

# Update on the San Francisco Public Utilities Commission and the Santa Clara Valley Water District Proposed Wholesale Water Rates

## Fiscal Year 2018-2019

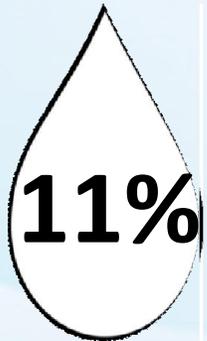
**March 20, 2018**

**Tony Ndah**

**Public Works Director**

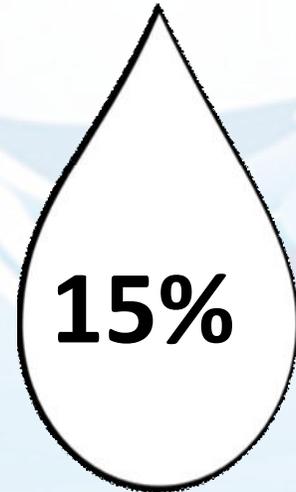
# Water Fund Operating Costs

Delivery of Safe  
Drinking Water



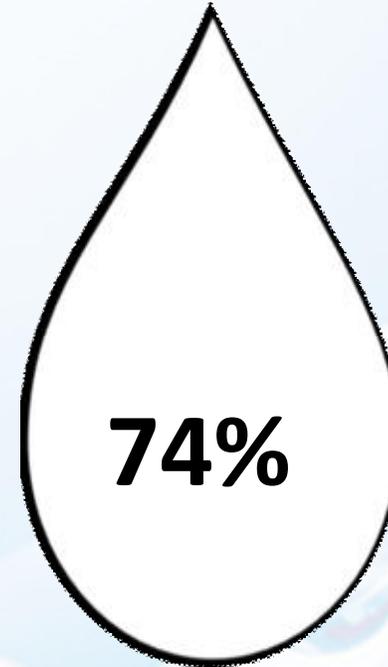
System maintenance,  
repair, services, and  
supplies

Personnel



Administration and  
24/7 staffing

Water Purchase



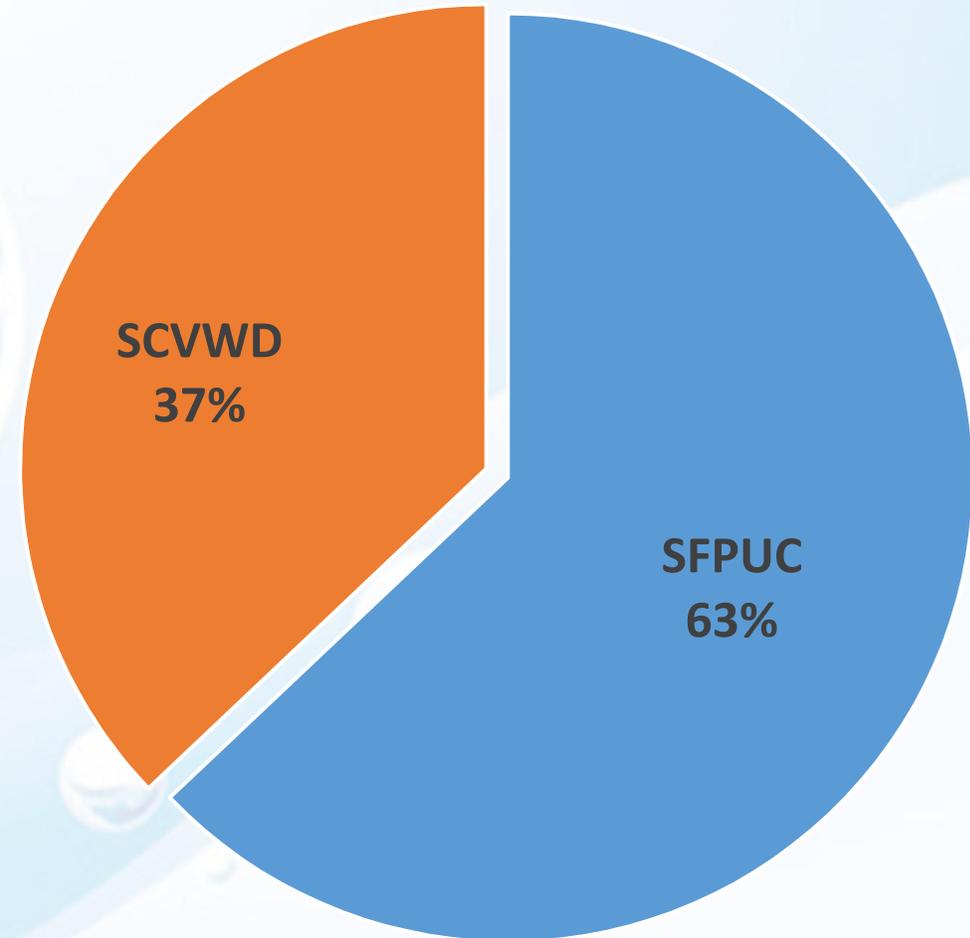
Wholesale water  
purchase from SFPUC  
and SCVWD

