



NOTICE OF PUBLIC HEARING ON PROPOSED WATER AND SEWER RATE INCREASES

May 24, 2024

Dear Customer,

The Board of Directors of the Westborough Water District (the "District") is set to consider proposed water and sewer rate increases for the next five years beginning July 1, 2024 through July 1, 2028. The District must cover its costs to continue providing high quality water and excellent sewer service to our customers and to improve system reliability.

In compliance with article XIII D of the California Constitution, which was added to the Constitution pursuant to Proposition 218, this notice provides you with information regarding the services provided by the District, the reasons for the changes in the water and sewer service rates, and the methods by which you can protest this rate increase if you so desire.

As a public agency, by law, the District may not collect more revenue than is necessary to cover its annual costs to provide its services including operations and maintenance, capital improvements, the cost of debt to finance projects, and maintaining emergency reserves. If the proposed maximum rates are adopted, the District may collect rates at or below the proposed maximum as needed to meet the District's financial needs over the next five years.

The District engaged an independent rate consultant who reviewed each utility's cost of providing service to determine appropriate adjustments to water and sewer rates. Based on this evaluation, rate increases are necessary to: (a) enable the District to recover the rising costs of operations and maintenance; (b) fund deferred capital improvements; (c) pay for debt service; and (d) maintain emergency reserves. A copy of the cost-of-service analysis and rate study is available at the District office located at 2263 Westborough Blvd, South San Francisco, CA 94080 and on the District webpage: <https://www.westboroughwater.org>.

The Board will vote on these proposed changes at a public hearing scheduled for 6:00 p.m., Friday, July 12, 2024. If approved, the new water rates will be applied to bills for use during July and August, which will be issued in early September. The sewer rates will be reflected on property tax bills for fiscal year 2024-2025. **In addition, the Board of Directors will also hold a public hearing at the same meeting to consider a report that would place the sewer charges on the annual property tax bill.**

WATER RATES

Why is a water rate increase needed?

The proposed water rate increases are needed to cover increased costs associated with operating and maintaining the water system. The District purchases all of its water supply from the San Francisco Public Utilities Commission (SFPUC) which owns and operates the Hetch Hetchy Regional Water System. Water purchases account for approximately 65% of total water operating costs, of which the District has no control over. The SFPUC has projected that its wholesale rate will increase 27% over the next five years. In addition, water shortages have led to conservation, which has reduced revenue from water sales.

The District completed an extensive analysis of the long-term capital needs for the water system. The water system is over 50 years old and requires significant upgrades. Investment in critical infrastructure has been deferred, which places the aging water system in a vulnerable status, resulting in possible leaks, equipment failures, and costly emergency repairs. To begin addressing the most critical capital needs, the District proposes to spend \$11 million on water capital projects to repair failing pipelines and to rehabilitate equipment and other water infrastructure over the next five years.

How are water rates calculated?

The current water rate structure is comprised of two components: 1) a Meter Service Charge, and 2) a Water Charge based on metered water consumption. All customers, residential and non-residential, are charged a fixed charge based on their meter size regardless of usage to cover the fixed cost of maintaining the water system (such as staffing, customer service, system maintenance, and repairs). The Water Charge is billed based on actual usage per unit of water (\$/ccf). The water consumption charge is intended to recover costs that vary based on the amount of water consumed (such as water purchases, utilities, and chemicals). One hundred cubic feet (ccf) is equal to approximately 748 gallons of water. Customers are billed bimonthly (every two months).

The Meter Service Charges are proposed to be updated to reflect the maximum capacity of each meter size. Larger meters have the ability to place a greater demand on the water system and are therefore charged based on that potential demand. This is in line with industry standard practice and is the policy of most other local utility providers.

Proposed Bimonthly Water Rates

	Current	PROPOSED				
		2024/25	2025/26	2026/27	2027/28	2028/29
Effective Date		July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027	July 1, 2028
METER SERVICE CHARGE						
<u>Meter Size</u>						
5/8"	\$44.00	\$65.87	\$71.13	\$76.82	\$82.97	\$89.61
3/4"	\$58.41	\$79.96	\$86.35	\$93.25	\$100.72	\$108.78
1"	\$76.01	\$108.14	\$116.78	\$126.11	\$136.21	\$147.11
1-1/2"	\$137.61	\$178.59	\$192.85	\$208.26	\$224.93	\$242.93
2"	\$183.81	\$263.13	\$284.14	\$306.84	\$331.40	\$357.92
3"	\$322.41	\$460.39	\$497.15	\$536.86	\$579.83	\$626.23
4"	\$692.01	\$742.19	\$801.45	\$865.46	\$934.73	\$1,009.53
6"	\$1,033.89	\$1,446.69	\$1,562.20	\$1,686.96	\$1,821.98	\$1,967.78
8"	\$1,526.14	\$2,292.09	\$2,475.10	\$2,672.76	\$2,886.68	\$3,117.68
WATER CHARGE (\$/CCF)*						
All consumption per ccf	\$9.04	\$10.02	\$10.83	\$11.69	\$12.63	\$13.64

