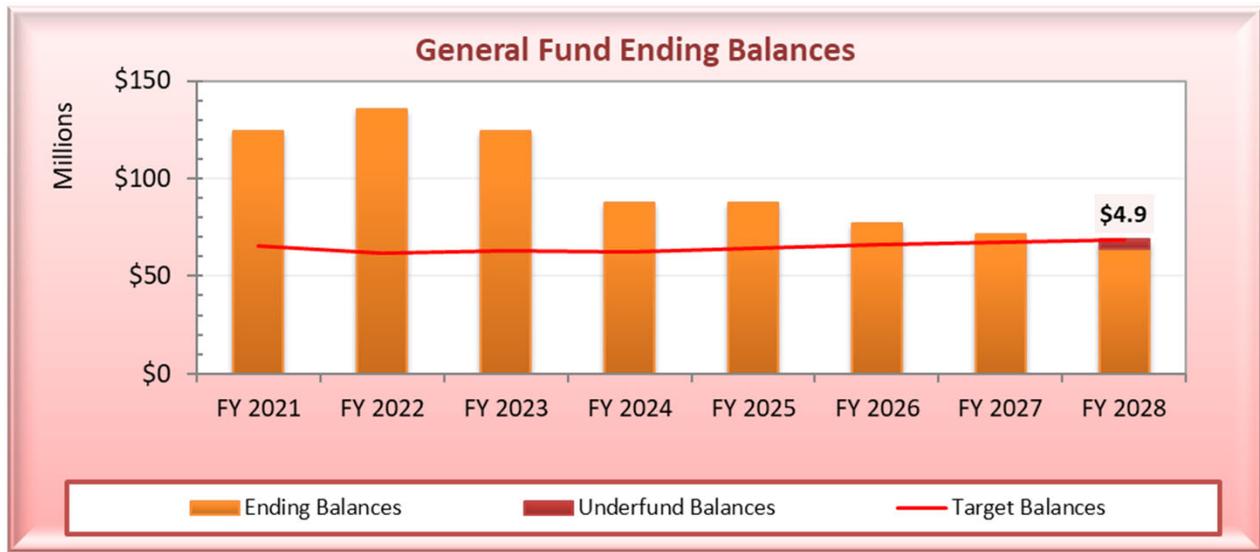
Financial Plan Review

Financial Planning Model (FPM) Current Assumptions

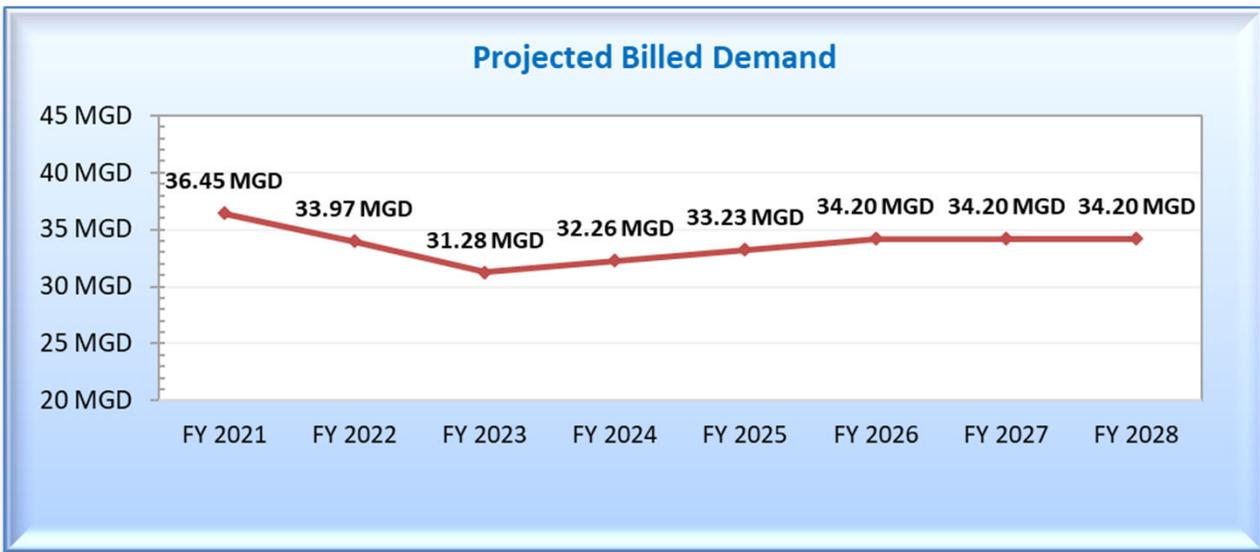
- Amended FY 2022/23 Budget
- Projected billed demands based on conservation targets and modest drought rebound
- Labor and benefit costs consistent with labor contracts
- Contributions for pension and retiree health benefits maintained at more aggressive levels through June 2032
- SFPUC wholesale water rate increases: 15.9% increase effective July 1, 2022 and substantial projected future increases
- Fully fund the approved capital program, plus added costs for 6 MGD PFAS project to make it compatible with a future upsizing
- Debt issuance in FYE 2025 to help fund the capital program
- Water revenue adjustments: Proposed 4% increase effective March 1, 2023; 4% increase effective March 1, 2024
- Assumed future annual rate increase of 3%

Charts from FPM with Current Assumptions:

4% Increase Effective March 1, 2023 and March 1, 2024



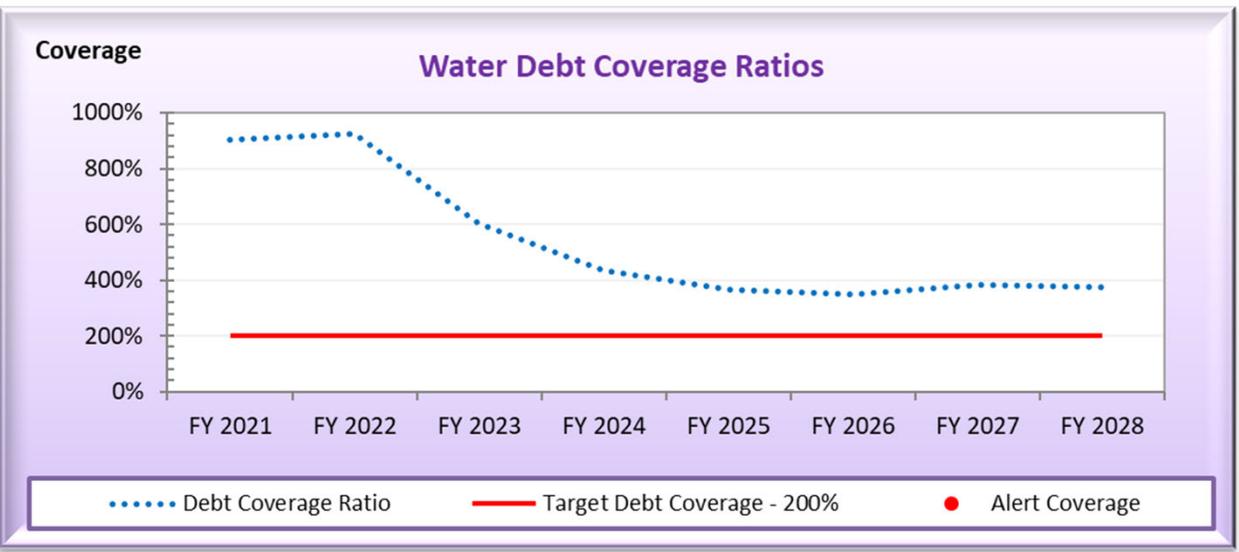
- Low balance of \$63.9 million in FYE 2028 (\$4.9 million below reserve target)



