

Notice of Public Hearing on Proposed Water Rates

“ It is the mission of the District to serve our customers by delivering a sufficient quantity of high-quality water in the most cost-effective, reliable, and environmentally sensitive manner. ”



WEDNESDAY, JANUARY 19, 2022
7:00 p.m.



VIRTUAL MEETING (Online via Zoom)

To view the agenda, including participation and viewing instructions, go to: NCCWD.com. To join the webinar, visit zoom.us/join and use Webinar ID: 797 9962 5970 Passcode: 061106. To join via telephone, call (253) 215-8782 and enter Webinar ID: 797 9962 5970 Passcode: 061106



ABOUT THE HEARING

The Board of Directors of the North Coast County Water District (District) will hold a public hearing to consider adoption of new rate schedules with adjustments to the Water Usage Charges (potable and recycled), Supply and Distribution Charges, Portable Meter Charges, and Fire Protection Service Connection Charges, as well as new Water Shortage Revenue Stabilization Adjustments for the next five years. All these charges are collectively referred to in this Notice as “Water Rates.” The proposed rates are described in this notice. To learn more about the District or to review the complete 2021 Water Rate Study, visit www.nccwd.com/billing/rates.



ADDITIONAL ASSISTANCE

For requests for accommodations or alternate formats, contact (650) 355-3462.

Investing in Our Community’s Water Future

As a public agency, North Coast County Water District is largely funded by our customers through rates and charges for water services. Your money is directly reinvested to pay for the water that you use every day and less visible expenses like operation, maintenance, replacement, and improvement of the distribution system, as well as costs for administration, debt service, and maintaining prudent financial reserves. In accordance with State Proposition 218, the proposed changes to the Water Rates are based on the 2021 Water Rate Study report dated November 17, 2021 (available

online at nccwd.com/billing/rates). The Water Rate Study is designed to ensure that the District does not collect more revenue than is necessary to cover these costs, and that the rate structure is aligned with the proportional cost of providing the services. The proposed adjustments in Water Rates are needed to cover the costs associated with:

- Purchasing treated water from San Francisco Public Utilities Commission (SFPUC).
- Maintaining, replacing, and rehabilitating aging water infrastructure.
- Planning/construction of three (3) new reservoirs.
- Planning/construction of new District headquarters that meets current seismic standards.
- Energy to pump and distribute water.
- Preparations for emergency response and recovery.
- Debt service obligations.
- Meeting legal and regulatory requirements.
- Other administrative and operating expenses.

ABOUT NORTH COAST COUNTY WATER DISTRICT

The North Coast County Water District provides water to approximately 39,000 residents through more than 12,000 service connections, and is the sole water purveyor for the City of Pacifica. The District is a public agency that is governed by a five-member Board of Directors elected by residents within the District’s boundaries. The District operates and maintains a complex potable water distribution system with varying topography and 32 separate but interconnected pressure zones. The infrastructure network includes approximately 130 miles of pipelines, 11 storage tanks, 4 pump stations, and thousands of various assets such as fire hydrants, water meters, and valves. The District purchases 100% of its potable water from the San Francisco Public Utilities Commission (SFPUC), receiving approximately 2.5 million gallons of treated water per day. The District also operates a small recycled water system with a pump station, a storage tank, and over 3 miles of pipelines.

BOARD OF DIRECTORS

- Thomas PiccolottiPresident
- Jack BurgettVice-President
- Joshua CosgroveDirector
- Anne De JarnattDirector
- Ron AshDirector



To learn more about the District’s upcoming projects, please visit:

nccwd.com/projects

How Bills Are Calculated

The District’s water service charges are billed on a bi-monthly basis. Water service charges include two components: 1) a Water Usage Charge for water used over a two-month period; and 2) a Supply and Distribution Charge based on the meter size. The customer’s bill is the sum of these two charges. The Water Usage Charge for residential accounts is billed according to a 4-tier rate structure with water first billed in Tier 1 and subsequently billed in higher tiers as water use increases. As required by law, the District’s Water Rate Study calculated the cost of service attributable to each of the four tiers. The Water Usage Charge for all other accounts including commercial, public and multi-unit is billed at a uniform rate.

