



Agenda Item No. 12
Meeting Date: June 20, 2018
Resolution: No

AGENDA DOCKET FORM

SUBJECT: RATE STUDY OUTREACH UPDATE – JUNE 2018

SUMMARY: Contra Costa Water District (District) is currently reviewing the rate structure to determine any changes needed to ensure costs are allocated appropriately. The study is guided by the Board-adopted policy objectives to ensure the proposed rate structure is stable, affordable, equitable, efficiency-minded, and understandable. Changes to the rate structure would not increase overall revenue for the District, but would ensure that all customers are paying a fair share to cover the cost of their water service. Some customers would see increases while others would see decreases in their individual bills.

Since the study began in early 2017, the District has held six Board meetings and three special meetings to review and discuss proposed changes to the rate structure. All meetings were open to the public, but few customers attended to hear the presentations and provide comments. Following the presentation at the March 21 Board meeting, the Board directed staff to reach out to customers to provide information about the rate structure changes being considered and solicit feedback, specifically from customers that would see the largest changes in their water bills.



In May and June, staff conducted outreach to all customer classes. Outreach was split between treated water and untreated water to ensure customers received information that was most relevant to their accounts. The following is a list of outreach activities conducted for each customer class.

- Treated Water May 3-9 Phone/Online Survey (300+ customers contacted)
- June 5 Customer Focus Group
- Untreated Water April 27 Letter sent to untreated customers regarding changes and planned workshops
- May 16 Municipal / Wholesale Workshop
- May 17 Unmetered Irrigation Workshop (Central County)
- May 21 Unmetered Irrigation Workshop (East County)
- May 22 Agricultural / Livestock Workshop
- May 24 Industrial Workshop

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FISCAL IMPACT: Consultant support in FY18 to conduct surveys and focus groups and to develop initial messages is estimated at \$55,000 and is within the approved Public Affairs Department budget. Additional support for FY19 is estimated at \$60,000 for publications, mailing, and other message development, and is covered in the approved Public Affairs Department Budget.

RECOMMENDED ACTION: Receive and discuss update on outreach for the rate structure study.

 <hr/> Jennifer Allen Director of Public Affairs		 <hr/> Jerry Brown General Manager
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Attachment: Workshop notes

AGENDA DOCKET FORM

SUMMARY (Continued from Page 1):

Treated Water Comments Summary:

Both the customer survey and the focus group provided helpful information to further develop messages regarding the rate structure study. Fairness was a priority to those contacted, but we learned in the focus group that the meaning of fairness can differ among individuals. The respondents to the survey heavily supported the concept of paying a fair share of cost of delivery. In the focus group, the discussion went further into “fair share” and brought out more social issues.

The most significant takeaways from the discussions with treated water customers include:

- The District needs to clearly communicate the difference between the rate structure survey and the annual rate increase – overlap in timing can create confusion
- Customers agreed strongly with the principle of ensuring fairness
- Customers want to see line item detail of changes and how they will personally be impacted
- Customers are not interested in participating in workshops, instead the District should provide videos and other online tools

Untreated Water Comments Summary:

The most marked feedback received during workshops came from the unmetered irrigation and agricultural/livestock accounts. Those aforementioned accounts would likely see significant increases, although the total customers in this category is small. During the workshops, all comments were captured on flipcharts displayed in front of all participants. The comments captured as they were on the flipcharts are attached.

Metered irrigation customers were provided a letter which included a summary of the proposed changes and contact information so they could ask questions. Considering the proposed changes to these accounts would have minimal impacts, staff will see what volume of questions come in following the letter before scheduling a workshop. No calls or emails were received from metered irrigation customers.

The most significant takeaways from the discussion with untreated water customers include:

- Agricultural and Unmetered Irrigation customers would prefer changes be phased in
- Agricultural customers stated that this change is not fair and their service should be subsidized
- All customers were interested in seeing how the changes would impact them individually

Next Steps:

Staff will revise the communications strategy to ensure customer comments are addressed. Outreach will focus on developing tools that customers can use to better understand the proposed changes, including videos and consideration of samples bills and/or a bill calculator. Customer input received showed little interest in community workshops and a preference for accessing information online. Staff will also focus on ways to get account specific information to customers. Messaging will be updated throughout to explain all steps to customers. Key to making this process understandable will be explaining the rate structure versus the annual rate review.

