



# Soquel Creek Water District

## Agenda Item 7.4

December 19, 2023





**Ron Duncan**  
General Manager  
Soquel Creek Water  
District



**Leslie Strohm**  
Financial/Business  
Manager  
Soquel Creek Water  
District



**Melanie Mow  
Schumacher**  
Special Projects-  
Communications  
Manager/Asst. GM  
Soquel Creek  
Water District



**Kevin Kostiuik**  
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Consultants, Inc.







# Los Angeles Times

CALIFORNIA

Battered coastline, flooding rivers trap residents, bring misery in Santa Cruz County



Soquel Residents Without Water After Heavy Rain, Storm Debris Wash Out Road, Water Main



## San Francisco Chronicle

Why one part of California has been in the bull's-eye of so many storms this year





## Designated by the State of California as a “Critically Overdrafted” Groundwater Basin

- One of 21 Basins in CA designated as critically overdrafted
- State law requires that the Santa Cruz Mid-County Groundwater Basin be sustainable by 2040
- While many of these basins have subsidence issues – our issue is seawater contamination

Critically Overdrafted Groundwater Basins – January 2016  
— North Central and South Central Regions





# Local Seawater Contamination

Last spring, beachgoers in the mid-county area may have seen a helicopter flying just off-shore, towing a large hoop at the end of a long cable, several hundred feet above the surface of the ocean. This was an advanced, airborne technology called SkyTEM, gathering data to produce high-resolution mapping of the groundwater aquifers beneath the ocean floor. On shore these same groundwater aquifers contain Soquel Creek Water District's (District) drinking water supply. The final report from that high-tech survey, commissioned by the Santa Cruz Mid-County Groundwater Agency (MGA) and released earlier this year, has confirmed the locations, extent, and imminent threat of seawater contamination of this crucial local groundwater supply.



SqCWD provides water to over 40,000 residents in Aptos, Seascapes, La Selva Beach, Soquel, and the City of Capitola. In addition to providing water to homes, the District also

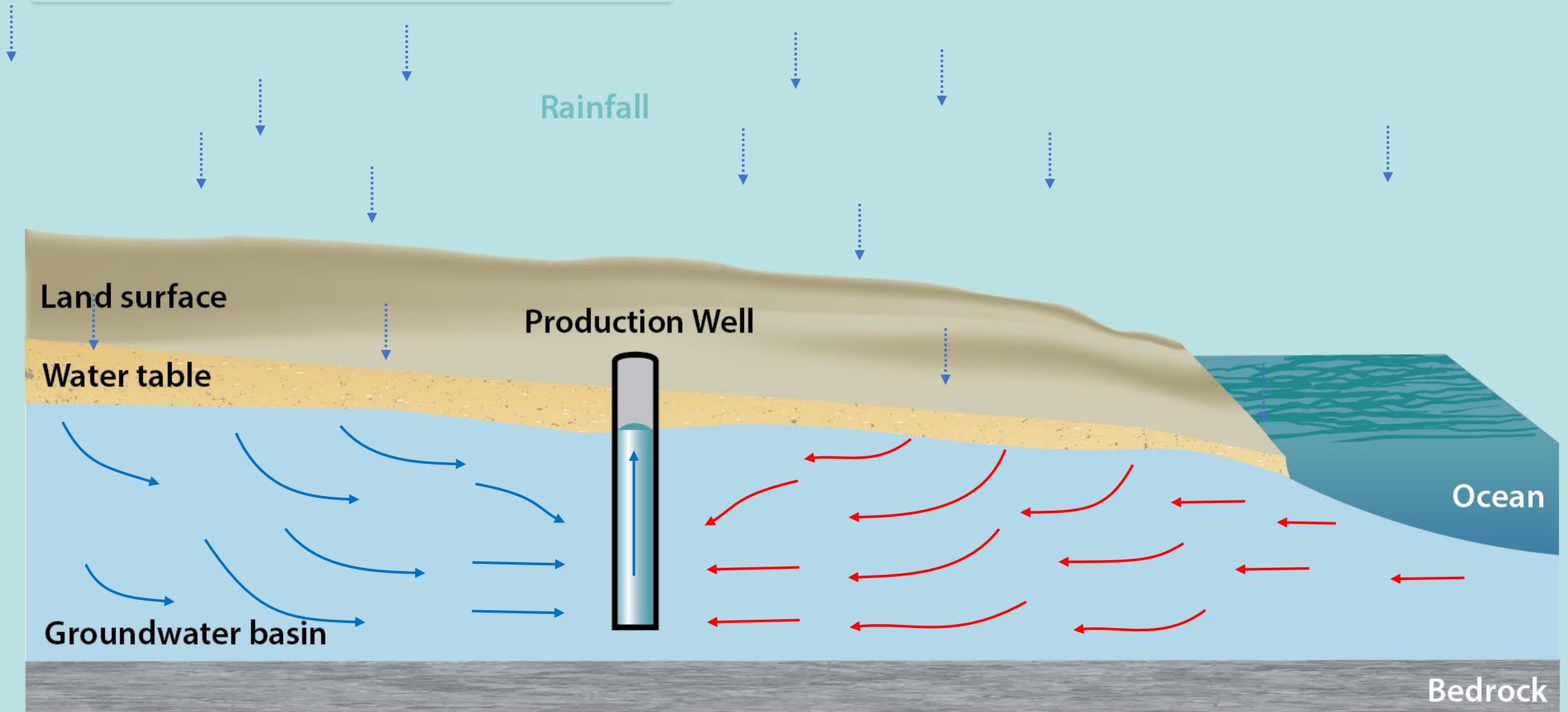
terfaces in the groundwater basin offshore. To manage the basin's precious groundwater effectively, the MGA needed information to know how close seawater intrusion is to the shore, what portions of the water supply aquifers are