Proposed Realignment of Tiers for Residential Accounts and Changes to Water Usage Charges

The District is proposing the following changes to the tier structure of the Water Usage Charges. The size of Tier 1 is the same for both the existing and proposed structures. The proposed size of Tiers 2 and 3 do not include as much water as the existing tiers because of increased efficiency. For an average household, the size of Tiers 1 and 2 cover inside water use with a small allowance for discretionary outside water use. Tiers 3 and 4 correspond to higher levels of service for irri-

gation and other seasonal water uses. Tier 3 demand corresponds to maximum day peaking, which occurs in the summer for irrigation. Tier 4 is the highest level of service for peak hour demands when the system is at its highest output. The proposed tiers are compressing from their existing sizes to reflect the effects of conservation. As less peaking demand is placed on the system, a greater portion of consumption is reported in Tiers 1 and 2. The proposed realignment of the tiers for residential accounts is described in more detail in the 2021 Water Rate Study.

TABLE 1 Proposed Changes to Tier Structure for Residential Customers

CCF = 748 Gallons

 TIER 1	<p>▶ Existing Size 0-5 CCF</p> <p>▶ Proposed Size 0-5 CCF</p>	 TIER 2	<p>▶ Existing Size 6-10 CCF</p> <p>▶ Proposed Size 6-9 CCF</p>	 TIER 3	<p>▶ Existing Size 11-19 CCF</p> <p>▶ Proposed Size 10-13 CCF</p>	 TIER 4	<p>▶ Existing Size Over 19 CCF</p> <p>▶ Proposed Size Over 13 CCF</p>
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TABLE 2 Proposed Changes to Water Usage Charges

Rates per CCF (CCF = 748 Gallons)

RESIDENTIAL

 TIER 1	<p>▶ Current Rate \$6.60</p> <p>▶ Proposed Rates \$6.092/1/2022* \$6.277/1/2022* \$6.467/1/2023* \$6.657/1/2024* \$6.857/1/2025*</p>	 TIER 2	<p>▶ Current Rate \$7.86</p> <p>▶ Proposed Rates \$9.192/1/2022* \$9.477/1/2022* \$9.757/1/2023* \$10.047/1/2024* \$10.347/1/2025*</p>	 TIER 3	<p>▶ Current Rate \$13.53</p> <p>▶ Proposed Rates \$12.452/1/2022* \$12.827/1/2022* \$13.207/1/2023* \$13.607/1/2024* \$14.017/1/2025*</p>	 TIER 4	<p>▶ Current Rate \$22.72</p> <p>▶ Proposed Rates \$15.322/1/2022* \$15.787/1/2022* \$16.257/1/2023* \$16.747/1/2024* \$17.247/1/2025*</p>
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COMMERCIAL

 	<p>▶ Current Uniform Rate** \$8.49</p> <p>▶ Proposed Rates \$8.562/1/2022* \$8.817/1/2022* \$9.087/1/2023* \$9.357/1/2024* \$9.637/1/2025*</p>
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RECYCLED WATER

 	<p>▶ Current Uniform Rate \$7.50</p> <p>▶ Proposed Rates \$7.702/1/2022* \$7.937/1/2022* \$8.177/1/2023* \$8.427/1/2024* \$8.677/1/2025*</p>
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* Effective date of proposed rate. ** Includes Portable Meters, Master Meters Multi-Unit Residential, Commercial, Public, and Fire Standby.

Proposed Changes to Supply and Distribution Charges

The District is proposing the following schedule for changes to its Supply and Distribution Charges for Fiscal Year (FY) 2021-22 through FY 2025-26, as presented in Table 3. With the exception of the FY 2021-22 adjustment that would take place February 1, 2022, all other changes would be effective July 1 each

year or as soon thereafter, with notice provided to customers not less than 30 days before the effective date of the adjustment.

The charge for all private fire protection service connections, which include all structures that have a fire service line, is proposed to be as shown in Table 4.

