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ADDRESS SERVICE REQUESTED

North Coast County Water Dist
 PO Box 1039
 Pacifica, CA 94044-6039 002038



January 2010

Dear Customer/Record Property Owner

The Board of Directors of the North Coast County Water District (District) will consider a proposed realignment of the single-family residential water rate consumption blocks to promote water conservation and a proposed water usage charge increase. The Board also will consider a proposed bi-monthly meter charge increase for all customers. The purpose of this notice is to inform you of the proposed rate changes, explain why they are needed, and explain the potential impact of the rate changes to your water bill.

Why Do We Need a Rate Increase and Tier Realignment?

In accordance with State Proposition 218 requirements, a study was conducted that reviewed the costs necessary to perform the District's obligations to cover its costs for providing high quality water service to its customers. The study is designed to ensure that, as a public agency, the District does not collect more revenue than is necessary to cover its costs to provide water services and yet still meet its obligations. The study determined that the District's rates need to increase to generate 13% more revenue specifically because

- 1 The District has not raised rates for the past two years despite cost increases. As a result the District's reserves are diminishing.
- 2 The San Francisco Public Utilities Commission (SFPUC) that provides all of the District's water has raised its rates (the District's cost for its water) 11.1% in July 2008, 15.4% in July 2009 and in July 2010 it is anticipated that the SFPUC will increase an additional 17.6% for a cumulative increase of 44.1%, since the District last raised its water usage charge.
- 3 Similar to most other agencies all over the United States, the District's infrastructure is old and in need of repair. In order to maintain and improve water system reliability, the District must complete numerous capital improvement and maintenance projects that cannot be delayed. These crucial projects will cost the District an estimated \$2.4 million.
- 4 The District must also overcome Proposition 1A State Revenue Take-Aways.
- 5 To promote State mandated water conservation goals (20% by year 2020), the District proposes to realign its three tiered single family water rate structure into four tiers. Those consumers who use more water will be paying a higher cost for that water.

The current and proposed rates are summarized in the following tables. Customers pay two charges: a water usage charge for water use over a two month period and a meter charge based on the size of the customer's service connection. The customer's bill is the sum of these two charges.

Current Tiers and Rates

Consumption Block (Tier)	Quantity of Water (in hundreds of cubic feet) (CCF) ¹	Current Charge per CCF
1	1-6 CCF	\$2 24
2	7-20 CCF	\$5 62
3	Over 20 CCF	\$6 77

Current Tiers and Rates

Consumption Block (Tier)	Quantity of Water (in hundreds of cubic feet (CCF))	Proposed Charge per CCF
1	1-5 CCF	\$2 53
2	6-16 CCF	\$5 62
3	17-28 CCF	\$8 04
4	Over 28 CCF	\$14 75

Summary of Bi-Monthly Meter Charge Increase

Meter Size	Current Charge	Proposed Charge
5/8 Inch	\$22 07	\$24 94
¾ Inch	\$24 30	\$27 46
1 Inch	\$30 95	\$34 97
1 ½ Inch	\$39 78	\$44 95
2 Inch	\$64 26	\$72 61
3 Inch	\$243 00	\$274 59
4 Inch	\$309 35	\$349 57
6 Inch	\$464 05	\$524 38
8 Inch	\$640 82	\$724 13
10 Inch	\$861 84	\$973 88
12 Inch	\$1,082 87	\$1,223 64

¹ One CCF or 100 cubic feet of water is 748 gallons, which is a 4 6-foot cube of water. The average residential water use in the District is 175 gallons per day or 14 CCF for two months.

How Will the New Rates Impact You?

Customer bills will increase by varying amounts depending on the amount of bi-monthly water consumption and the size of the meter. In general, residential customers using the most water will experience the largest increases. The proposed tier realignment, water usage charge, and bi-monthly water meter charge increases the bi-monthly bill for a single-family residential account with a 5/8 inch meter as follows:

Usage	Current Bill	Proposed Bill
5 Units	\$33.27	\$37.59
10 Units	\$57.99	\$65.69
20 Units	\$114.19	\$131.57
30 Units	\$181.89	\$225.39

Public Hearing for the Proposed Water Usage Charges, Tier Realignment and Increase in Bi-Monthly Meter Charge

The Board of Directors will consider the new water usage charges, tier realignment and bi-monthly meter charge increase proposal at a public hearing scheduled for 7:00 p.m., Wednesday, February 24, 2010 at the North Coast County Water District Office located at 2400 Francisco Boulevard, Pacifica. You have the right to protest the proposed changes. If you do, you **must** submit your protest in writing, even if you plan to attend the public hearing. If written protests are submitted by a majority of the affected property owners and customers responsible for paying the water bills, the proposed rate changes will not be imposed and the District will consider other alternatives.

Your written protest must be received prior to the close of the February 24, 2010 public hearing. Written protests **must** include a description of the parcel (parcel number) or District account number. E-mail protests will not be accepted. Send written protest to:

North Coast County Water District
2400 Francisco Boulevard
PO Box 1039
Pacifica, CA 94044
Attention: Water Rate Increase Protest

Sincerely,



Kevin O'Connell
General Manager