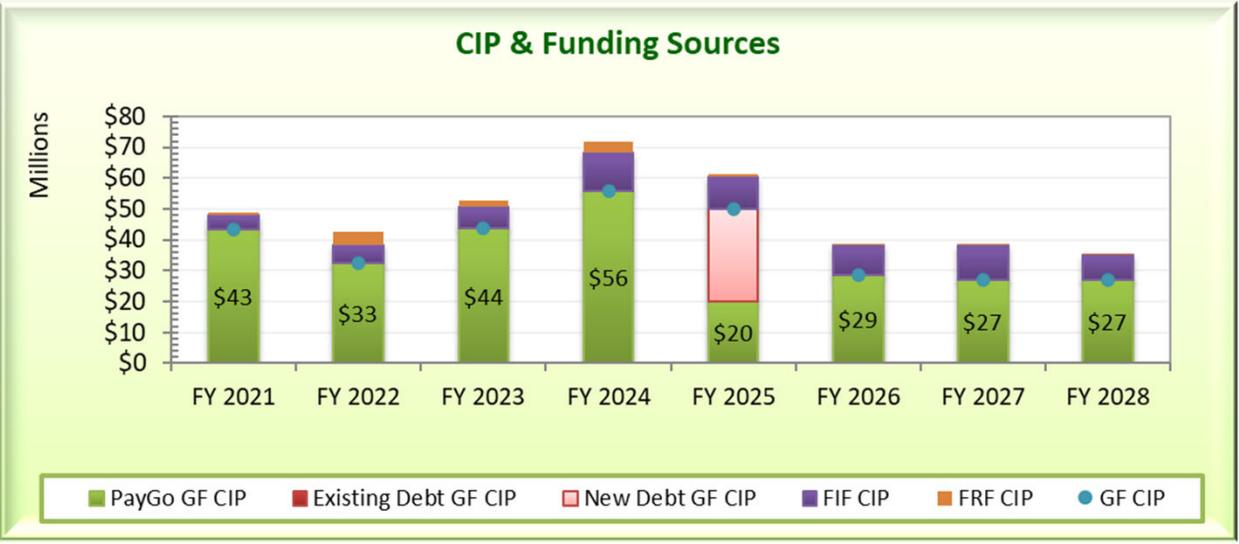
- Projected billed demand based on conservation target and modest drought rebound

Charts from FPM with Current Assumptions:

4% Increase Effective March 1, 2023 and March 1, 2024



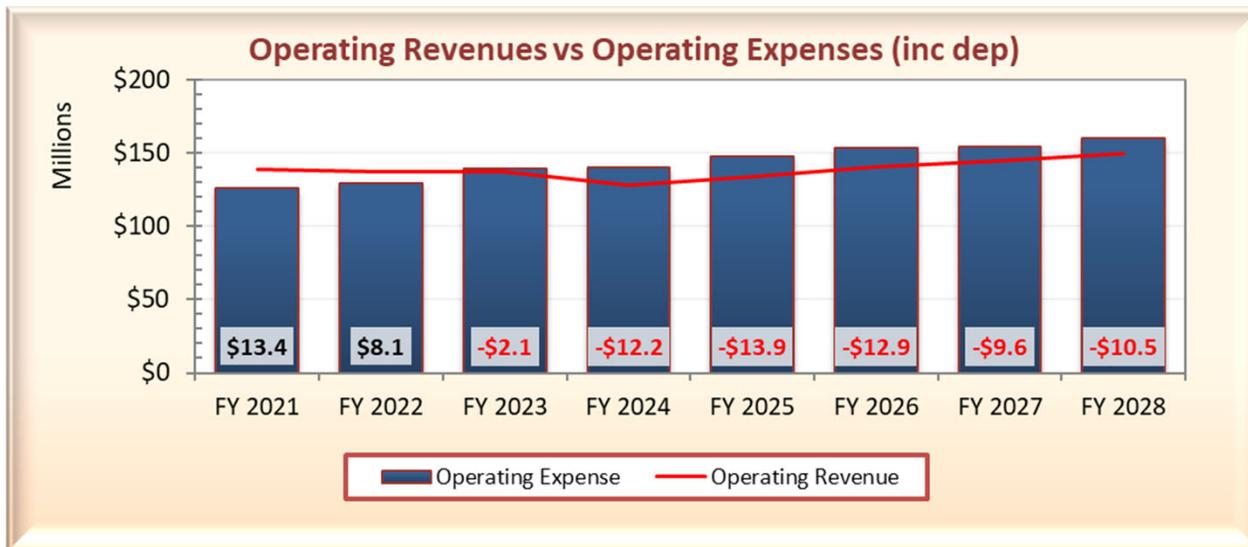
- Low year debt coverage ratio at 348% in FY 2025/26



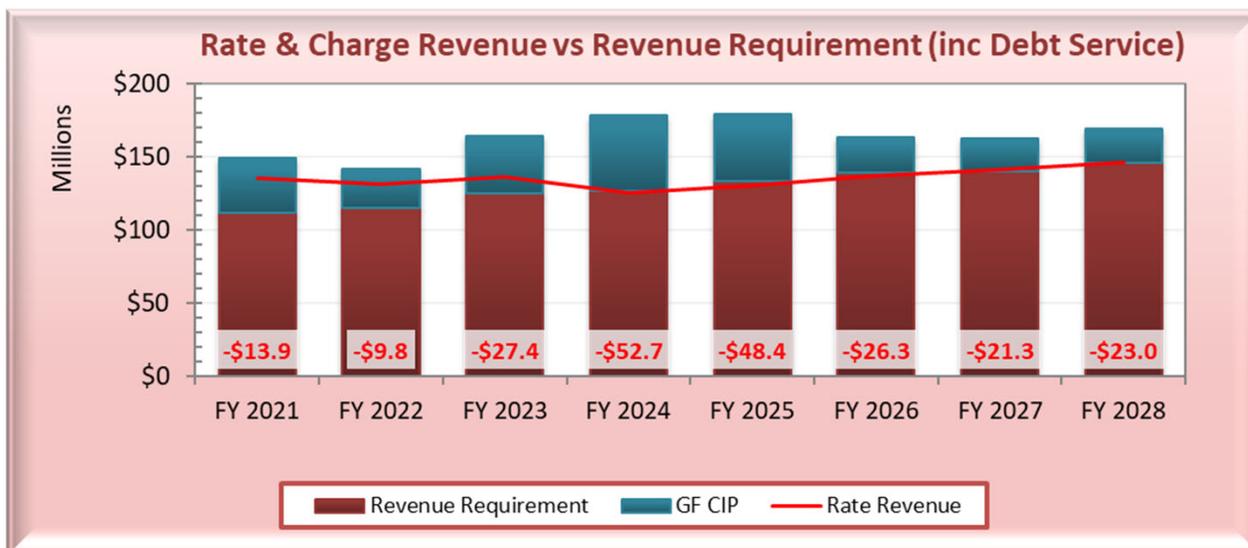
- PayGo GF CIP totals \$203 million for FY 2023 through FY 2028
- Assumed \$30 million debt issuance in FYE 2025

