



ALAMEDA COUNTY WATER DISTRICT

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## **Notice of Proposed Increase in Water Rates and Drought Surcharges**

**Public Hearing**

Thursday, February 9, 2023 at 6 p.m.



# Notice of Proposed Increase in Water Rates and Drought Surcharges

The past few years have been challenging and 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 pay for 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 receive input from the public, ACWD held four financial public workshops in 2022 - one focused on budget and three focused on rates and charges. The most recent analysis was presented at a public Board meeting on December 8, 2022 and concluded that an increase to water rates is necessary. Meeting materials and recordings are available at [acwd.org/agendacenter](https://acwd.org/agendacenter).

The ACWD staff, working with an independent financial consultant, completed the District's Water Rates Update and Financial Plan. The rate increase presented in this notice reflects the findings of that update, which is based upon the 2021 Cost of Service Study. The full 2021 Cost of Service Study and the Water Rates Update and Financial Plan are available at [acwd.org/rates](https://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.

## EFFECTIVE DATE & PRORATION

If adopted by the Board of Directors, the proposed water rates, including drought surcharges and private fire service rates, would become effective March 1, 2023 and March 1, 2024. For bills that overlap these effective dates, the bills will be prorated to reflect the changes in the bimonthly service charge, commodity charge and drought surcharge.



## HOW TO SUBMIT COMMENTS ON OR PROTEST THE WATER RATE PROPOSAL

Please visit us at [acwd.org/rates](https://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 9, 2023**. Protests can also be submitted in person at the public hearing.



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 9, 2023** 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.

## Public Hearing

A public hearing on the proposed increases to ACWD's water rates and charges will be held at **6 p.m. on Thursday, February 9, 2023**. This will be a hybrid meeting and members of the public can attend via webinar or in person.

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. Members of the public may also attend this meeting in person. This meeting will be conducted in person at ACWD Headquarters at 43885 S. Grimmer Blvd. in Fremont, CA or by webinar or teleconference. At the public hearing, the ACWD Board of Directors will consider a rate increase of 4% to the service and commodity charges. The Board will also consider updates to the drought surcharge

and private fire service rates. If approved, adjustments to service, commodity, private fire service rates, and drought surcharge will be effective March 1, 2023 and March 1, 2024. Drought surcharges are currently in effect and if approved the adjustments will be effective March 1, 2023.

## Community Meetings

Learn more about proposed rate increases, drought surcharges, and the projects and programs supported by your rate dollars. Two meetings will be held providing a brief presentation followed by a question and answer session. The content of the two presentations will be the same.

1. **January 19, 2023 at 6 p.m.:** This meeting will be conducted in person at Downtown Event Center, located at 3500 Capitol Avenue, Fremont, CA 94536.
2. **January 26, 2023 at 6 p.m.:** This meeting will be conducted on Zoom. The meeting link is available at [acwd.org/rates](https://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, including a new water treatment facility to remove PFAS from water
- 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 current and anticipated cost increases from wholesale water provider San Francisco Public Utilities Commission (15.9% in 2022)
- Ensure ACWD can withstand financial pressures that could result from increased regulation of water supply sources and mitigation of contaminants of emerging concern



## 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:

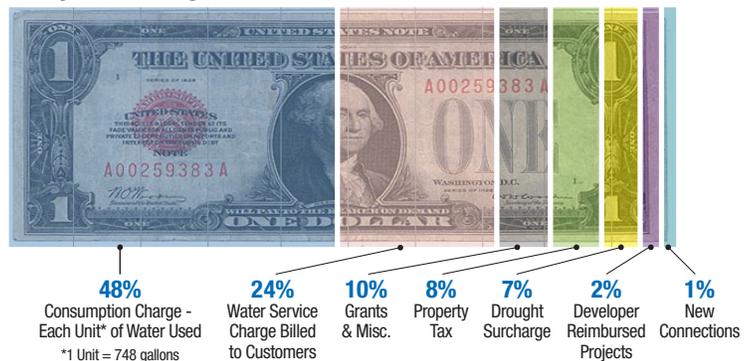
- Securing grants and reimbursements, primarily for mandated projects in Alameda Creek, that totaled \$23.9 million over the past three years and are estimated to provide an additional \$9.6 million in the current and next two fiscal years
- Using ACWD's diverse water supplies to maximize use of lowest-cost 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.

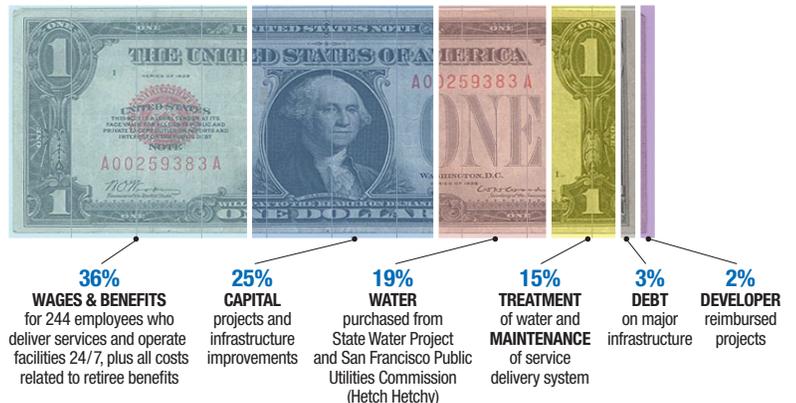
### Every \$1 Flowing in Comes From:



## 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, 2023 <i>Proposed Effective Date</i>	March 1, 2024 <i>Proposed Effective Date</i>
Service Charge	\$58.94	\$61.30	\$63.75
Consumption Charge	<u>+\$73.54</u>	<u>+\$76.48</u>	<u>+\$79.52</u>
Total	\$132.48	\$137.78	\$143.27
Increase to each <b>bimonthly bill</b>		<b>\$5.30</b>	<b>\$5.49</b>
Amount of increase <b>per month</b>		<b>\$2.65</b>	<b>\$2.74</b>

*Please refer to the tables under Service Charge and Consumption Charge to estimate bill impacts based on your individual meter size and water usage. This comparison does not include the drought surcharge that is currently in effect.*

## 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. A drought surcharge (currently called a stage rate on your bill) is also in effect during the current drought emergency and is also on your bimonthly bill. This charge is based on the quantity of water used.