*1 ccf = one hundred cubic feet or approximately 748 gallons.

Proposed Water Rate Impact on Average Single Family Residential Customer

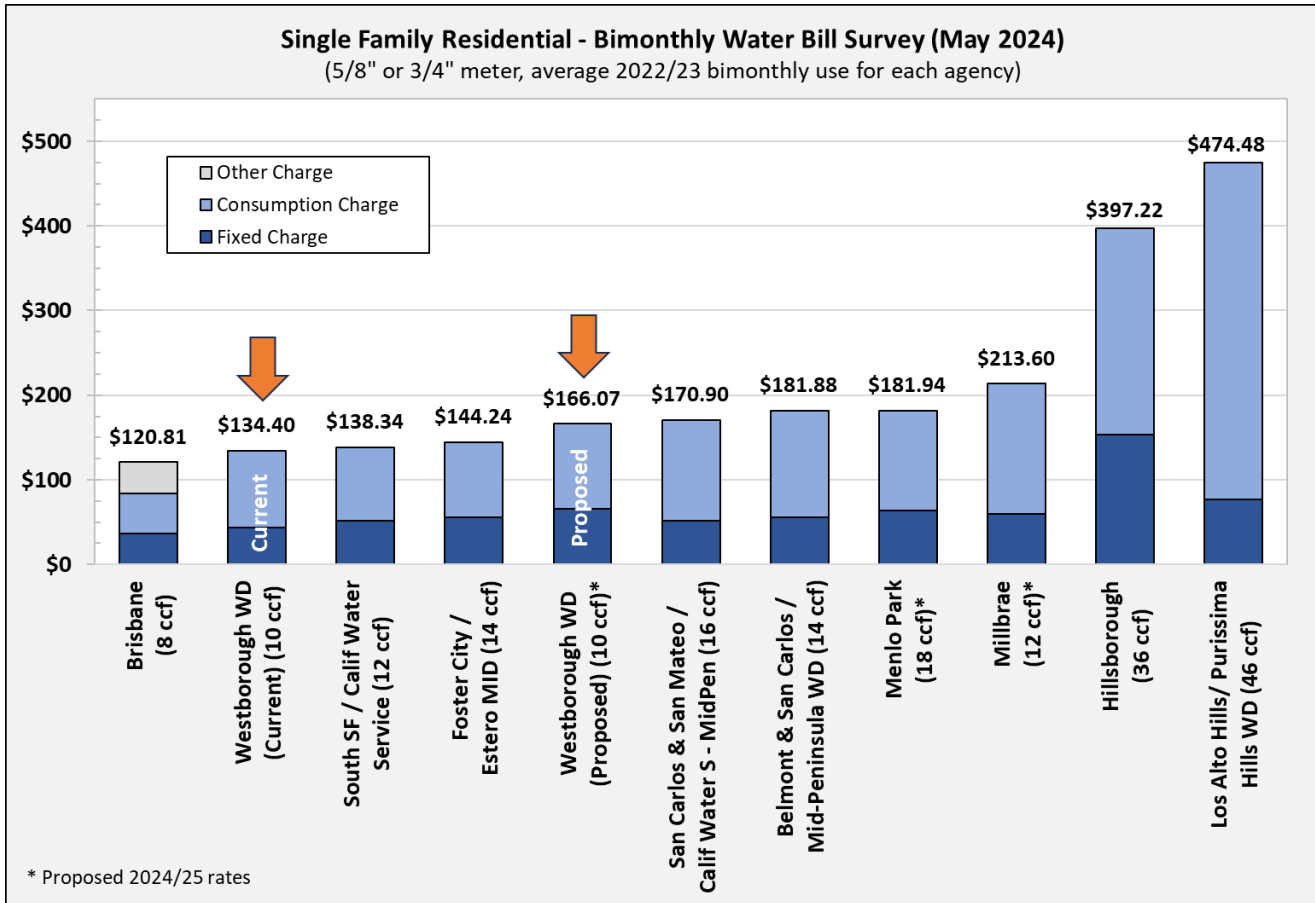
The majority of the District's customers are single family residential customers with a 5/8" meter who average 10 ccf of water use per bimonthly billing cycle. Based on the proposed water rates, the average customer will see a \$31.67 bimonthly increase for 2024/25.

