

Notice of Public Hearing on Proposed Water Rates

The Mid-Peninsula Water District (MPWD or District) is proposing changes to its Water Volume Rate, Meter Service Charge, and Water Shortage Rate Factor (Revenue Stabilization Adjustment) (collectively “water rates”) for MPWD water customers that, if adopted, would apply for the next five years. You are receiving this notice in compliance with State law (Proposition 218), which requires the District to inform property owners and water customers that proposed rate increases are being considered. MPWD’s Board of Directors is considering these proposed rate adjustments based on the *2024 Water Rate Study* conducted by HF&H Consultants, LLC. **The Study was designed to ensure that the District does not collect more revenue than is necessary to cover MPWD’s costs, and that the proposed rate structure aligns with the proportional cost of providing the services.** The final rate recommendations were presented to the MPWD’s Board of Directors on September 26, 2024.

ABOUT THE HEARING



The Board of Directors of the MPWD will hold a public hearing to consider adoption of new rates for Water Volume Rates, Meter Service Charges, and Water Shortage Rate Factors (“water rates”) for the next five years. All property owners and customers receiving water service are invited to attend the Public Hearing and be heard about the proposed adjustments to the water rates.

En Español: Este aviso contiene información importante sobre las propuestas tarifas de agua y los cargos por escasez temporal de agua. Tradúzcalo, hable con alguien que lo entienda o visite MidPeninsulaWater.org/rate-change para obtener una traducción al español.

PUBLIC HEARING MEETING DATE



Thursday, November 21, 2024
6:30 p.m.

MEETING LOCATION



1075 Old County Road, Suite A
Belmont, CA 94002

To view the agenda, including participation and viewing instructions, go to:
MidPeninsulaWater.org/rate-change

To join the Public Hearing online via Zoom, visit MidPeninsulaWater.org/zoom



The *2024 Water Rate Study*, information regarding this public process, frequently asked questions, and water bill calculator are available at:

MidPeninsulaWater.org/rate-change

Responsibly Investing in Our Community’s Water Future

As a public agency, the Mid-Peninsula Water District (MPWD) is primarily funded by its customers through rates and charges for water services. Your money is used to pay for the water that you use every day and directly invested into less visible expenses like water system operations, maintenance, replacement, and improvement of the distribution system infrastructure, as well as costs for administration, and maintaining

prudent financial reserves consistent with its Financial Management Plan. The *2024 Water Rate Study* carefully analyzed current customer water use patterns and the District’s current and anticipated revenue needs. The proposed adjustments in water rates are needed to continue providing reliable service and cover the costs associated with:



Purchasing treated water from the San Francisco Public Utilities Commission



Maintaining, replacing, and rehabilitating aging water infrastructure



Anticipated Operations and Management (O&M) expenses



Planned infrastructure improvements per its Capital Improvement Plan



Meeting legal and regulatory requirements, and other administrative and operating expenses

ABOUT THE MID-PENINSULA WATER DISTRICT (MPWD)

The MPWD has been functioning as a public utility since 1929, providing service to the communities of Belmont and portions of San Carlos, Redwood City, and unincorporated San Mateo County. The District supplies water to 30,000 consumers within approximately five square miles. It is managed by a five-member Board of Directors – elected by residents within the District’s boundaries – and 21 full-time employees. The District operates and maintains a complex potable water distribution system with varying topography and 9 separate but interconnected pressure zones. The infrastructure network includes over 95 miles of pipeline, 11 storage tanks, 8 pump stations, and more than 800 fire hydrants. The District purchases 100% of its potable water from the San Francisco Public Utilities Commission (SFPUC).