Charts from FPM with Current Assumptions:

4% Increase Effective March 1, 2023 and March 1, 2024



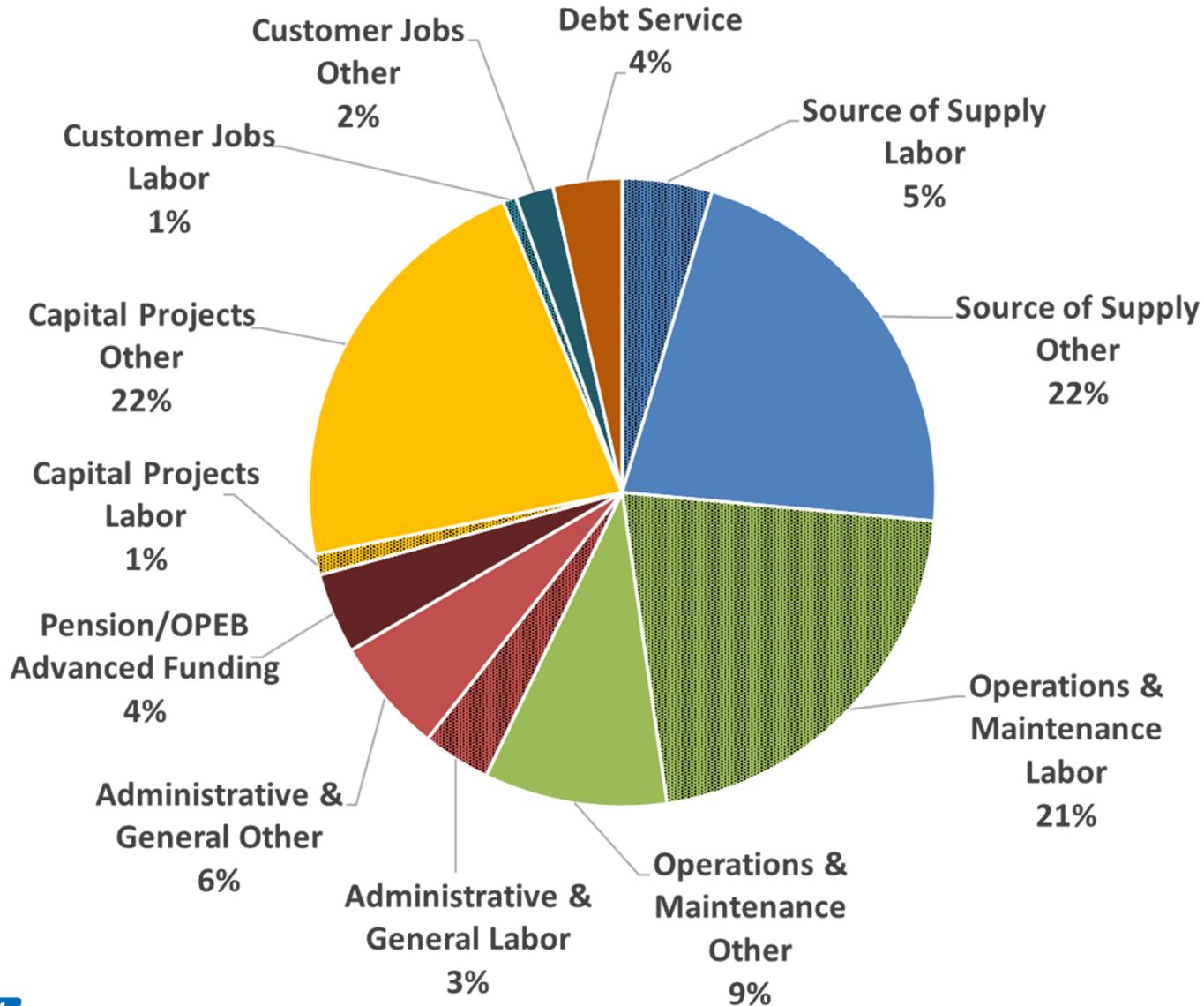
- District relies on non-operating revenues to cover operating expenses



- District relies on other funding sources, including property taxes and accumulated reserves, in addition to water rate and charge revenue