Due to the updated cost of service allocation, the bill impacts for the first year will vary based on your water meter size and actual bimonthly usage. It is important to note that water consumption, particularly for single family customers, generally varies due to seasonal variations in weather and/or other factors. Therefore, a single customer could face a range of impacts throughout the year.

AVERAGE SINGLE FAMILY RESIDENTIAL CUSTOMER - 5/8" METER, 10 CCF BIMONTHLY						
	Current	PROPOSED				
		2024/25	2025/26	2026/27	2027/28	2028/29
Meter Service Charge	\$44.00	\$65.87	\$71.13	\$76.82	\$82.97	\$89.61
<u>Water Charge (10 ccf)</u>	<u>\$90.40</u>	<u>\$100.20</u>	<u>\$108.30</u>	<u>\$116.90</u>	<u>\$126.30</u>	<u>\$136.40</u>
Total Bimonthly Water Bill	\$134.40	\$166.07	\$179.43	\$193.72	\$209.27	\$226.01
<i>Increase to Bimonthly Bill</i>		\$31.67	\$13.36	\$14.29	\$15.55	\$16.74

Water Bill Comparison

The following chart compares the average bimonthly single family residential water bill to neighboring agencies. The average usage for other agencies varies and is based on average use for 2022/23.



SEWER RATES

Why is a sewer rate increase needed?

The proposed sewer rate increases are needed to cover sewage treatment and disposal costs passed through from the North San Mateo County Sanitation District (NSMCSD), to pay for the cost of ongoing maintenance for the collection system, and to replace deficient sewer mains and facilities. Treatment and disposal costs have increased 25% over the past five years and account for roughly 93% of total sewer operating expenses, over which the District has no control.

Additionally, more than half of the District's sewer lines are in excess of 50 years old. The District proposes to spend \$5 million over the next five years on capital projects to upgrade the collection system. Critical infrastructure investment is necessary to prevent corrosion, pipe breaks, local failures, and costly emergency repairs.

How are sanitary sewer rates calculated?

All customers are charged the same rate based on their estimated sewer flow measure. Because sewage is not metered, sewer flow is approximated using winter consumption for the two-months of January and February when the least amount of landscape irrigation occurs. Water used for landscape irrigation does not enter the sewer system. To calculate one's annual bill, total water consumption during January and February is multiplied by six. The minimum charge is 12 ccf annually. The sewer service customers are billed annually through the County's property tax bill.

Proposed Bimonthly Sewer Rates

	Current	PROPOSED				
		2024/25	2025/26	2026/27	2027/28	2028/29
Effective Date		July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027	July 1, 2028
Sewer Rate per ccf*	\$11.86	\$12.23	\$13.45	\$14.80	\$16.28	\$17.90
Percent Change		3.1%	10.0%	10.0%	10.0%	10.0%

* 1 ccf = one hundred cubic feet or 748 gallons. Based on January and February consumption.