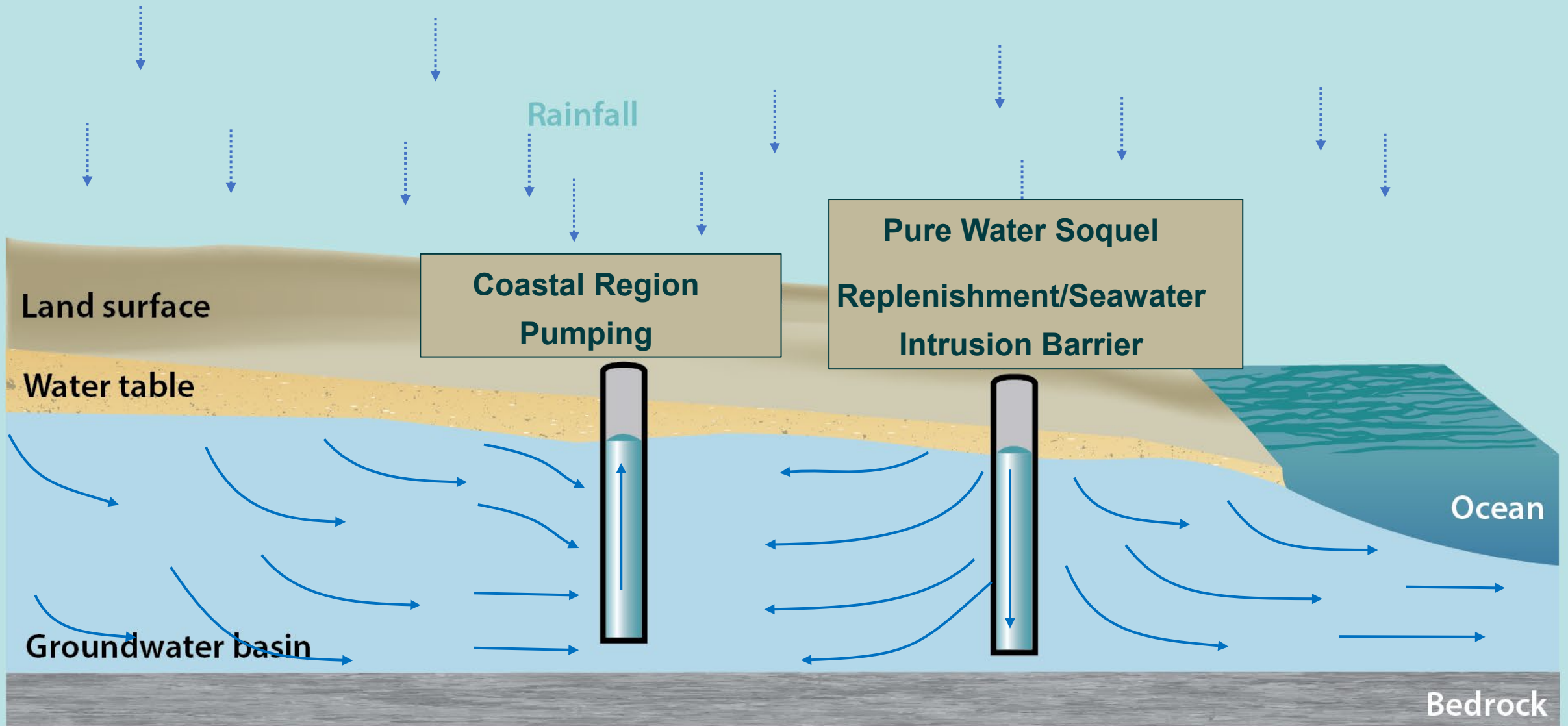
- Presence of seawater intrusion
- Presence of seawater in coastal monitoring wells



# Graphical Illustration of Seawater Intrusion



# Graphical Illustration of Seawater Intrusion



# Economic Analysis for a Sustainable Water Supply

**\$903 Million Total Economic Benefit**



RESIDENTIAL



ENVIRONMENTAL



BUSINESS

## Impacts **WITHOUT** Sustainable Water Supply

**3X HIGHER COST OF WATER  
TO CUSTOMERS  
(and use less)**



**WITH**  
Project

**WITHOUT**  
Project

# Public Engagement and Input Is Important



January 2023 News & Updates

## The New Year Kicks Off with Heavy Rains and Flood Warnings



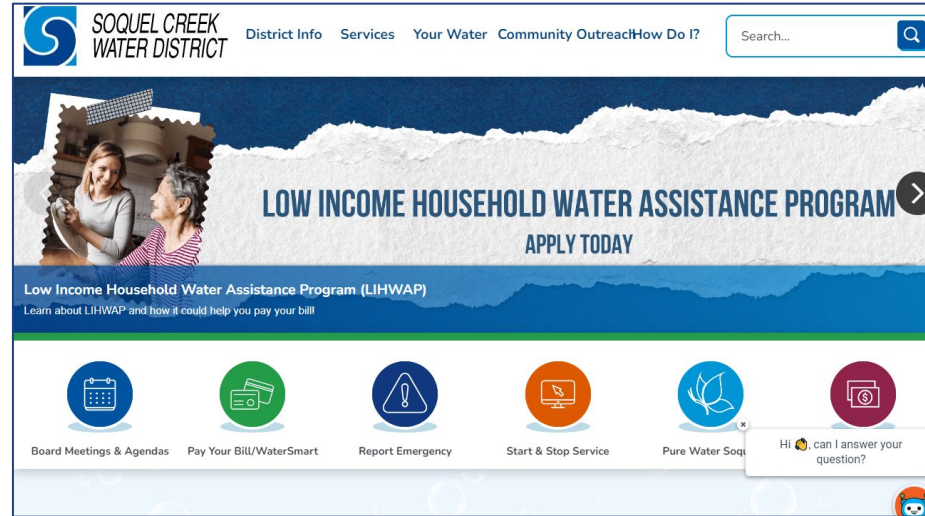
The County of Santa Cruz and surrounding region is experiencing a series of winter storm events. The weather forecast is expecting further intense weather January 4-6 based on heavy rainfall, wind, and atmospheric river conditions that will increase the threat for flooding and wind damage.

Soquel Creek Water District staff is continually assessing our water infrastructure and preparing to be responsive in providing our customers reliable water as we weather (no pun intended) these winter storms.

