



610 Foster City Boulevard
 Foster City, CA 94404
 www.fostercity.org

DATED MATERIAL — DO NOT DELAY DELIVERY

**Important Information
 About Your
 Water and Wastewater
 Account**



**NOTICE OF PUBLIC HEARING
 ON PROPOSED WATER AND WASTEWATER RATES**

On June 5, 2017 at 6:30 p.m., the Estero Municipal Improvement District will consider adopting proposed changes to water and wastewater charges. The rate adjustments will take effect July 1, 2017.

If you have questions regarding this notice, please contact Dante Hall, Assistant City Manager, at (650) 286-3214 or dhall@fostercity.org.

DATE:

Monday, June 5, 2017 at 6:30 p.m.

LOCATION:

Foster City Council Chambers
 620 Foster City Boulevard
 Foster City, CA 94404



Notice of Public Hearing on Proposed Water and Wastewater Rates

Monday, June 5, 2017 at 6:30 p.m.
 Foster City Council Chambers
 620 Foster City Boulevard, Foster City, CA 94404

The Estero Municipal Improvement District is committed to providing the highest quality and reliable water and wastewater services at the lowest possible rates. To ensure this commitment, the District evaluates its infrastructure needs, and operations and maintenance costs for each year. Based on this evaluation, water rate increases are proposed for FY 2017-2018 and wastewater rate increases are proposed for FY 2017-2021.

Why are you receiving this notice?

The District is mailing this notice to you because you are a water and wastewater customer responsible for payment of water and wastewater fees, or you are the owner of record for a property that receives water and wastewater service. This notice describes proposed 3.62% to 6.5% increases to water rates and a 14.25% increase of wastewater rates in each of the next 5-years. This notice also provides information about the upcoming public hearing at which the District Board of Directors will consider these proposed changes.

Why are the rate increases necessary?

The primary reasons for the proposed water rates are increased cost of wholesale water from the San Francisco Public Utility Commission (SFPUC) and the associated bond surcharge paid to the Bay Area Water Supply and Conservation Agency (BAWSCA), along with maintenance, operational and capital improvement costs for the District's water system.

The primary reasons for the 5-year annual wastewater rate increases from FY 2017-2018 to FY 2021-2022 is to pay for capital improvements to the San Mateo Wastewater Treatment Plant (for more information on the Clean Water Program, please visit www.cleanwaterprogramsanmateo.org), along with maintenance, operational, and capital improvement costs for the District's wastewater system. The Wastewater Treatment Plant (WWTP) project includes approximately \$900 million in improvements, of which the District is responsible for \$119 million.

These costs are essential to maintain safe, reliable, and cost-effective water and wastewater services for the Foster City community. If approved by the District Board, the rate increases explained in this notice will be effective July 1, 2017.



Protests

The Board of Directors will hear and consider all written and oral protests to the proposed rate adjustments at the public hearing. Oral comments at the hearing will not count as formal protests unless accompanied by a written protest. Under California's Proposition 218, only one protest per property owner per utility can be counted. While email is not counted as an official protest, the Board of Directors value resident input and will read all email regarding rates. Written protests must include:

- The address of the property for which the protest is made;
- A statement whether the protest is submitted in opposition to increases to the water and/or wastewater rate; and
- The name and signature of the person submitting the protest.

The City Clerk/District Secretary will count all timely written protests and report the total to the Board of Directors. Written protests must be received by the City Clerk/District Secretary's office no later than 4:30 p.m. on June 5, 2017, or submitted in writing in the Council Chambers before the public hearing is closed. The Board of Directors will consider all protests and may adopt the proposed rate changes. If a majority of the affected customers file timely written protests, the proposed rate structure and rate adjustments will be reconsidered.

Please send written protests to:
 City Clerk/District Secretary of the City of Foster City/EMID

Proposed Water Rates

Reasons for Water Rate Increases

Increased Cost of Wholesale Water from the San Francisco Public Utility Commission (SFPUC)

SFPUC's rates will increase from \$4.60/hundred cubic feet (ccf) to \$4.63/ccf, inclusive of a debt surcharge of \$0.53/ccf.

Bay Area Water Supply and Conservation Agency (BAWSCA) Surcharge

The District will continue to make annual payments to BAWSCA for capital improvement costs associated with the Water System Improvement Project. Those projected costs will be \$929,000 for FY 2017-2018.

Capital Funding

The District's strategy for funding long-term capital water improvements calls for an annual transfer from water operating

revenues to the City's Capital Improvement Fund to fund those projects over the next 10 years. The proposed rate projections include a transfer out of \$205,000 for FY 2017-2018.

Operational Costs

Operations and maintenance projections assume a 2.5% annual cost increase to allow revenues to cover operating expenses (excluding wholesale water purchases).

Conservation Costs

Water customers have taken remarkable steps to reduce water consumption over past years and to those who have done so we say *Thanks!* Expanded water rebate programs are available to assist you. More information can be found at www.tinyurl.com/FCConservationRebates. The District Board will consider allocating \$200,000 to the Water Sustainability Rebate Program for FY 2017-2018 to continue to support water conservation.

Proposed Water Rates

The District prepares 10-year projections of water rates, and considers maintenance, operational and capital costs in its forecast. The proposed water rates are based upon those cost projections, which can be viewed at the following website: www.tinyurl.com/FCRates-Water.

Water bills include both a fixed monthly charge based on water meter size, plus a water consumption charge based on each customer's metered water use. For an average user, the proposed FY 2017-2018 water rates would result in a 6.1% increase for single-family and multi-family residential customers, a 3.62% increase for commercial customers, and a 6.5% increase for irrigation customers. The table below shows the current rates and the proposed FY 2017-2018 rates.