Untreated Water Customer Workshops

Rate Structure Study

May 2018

During each of the workshops held in May, participants listened to a presentation about the rate structure study and then had ample time to make comments and ask questions. In order to properly document comments, District staff captured the discussion on flipcharts, creating a bulleted list summarizing comments. These comments and questions are provided on the following pages to communicate what staff heard from participants during the workshops. This is not a transcript of the workshops. Participants were able to see the flipchart notes as they were transcribed during the meeting and could provide corrections if a statement was misinterpreted. The raw discussion is being provided to the Board to convey the input provided by each customer group.

MUNICIPALS/WHOLESALE

- With the demand charge, show how the District will still encourage conservation
- Explain how excess water use will be monitored/managed if the excess use charge goes away
 - Proposition 218 issues
 - Prohibitions / board approved
- Have you evaluated eliminating the demand charge completely? Put all on quantity?
- Provide advance notice of changes to rolling average
 - Revisit three-year average if too volatile
- How will Los Vaqueros Expansion affect rates and charges? How will rates and charges for outside partners line up with current District customers?
- Sales outside of the service area must cover cost of service (or more?)
 - Including replenishment
 - Including all costs
- Provide map with zones with number of customers in each zone
- Show calculations of max month
- Provide information on what would come with the next drought
 - Water supply
 - Rates / drought charges
- How does the proposed rate structure account for demand changes?

UNMETERED IRRIGATION

CENTRAL COUNTY

- Canal system is poorly maintained
- Concerns about the schedule of canal cleaning
- What is happening with the canal in the Concord Naval Weapons Station?
- Too much information is on the website / make information specific to individual types of customers

- How is irrigated acreage calculated? If homeowners have changed the irrigable acreage, can the District recalculate the figures?
- Customers are unhooking from the untreated water system because of the poor maintenance
- Concern that rates will go up as more of the untreated water customers turn off their untreated water accounts
- If we unhook from the canal, will there be a penalty? Can I reestablish a connection, and if so, how much?

EAST COUNTY

- Potential to phase changes in over time?
- Provide information to update irrigated acres on account
- Property size compared to becoming metered customer
 - Clarify costs to change to metered versus what a new owner would pay
- Clarify how metering would work on a shared lateral
- Will new rate structure improve reliability?
- Does new rate structure generate funding for LVE?
- Why break charges into service, demand and quantity?
 - Why not just one charge?
- Clarify how often bills would go out – any changes?
- Provide more detail on each of the charges
- If you don't pay one year, will you be able to go back to unmetered service?
- What are the calculations to determine treated water and untreated water revenue buckets?
- Provide information on through social media postings
 - Facebook
 - Community notice boards
- Provide individual bill samples and online tutorial videos.
- Concerned that this is already a done deal and there will be minimal/no changes
- Emphasize the scale for the changes to come – for individual customers, not totals for classes

AG/LIVESTOCK

- Explain how LVE ties into rate structure
- Continued rising costs are driving out family farms
 - The state should be concerned with statewide impacts and losses to commerce and taxable income
- Provide information on the District's entire budget – where is all the money going?
- Phase in the changes over 20 years / 15 years and evaluate after a few years
- Possibility to spread the costs over 5 years?

- Agricultural producers are being hit from all angles
- Agricultural costs continue to rise – more burden on farmers without increase in income
- Oakley Road lateral was installed and paid for by a private group and additional customers have tapped in to the District's benefit
- Proposed changes are dead wrong
- Provide information on where the District is seeking additional revenue streams
- What other contingency funds does the District have?
 - Show how reserves are used to help stabilize rates
 - Show totals of reserve accounts and how they are managed
- Agricultural customers can't reduce water use any more – already invested in efficiency and no room to reduce more

INDUSTRIAL

- Demand charge – how is it calculated? How often?
- Would demand charge be impacted by a break in the line?
- How to address theft in the demand charge?
 - Alerts for breaks? AMI?
- What is the copper level in source water?
- Schedule to implement rate structure is sufficient to make any changes