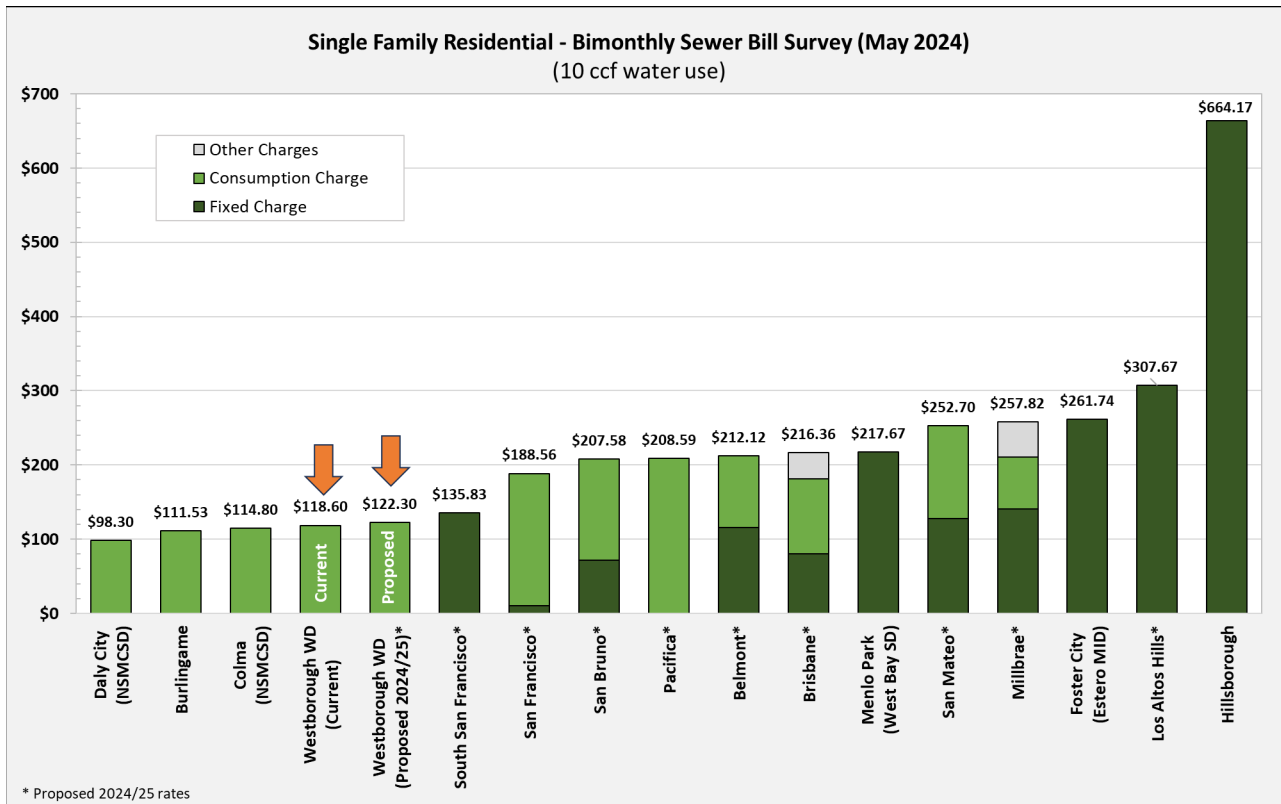
Proposed Sewer Rate Impact on Average Single Family Residential Customer

The typical bimonthly flow for an average single family residential customer is 10 ccf. Based on the proposed sewer rates, the average customer will see a \$3.70 bimonthly increase for 2024/25.

AVERAGE SINGLE FAMILY RESIDENTIAL CUSTOMER - 10 CCF BIMONTHLY						
	Current	PROJECTED				
		2024/25	2025/26	2026/27	2027/28	2028/29
Sewer Rate per ccf	\$11.86	\$12.23	\$13.45	\$14.80	\$16.28	\$17.90
Bimonthly Flow (ccf)	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>
Total Bimonthly Sewer Bill	\$118.60	\$122.30	\$134.50	\$148.00	\$162.80	\$179.00
Increase to Bimonthly Bill		\$3.70	\$12.20	\$13.50	\$14.80	\$16.20

Sewer Bill Comparison

The following chart compares the current and proposed bimonthly sewer bill for an average single family residential customer to those of other regional agencies.



Wholesale Water and Sewer Pass-Through Adjustments

Pursuant to Cal. Govt. Code § 53756, the District proposes to pass-through any additional increases in SFPUC wholesale water costs and NSMCSD sewer costs that are greater than those projected in the rate study. This pass-through provision applies to wholesale rates, water management charges, and other regulatory or environmental charges required by SFPUC or NSMCD.

The water pass-through charge will be calculated as the projected increase in wholesale water purchase costs divided by annual water use. The sewer pass-through charge will be calculated as the projected increase in sewer treatment costs divided by annual sewer flow. Prior to initiating a pass-through, the District will notify all customers in writing at least 30 days before implementation.

What Can You Do to Reduce the Impact of the Rate Increases?

If you want to minimize the impact of the new rates on your sewer bill, you should reduce your water use during the months of January and February.

If you want to minimize the impact of the new rates on your water bill, you should begin now to take steps to reduce your water use. Because landscape irrigation is the primary use of water in the summer, your landscape offers the greatest opportunity to save water. Watering efficiently, selecting low-water-use plants and reducing the amount of turf in your landscape are all steps you can take to reduce your water consumption this summer. For more conservation ideas, please visit our website at <https://www.westboroughwater.org/conservation> or call our District Office at (650) 589-1435.