TABLE 3 Bi-Monthly Supply and Distribution Charges

METER SIZE	CURRENT RATES	PROPOSED RATES				
		FY 2021-22 <i>Eff. 2/1/2022</i>	FY 2022-23 <i>Eff. 7/1/2022</i>	FY 2023-24 <i>Eff. 7/1/2023</i>	FY 2024-25 <i>Eff. 7/1/2024</i>	FY 2025-26 <i>Eff. 7/1/2025</i>
5/8"	\$53.48	\$53.48	\$55.08	\$56.73	\$58.43	\$60.18
3/4"	\$58.87	\$58.87	\$60.64	\$62.46	\$64.33	\$66.26
1"	\$74.97	\$74.97	\$77.22	\$79.54	\$81.93	\$84.39
1.5"	\$96.36	\$96.36	\$99.25	\$102.23	\$105.30	\$108.46
2"	\$155.65	\$155.65	\$160.32	\$165.13	\$170.08	\$175.18
3"	\$588.64	\$588.64	\$606.30	\$624.49	\$643.22	\$662.52
4"	\$749.39	\$749.39	\$771.87	\$795.03	\$818.88	\$843.45
6"	\$1,124.12	\$1,124.12	\$1,157.84	\$1,192.58	\$1,228.36	\$1,265.21
8"	\$1,552.33	\$1,552.33	\$1,598.90	\$1,646.87	\$1,696.28	\$1,747.17
10"	\$2,087.73	\$2,087.73	\$2,150.36	\$2,214.87	\$2,281.32	\$2,349.76
12"	\$2,623.13	\$2,623.13	\$2,701.82	\$2,782.87	\$2,866.36	\$2,952.35

TABLE 4 Bi-Monthly Fire Protection Service Connections

METER SIZE	CURRENT RATES	PROPOSED RATES				
		FY 2021-22 <i>Eff. 2/1/2022</i>	FY 2022-23 <i>Eff. 7/1/2022</i>	FY 2023-24 <i>Eff. 7/1/2023</i>	FY 2024-25 <i>Eff. 7/1/2024</i>	FY 2025-26 <i>Eff. 7/1/2025</i>
2" or less	\$12.00	\$12.00	\$12.36	\$12.73	\$13.11	\$13.51
4"	\$37.52	\$37.52	\$38.65	\$39.80	\$41.00	\$42.23
6"	\$75.03	\$75.03	\$77.28	\$79.60	\$81.99	\$84.45
8"	\$150.06	\$150.06	\$154.56	\$159.20	\$163.97	\$168.89

Estimating Your Water Bill

Customer bills will be adjusted by varying amounts depending on the bi-monthly water usage and the size of the meter.

The calculation of a bi-monthly bill from the District for water service to a typical single family home with the adjusted and realigned rates proposed to be effective February 1, 2022 are shown below. This example assumes a standard 5/8" meter and 10 CCFs of water usage:

Customers can reference a recent bill from District to identify their account type, meter size, water usage (for that billing period). Then, using the tables on the previous pages, find the proposed Water Usage Charges and Supply and Distribution Charges appropriate for their account. Contact a Customer Service Representative at 650-355-3462 for assistance in determining how the proposed rates may affect your bill.

FIGURE 1

Bill Comparison for a Typical Single Family Home

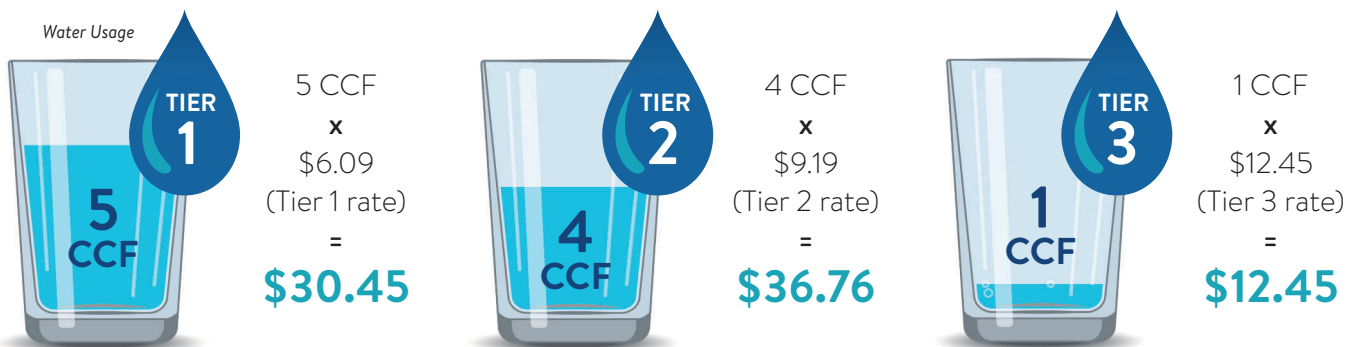
Bi-monthly bill for 10 CCF (CCF = 748 Gallons)