Here are some ways to help you be prepared:

- Visit the [Santa Cruz County Office of Response, Recovery and Resilience](#) for local and up-to-date information on [evaluation areas](#), [rainfall and river levels](#), [road closures](#), and [disaster preparedness and recovery information](#).
- Sand and sandbags are available to residents and businesses of [Central Fire District](#) and the [City of Capitola](#) in limited quantities to combat potential flooding conditions.
- Implement stormwater capture at your home or business in the future with the ["Slow it, Spread it, Sink it" Guide](#) that provides an overview of the design considerations for rainfall-catching devices like rain barrels, swales, and rain gardens. The District offers [rebates](#) for rainwater catchment, downspout redirects, and other landscape transformations.

2023 **C.A.R.E.** CARE: A Vision for 2023  
Incoming Board President, Carla Christensen, describes four focus areas for the Board using the



SOQUEL CREEK WATER DISTRICT

District Info Services Your Water Community OutreachHow Do I? Search...

## LOW INCOME HOUSEHOLD WATER ASSISTANCE PROGRAM

APPLY TODAY

Low Income Household Water Assistance Program (LIHWAP)  
Learn about LIHWAP and how it could help you pay your bill

- Board Meetings & Agendas
- Pay Your Bill/WaterSmart
- Report Emergency
- Start & Stop Service
- Pure Water Soquel
- Hi 👋, can I answer your question?

## Website

[Home](#) » News Flash

Latest News

Posted on: November 13, 2023

### Join Us to Learn About the Water Rates Setting Process

At Soquel Creek Water District, we are committed to providing our community with high-quality, reliable water services. Our region is addressing the critical overdraft of our groundwater basin and actively working to protect against the seawater intrusion that is occurring. As part of our ongoing effort to ensure the sustainability of our operations and infrastructure, we are conducting a comprehensive [Water Rates Study](#).


**What is a Water Rates Study?** A water rates study is a public process led by an independent, third-party financial expert and includes an in-depth look at the District's current revenues, operation and maintenance costs, capital investment plan, and reserves (essentially the District's savings account). The study also makes recommendations for any needed rate adjustments for review and consideration by the District's Board of Directors.

**Rate Study Committee:** We created an Ad Hoc Water Rates Advisory Committee to make this process more inclusive. Comprising 10 District customers and two Board Members who are all ratepayers, this committee has provided valuable input and recommendations.

**Join the Webinar:** Don't miss the Water Rates Webinar on November 16, 2023, from 6:00 to 7:00 pm via ZOOM. This is your opportunity to learn more about how rates are determined, ask questions, and provide your input.

Click the link to join the webinar: <https://us02web.zoom.us/j/86872042428#success>

Or join via **One tap mobile:**



## News Releases



## Community Events



## Tours

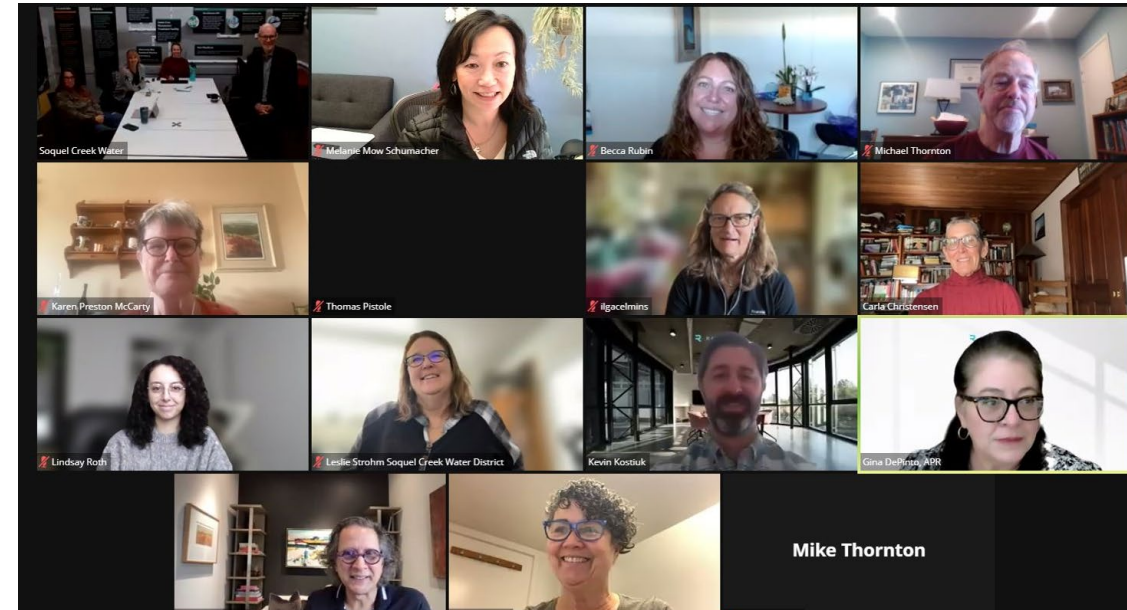
# Water Rates Advisory Committee (WRAC)

An Ad-Hoc Water Rates Advisory Committee was established in April to provide oversight and recommendations as part of our 2023 Rate Study.

The Committee is represented by 10 District customers and two Board Members, all who are ratepayers.

The committee reviewed various water rates structures and design details based on the options and objectives selected by the Board.

The Committee provided ideas, feedback, and recommendations in areas such as social equity, administrative manageability, and ways to educate other customers on the District's rate-setting process.