BOARD OF DIRECTORS

- Matthew P. Zucca President
- Catherine M. Jordan Vice-President
- Brian Schmidt Director
- Kirk R. Wheeler Director
- Louis J. Vella Director

1075 Old County Road, Suite A
Belmont, CA 94002

Email: rates@midpeninsulawater.org

Phone: (650) 591-8941

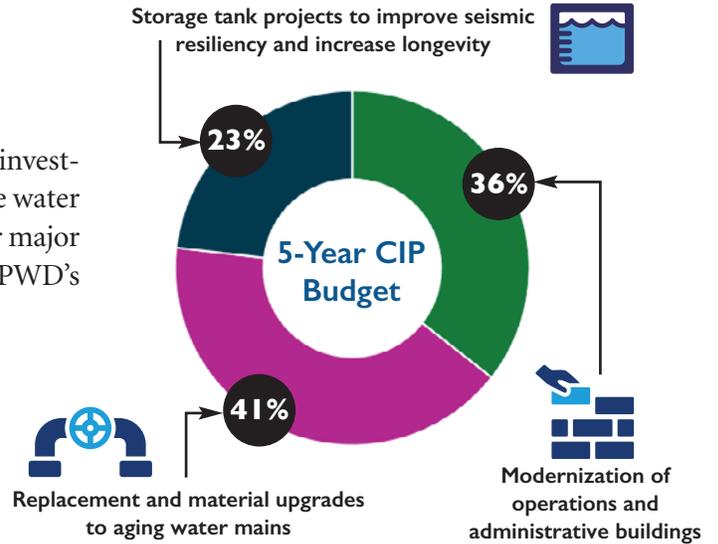
Fax: (650) 591-4998

Hours: 8:00 am to 4:30 pm, Mon.-Fri., Non-Holidays

5-Year Capital Improvement Plan (CIP)

Over the next five years, the MPWD will make necessary investments in its operations and water infrastructure to secure water supplies, prevent costly emergency repairs, and prepare for major seismic events. See page 7 for more information on the MPWD's planned projects.

Learn more about MPWD's Capital Improvement Plan in detail at:
MidPeninsulaWater.org/cip



Proposed Water Rate Changes

The District's water service charges are billed on a monthly basis. Water service charges include two components: 1) a Water Volume Rate for water used during the one-month period, and 2) a Meter Service Charge based on the meter size. The customer's monthly bill is the sum of these two charges. The *2024 Water Rate Study* recommended a realignment of the existing Water Volume Rate tiers to reflect current water use

patterns. With this realignment, residential water use will shift from 4 tiers to 3 tiers and all other use (commercial, institutional, irrigation, and multi-family residential) will shift from 2 tiers to a uniform rate. With an expanded first tier, more low water users will be able to stay within Tier 1. The tier realignment analysis is described in detail in the *2024 Water Rate Study*. See table below illustrating these changes in tier structure.

PROPOSED CHANGES TO TIER STRUCTURE FOR RESIDENTIAL & COMMERCIAL CUSTOMERS

RESIDENTIAL

TIERS MEASURED IN HUNDRED CUBIC FEET (HCF)*

Current



Proposed



COMMERCIAL

Current



Proposed

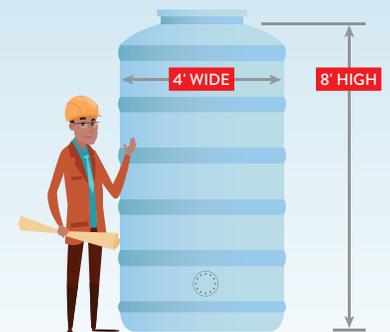


* HOW MUCH WATER IS ONE HCF?

One HCF = 748 gallons

WHAT DOES ONE HCF OF WATER LOOK LIKE?

It would approximately fill a barrel 8 ft. high and 4 ft. in diameter.



(Approximate representation.)

Proposed Changes to Water Volume Rates and Meter Service Charges

The District is proposing updates to its Water Volume Rates and Meter Service Charges for Fiscal Year (FY) 2024-25 through FY 2027-28, as presented below. With the exception of FY 2024-25, the adjustment proposed

would take place January 1, 2025. 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.