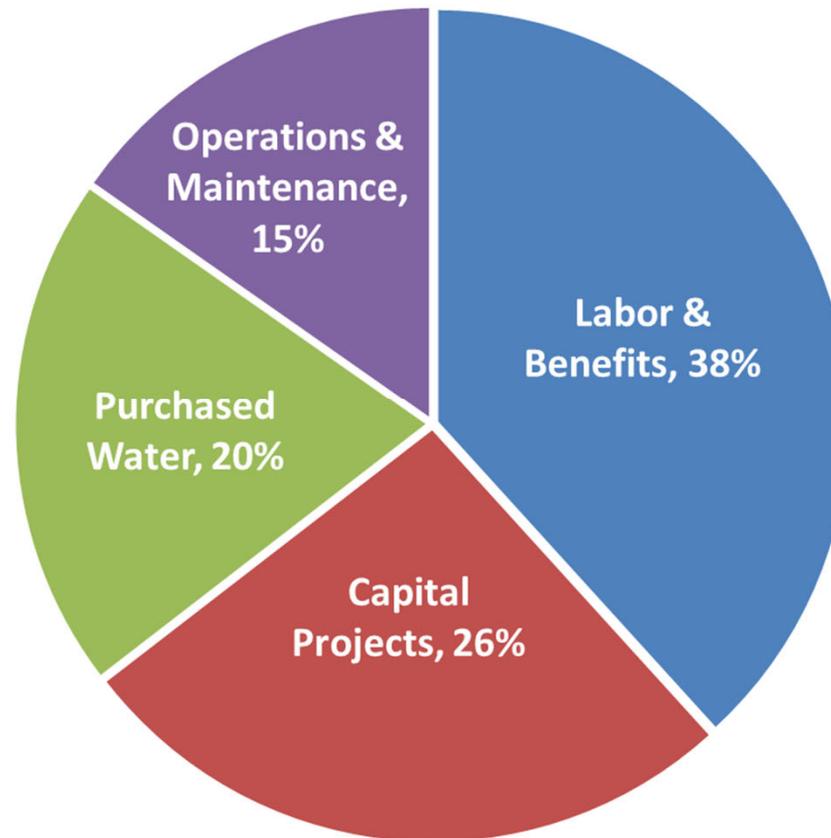
General Fund Expenses

FY 2022/23 Budget
\$168.2 million



Estimated 4% Increase Breakdown

Cost Increase Component

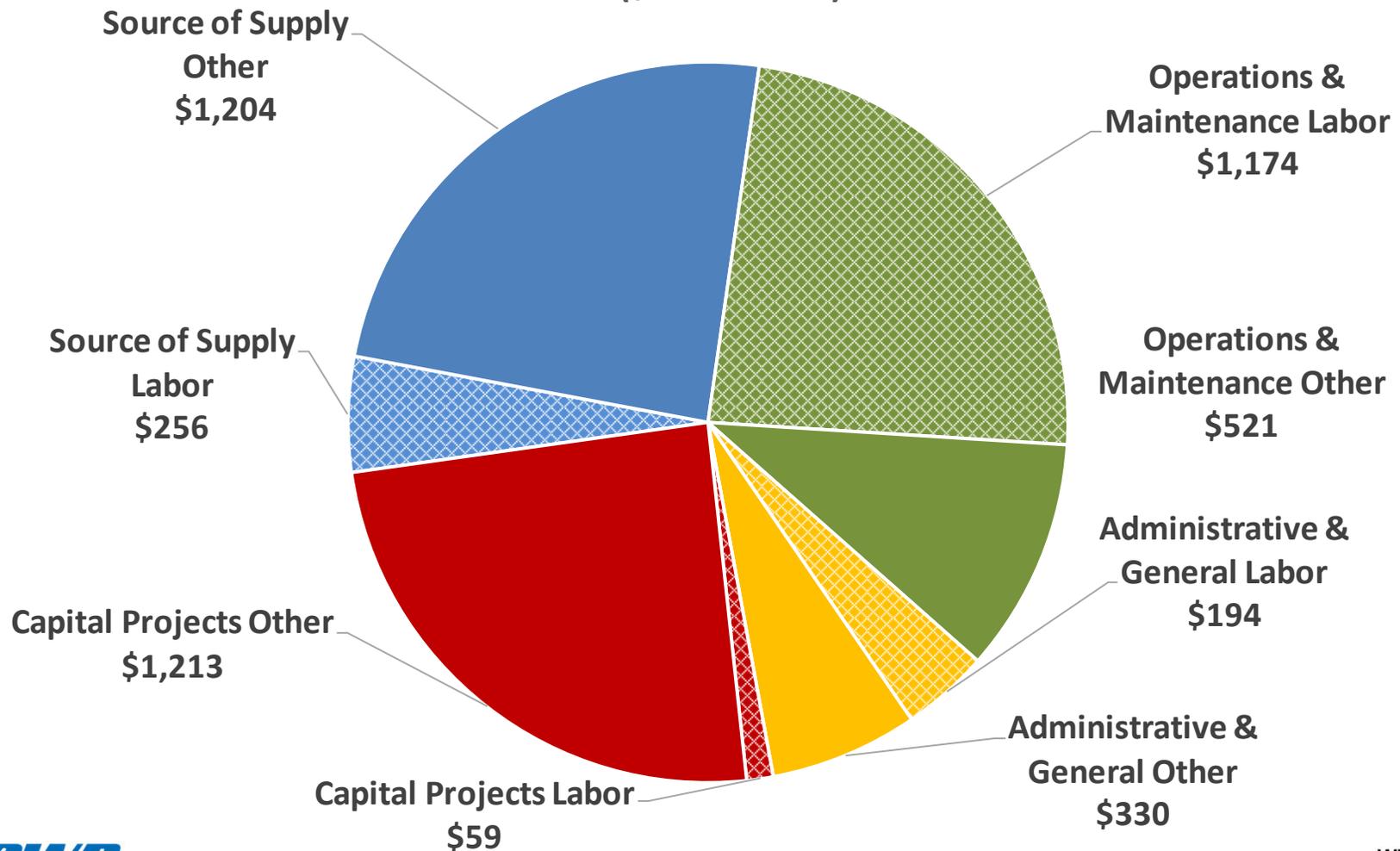


- 4% rate increase equals about \$5.0 million allocated to employee compensation, capital projects, water purchases, and operations & maintenance

Estimated Rate Increase Breakdown

FY 2022/23

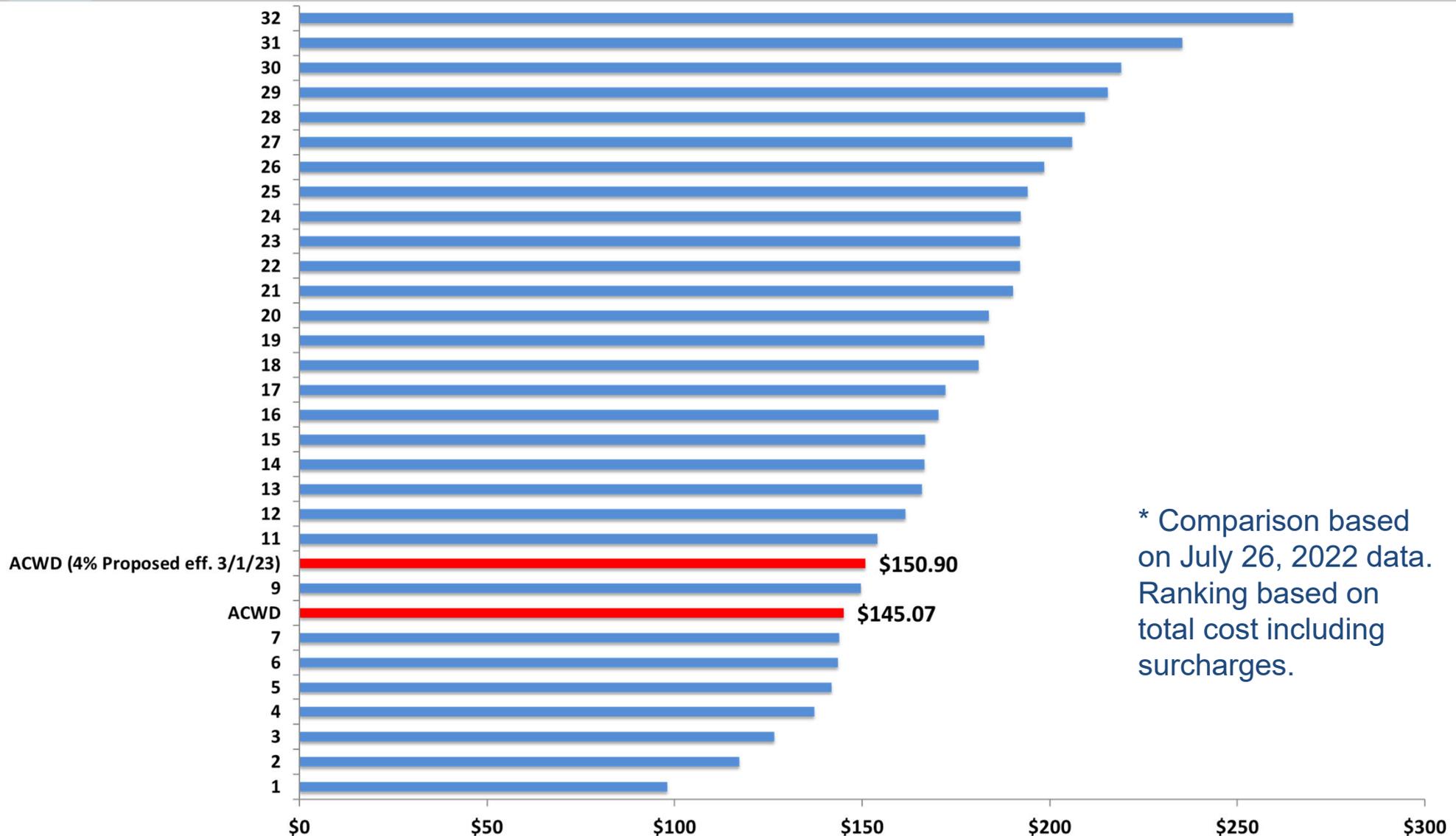
Allocation of Rate Increase by Cost Center
(\$ thousands)