*The WRAC Committee Members (along with District staff and our rate consultant, Raftelis) met for six months as part of the Rate Study process.*



# Soquel Creek Water District

Board of Directors Meeting  
Rate Study Final Proposal

December 19, 2023



# Establishing Rates

Data + Principles Guide Our Work



Producing close to **a billion gallons** of water annually, Soquel Creek Water District supports more than **40,000 people, 18,000 jobs, 22 parks** and **18 schools**

167

Miles of pipe

16

Active groundwater wells

18

Storage tanks

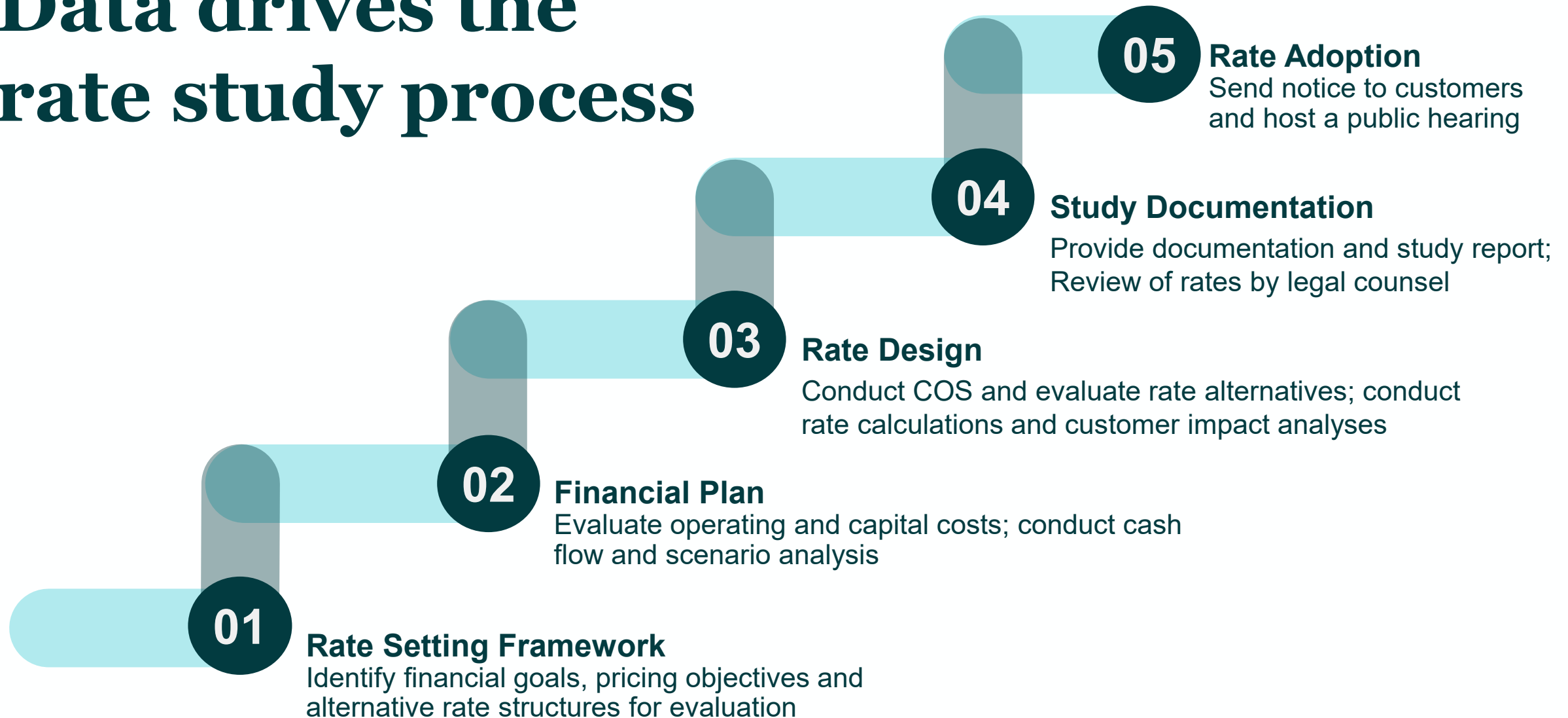
80

Groundwater monitoring wells

16,000

Service connections

# Data drives the rate study process



# Board's rate-setting principles guide decisions



## Financially Sustainable

The District must meet financial obligations from its own revenues, fees, and other income sources

## Socially Equitable

Fairness in rates between customers and between current and future users

# Board Direction and Policy Objectives



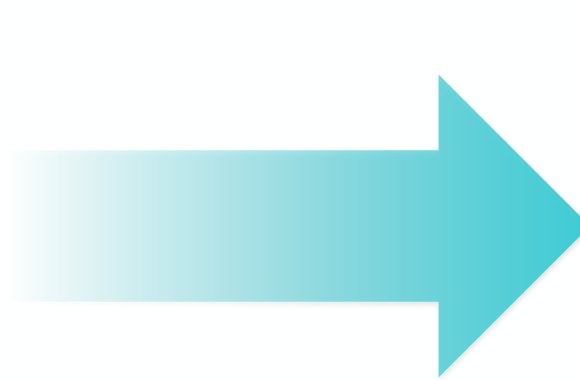
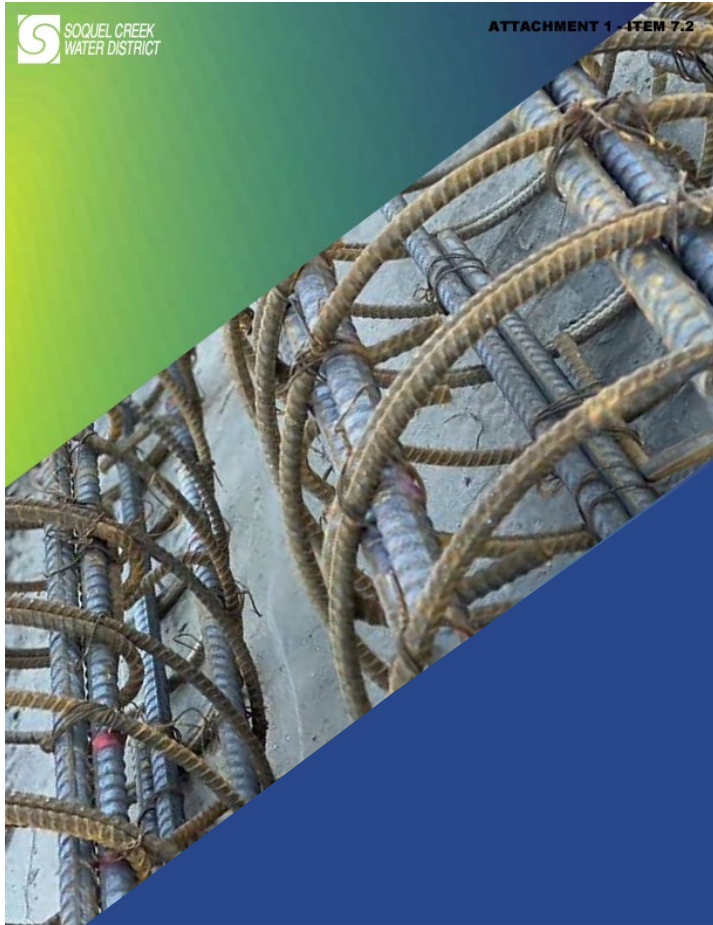
## Social Equity

