
Purissima Hills Water District

Notice of Public Hearing on Proposed Water Rate Increases

Dear Property Owner or Customer,

The Purissima Hills Water District (PHWD) is proposing to increase water rates over the next three years. The proposed rate adjustments are needed to fund high-priority capital improvements to PHWD's water system and keep rates aligned with the cost of providing service. The proposed rates are designed to increase revenues by approximately 5% per year for each of the next 3 years. PHWD has scheduled a public hearing on the proposed rates as follows:

Date: October 10, 2018

Time: 6:30 p.m.

**Place: Council Chambers - Town of Los Altos Hills
26379 Fremont Road, Los Altos Hills, CA 94022**

PHWD relies primarily on revenues from water service charges to fund the costs of providing service. As such, water rates must be set at levels adequate to fund the costs of operating and maintaining the water system, pay for wholesale water supplied by the San Francisco Public Utility Commission (SFPUC), and fund necessary capital improvements to keep the water system in good operating condition. PHWD remains committed to providing high-quality water service as cost-effectively as possible.

Rate Increases Needed to Provide Funding for Upgrade & Replacement of Aging Infrastructure

PHWD's most recent rate increases were adopted in 2015 and allowed PHWD to operate and maintain the water system, make emergency repairs, and complete important upgrades to water storage tanks to improve seismic resilience and water quality. However, PHWD has not had sufficient funding to complete high-priority replacements of aging and substandard pipelines, many of which were installed in the 1960s and are now over 50 years old. Many of these pipelines are undersized, seismically at risk, and/or technically obsolete.

Based on an engineering evaluation, PHWD has identified approximately \$15 million of high-priority pipeline replacements needed over the next 10 years. The proposed rate increases address funding for the first \$5 million of critical pipeline renewal projects over the next few years and will subsequently provide ongoing funding for additional improvements that will enhance fire flows and improve water supply reliability. In addition, PHWD is in discussions with the Los Altos Hills County Fire District regarding partnering on the replacement of additional aged and undersized pipelines to improve fire flow. PHWD believes that it is important to leverage Fire District funding for the mutual benefit of the community. More information about PHWD's Capital Improvement Program is available on the District's website at www.purissimawater.org.

How do PHWD's Rates Compare with Other Agencies?

PHWD's water rates are currently in the lower range compared to other regional water agencies and are among the lowest of agencies that purchase wholesale water supply from the SFPUC. With the proposed increases, PHWD's rates will remain in the lower range.

Community Input and Written Protest Procedures

Members of the public are invited to attend the Public Hearing and provide input. Property owners and customers may submit written protests against the proposed rates. Protests must be submitted in writing and must a) identify the affected property or properties, such as by address, Assessor's Parcel Number, or customer account number, b) include the name and signature of the customer or property owner submitting the protest and c) indicate opposition to the proposed water rates. Protests submitted by e-mail, facsimile or other electronic means will not be accepted. The proposed rates cannot be adopted if written protests are received from a majority of affected parcels with one written protest counted per parcel. Written protests can be mailed or delivered to: Purissima Hills Water District, 26375 Fremont Road, Los Altos Hills, CA 94022. All written protests must be submitted prior to the close of the Public Hearing.

Proposed Water Rates

PHWD is proposing to phase in water rate increases over the next three years as shown on the following table. Water rates include two components: 1) Fixed Monthly Readiness-to-Serve Charges billed based on each customer's water meter size, and 2) Water Consumption Charges billed based on each customer's metered water use. *PHWD has not increased its fixed Monthly Readiness-to-Serve Charges in over 10 years. As a result, PHWD's fixed charges are currently among the lowest in the region.* PHWD is proposing to phase-in increases to its fixed Monthly Readiness-to-Serve Charges over the next three years to a level in the middle-range compared to other regional agencies. Additionally, PHWD is proposing to adjust its Water Consumption Charges by 4% per year in each of the next 3 years.

Water Consumption Charges for residential customers are billed according to a tiered rate structure with water first billed in Tier 1 and subsequently billed in higher tiers as water use increases in any given month. Institutional customers pay a uniform rate for all water use. Water Consumption Charges are billed per hundred cubic feet (ccf), with 1 ccf equal to approximately 748 gallons of water.

Proposed Water Rates				
		Proposed Rates Effective on or After		
Current Rates		November 1 2018	July 1 2019	July 1 2020
MONTHLY READINESS-TO-SERVE CHARGES				
<i>Fixed monthly charges billed based on meter size.</i>				
<u>Meter Size</u>				
3/4"	\$15.00	\$17.50	\$20.00	\$22.50
1"	24.50	28.60	32.70	36.80
1-1/2"	34.00	39.70	45.30	51.00
2"	49.00	57.20	65.30	73.50
3"	60.50	70.60	80.70	90.80
4"	112.00	130.70	149.30	168.00
WATER CONSUMPTION CHARGES				
<i>Volumetric charges billed per hundred cubic feet of metered water use (\$/ccf).</i>				
<i>1 ccf = approximately 748 gallons.</i>				
Residential				
Rate per ccf applied to water use in each tier				
<u>Tier</u>	<u>Monthly Use (ccf)</u>			
Tier 1	1-10	\$5.01	\$5.21	\$5.42
Tier 2	11-30	6.52	6.78	7.05
Tier 3	31-60	8.46	8.80	9.15
Tier 4	61-100	10.39	10.81	11.24
Tier 5	>100	12.33	12.82	13.33
Institutional				
Uniform rate per ccf for all use		\$7.56	\$7.86	\$8.17
			\$8.17	\$8.50

PHWD relies on wholesale water purchased from the SFPUC for the community's water supply. The proposed rates assume that the SFPUC will maintain its wholesale water rate at \$4.10 per unit (ccf). Pursuant to California Government Code 53756, PHWD is proposing to pass-through future increases in SFPUC wholesale water rates by increasing its Water Consumption Charges by the same amount as any wholesale water rate increases. For example, if the SFPUC raises its wholesale water rate by \$0.25 per ccf, then PHWD would be authorized to increase its Water Consumption Charges by the same \$0.25 per ccf to ensure its rates continue to recover the cost of wholesale water supply. Prior to implementing any future pass-through rate adjustments, PHWD would first send notification to customers at least 30 days prior to implementing any adjustments.

For additional information, please contact the Purissima Hills Water District at (650) 948-1217.