Average Water Bill Comparison

2022 Average 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 26, 2022 data. Ranking based on total cost including surcharges.



Proposed Rates and Charges

Bimonthly Meter Service Charges

Meter Size	Current Effective March 1, 2022 Service Charges	Proposed Effective March 1, 2023 Service Charges (4% Increase)	Proposed Effective March 1, 2024 Service Charges (4% Increase)
5/8 & 3/4-inch	\$58.94	\$61.30	\$63.75
1-inch	\$94.18	\$97.95	\$101.87
1 ½-inch	\$182.25	\$189.54	\$197.12
2-inch	\$287.95	\$299.47	\$311.45
3-inch	\$622.64	\$647.55	\$673.45
4-inch	\$1,115.87	\$1,160.50	\$1,206.92
6-inch	\$2,824.56	\$2,937.54	\$3,055.04
8-inch	\$4,938.41	\$5,135.95	\$5,341.38
10-inch	\$7,404.57	\$7,700.75	\$8,008.78

Consumption Charge Rates

	Current Effective March 1, 2022 Commodity Rate	Proposed Effective March 1, 2023 Commodity Rate (4% Increase)	Proposed Effective March 1, 2024 Commodity Rate (4% Increase)
Inside District	\$4.596/unit	\$4.78/unit	\$4.97/unit
Outside District	\$5.253/unit	\$5.46/unit	\$5.68/unit

Private Fire Service Rates

Fire Service Diameter	Current Effective March 1, 2022 Private Fire Service Rates	Proposed Effective March 1, 2023 Private Fire Service Rates (4% Increase)	Proposed Effective March 1, 2024 Private Fire Service Rates (4% Increase)
3/4-inch	\$7.93	\$8.25	\$8.58
1-inch	\$8.12	\$8.44	\$8.78
2-inch	\$9.97	\$10.37	\$10.78
4-inch	\$21.46	\$22.32	\$23.21
6-inch	\$47.57	\$49.47	\$51.45
8-inch	\$92.59	\$96.29	\$100.15
10-inch	\$160.32	\$166.73	\$173.40
12-inch	\$254.19	\$264.36	\$274.93

Drought Surcharges

Water Shortage Contingency Plan Stage	Reduction in Water Demand	Projected Water Sales (Acre-feet)	Current Unit Drought Surcharge	Proposed Effective March 1, 2023 Unit Drought Surcharge	Proposed Effective March 1, 2024 Unit Drought Surcharge	Proposed Effective March 1, 2023 Commodity Rate Per Stage*	Proposed Effective March 1, 2024 Commodity Rate Per Stage*
0	0%	39,226	\$0.00	\$0.00	\$0.00	\$4.78	\$4.97
1	10%	35,303	\$0.50	\$0.52	\$0.54	\$5.30	\$5.51
2a	15%	33,342	\$0.79	\$0.82	\$0.85	\$5.60	\$5.82
2b	20%	31,381	\$1.12	\$1.16	\$1.21	\$5.94	\$6.18
3a	25%	29,419	\$1.49	\$1.55	\$1.61	\$6.33	\$6.58
3b	30%	27,458	\$1.92	\$2.00	\$2.08	\$6.78	\$7.05
4	40%	23,536	\$3.00	\$3.12	\$3.25	\$7.90	\$8.22
5	50%	19,613	\$4.44	\$4.62	\$4.81	\$9.40	\$9.78
6	60%	15,690	\$5.85	\$6.90	\$7.18	\$11.68	\$12.15

*Outside District Customers should add the drought surcharge to their base rate

Drought Surcharges Impacts

- Example of Stage 2a and Conservation Impacts for an Average Single Family Residential Customer Bill

	Commodity Rate	Service Charge	New Total Overall Bill
Current Effective March 1, 2022	\$73.54	\$58.94	\$132.48
Proposed Effective March 1, 2023	\$76.48	\$61.30	\$137.78
Stage 2a (\$5.60/unit)	\$89.60	\$61.30	\$150.90
With 15% Conservation	\$76.16	\$61.30	\$137.46

Effect on Total Bill

- Proposed Increase Impacts for an Average Single Family Residential Customer Bill (16 units)

	Commodity Rate*	Service Charge	New Total Overall Bill	Increase Per Bill	Increase Per Month	Increase Per Day
Current Effective March 1, 2022	\$73.54	\$58.94	\$132.48	-	-	-
Proposed Effective March 1, 2023	\$76.48	\$61.30	\$137.78	\$5.32	\$2.65	\$0.087
Proposed Effective March 1, 2024	\$79.52	\$63.75	\$143.27	\$5.49	\$2.74	\$0.090

*Excludes the drought surcharge

Miscellaneous Rates & Charges

Miscellaneous Rates & Charges

- District annually conducts a review of various fees and charges
- Fees and charges are revised as appropriate to cover the costs of service for which the fee or charge is imposed
- Proposed fees and charges are based on cost and operational data for FY 2021/22
- Fees for which no change is proposed are not included in the presentation

Miscellaneous Rates & Charges

Proposed Changes

Fee/Charge	Current Effective March 1, 2022	Proposed Effective March 1, 2023	FY 2021/22 General Fund Revenue
Fire Hydrant Meter Charges			\$58,406
Deposit (3" Meter + RP Device)	\$1,643	\$2,320	
Late Return Field Investigation / Follow-Up Charge	\$120	\$130	
Late Meter Reading Field Investigation / Follow-Up Charge	\$110	\$105	
Field Charge	\$46	\$48	\$0
Damaged Angle Stop Charge	\$313	\$327	\$0
Reconnection Charges			\$8,732
Weekdays - 8:00 a.m. to 4:00 p.m.	\$46	\$48	
Replacement of a Pulled Meter & Turn On	\$104	\$110	
Inspection/Testing of Backflow Prevention Device	\$85	\$87	\$569,585