- + Basin Sustainability Effort
- + Three-tier rate structure

## Financial Sustainability and Social Equity

- + Fixed revenue recovery of 60%

# Long Range Financial Plan

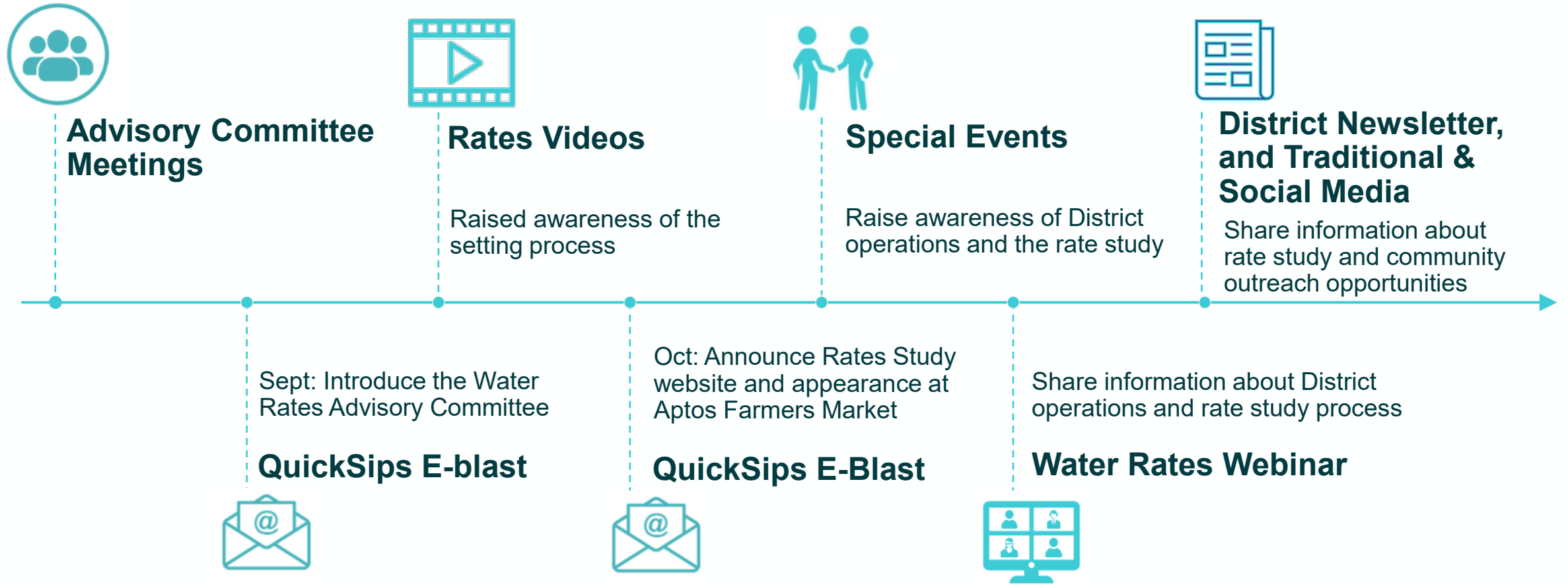


**12%**

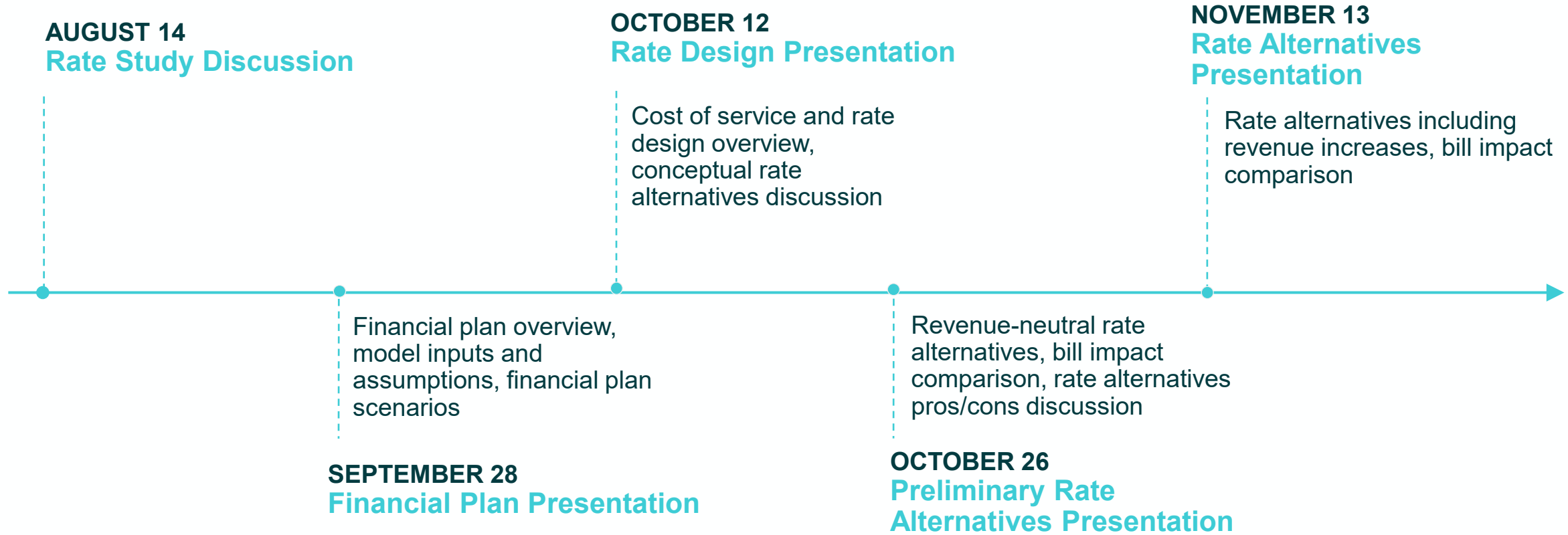
Annual rate increases  
in years 2 through 4