### 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 \$2.36 per bill, beginning March 1, 2023, and by \$2.45 per bill, beginning March 1, 2024.

Meter Size	Current	March 1, 2023 <i>Proposed Effective Date</i>	March 1, 2024 <i>Proposed Effective Date</i>
5/8 & 3/4 inch meter	\$58.94	\$61.30	\$63.75
1 inch meter	\$94.18	\$97.95	\$101.87
1-1/2 inch meter	\$182.25	\$189.54	\$197.12
2 inch meter	\$287.95	\$299.47	\$311.45
3 inch meter	\$622.64	\$647.55	\$673.45
4 inch meter	\$1,115.87	\$1,160.50	\$1,206.92
6 inch meter	\$2,824.56	\$2,937.54	\$3,055.04
8 inch meter	\$4,938.41	\$5,135.95	\$5,341.38
10 inch meter	\$7,404.57	\$7,700.75	\$8,008.78

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



### 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.

Current	March 1, 2023 <i>Proposed Effective Date</i>	March 1, 2024 <i>Proposed Effective Date</i>
\$4.596/unit	\$4.78/unit	\$4.97/unit

# Drought Surcharges

The drought surcharges, currently called ‘stage rates’ on your bill, ensure sufficient revenues to cover the cost of providing water service when consumption decreases due to a water shortage emergency, such as a drought. Drought surcharges are assessed per unit of water consumption, so customers who use less will pay less and customers who use more will pay more. Drought surcharges 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 drought surcharges is shown in the table below:

<b>Water Shortage Contingency Plan Stage</b>	<b>Reduction in Water Demand</b>	<b>Projected Water Sales (Acre-feet)</b>	<i>Current</i> <b>Unit Drought Surcharge</b>	<i>Proposed Effective Date: March 1, 2023</i> <b>Unit Drought Surcharge (\$/unit)</b>	<i>Proposed Effective Date: March 1, 2024</i> <b>Unit Drought Surcharge (\$/unit)</b>	<i>Proposed Effective Date: March 1, 2023</i> <b>Total Consumption Charge By Stage</b>	<i>Proposed Effective Date: March 1, 2024</i> <b>Total Consumption Charge By Stage</b>
0	0%	39,226	\$0.000/unit	\$0.000/unit	\$0.000/unit	\$4.78/unit	\$4.97/unit
1	10%	35,303	\$0.496/unit	\$0.52/unit	\$0.54/unit	\$5.30/unit	\$5.51/unit
2a	15%	33,342	\$0.787/unit	\$0.82/unit	\$0.85/unit	\$5.60/unit	\$5.82/unit
2b	20%	31,381	\$1.115/unit	\$1.16/unit	\$1.21/unit	\$5.94/unit	\$6.18/unit
3a	25%	29,419	\$1.486/unit	\$1.55/unit	\$1.61/unit	\$6.33/unit	\$6.58/unit
3b	30%	27,458	\$1.920/unit	\$2.00/unit	\$2.08/unit	\$6.78/unit	\$7.05/unit
4	40%	23,536	\$3.000/unit	\$3.12/unit	\$3.25/unit	\$7.90/unit	\$8.22/unit
5	50%	19,613	\$4.443/unit	\$4.62/unit	\$4.81/unit	\$9.40/unit	\$9.78/unit
6	60%	15,690	\$5.852/unit	\$6.90/unit	\$7.18/unit	\$11.68/unit	\$12.15/unit

In the current water shortage situation, the ACWD Board has declared a stage 2a 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. The Stage 2a drought surcharge has been in effect since March 1, 2022 and because the District continues to be in a drought emergency, the Stage 2a drought surcharge is proposed to continue to stay in effect at the newly proposed rate effective March 1, 2023. 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 drought surcharge. However, drought surcharges will be rescinded immediately upon a determination by the Board that ACWD is no longer in a water shortage emergency.

# 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. Single family homes with a fire sprinkler system typically have that system served by their regular water service connection rather than having a separate private fire service connection.

<b>Fire Service Diameter</b>	<i>Current</i> <b>Private Fire Service Rates</b>	<i>March 1, 2023 Proposed Effective Date</i> <b>Private Fire Service Rates</b>	<i>March 1, 2024 Proposed Effective Date</i> <b>Private Fire Service Rates</b>
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



# Help on Tap Customer Assistance Program



ACWD recognizes that some customers struggle to pay their water bill. The Help on Tap program provides assistance to income-qualified residential customers with a credit of \$40 toward the bi-monthly service charge. Eligibility guidelines are shown in the table to the right. For more program information and to download an application, please visit [acwd.org/hot](http://acwd.org/hot).

Household Size	Income Limit
1-2	\$57,150 or less
3	\$64,300 or less
4	\$71,400 or less
5	\$81,175 or less
6	\$92,975 or less
Each additional person, add	\$11,800



[www.acwd.org/hot](http://www.acwd.org/hot) • 510.668.4200



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