Miscellaneous Rates & Charges

Proposed Changes

Fee/Charge	Current Effective May 1, 2022	Proposed Effective May 1, 2023	FY 2021/22 General Fund Revenue
Meter Installation Charges			Customer Jobs
3/4" Meter	\$261	\$306	
1" Meter	\$273	\$364	
1-1/2" Meter	\$468	\$554	

Miscellaneous Rates & Charges

Proposed New Charges

Fee/Charge	Current Effective March 1, 2022	Proposed Effective March 1, 2023	FY 2021/22 General Fund Revenue
Meter Tampering Investigation	\$0	\$75	New
Meter Tampering/End Point Replacement	\$0	\$150	New
Meter Tampering/Meter Replacement			
3/4" Meter	\$0	\$306	New
1" Meter	\$0	\$364	New
1-1/2" Meter	\$0	\$554	New

Facilities Connection Charges (FCCs)

FCCs: Annual ENR CCI Inflation Adjustments

- The Board's February 7, 2019 action authorized revising the District's FCCs (Resolution 19-015)
- FCCs are annually adjusted by the Engineering News Record Construction Cost Index (ENR CCI) for the San Francisco Bay Area (July to July)
- Each FCC is increased by the percentage of change in CCI for that year
- From FY 2020 to FY 2023 the FCCs are calculated using the relevant year's phased-in FCC multiplied by the compounded ENR CCI changes
- Effective May 1, 2023: Inflationary increase of 13.65% calculated based on the July 2021 - July 2022 increase in the ENR CCI
- ENR CCI % Change

	ENR CCI	% Change
July 2019	12,354.46	
July 2020	12,907.92	4.48%
July 2021	13,762.01	6.62%
July 2022	15,640.10	13.65%

Residential FCCs

Base FY 2019

- Residential Connections Phased-In FCC Broken Out by Component

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Annual Increase Average
Residential FCCs						
SFR Incremental Portion	\$4,774	\$4,774	\$4,774	\$4,774	\$4,774	0.0%
SFR Equity Buy-In Portion	\$2,246	\$2,404	\$2,563	\$2,721	\$2,879	6.4%
SFR Comprehensive FCC	\$7,020	\$7,178	\$7,337	\$7,495	\$7,653	2.2%
MFR Incremental Portion	\$4,010	\$4,010	\$4,010	\$4,010	\$4,010	0.0%
MFR Equity Buy-In Portion	\$1,667	\$1,855	\$2,043	\$2,231	\$2,419	9.8%
MFR Comprehensive FCC	\$5,677	\$5,865	\$6,053	\$6,241	\$6,429	3.2%
Dorm Incremental Portion	\$2,864	\$2,864	\$2,864	\$2,864	\$2,864	0.0%
Dorm Equity Buy-In Portion	\$1,350	\$1,444	\$1,539	\$1,633	\$1,728	6.4%
Dorm Comprehensive FCC	\$4,214	\$4,308	\$4,403	\$4,497	\$4,592	2.2%

Non-Residential FCCs

Base FY 2019

- Non-Residential Connections Phased-In FCC Broken Out by Component

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Annual Increase Average
Non-Residential FCCs						
3/4" Incremental Portion	\$7,161	\$7,161	\$7,161	\$7,161	\$7,161	0.0%
3/4" Equity Buy-In Portion	\$3,369	\$3,607	\$3,844	\$4,081	\$4,319	6.4%
3/4" Comprehensive FCC	\$10,530	\$10,768	\$11,005	\$11,242	\$11,480	2.2%
1" Incremental Portion	\$11,935	\$11,935	\$11,935	\$11,935	\$11,935	0.0%
1" Equity Buy-In Portion	\$5,614	\$6,010	\$6,406	\$6,802	\$7,198	6.4%
1" Comprehensive FCC	\$17,549	\$17,945	\$18,341	\$18,737	\$19,133	2.2%
1.5" Incremental Portion	\$23,870	\$23,870	\$23,870	\$23,870	\$23,870	0.0%
1.5" Equity Buy-In Portion	\$11,229	\$12,021	\$12,812	\$13,604	\$14,395	6.4%
1.5" Comprehensive FCC	\$35,099	\$35,891	\$36,682	\$37,474	\$38,265	2.2%
2" Incremental Portion	\$38,192	\$38,192	\$38,192	\$38,192	\$38,192	0.0%
2" Equity Buy-In Portion	\$17,966	\$19,233	\$20,499	\$21,766	\$23,032	6.4%
2" Comprehensive FCC	\$56,158	\$57,425	\$58,691	\$59,958	\$61,224	2.2%

Non-Residential FCCs Base FY 2019 (cont.)

- Non-Residential Connections Phased-In FCC Broken Out by Component

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Annual Increase Average
Non-Residential FCCs						
3" Incremental Portion	\$83,545	\$83,545	\$83,545	\$83,545	\$83,545	0.0%
3" Equity Buy-In Portion	\$39,301	\$42,072	\$44,842	\$47,612	\$50,383	6.4%
3" Comprehensive FCC	\$122,846	\$125,617	\$128,387	\$131,157	\$133,928	2.2%
4" Incremental Portion	\$143,220	\$143,220	\$143,220	\$143,220	\$143,220	0.0%
4" Equity Buy-In Portion	\$67,374	\$72,123	\$76,872	\$81,621	\$86,370	6.4%
4" Comprehensive FCC	\$210,594	\$215,343	\$220,092	\$224,841	\$229,590	2.2%
6" Incremental Portion	\$322,245	\$322,245	\$322,245	\$322,245	\$322,245	0.0%
6" Equity Buy-In Portion	\$151,591	\$162,277	\$172,962	\$183,647	\$194,333	6.4%
6" Comprehensive FCC	\$473,836	\$484,522	\$495,207	\$505,892	\$516,578	2.2%
8" Incremental Portion	\$381,920	\$381,920	\$381,920	\$381,920	\$381,920	0.0%
8" Equity Buy-In Portion	\$179,663	\$192,327	\$204,992	\$217,656	\$230,320	6.4%
8" Comprehensive FCC	\$561,583	\$574,247	\$586,912	\$599,576	\$612,240	2.2%

Residential FCCs

Includes Inflationary Adjustments

- Residential Connections Phased-In FCC Broken Out by Component with annual inflationary adjustments

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023 Proposed Effective May 1, 2023	Annual Increase Average
Residential FCCs						
SFR Incremental Portion	\$4,774	\$4,894	\$5,113	\$5,451	\$6,194	6.8%
SFR Equity Buy-In Portion	\$2,246	\$2,464	\$2,744	\$3,105	\$3,734	13.6%
SFR Comprehensive FCC	\$7,020	\$7,358	\$7,857	\$8,556	\$9,928	9.1%
MFR Incremental Portion	\$4,010	\$4,110	\$4,294	\$4,578	\$5,202	6.8%
MFR Equity Buy-In Portion	\$1,667	\$1,901	\$2,187	\$2,547	\$3,137	17.2%
MFR Comprehensive FCC	\$5,677	\$6,011	\$6,481	\$7,125	\$8,339	10.2%
Dorm Incremental Portion	\$2,864	\$2,936	\$3,067	\$3,269	\$3,715	6.8%
Dorm Equity Buy-In Portion	\$1,350	\$1,480	\$1,647	\$1,863	\$2,241	13.6%
Dorm Comprehensive FCC	\$4,214	\$4,416	\$4,714	\$5,132	\$5,956	9.1%

