

ALAMEDA COUNTY WATER DISTRICT

Notice of Proposed Increase in Water Rates and Drought Surcharges



Public Hearing

ACWD Headquarters

43885 S. Grimmer Blvd., Fremont

Thursday, February 13, 2025 at 6 p.m.

Notice of Proposed Increase in Water Rates and Drought Surcharges

The Alameda County Water District's core mission is 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 five financial public workshops in 2024 - two that reviewed the budget and three focused on rates and charges. The most recent analysis was presented at a public Board meeting on December 12, 2024, and concluded that an increase to water rates is necessary. Meeting materials and recordings are available at 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 is based on that plan, which builds upon the 2021 Cost of Service Study. The full 2021 Cost of Service Study and the 2024 Water Rates Update and Financial Plan are 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.



EFFECTIVE DATE & PRORATION

If adopted by the Board of Directors, the proposed water rates, including drought surcharges (which are not currently in effect and will only be applied

in the event of a declared water shortage emergency), and private fire service rates, would become effective March 1, 2025 and March 1, 2026. For bills that overlap these effective dates, the bills will be prorated to reflect the changes in the bimonthly service charge, commodity charge, and any other applicable charges.



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 13, 2025**. Written protests can 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 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 13, 2025**, 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 13, 2025**. This will be a hybrid meeting and members of the public are invited to attend via webinar or in person. Members of the public who wish to participate in this meeting via webinar may find details on the webinar, presentation materials, and how to attend, by visiting acwd.org/rates. Members of the public who wish to participate in this meeting in person are welcomed to attend at ACWD Headquarters located at 43885 S. Grimmer Blvd. in Fremont, CA.

At the public hearing, the ACWD Board of Directors will consider a rate increase of 4% to the service and commodity charges for each of the next two years. 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, 2025 and March 1, 2026. Drought surcharges, which are not currently in effect, would only be implemented in the event that water supplies are not sufficient to meet customer water demands due to an emergency.

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 28, 2025 at 6 p.m.:** This meeting will be conducted in person at Newark Library, located at 37055 Newark Blvd., Newark, CA 94560.
2. **January 30, 2025 at 6 p.m.:** This meeting will be conducted on Zoom. The meeting link 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, improve service, and control long-term maintenance costs
- Fund significant water supply and water quality initiatives, such as 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 and maintain adequate debt capacity to issue an estimated \$160 million in bonds over the next five years to supplement rate dollars to fund critical infrastructure improvements for distribution, storage, and treatment systems
- 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 (8.8% in 2024)
- 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:

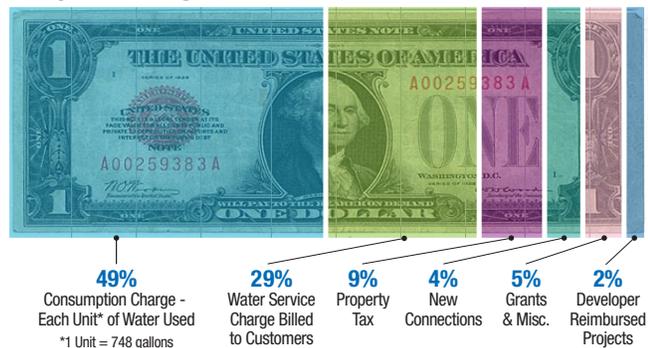
- Securing grants and reimbursements that are estimated to provide \$19 million in the current and next two fiscal years for critical projects, including groundwater infrastructure and seismic improvements to underground pipes
- Using ACWD's diverse water supplies to maximize use of lowest-cost water. This includes recent completion of the PFAS treatment facility that will enable the District to optimize purchases from its most expensive source, imported San Francisco water
- Completing 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
- Reducing permanent staffing from 244 to 242 budgeted positions



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.

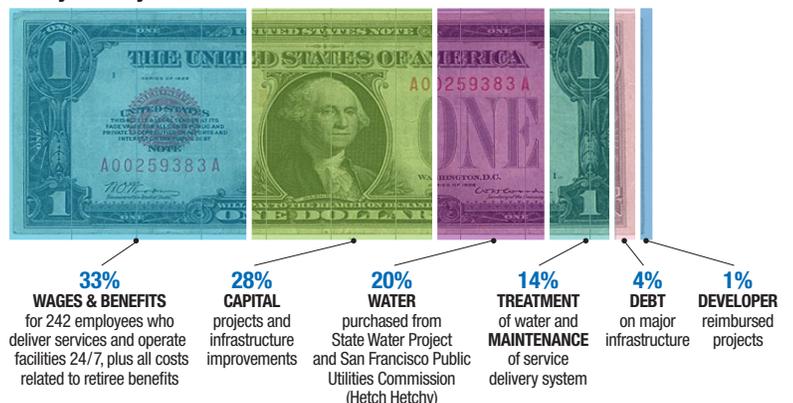
Every \$1 Flowing in Comes From:



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, 2025 <i>Proposed Effective Date</i>	March 1, 2026 <i>Proposed Effective Date</i>	<i>Please refer to the tables under Service Charge and Consumption Charge to estimate bill impacts based on your individual meter size and water usage.</i>
Service Charge	\$63.75	\$66.30	\$68.95	
Consumption Charge	<u>+\$79.52</u>	<u>+\$82.72</u>	<u>+\$86.08</u>	
Total	\$143.27	\$149.02	\$155.03	
Increase to each bimonthly bill		\$5.75	\$6.01	
Amount of increase per month		\$2.88	\$3.01	

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” based on the size of the meter serving the property and a “consumption charge” based on the quantity of water used during the billing period.