# Community Outreach



# Water Rates Advisory Committee Meetings Recap



# Water Rates Advisory Committee Input

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## Study Must Address

- + Financial Needs (long-range financial plan)
- + Increase Fixed Revenue Recovery For Financial Stability

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## Committee Does Not Support

- + Uniform Water Use Rate

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## Committee Prefers

- + Revised Two-Tier or Three-Tier Residential rate structure, maximizing the conservation price signal to the greatest degree possible
- + Leaning towards Three-Tier Residential rate structure



# Basin Sustainability Cost Recovery

- **Existing Methodology:**

- › 20% basinwide benefit  
(basin management costs)
- › 80% water reliability  
(recovered in Tier 2 Residential)



- › 55% basinwide benefit  
(seawater intrusion barrier)
- › 45% to water reliability  
(supplemental supply)

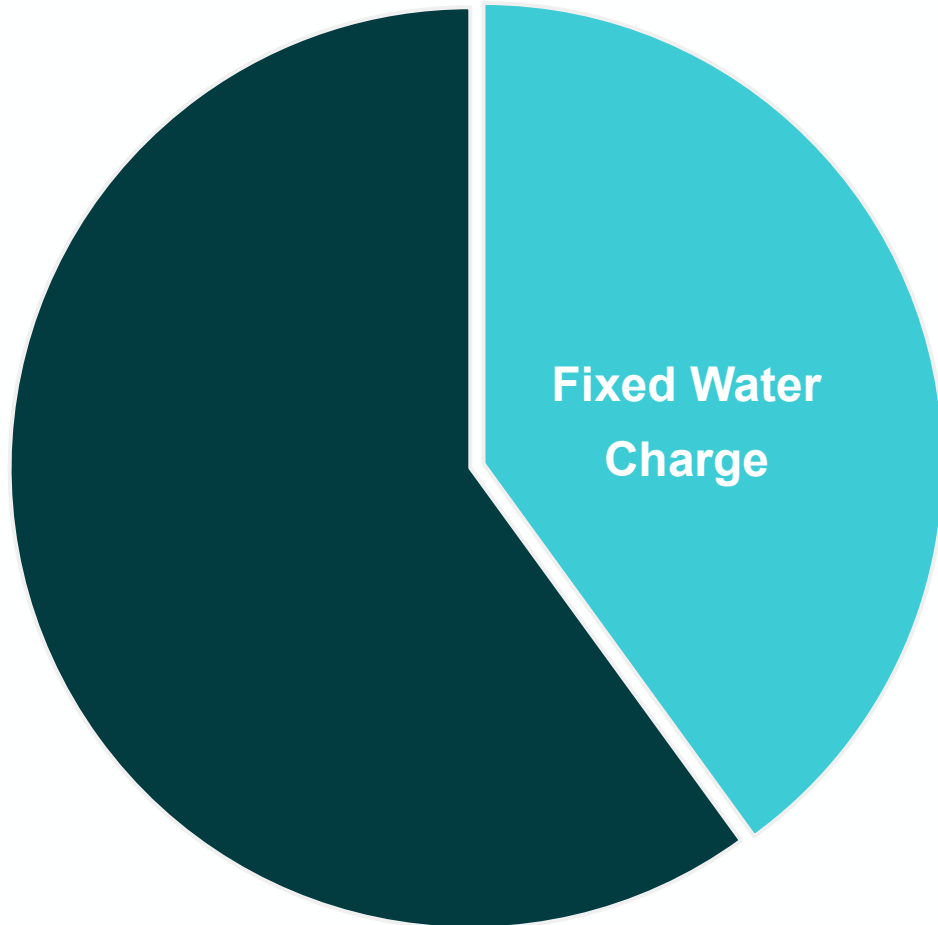
Updated methodology ensures:

Large volume users shoulder the cost of supplemental water *and*

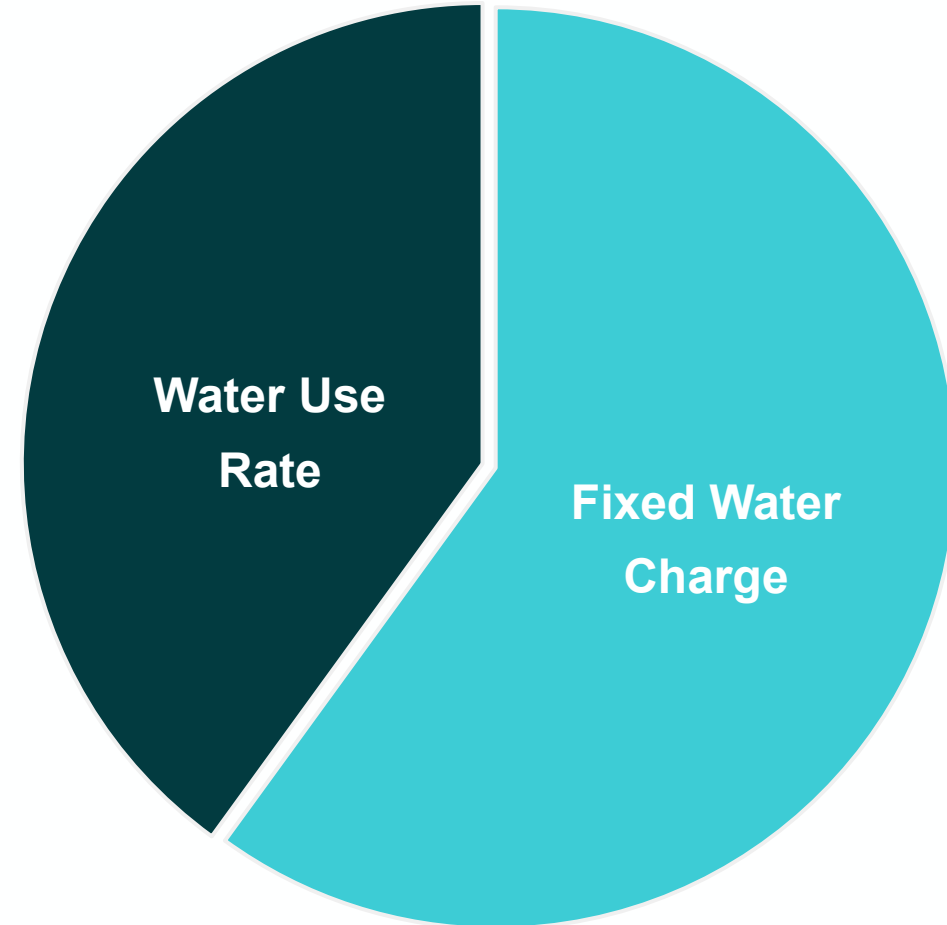
Those who benefit from basinwide benefits pay their fair share for the benefit received