Non-Residential FCCs

Includes Inflationary Adjustments

- Non-Residential Connections Phased-In FCC Broken Out by Component with annual inflationary adjustments

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023 Proposed Effective May 1, 2023	Annual Increase Average
Non-Residential FCCs						
3/4" Incremental Portion	\$7,161	\$7,341	\$7,669	\$8,176	\$9,291	6.8%
3/4" Equity Buy-In Portion	\$3,369	\$3,697	\$4,116	\$4,659	\$5,603	13.6%
3/4" Comprehensive FCC	\$10,530	\$11,038	\$11,785	\$12,835	\$14,894	9.1%
1" Incremental Portion	\$11,935	\$12,235	\$12,783	\$13,628	\$15,487	6.8%
1" Equity Buy-In Portion	\$5,614	\$6,161	\$6,861	\$7,767	\$9,340	13.6%
1" Comprehensive FCC	\$17,549	\$18,396	\$19,644	\$21,395	\$24,827	9.1%
1.5" Incremental Portion	\$23,870	\$24,471	\$25,567	\$27,258	\$30,977	6.8%
1.5" Equity Buy-In Portion	\$11,229	\$12,323	\$13,722	\$15,534	\$18,681	13.6%
1.5" Comprehensive FCC	\$35,099	\$36,794	\$39,289	\$42,792	\$49,658	9.1%
2" Incremental Portion	\$38,192	\$39,153	\$40,906	\$43,612	\$49,563	6.8%
2" Equity Buy-In Portion	\$17,966	\$19,717	\$21,956	\$24,855	\$29,889	13.6%
2" Comprehensive FCC	\$56,158	\$58,870	\$62,862	\$68,467	\$79,452	9.1%

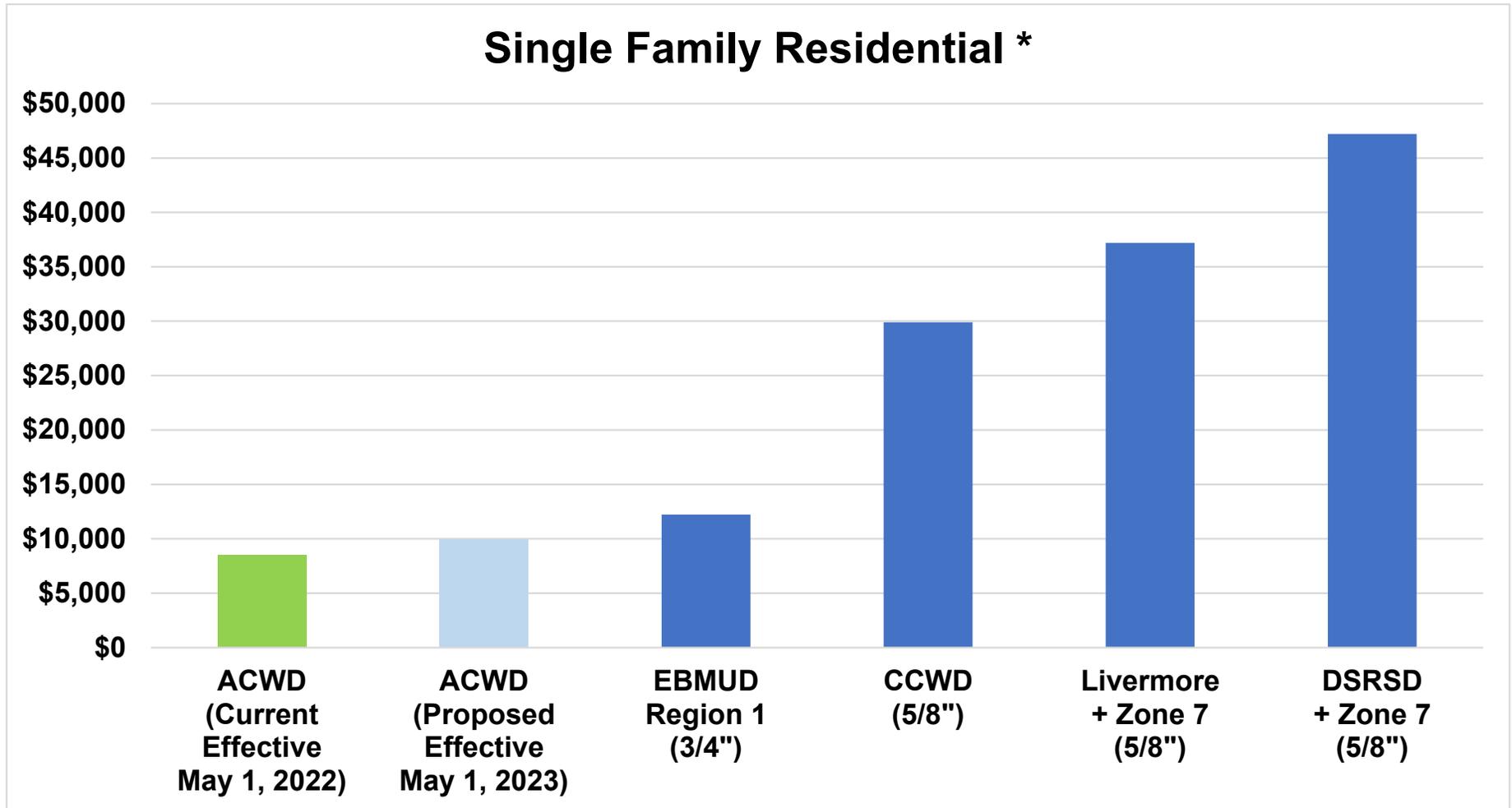
Non-Residential FCCs

Includes Inflationary Adjustments (cont.)

