



Information about your water rates

## How is DSRSD Minimizing the Impact of Rate Changes to Customers?

To minimize the impact of these rate changes on our customers, DSRSD will do the following:

- Forego CPI (inflation increases) for two years (2019 and 2020), and limit increases to CPI only from 2021 to 2024;
- Revise fixed and variable allocations of the water rate. Higher fixed charges provide greater revenue stability for DSRSD, but also impact customers who use less water because it represents a greater portion of their overall water bill. DSRSD originally targeted a 30/70 allocation between fixed and variable charges in 2013. The Water Rate Study revises this allocation to 20/80, resulting in decreases to fixed charges and increases to variable charges;
- Transfer less money to the water replacement fund (\$4.4 million instead of \$4.6 million). Staff forecasts there will be sufficient reserves to finance replacement capital improvement projects such as an alternative water supply project; and,
- Use DSRSD's Water Rate Stabilization Fund and Water Enterprise Fund reserves. Based on estimated water demand, account growth, and operating expenses, DSRSD is projected to be in a strong financial position during the next five years. The water rate study projects DSRSD will be able to draw down \$6.8 million from the reserve funds over the next five years (\$1.4 million per year) while maintaining reserves above the Board policy targets.

*(Right) Following the estimated \$1.1 billion emergency recovery and reconstruction, water releases flowed from Lake Oroville's spillway on April 2, 2019, for the first time since it broke in February 2017. Lake Oroville provides 90 percent of the Tri-Valley's water.*



### NOTICE OF PUBLIC HEARING

## Proposed Changes to Water Rates

The Dublin San Ramon Services District's (DSRSD) core mission is to provide reliable and sustainable water, recycled water, and wastewater services in a safe, efficient, and environmentally responsible manner.

On Tuesday, June 18, 2019, the DSRSD Board of Directors will hold a public hearing during its regularly scheduled meeting to consider proposed changes to water rates. The meeting begins at 6:00 p.m. at DSRSD's temporary boardroom in Ambrose Hall, Shannon Community Center, 11600 Shannon Ave., Dublin, CA 94568.

DSRSD retained Raftelis Financial Consultants, Inc. (Raftelis), to conduct a 2019 Comprehensive Water Cost of Service Study to update the cost of providing services and realign water rates. Visit [www.dsrds.com/about-us/library/financial-information](http://www.dsrds.com/about-us/library/financial-information) for more information on Proposition 218 and a link to [the study](#).

If the proposed rates are adopted, some customer bills will increase, and some will decrease. Please refer to the Customer Impact section for an example of the bill impact of the proposed changes to an average single-family residential customer. Only billing periods that begin after the proposed effective date will be charged based on the proposed rate.



## Why are Rates Changing?

DSRSD typically conducts water rate studies every five years to ensure there is sufficient revenue to fund operation, maintenance, and capital replacement needs of the water and recycled water treatment plants; achieve or maintain reserve targets per Board policy; and realign rates to reflect costs. The last water rate study was completed in 2013. From 2014-2018, DSRSD limited annual water rate increases to inflation (typically two to three percent) based on the Consumer Price Index and did not adjust rates in 2019. Staff recommends no rate adjustment in 2020 (and resuming CPI rate adjustments in 2021-2024).

Raftelis reviewed DSRSD's current rate structure and recommended a number of changes to realign rates in compliance with Proposition 218 requirements, recent court rulings, and industry cost-of-service principles. Due to residential customers representing the largest customer class in DSRSD (45% of total water demand), the recommendation with the highest customer impact was to consolidate DSRSD's various potable consumption charges to a uniform charge. This recommendation charges all domestic potable use (residential, commercial, industrial, and institutional customers) equally and reallocates costs more fairly among customer classes.

DSRSD is not proposing changes to generate more revenue. The proposed changes will generate approximately the same amount of total revenue as current rates. As a public agency, DSRSD cannot collect more revenue than is necessary to recover the costs of providing our services.

### HOW CAN I LEARN MORE?

For additional information, you can:

- Contact Administrative Services Manager, Carol Atwood, at (925) 875-2270 or [atwood@dsrds.com](mailto:atwood@dsrds.com)
- Contact Financial Services Supervisor, Herman Chen, at (925) 875-2271 or [chen@dsrds.com](mailto:chen@dsrds.com)
- Attend the public hearing on June 18, 2019, at 6:00 p.m. at Ambrose Hall, Shannon Community Center, 11600 Shannon Ave., Dublin
- Visit [www.dsrds.com/your-account/rates-fees/water-rates](http://www.dsrds.com/your-account/rates-fees/water-rates)

### HOW DO I COMMENT/PROTEST?

DSRSD and its Board of Directors welcomes and will consider input from the community on the proposed changes to rates at any time, including during the public hearing. However, in accordance with Proposition 218, only valid written protests received by the deadline below will be counted as formal protests.