PROPOSED WATER VOLUME RATES

TIER	HCF* USAGE	PROPOSED RATES				
		FY 2024-25 Eff. 1/1/2025	FY 2025-26 Eff. 7/1/2025	FY 2026-27 Eff. 7/1/2026	FY 2027-28 Eff. 7/1/2027	FY 2028-29 Eff. 7/1/2028
RESIDENTIAL						
1	0-6	\$9.75	\$10.24	\$11.06	\$12.06	\$13.15
2	7-14	\$14.56	\$15.29	\$16.51	\$18.00	\$19.62
3	15+	\$19.10	\$20.06	\$21.66	\$23.61	\$25.73
COMMERCIAL						
	All Use	\$12.80	\$13.44	\$14.52	\$15.83	\$17.25

* 1 HCF = 748 Gallons

PROPOSED MONTHLY METER SERVICE CHARGES

METER SIZE	CURRENT RATES	PROPOSED RATES				
		FY 2024-25 Eff. 1/1/2025	FY 2025-26 Eff. 7/1/2025	FY 2026-27 Eff. 7/1/2026	FY 2027-28 Eff. 7/1/2027	FY 2028-29 Eff. 7/1/2028
5/8"	\$28.00	\$35.15	\$36.91	\$39.86	\$43.45	\$47.36
1"	\$42.00	\$72.39	\$76.01	\$82.09	\$89.48	\$97.53
1.5"	\$70.00	\$134.44	\$141.16	\$152.45	\$166.18	\$181.13
2"	\$112.00	\$208.90	\$219.35	\$236.89	\$258.21	\$281.45
3"	\$168.00	\$407.47	\$427.84	\$462.07	\$503.66	\$548.99
4"	\$280.00	\$630.86	\$662.40	\$715.40	\$779.78	\$849.96
6"	\$700.00	\$1,251.39	\$1,313.96	\$1,419.08	\$1,546.79	\$1,686.00



One case of bottled water
5.28 gallons

HOW DOES MY WATER BILL STACK UP AGAINST BOTTLED WATER?

A case of 40 16.9 oz bottles of water from a warehouse store costs about \$5, or more than \$700 per HCF.



Estimating Your Water Bill: What to Expect

Customer bills are calculated based on monthly water usage and meter size. Calculations of typical monthly bills for residential water service with the realigned proposed rates – which would be effective January 1, 2025 – are shown below. These examples assume a standard 5/8" meter and reflect typical low, median, and high levels of residential water usage:

Customers can reference a recent water bill to identify their account type, meter size, and water usage (for that billing period). Then, using the tables on the previous pages, find the proposed Water Volume Rates and Meter Service Charges appropriate for their account. Contact a Customer Service Representative at 650-591-8941 for assistance in determining how the proposed rates may affect your bill.

SAMPLE RESIDENTIAL WATER BILLS

5/8" Meter Size



LOW
Water Use

CURRENT **\$53.12**

Meter Charge + Tier 1 Usage + Tier 2 Usage
\$28.00 + \$14.86 + \$10.26

PROPOSED **\$64.40**

Meter Charge + Tier 1 Usage
\$35.15 + \$29.25

CHANGE **+\$11.28**



TYPICAL
Water Use

CURRENT **\$83.90**

Meter Charge + Tier 1 Usage + Tier 2 Usage
\$28.00 + \$14.86 + \$41.04

PROPOSED **\$93.65**

Meter Charge + Tier 1 Usage
\$35.15 + \$58.50

CHANGE **+\$9.75**



HIGH
Water Use

CURRENT **\$153.10**

Meter Charge + Tier 1 Usage + Tier 2 Usage + Tier 3 Usage
\$28.00 + \$14.86 + \$61.56 + \$48.68

PROPOSED **\$181.01**

Meter Charge + Tier 1 Usage + Tier 2 Usage
\$35.15 + \$58.50 + \$87.36

CHANGE **+\$27.91**

gpd = gallons per day. HCF = 748 gallons (one Unit)

CAN THESE RATES CHANGE?