For more information, please visit our web site at www.westboroughwater.org or call our Customer Service Department at (650) 589-1435.

Sincerely,

Patricia Mairena
General Manager

ABOUT WESTBOROUGH WATER DISTRICT

The Westborough Water District provides water and sewer service to approximately 13,500 customers in the City of South San Francisco. The service area covers approximately 1 square mile (West of 280 to Skyline Boulevard and South of King Drive in Daly City to San Bruno). Formed in 1961, the District is governed by an elected 5-member board of directors. Since its inception, the District has purchased 100% of its water supply from the San Francisco Public Utilities Commission (SFPUC) which sources the water from the Hetch Hetchy and other local reservoirs. The District owns and operates a water distribution system that includes 3 pressure zones, 2 water pump stations, 3 steel water storage tanks, 5 pressure regulating valves, and 24 miles of water mains. The WWD has inter-ties connections with the North Coast County Water District (Pacifica) and the City of Daly City for emergency water service.

For sewer, the District contracts with the North San Mateo County Sanitation District (NSMCSD) for wastewater treatment. The District owns and operates a sewer collection system which includes 20 miles of sewer mains and 3 sewer pumping stations that deliver the sewage to the NSMCSD for treatment.

**NOTICE OF PUBLIC HEARING ON PROPOSED
WATER AND SEWER RATE INCREASES AND
ADOPTION OF REPORT PLACING SEWER CHARGES
ON PROPERTY TAX BILL**

A public hearing before the Board of Directors of the Westborough Water District to consider Water and Sewer Rate Increases and Adoption of Report Placing Sewer Charges on Property Tax Bill is scheduled for:

**Friday, July 12, 2024 at 6:00 p.m.
Alice Bulos Community Center
(formerly Westborough Community Center)
2380 Galway Drive
South San Francisco, CA 94080**

How to Oppose the Rate Increase

Under the guidelines established by the State Proposition 218, certain types of “Property Related Fees” such as water and sewer rates are subject to a “majority protest” process. Under the majority protest process, any property owner or customer of record may submit a written protest for the proposed increases; provided, however, that only one protest will be counted per identified parcel. If protests are filed on behalf of more than 50% of the parcels subject to the rates, the District cannot adopt the proposed rates.

Every written protest MUST include ALL of the following to be counted:

- 1. A statement against the proposed water rates, sewer rates, or both the water and sewer rates;**
- 2. Name of the recorded owner or customer of record who is submitting the protest;**
- 3. Identification of assessor’s parcel number, street address, or utility account number of the parcel with respect to which the protest is made; and an**
- 4. Original signature and legibly printed name of the record owner or customer of record who is submitting the protest.**

Written protests may be submitted by:

- 1. Mail to – Westborough Water District, P.O. Box 2747, South San Francisco, CA 94083-2747; or**
- 2. In-person delivery during normal business hours to 2263 Westborough Blvd, South San Francisco, CA 94080; or**
- 3. In-person at the Public Hearing, prior to the conclusion of the Public Hearing.**

Regardless of how the written protest is submitted, it must be received by the District prior to the conclusion of the Public Hearing on July 12, 2024. (Postmark dates will not be accepted.) Any protest submitted via e-mail or other electronic means will not be accepted. Please identify on the front of the envelope for any written protest, whether mailed or submitted in person to District, that the enclosed protest is for the Public Hearing on the Proposed Water and Sewer Rate Increases. Oral comments at the Public Hearing will not qualify as formal protests unless accompanied by a written protest.

Please be advised that pursuant to California Government Code 53759, there is a 120-day statute of limitations for any legal challenge to any new, increased, or extended fee or charge.



2263 Westborough Boulevard
P.O. Box 2747
South San Francisco, CA 94083-2747

PRESORTED
FIRST CLASS MAIL
U.S. POSTAGE PAID
Burlingame, CA
Permit No. 419

IMPORTANT INFORMATION ENCLOSED REGARDING PROPOSED WATER AND SEWER RATES

Notice of a Public Hearing on Proposed Water and Sewer Rate Adjustments

The Westborough Water District will hold a Public Hearing on the proposed water and sewer rates on:

Friday, July 12, 2024 at 6:00 p.m.
Alice Bulos Community Center
2380 Galway Drive
South San Francisco, CA 94080