# Proposed Rate Structure Modifications

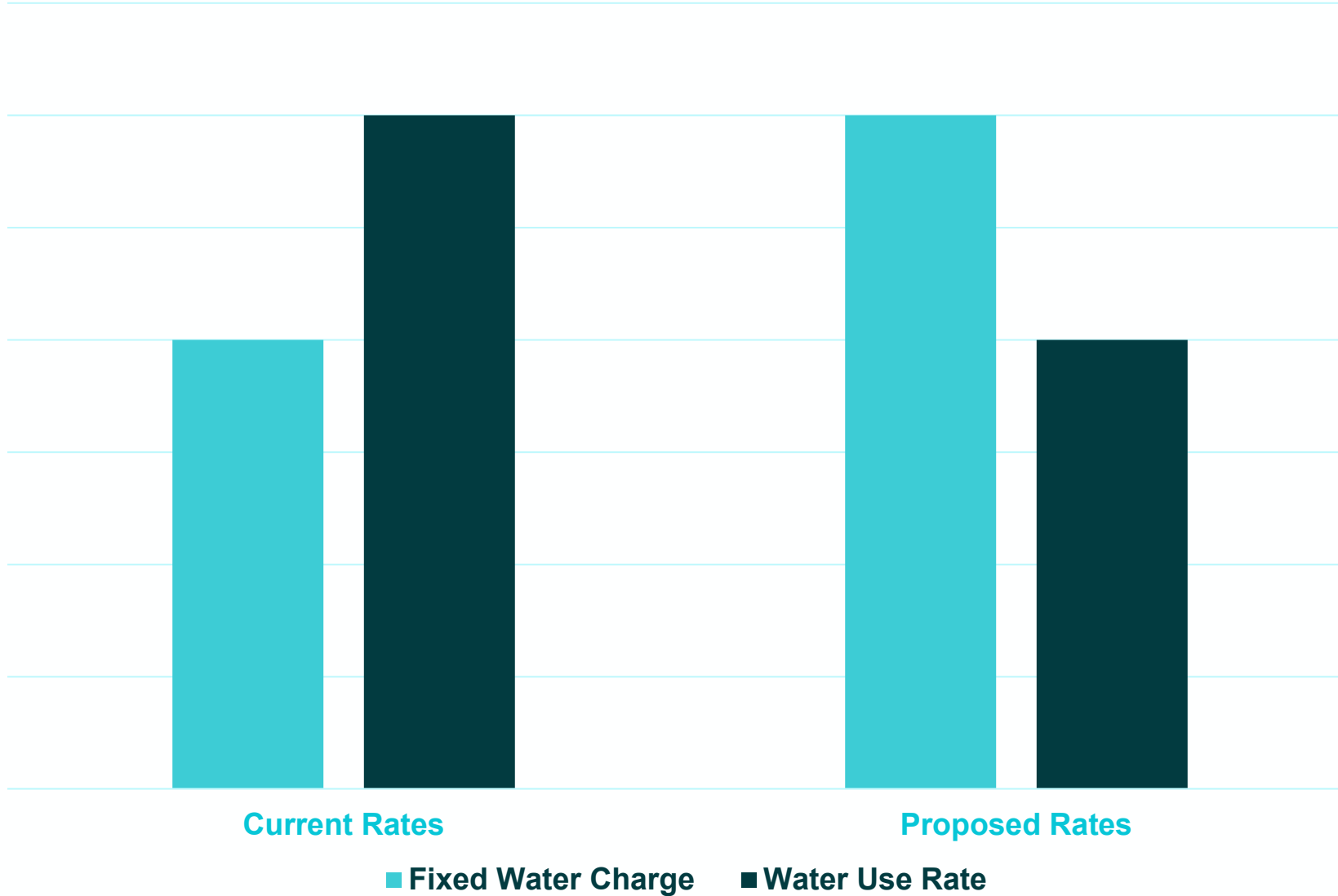
Current Rates



Proposed Rates

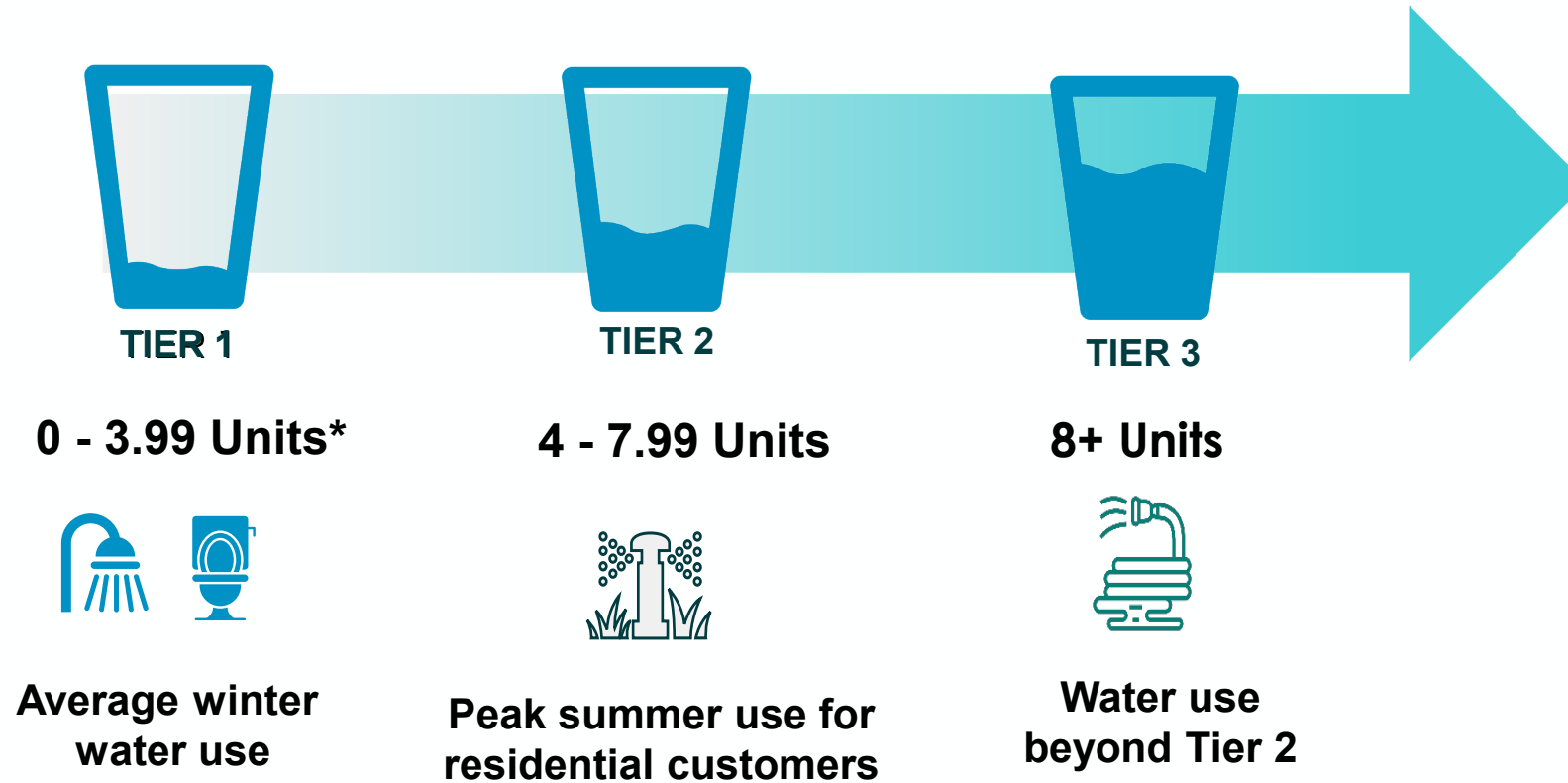