- Non-Residential Connections Phased-In FCC Broken Out by Component with annual inflationary adjustments

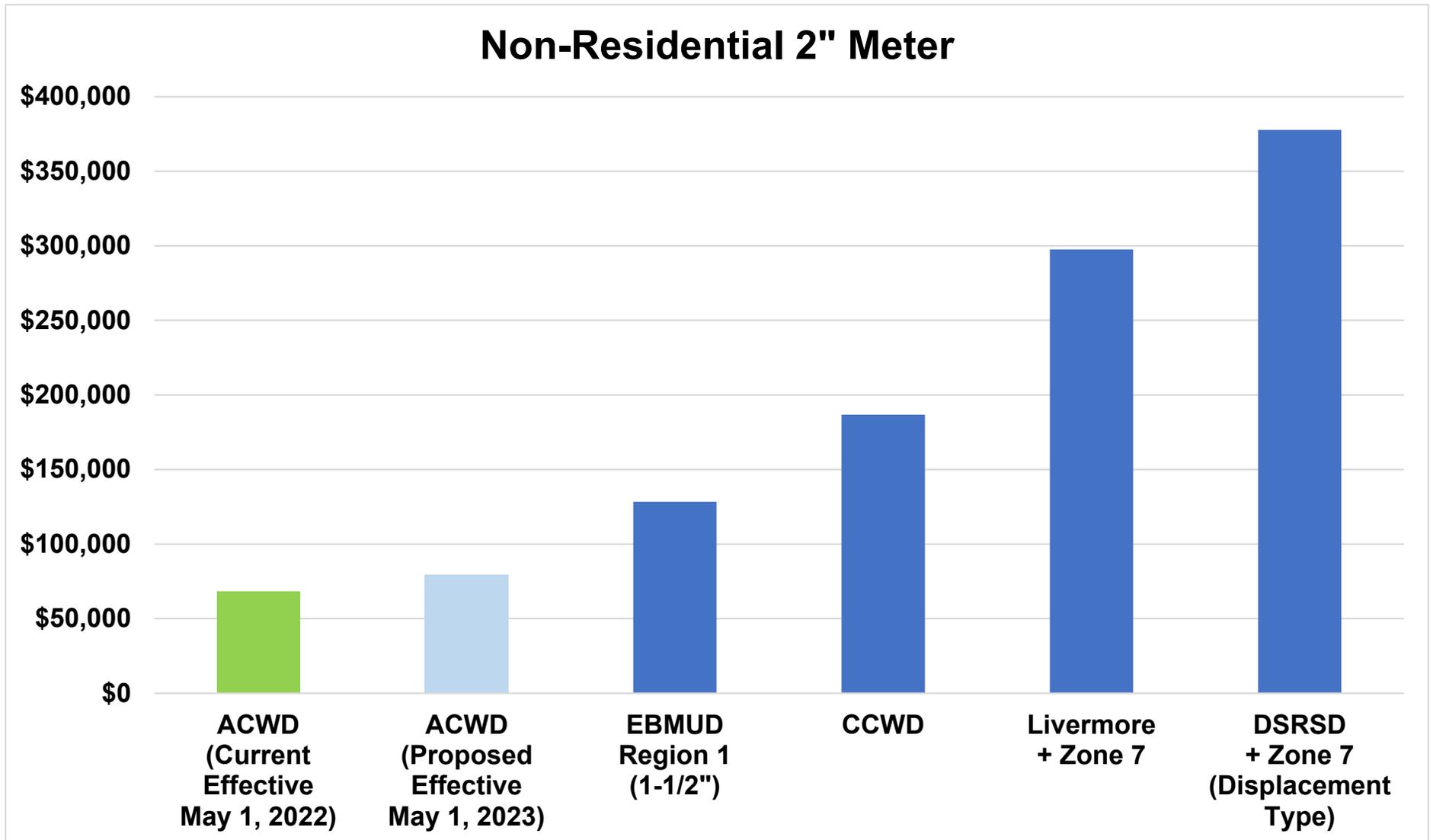
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023 Proposed Effective May 1, 2023	Annual Increase Average
Non-Residential FCCs						
3" Incremental Portion	\$83,545	\$85,648	\$89,484	\$95,404	\$108,423	6.8%
3" Equity Buy-In Portion	\$39,301	\$43,131	\$48,030	\$54,370	\$65,385	13.6%
3" Comprehensive FCC	\$122,846	\$128,779	\$137,514	\$149,774	\$173,808	9.1%
4" Incremental Portion	\$143,220	\$146,826	\$153,403	\$163,553	\$185,872	6.8%
4" Equity Buy-In Portion	\$67,374	\$73,939	\$82,337	\$93,208	\$112,091	13.6%
4" Comprehensive FCC	\$210,594	\$220,765	\$235,740	\$256,761	\$297,963	9.1%
6" Incremental Portion	\$322,245	\$330,359	\$345,158	\$367,996	\$418,216	0.0%
6" Equity Buy-In Portion	\$151,591	\$166,363	\$185,260	\$209,720	\$252,207	13.6%
6" Comprehensive FCC	\$473,836	\$496,722	\$530,418	\$577,716	\$670,423	9.1%
8" Incremental Portion	\$381,920	\$391,536	\$409,076	\$436,143	\$495,663	0.0%
8" Equity Buy-In Portion	\$179,663	\$197,169	\$219,567	\$248,557	\$298,912	13.6%
8" Comprehensive FCC	\$561,583	\$588,705	\$628,643	\$684,700	\$794,575	9.1%

Comparison of Development Charges



*SFR – Charge based on Unit Type;
 5/8" or 3/4" – Charge based on Meter Size

Comparison of Development Charges



Recommendation / Next Steps

Staff Recommendations

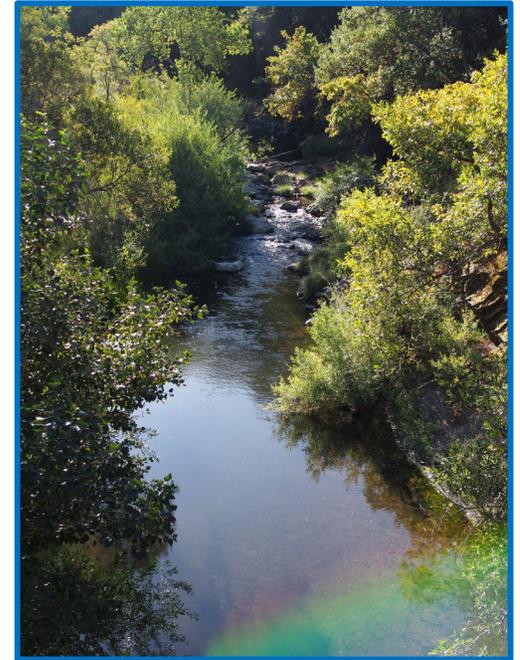
- Set February 9, 2023, at 6:00 p.m. as the date and time for a public hearing for consideration of the proposed revisions to the District's water-related rates and charges; and
- Authorize staff to mail notifications to all property owners in the District, customers who are directly responsible for paying the water bill, and all other mailing addresses in the District of the proposed revisions to water-related rates and charges, and public hearing details.

Next Steps

- December 27, 2022: Deadline to Mail Proposition 218 Notices; targeting December 23. Start Bill Messages, Tri-City Voice information piece, Website, Social Media
- January 19, 2023: Community Meeting (In Person)
- January 26, 2023: Community Meeting (Virtual)
- February 9, 2023: Board Meeting
 - Public Hearing for Commodity Rates, Service Charges, and Drought Surcharges
 - Consider Adoption of Amendments to the Rate & Fee Schedule
- March 1, 2023: Effective Date for Commodity Rates, Service Charges, Drought Surcharges, and Miscellaneous Rates and Charges
- May 1, 2023: Effective Date for Development-Related Fees and Charges

Stay Connected to the District

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- Facebook  & Twitter 
@AlamedaCountyWD



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

510.668.4200

December 8, 2022 Board of Directors Meeting

Thank you



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