*Approximately 74% of  
water operating costs are  
wholesale water purchases.*

# City's Potable Water Supply Breakdown

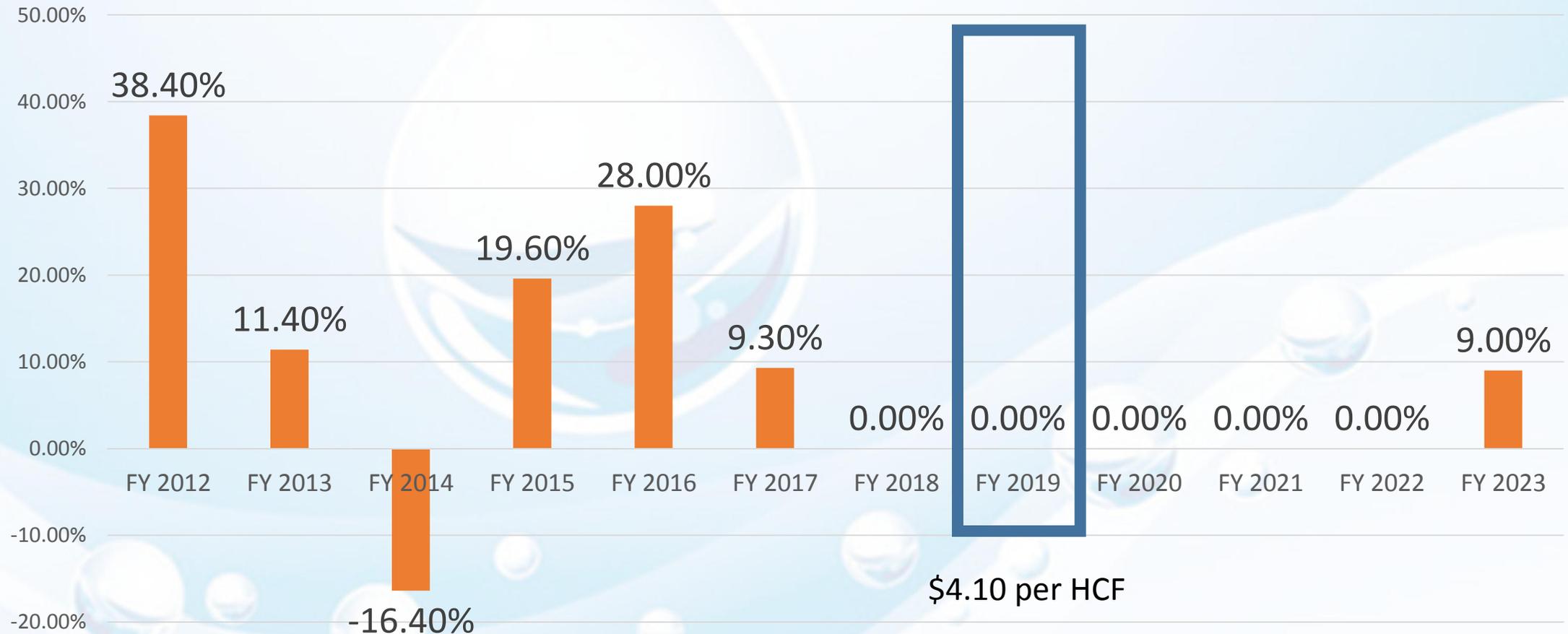
City's potable water supply system is divided into two distinct service areas, served by two water wholesalers:

- I. San Francisco Public Utilities Commission (SFPUC)
- II. Santa Clara Valley Water District (SCVWD)