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



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 \$2.55 per bimonthly bill, beginning March 1, 2025, and by \$2.65 per bimonthly bill, beginning March 1, 2026.

Meter Size	Current	March 1, 2025 <i>Proposed Effective Date</i>	March 1, 2026 <i>Proposed Effective Date</i>
5/8 & 3/4 inch meter	\$63.75	\$66.30	\$68.95
1 inch meter	\$101.87	\$105.94	\$110.18
1-1/2 inch meter	\$197.12	\$205.00	\$213.20
2 inch meter	\$311.45	\$323.91	\$336.87
3 inch meter	\$673.45	\$700.39	\$728.41
4 inch meter	\$1,206.92	\$1,255.20	\$1,305.41
6 inch meter	\$3,055.04	\$3,177.24	\$3,304.33
8 inch meter	\$5,341.38	\$5,555.04	\$5,777.24
10 inch meter	\$8,008.78	\$8,329.13	\$8,662.30



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, 2025 <i>Proposed Effective Date</i>	March 1, 2026 <i>Proposed Effective Date</i>
Inside District	\$4.97/unit	\$5.17/unit	\$5.38/unit
Outside District	\$5.68/unit	\$5.91/unit	\$6.15/unit

Drought Surcharges

Drought surcharges, called ‘stage rates’ on your bill when they apply, 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:

Water Shortage Contingency Plan Stage	Reduction in Water Demand	Projected Water Sales (Unit)	<i>Current</i> Unit Drought Surcharge	<i>Proposed Effective Date: March 1, 2025</i> Unit Drought Surcharge (\$/unit)	<i>Proposed Effective Date: March 1, 2026</i> Unit Drought Surcharge (\$/unit)	<i>Proposed Effective Date: March 1, 2025</i> Total Consumption Charge By Stage	<i>Proposed Effective Date: March 1, 2026</i> Total Consumption Charge By Stage
0	0%	16,107,094	\$0.00/unit	\$0.00/unit	\$0.00/unit	\$5.17/unit	\$5.38/unit
1	10%	14,496,385	\$0.54/unit	\$0.56/unit	\$0.58/unit	\$5.73/unit	\$5.96/unit
2a	15%	13,691,030	\$0.85/unit	\$0.89/unit	\$0.92/unit	\$6.06/unit	\$6.31/unit
2b	20%	12,885,675	\$1.21/unit	\$1.26/unit	\$1.31/unit	\$6.43/unit	\$6.69/unit
3a	25%	12,080,321	\$1.61/unit	\$1.67/unit	\$1.74/unit	\$6.84/unit	\$7.12/unit
3b	30%	11,274,966	\$2.08/unit	\$2.15/unit	\$2.24/unit	\$7.32/unit	\$7.62/unit
4	40%	9,664,256	\$3.25/unit	\$3.35/unit	\$3.48/unit	\$8.52/unit	\$8.86/unit
5	50%	8,053,547	\$4.81/unit	\$5.02/unit	\$5.22/unit	\$10.19/unit	\$10.60/unit
6	60%	6,442,838	\$7.18/unit	\$7.53/unit	\$7.83/unit	\$12.70/unit	\$13.21/unit

The District currently has sufficient water supplies to meet normal customer demands. Therefore, drought surcharges are not currently in effect. Before drought surcharges could be implemented, the ACWD Board would have to declare a water shortage emergency at a properly noticed public hearing. Should that occur, the District would subsequently provide 30-day advance notification before implementing the drought surcharge. Drought surcharges would 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.

Private Fire Service Rates apply only to separate water service connections providing fire suppression water for private improvements.

Fire Service Diameter	<i>Current</i> Private Fire Service Rates	<i>March 1, 2025 Proposed Effective Date</i> Private Fire Service Rates	<i>March 1, 2026 Proposed Effective Date</i> Private Fire Service Rates
3/4 inch	\$8.58	\$8.92	\$9.28
1 inch	\$8.78	\$9.13	\$9.50
2 inch	\$10.78	\$11.21	\$11.66
4 inch	\$23.21	\$24.14	\$25.11
6 inch	\$51.45	\$53.51	\$55.65
8 inch	\$100.15	\$104.16	\$108.33
10 inch	\$173.40	\$180.34	\$187.55
12 inch	\$274.93	\$285.93	\$297.37





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 equal to 100% of the typical single-family residential bimonthly service charge, currently \$63.75. 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	\$62,300 or less
3	\$70,100 or less
4	\$78,000 or less
5	\$91,450 or less
6	\$104,900 or less
Each additional person, add	\$13,450



acwd.org/hot • 510.668.4200



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Fremont, CA 94538