Any property owner of record or tenant-customer of a parcel receiving water service may submit a written protest. Only one protest will be counted per parcel served by DSRSD.

The written protest must identify the affected property by assessor's parcel number, street address, or DSRSD account number; identify the property owner of record or tenant-customer; clearly state that the transmittal is a protest to the proposed charges; identify which proposed charges are being protested; and bear the original signature of the property owner of record or tenant-customer. In the case of electronically delivered documents, a scanned signature will be accepted, subject to verification.

There are many ways to let us know what you think. All comments/protests should be addressed to District Secretary Nicole Genzale and please note on the envelope (or in the subject line of a fax or an email), "Protest of Proposed Changes to Water Rates."

Comments/protests via email, fax or mail must be received by **5:00 p.m., June 18, 2019**

- mail to 7051 Dublin Blvd, Dublin, CA 94568
- email a PDF document, attached to an email to [Board@dsrds.com](mailto:Board@dsrds.com)
- fax to (925) 829-1180

Hand-delivered comments/protests must be received either

- by **5:00 p.m., June 18, 2019**, at 7035 Commerce Circle, Pleasanton, **or**
- before the close of the public hearing on June 18, 2019, at Ambrose Hall, Shannon Community Center, 11600 Shannon Ave., Dublin

## What are the Proposed Changes?

District water rates are comprised of a fixed service charge and four variable charges: consumption, potable irrigation, recycled water irrigation, and power. DSRSD typically bills water customers every other month, six times per year. Water customer are billed both a fixed service charge and a consumption charge. Commercial, industrial, and institutional customers who establish separate irrigation accounts are billed either a potable irrigation or recycled irrigation water charge. All customers that require water to be pumped to their location due to higher elevation are billed a power charge. In addition, all potable water customers pay a pass-through "Zone 7 Cost of Water" charge based on consumption.

If approved, the proposed rates below will be effective July 1, 2019. To minimize the impact to residential customers, the Water Rate Study proposes forgoing a rate adjustment in 2020 and limiting future increases to inflation. Water rates are proposed to be adjusted annually based on the annual change in the August Consumer Price Index (All Urban Consumers for San Francisco-Oakland-Hayward, CA) beginning in January 1, 2021, through January 1, 2024.

The proposed 2019 adjustments to DSRSD's water rates are as follows:

### Fixed Service Charge

The bimonthly fixed service charge is based on the size of each meter serving a property. For a typical residential customer with a 5/8" meter, the service charge is proposed to decrease by \$1.29 from \$36.45 to \$35.16.

Meter Size	Current	Proposed Eff. 7/1/2019
5/8"	\$36.45	\$35.16
3/4"	\$54.70	\$49.03
1"	\$91.15	\$76.76
1-1/2"	\$182.25	\$146.08
2"	\$291.59	\$229.27
3"	\$637.91	\$610.56
4"	\$1,822.50	\$1,047.31
6"	\$3,644.99	\$2,225.83
8"	\$6,378.73	\$3,889.63
10"	\$10,023.72	\$5,830.73

### Consumption Charge

The consumption charge is based on the number of units used during a two-month billing period. One unit is equal to 100 cubic feet or 748 gallons of water. The proposed consumption charge consolidates tier based (single family residential) and seasonal based (commercial, industrial, institutional, and multi-family residential) charges into a single uniform potable charge.

Variable Rate (\$/Unit)	Current	Proposed Eff. 7/1/2019
Single Family Residential-Tier 1 (1-10 units)	\$0.57	\$1.30
Single Family Residential-Tier 2 (11-34 units)	\$1.20	
Single Family Residential-Tier 3 (> 34 units)	\$1.60	
Commercial-Winter (Nov-Apr)	\$1.15	
Commercial-Summer (May-Oct)	\$1.30	

### Irrigation Charges

Irrigation charge applies only to customers with either a separate dedicated potable or recycled irrigation meter (commercial, industrial, and institutional). The potable irrigation charge is proposed to increase by \$0.06 from \$1.60 to \$1.66 per unit. The recycled water charge is proposed to decrease by \$0.19 from \$4.57 to \$4.38 per unit.

Variable Rate (\$/Unit)	Current	Proposed Eff. 7/1/2019
Potable Irrigation	\$1.60	\$1.66
Recycled Water	\$4.57	\$4.38

### Power Charge

The power charge applies only to service locations where water must be pumped due to elevation. The power charge is proposed to decrease by \$0.02 from \$0.28 to \$0.26 per unit.