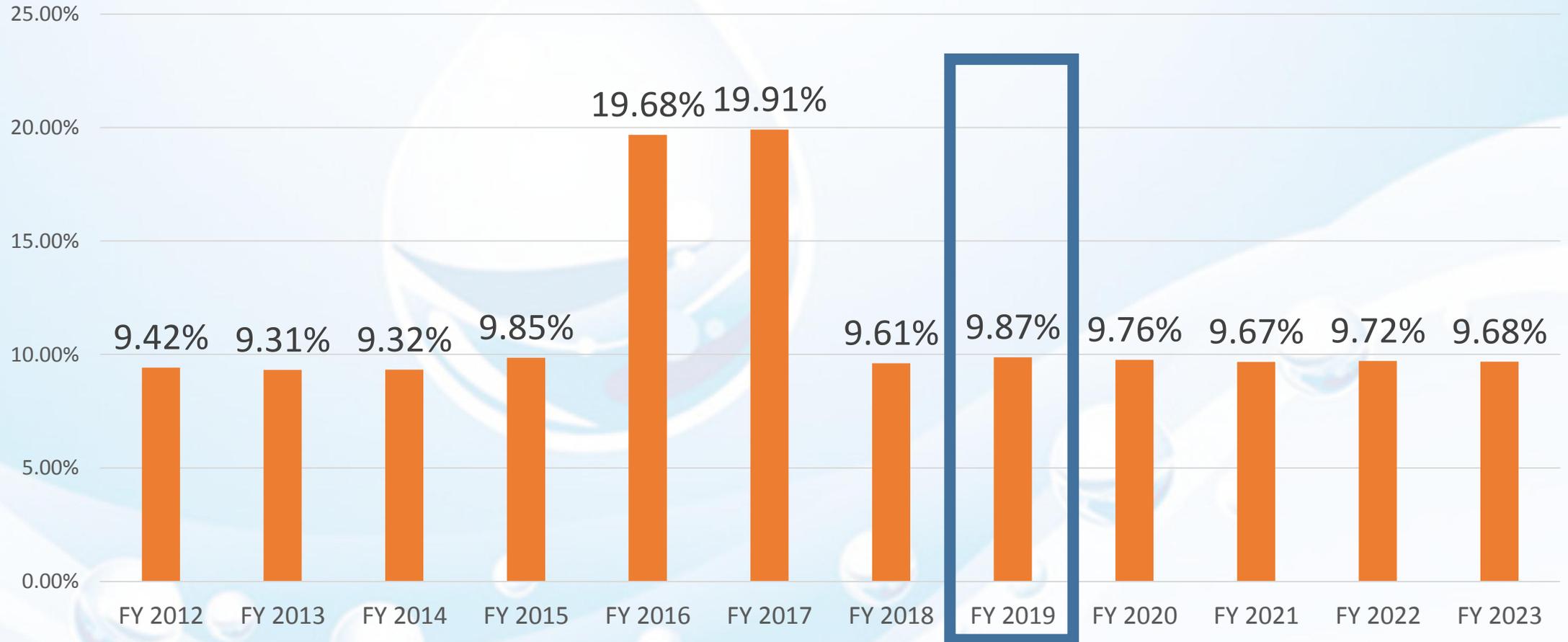
# SFPUC Wholesale Water Rate Projection

Current Rate (FY18): \$4.10 per HCF



# SCVWD Wholesale Water Rate Projections

Current Rate (FY18): \$2.70 per HCF



\$2.96 per HCF

# Key SCVWD Projects Funded (FY 19 thru FY 28)

- Anderson Dam Seismic Retrofit (\$510M)
- Long-Term Purified Water Program (\$368M)
- FAHCE Implementation (\$145M Placeholder)
- Rinconada Reliability Improvement (\$125M)
- 10 Year Pipeline Rehabilitation (\$98M)
- Calero Dam Seismic Retrofit (\$81M)
- Guadalupe Dam Seismic Retrofit (\$61M)
- Los Vaqueros – Bethany Pipeline (\$11.2M)

# Five Year Projected Wholesale Water Cost

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
*SFPUC (\$/HCF)	\$4.10	\$4.10	\$4.10	\$4.10	\$4.47
**SCVWD (\$/HCF)	\$2.96	\$3.25	\$3.57	\$3.91	\$4.29
Total Wholesale Cost of Water	\$16.9 million	\$17.4 million	\$17.9 million	\$18.5 million	\$20.2 million
Increased Cost to City	\$440,000	\$910,000	\$1.4 million	\$2.0 million	\$3.6 million

\* Does not include SFPUC meter charge and BAWSCA Bond.

\*\*Does not include SCVWD treated water surcharge.

# Opportunities to Participate in SCVWD Rate Setting Process

## Council Participation

**March 21, 2018**  
**6:00 p.m.** Joint Meeting between SCVWD Board and Milpitas City Council  
Santa Clara Valley Water District Board Room  
5700 Almaden Expwy., San Jose

**April 11, 2018**  
Santa Clara Valley Water Commission Meeting  
Santa Clara Valley Water District Board Room  
5700 Almaden Expwy., San Jose

## Public Hearings for Rate Setting Process

**April 10, 2018**  
**1:00 p.m.** Public Hearing (Opens)  
Santa Clara Valley Water District Board Room  
5700 Almaden Expwy., San Jose

**April 12, 2018**  
**6:00 p.m.** Open House and Public Hearing  
Gilroy City Council Chambers  
7351 Rosanna Street, Gilroy