The proposed water rates, if approved, are the maximum rates that MPWD can implement in the coming five years. However, each year the MPWD Board will evaluate budget conditions and may elect not to raise rates to the maximum approved. For example, after adopting the last 5-year rate study in 2015, the MPWD Board elected not to raise rates to the maximum allowed within the first 5 years, and has not raised rates since 2019, except for SFPUC pass-through costs. Several factors that could reduce the District's revenue needs and corresponding rate increases include:

- Obtaining a lower interest rate on financing than the 5.5% assumed in the rate study
- Capacity charge revenue generated from new commercial or multi-family housing development in the MPWD service area
- Successfully obtaining alternative tax-based funding sources such as grants and local, state, or federal funds
- Lower than anticipated inflation
- Lower than anticipated costs of materials

The MPWD is committed to funding its necessary projects through a comprehensive funding strategy, and will continue to seek all opportunities to reduce the impact on customers.



The MPWD has created an online tool to make it easier for water customers to calculate their adjusted water bills based on their own residential or commercial usage. Find a recent bill and go to MidPeninsulaWater.org/rate-change

Pass-Through Adjustment for SFPUC Purchased Water Costs

The District purchases 100% of its water supply from the San Francisco Public Utilities Commission (SFPUC). 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*. The SFPUC projects its rates will increase from the current rate of \$5.67 per HCF to \$5.86 per HCF in July 2025, \$6.30 per HCF in July 2026, \$6.64 per HCF in July 2027, and \$6.91 per HCF in July 2028. 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 Volume Rates by the exact same amount of the SFPUC wholesale water rate increase in cents per HCF in excess of the projected SFPUC wholesale rate. For example, if the updated SFPUC rate for FY 2025-26 changes to \$5.96, the \$0.10/HCF difference will be added to the Water Usage Charge billed 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.

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.

WATER SHORTAGE RATE FACTORS



0-10% Reduction

Single-Family Residential	.....1.051
Multi-Family Residential	.....1.043
Commercial	.....1.059



11-20% Reduction

Single-Family Residential	.....1.114
Multi-Family Residential	.....1.094
Commercial	.....1.135



21-30% Reduction

Single-Family Residential	.....1.195
Multi-Family Residential	.....1.157
Commercial	.....1.237



31-40% Reduction

Single-Family Residential	.....1.302
Multi-Family Residential	.....1.237
Commercial	.....1.382



41-50% Reduction

Single-Family Residential	.....1.452
Multi-Family Residential	.....1.340
Commercial	.....1.603



Over 50% Reduction

Single-Family Residential	.....1.676
Multi-Family Residential	.....1.490
Commercial	.....1.957

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 may implement temporary Water Shortage Rate Factors during declared water shortages. These were first adopted by the District in 2015 and may be temporarily implemented by the Board during declared water shortages to ensure stable revenue for the District. To date, these surcharges have never been applied to MPWD customers. As discussed in detail in the *2024 Water Rate Study*, these factors are based on customers’ current water use patterns. The proposed updated Water Shortage Rate Factors are shown in the table at left.

The existing water volume rate would be multiplied by the Water Shortage Rate Factor for a given water shortage stage. In the event that the District Board determines revenue stabilization is needed during a water shortage, the District will send written notification to all customers at least 30 days prior to the effective date of the adjustment.

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



Responsible Investment Is Needed Now

The MPWD Capital Improvement Program (CIP) is the backbone of the District's efforts to ensure a reliable and sustainable water supply for the future. The CIP is a comprehensive plan that outlines the projects necessary to maintain and upgrade the District's water infrastructure to enhance the quality of its services, increase system reliability, and meet the growing demands of the community. MPWD completed an update of its CIP in 2024, which is available on its website at MidPeninsulaWater.org/cip.

SINCE 2015...