Water Rates	Current	Proposed FY 2017-2018
Monthly Meter Charge		
3/4"	\$18.90	\$19.85
1"	31.50	33.08
1-1/2"	75.60	79.40
2"	100.80	105.87
3"	220.50	231.58
4"	396.90	416.85
6"	882.00	926.33
8" or greater	1,512.00	1,588.00
Bi-Monthly Water Consumption Tiers and Rates		
Single Family Residential		
Tier 1 0-20 per ccf	4.72	5.03
Tier 2 Over 20 ccf	5.95	6.06
Multi-Family Residential (per living unit)		
Tier 1 0-10 ccf per living unit	4.72	5.03
Tier 2 Over 10 ccf per living unit	5.93	5.62
Irrigation Customers		
Tier 1 <=100% of annual budget	4.72	5.03
Tier 2 >100% of annual budget	7.35	7.21
Commercial and Fire Line		
All Usage	4.97	5.15
Monthly Private Fire Protection Charge		
3/4"	26.46	27.79
1"	26.46	27.79
1-1/2"	26.46	27.79
2"	35.34	37.12
3"	77.11	80.99
4"	138.92	145.90
6"	308.64	324.15
8" or greater	529.20	555.80

Rate Calculation Methodology for Water Customer Classes

Single Family Residences

Single-family residences with responsibility for indoor (domestic) and outdoor (irrigation) water uses are charged tiered rates which increase with the amount of water used in a two-month billing cycle.

Multi-Family Residences

Multi-family dwelling units with responsibility (individually or collectively through a master meter) for indoor (domestic) use only are charged tiered rates which increase with the amount of water used in a two-month billing cycle.

Commercial and Fire Line

Commercial and Fire Line customers are charged a flat rate per each ccf of water consumed.

Irrigation Customers

Irrigation customers with separate irrigation water meters are provided an individual water budget based on the square footage of landscaping watered. Any water consumed above that budget is subject to a higher Tier 2 rate. Customized reports through the year let customers know how much water they are using.

Proposed Wastewater Rates

Reasons for Wastewater Rate Increases

Clean Water Program

The Clean Water Program is a comprehensive 10-year capital improvement program of improvements to the sanitary sewer collection system (in the City of San Mateo) and the Wastewater Treatment Plant (jointly owned by Foster City/Estero Municipal Improvement District and San Mateo) to replace aging infrastructure and meet current and future regulatory requirements to provide reliable services for years to come. The Wastewater Treatment Plant (WWTP) project includes approximately \$900 million in improvements, of which the District is responsible for approximately \$119 million. The District is planning to borrow money to finance its share of WWTP capital costs and has established a joint powers financing authority with the City of San Mateo which may issue that debt. The debt would be paid from revenues collected from the City's wastewater ratepayers. For this reason, the District is considering a 5-year annual wastewater rate increase of 14.25% each year to collect enough revenue to pay for the WWTP improvement costs.

Maintenance and Operations

The 10-year projection of wastewater rates includes maintenance, operation and capital costs of the wastewater system. A total of \$2.5 million for FY 2017-2018 has been estimated for WWTP operations and maintenance costs. These costs are expected to grow at an average of 3% per year for the next 4 years. All other expenditures are estimated to increase by 2.5% each year, consistent with the expected assumptions for the FY 2017-2018 Annual Budget 5-Year Financial Plan. These costs are expected to be recovered over time from the District's wastewater rates.

Rate Calculation Methodology for Wastewater Customer Classes

Single-Family Residential and Multi-Family Residential class customers are billed at a flat rate. Commercial customers are billed at a variable rate based on the volume of water usage (which estimates wastewater generation) and the characteristics of the wastewater each generate (which the industry refers to as "strength").

Proposed Wastewater Rates

The District prepares 10-year projections of wastewater rates, and considers maintenance, operational and capital costs in its forecast. The proposed wastewater rates are based upon those cost projections, which can be viewed at the following website: www.tinyurl.com/FCRates-Wastewater.

The new wastewater rate projections propose an overall annual rate increase of 14.25% for FY 2017-2018 to FY 2021-2022. The table compares current rates to proposed rates.

Proposed Rates	Current	Proposed - Fiscal Year Ending June 30				
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
% Rate Increase		14.25%	14.25%	14.25%	14.25%	14.25%
Residential (flat monthly rate)						
Single Family	\$57.13	\$65.27	\$74.57	\$85.20	\$97.34	\$111.21
<i>Increase</i>		8.14	9.30	10.63	12.14	13.87
Townhouse/Duplex	\$47.99	\$54.83	\$62.64	\$71.57	\$81.77	\$93.42
<i>Increase</i>		6.84	7.81	8.93	10.20	11.65
Apartment/Condominium (Pools w/ Restrooms)	\$47.99	\$54.83	\$62.64	\$71.57	\$81.77	\$93.42
<i>Increase</i>		6.84	7.81	8.93	10.20	11.65
Commercial (rate per ccf of water use)						
High Strength	\$10.38	\$11.86	\$13.55	\$15.48	\$17.69	\$20.21
<i>Increase</i>		1.48	1.69	1.93	2.21	2.52
Medium/Domestic Strength	\$3.65	\$4.17	\$4.76	\$5.44	\$6.22	\$7.11
<i>Increase</i>		0.52	0.59	0.68	0.78	0.89
Low Strength	\$2.40	\$2.74	\$3.13	\$3.58	\$4.09	\$4.67
<i>Increase</i>		0.34	0.39	0.45	0.51	0.58