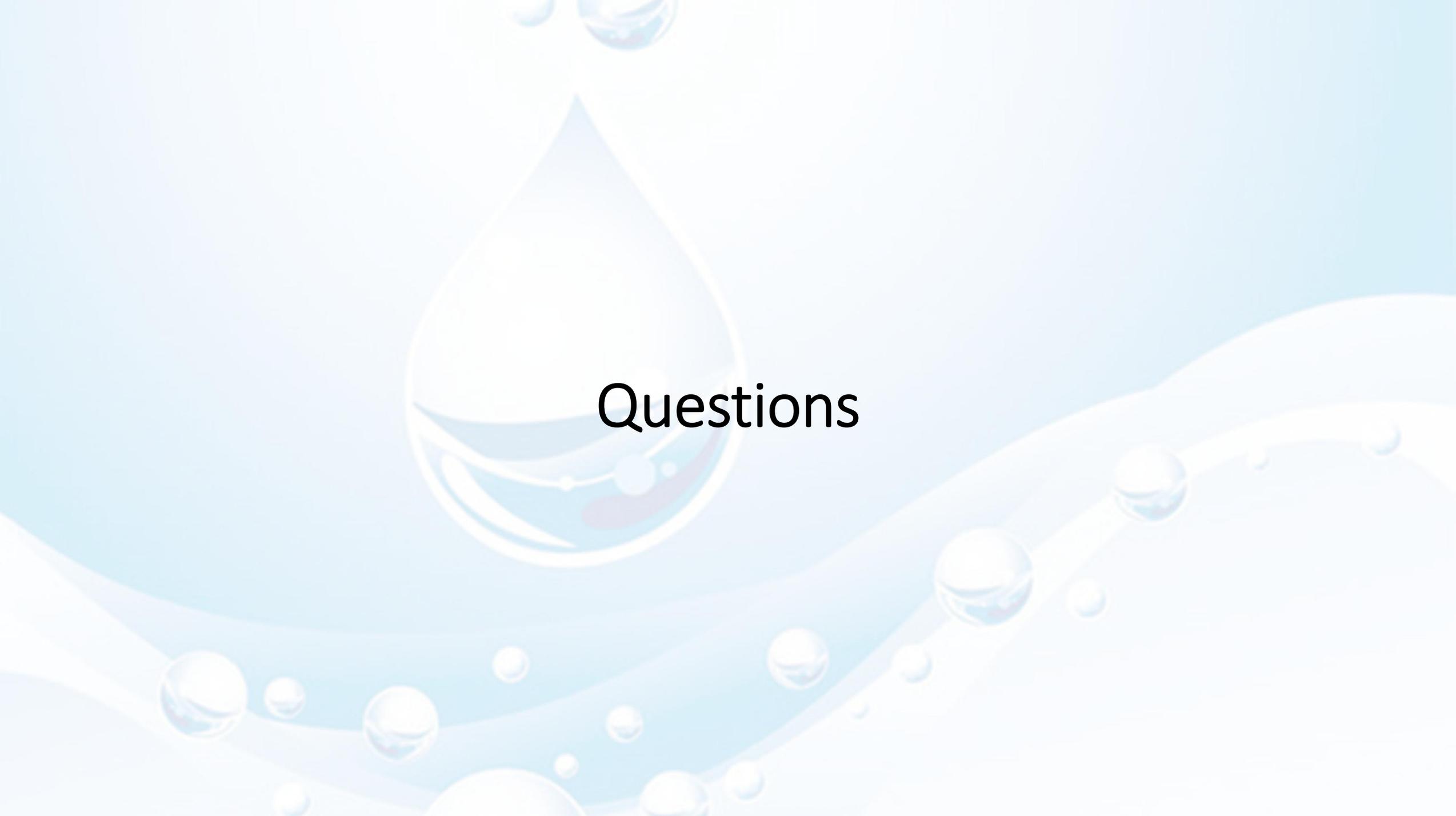
**April 24, 2018**  
**6:00 p.m.** Public Hearing (concludes)  
Santa Clara Valley Water District Board Room  
5700 Almaden Expwy., San Jose

# Key Take Aways

- Approximately 74% of water operating costs are wholesale water purchases.
- SFPUC Water Wholesale rate increase for Fiscal Year 2018/2019 and Fiscal Year 2019/2020 is projected to be 0%.
- SCVWD Water Wholesale rate increase for Fiscal year 2018/2019 is projected to be up to 9.9%, and increase by 9.7% for the next 7 years.
- Estimated wholesale water cost increase for City in Fiscal Year 2018/2019 is projected to be \$440,000.
- The rate-setting process includes a series of opportunities for Council and the public to provide input at meetings, open houses, and public hearings in April 2018.

# Upcoming Actions and Dates

- **Workshop to Review Proposed Water Rates Structures – Mid April 2018**
- Council Meeting: Council Provides Direction to staff on Water Rate Structure – May 2018
- Complete Cost Allocation Plan – June 2018
- Begin Public Outreach and Proposition 218 Process – TBD
- Council Meeting: Rate Adoption – TBD



# Questions