The District has completed 28 system improvement projects, including replacing and installing more than 31,000 feet of old pipe, replacing two key water storage tanks, installing a much-needed new pressure regulating valve at a turn-out from the SFPUC system, modernizing its SCADA system, and more.



LOOKING AHEAD

As detailed in the 2024 CIP update, 78 additional infrastructure projects are needed to modernize the District's complex distribution system so that it can provide drinking water and firefighting water for generations to come.

MODERNIZATION OF OPERATIONS & ADMINISTRATIVE BUILDINGS



MPWD's Operations Center at 3 Dairy Lane in Belmont was flooded during the New Year's Eve storm at the end of 2022. This resulted in administration staff being relocated to a leased office space since the event. The District conducted a comprehensive assessment of its operations and administrative buildings and identified two facility modernization projects. These projects will mitigate identified risks, including climate change, sea level rise, and earthquakes, as well as the Bay Area cost of living impacts on workforce. Modernization projects are included in the MPWD's 5-year CIP budget and are integral to making sure that the District can continue to serve the community with excellent reliability and customer service for years to come.



REPLACEMENT AND MATERIAL UPGRADES TO AGING WATER MAINS



The District's distribution system includes more than 95 miles of water mains, which bring water from SFPUC turnouts to each home and business within its service area. Most of these water mains were installed from the 1930s through 1960s. These pipes have aged and the needs of the community have advanced. Therefore, the MPWD's 5-year CIP budget includes projects to proactively replace aging pipelines before they see end-of-life failures. By installing new pipelines with new materials and technology that extend their lifespans (like cathodic protection), the MPWD's system will meet the needs of the community today and into the future.

STORAGE TANK PROJECTS TO IMPROVE SEISMIC RESILIENCY AND INCREASE LONGEVITY



The District maintains 11 water storage tanks at six sites that are used for maintaining system pressure on a day-to-day basis and in times of emergency. The 5-year CIP budget includes plans to replace two tanks originally constructed in 1952 with tanks designed to withstand a major seismic event. The 5-year CIP budget also includes projects to recoat and extend the lifespan of tanks at three locations, proactively investing in their maintenance and avoiding more costly replacement or rebuild of such tanks.



NOTICE OF PUBLIC HEARING

On Thursday, November 21, 2024 at 6:30 p.m., the Mid-Peninsula Water District will hold a public hearing to consider proposed adjustments to Water Volume Rates, Meter Service Charges, and Water Shortage Rate Factors (“water rates”) for the next five years, as described in this notice.

INSIDE THIS NOTICE

- *Details about the Public Hearing*
- *Proposed Water Rate Changes*
- *What to Expect with Your Water Bill*
- *How MPWD is Investing in Our Community’s Water System*
- *What Can Change Water Rates*
- *Water Rate Adjustments During Water Shortages*

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.



MID-PENINSULA
WATER DISTRICT

1075 Old County Road, Suite A
Belmont, CA 94002

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

▶▶▶ ATTENTION

This notice contains important information about Proposed Adjustments to Water Volume Rates, Meter Service Charges, and Water Shortage Rate Factors (Revenue Stabilization Adjustments) for the next five years.



HOW TO PROTEST

All property owners and customers receiving water service are invited to attend the 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:

Mid-Peninsula Water District
Attn: General Manager
1075 Old County Road, Suite A
Belmont, CA 94002



Mailed written protests must be received (not postmarked) by the District by the close of the Public Hearing the evening of **November 21, 2024**. The protest must include all of the following:

1. A statement that you protest the proposed water rate changes;
2. The name of the property owner(s) or customer who is submitting the protest;
3. The assessor’s parcel number(s) or street address(es) of all property(ies) serviced; and
4. Original signature and legibly printed name of the record owner or customer of record who is submitting the protest.

Only one written protest per identified parcel or property will be counted for purposes of determining whether there is a majority protest. Oral comments during the Public Hearing are welcome, but will not qualify as a formal protest. Protests or comments received by email will also not qualify as a formal protest.