Variable Rate (\$/Unit)	Current	Proposed Eff. 7/1/2019
Pumping Charge	\$0.28	\$0.26

### Zone 7 Cost of Water (Wholesale Pass-Through)

The Zone 7 Water Agency (Zone 7) is the Tri-Valley's wholesale water supplier, and DSRSD is the water retailer for the Cities of Dublin and the Dougherty Valley area of San Ramon. DSRSD purchases all of its potable water supplies from Zone 7. Similarly to DSRSD's water rates, Zone 7's wholesale water rates are comprised of fixed and variable charges and are typically adjusted January 1, of each year, by Zone 7's Board of Directors. Currently, DSRSD blends the fixed and variable wholesale water rates to develop the "Zone 7 Cost of Water" charge, and is not proposing any changes to this methodology.

As provided for in state law, DSRSD passes through any future adjustments to wholesale water costs to water customers. Customers receive a message on their water bills a minimum of 30 days prior to any adjustment to the "Zone 7 Cost of Water" charge, notifying them of the change and its effective date.

Variable Rate (\$/Unit)	Current
Zone 7 Cost of Water	\$3.48

## Water Shortage Condition Charges

Water shortage condition rates are proposed to ensure DSRSD generates sufficient revenue to cover the cost of providing water service during water shortage emergencies. These consumption charges are only implemented during water shortage emergencies, and require a declaration from the DSRSD Board of Directors. In response to statewide drought, DSRSD Board last declared a water emergency and implemented water shortage condition charges in 2014. Normal rates went back into effect June 1, 2017.

Water Shortage Condition Charges - \$/Unit (748 gallons/unit)										
Water Reduction Goal	NORMAL 0%		STAGE ONE 10%		STAGE TWO 20%		STAGE THREE 35%		STAGE FOUR 50%	
	Customer Class	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	Current
Single Family Residential - Tier 1	\$0.57	\$1.30	\$0.61	\$1.45	\$0.72	\$1.63	\$1.00	\$2.00	\$1.47	\$2.60
Single Family Residential - Tier 2	\$1.20		\$1.44		\$1.87		\$2.41		\$3.91	
Single Family Residential - Tier 3	\$1.60		\$1.99		\$3.14		\$4.49		\$6.19	
Commercial - Winter	\$1.15		\$1.19		\$1.38	\$1.74	\$2.19			
Commercial - Summer	\$1.38		\$1.53		\$1.92	\$2.42	\$3.45			
Potable Irrigation	\$1.60	\$1.66	\$1.99	\$1.85	\$3.14	\$2.08	\$4.49	\$2.56	\$6.19	\$3.32
Power Charge	\$0.28	\$0.26	\$0.28	\$0.29	\$0.28	\$0.33	\$0.28	\$0.40	\$0.28	\$0.52

## Customer Impact

The bimonthly water bill for an average single-family residential customer using 18 units of water will increase by \$6.81 per bill (assumes no increase to the Zone 7 Cost of Water charge).

Single Family Residential (18 units bimonthly)	Current	Proposed Eff. 7/1/2019
Service Charge (5/8")	\$36.45	\$35.16
Zone 7 Cost of Water	\$62.64	\$62.64
Tier One (1-10 units)	\$5.70	\$23.40
Tier Two (11-34 units)	\$9.60	
Total Bimonthly Bill	\$114.39	\$121.20



## DOUGHERTY VALLEY CUSTOMERS IN SAN RAMON ONLY

### Dougherty Valley Standby Charge District (DVSCD) Incremental Pass-Through

DSRSD receives all its potable water from Zone 7 and the Zone receives 90 percent of its potable water from the State Water Project. Zone 7 recovers State Water Project costs through wholesale water charges to Tri-Valley retailers and property taxes via the Alameda County property tax roll. The Dougherty Valley Standby Charge District was established in 2000 to provide potable water service to the developing Dougherty Valley in the City of San Ramon. Since Zone 7 does not have authority to recover State Water Project costs through the Contra Costa County property tax roll, charges are levied by DSRSD and placed on Contra Costa County property tax bills on Zone 7's behalf. This levy represents Dougherty Valley's proportionate share of State Water Projects costs. It is collected by DSRSD and remitted to Zone 7.

The current annual charge is \$170.75 for a single family home or dwelling unit equivalent and is identified on the Contra Costa property tax bill as "DSRSD-DRTY VLY01-1". The agreement that established the Dougherty Valley Standby Charge District limited the total annual collected charges to \$1.56 million. This limit is projected to be exceeded as State Water Project costs increase, requiring the District to recover the costs above the Dougherty Valley Standby Charge District limit.

The table below shows estimated bimonthly incremental pass-through charges based on dwelling unit equivalent. Actual pass-through will be determined by an annual Dougherty Valley Standby Charge District Engineer's Report.

Estimated (bimonthly, \$/unit of water)	FY2020	FY2021	FY2022	FY2023	FY2024
DVSCD incremental pass through	\$2.55	\$6.20	\$10.22	\$14.65	\$19.51