Based on Current Rates Effective January 1, 2021:



Total Water Usage: **\$72.30** + Supply & Distribution: **\$53.48** = Current Total Bill: **\$125.78**

Based on Proposed Rates Effective February 1, 2022:



Total Water Usage: **\$79.66** + Supply & Distribution: **\$53.48** = Proposed Total Bill: **\$133.14**

Pass-through Adjustment for the Cost of SFPUC Purchased Water

As previously noted, the District purchases 100% of its water supply from the San Francisco Public Utilities Commission (SFPUC). Because the District has no control over the SFPUC's wholesale water rate, this cost is simply passed through to the District's customers. The SFPUC provides projections of its future wholesale water rates, which are built into the rate projections utilized in the Water Rate Study. SFPUC rates are projected to increase from the current rate of \$4.10 per CCF to \$4.32 per CCF in July 2022, \$4.65 per CCF in July 2023, \$4.92 per CCF in July 2024, and \$5.37 per CCF in July 2025. Pursuant to California Government Code Section 53756, the District is proposing to pass through any additional increases in the SFPUC wholesale water rates that are above these projected SFPUC wholesale water rates.

A pass through will be implemented by increasing the District's proposed Water Usage Charge by the amount of the SFPUC wholesale water rate increase in cents per CCF in excess of the projected SFPUC wholesale rate. For example, if the updated SFPUC rate for FY 2022-23 changes to \$4.42, the \$0.10 difference will be added to the Water Usage Charge charged to residential and commercial customers. Similarly, the District is proposing to pass through any savings in the SFPUC wholesale water rates that are below the projected wholesale water rates. Recycled water rates would change in relation to pass-through adjustments to commercial rates to maintain a ratio of 90% of the commercial volumetric rate charged. In the example above, if the volumetric rates increased by \$0.10, commercial water rates would increase from \$8.81 to \$8.91 per CCF in FY 2022-23. Recycled water rates would increase by \$0.10, from \$7.93 to \$8.03, so that the new recycled rate would continue to be equal to 90% of the commercial volumetric rate.

Prior to implementing a pass-through of the SFPUC wholesale water rates, the District will send written notification to all customers at least 30 days prior to the effective date.

Rate Adjustments During Water Shortages

To recover its costs of service and remain financially stable during periods of drought and reduced water sales, the District is proposing a temporary Water Shortage Revenue Stabilization Adjustment that corresponds to the water shortage. During a water shortage, the District will implement a range of actions to reduce water use and help ensure that demand for water does not exceed supply. Such actions may include public outreach campaigns, water efficiency customer assistance and rebate programs, operational changes, and prohibitions and restrictions on some water uses. In the more severe stages of shortage, the District will also implement water rationing and require mandatory water reductions. The District's Water Shortage Contingency Plan, adopted in June 2021, describes the six drought stages and can be viewed at nccwd.com.

The proposed Water Shortage Revenue Stabilization Factors, by which Water Usage Charges are adjusted in conjunction with the varying reduction stages, are presented in Table 5. The factors are only applied to the Water Usage Charges and not to the Supply and Distribution Charges. The proposed Water Shortage Revenue Stabilization Factors for each stage are multiplied by the existing water usage rates at the time a shortage is declared to set the Water Shortage Revenue Stabilization Adjustments. As an example, the Tier 1 single family water usage rate is proposed to be \$6.09 starting February 1, 2022. If a Stage 1 shortage were declared in that year, and the Board of Directors chose to enact corresponding Water Shortage Revenue Stabilization Adjustments, the Tier 1 water usage rate, \$6.09, would be multiplied by the Water Shortage Revenue Stabilization Factor of 1.021, which would equate to \$6.22 per CCF in Tier 1. Similarly, the Tier 2 water usage rate, \$9.19, would also be multiplied by the Water Shortage Revenue Stabilization Factor of 1.021, which would equate to \$9.38 per CCF in Tier 2.

Once the Board of Directors declare a water shortage, the Board of Directors has discretion to implement Water Shortage Revenue Stabilization Adjustments using the Water Shortage Revenue Stabilization Factors

TABLE 5 Proposed Water Shortage Revenue Stabilization Adjustments by Water Shortage Stage¹ and Customer Class

	<p>0-10% Reduction</p> <p>Single Family Residential1.021 Commercial1.024</p>		<p>31-40% Reduction</p> <p>Single Family Residential1.214 Commercial1.252</p>
	<p>11-20% Reduction</p> <p>Single Family Residential1.071 Commercial1.081</p>		<p>41-50% Reduction</p> <p>Single Family Residential1.322 Commercial1.392</p>
	<p>21-30% Reduction</p> <p>Single Family Residential1.134 Commercial1.154</p>		<p>Over 50% Reduction</p> <p>Single Family Residential1.448 Commercial1.533</p>

¹ Water shortage stages are described in the District’s Water Shortage Contingency Plan (available at nccwd.com)

corresponding to the level of shortage reduction implemented. These adjustments would be temporary and would return to the regular schedule when the District’s Board determines that the water shortage emergency is over. The adjustments can go in either direction from

stage to stage depending on whether the level of reduction is increasing or decreasing during the shortage. The District will send written notification to all customers at least 30 days prior to the effective date of the adjustment.

Pursuant to California Government Code Section 53759, there is a 120-day statute of limitations for challenging the water rates set forth in this notice from the date the Board of Directors adopts the resolution approving the proposed water rates.

NOTICE OF PUBLIC HEARING

On Wednesday, January 19, 2022 at 7:00 p.m., the North Coast County Water District will hold a public hearing, solely utilizing a virtual public meeting format, to consider the proposed increases to Water Usage Charges, Supply and Distribution Charges, Portable Meter Charges, and Fire Protection Service Connection Charges, as well as adopting temporary Water Shortage Revenue Stabilization Adjustments, as described in this notice. Information (including instructions) and meeting documents are available online at: www.nccwd.com To slow the spread of COVID-19 and to protect the health of the public and staff, the District is conducting virtual public meetings with video and telephone options. Online: www.zoom.us/join – Webinar ID: 797 9962 5970 Passcode: 061106 Phone: (253) 215-8782

Information regarding the proposed increased charges is available for review during business hours at the District's Office, 2400 Francisco Blvd., Pacifica. For questions, call (650) 355-3462. Additional information about the proposed rate increases may be found at www.nccwd.com/billing/rates

HOW TO PROTEST

All property owners and customers receiving water service are invited to attend the virtual Public Hearing and be heard about proposed increases to the charges for water services. A District water customer or property owner may protest these proposed rate changes by submitting a written protest by mail to: NCCWD, P.O. Box 1039, Pacifica, CA 94044 or by email to: rates@nccwd.com. Mailed written protests must be received (not post-marked) by the District no later than 5:00 p.m. on Wednesday, January 19, 2022, the day of the Public Hearing. Oral comments during the Public Hearing are welcome, but will not qualify as a formal protest. Written protests submitted during the Public Hearing must be submitted by email before the Public Hearing concludes.

The protest must (1) include the name of the property owner(s) or customer, (2) include the assessor's parcel number(s) or street address(es) of all property(ies) serviced, and (3) indicate opposition to the proposed rate increase. Only one written protest per identified parcel or property will be counted for purposes of determining whether there is a majority protest.

En Español: Este aviso contiene información importante sobre las tarifas de agua propuestas y los cargos por escasez temporal de agua. Para hablar con alguien sobre este aviso, llame (650) 355-3462.

This notice contains important information about Proposed Water Rate Adjustments and Temporary Water Shortage Charges

ATTENTION

Notice to Customer/Record Property Owner of Public Hearing on Proposed Rates

North Coast County Water District
P.O. Box 1039
Pacifica, CA 94044