# Proposed Rate Structure Modifications



## RESIDENTIAL USERS

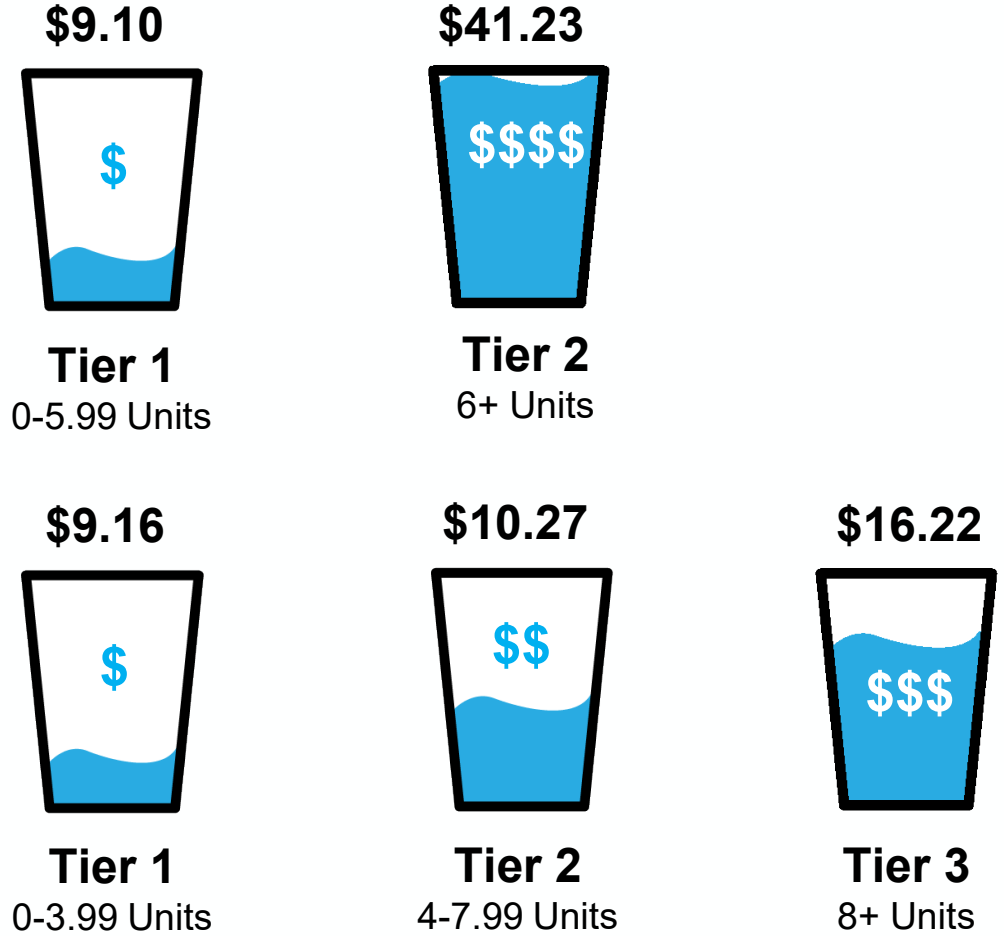
# Proposed Rate Structure Modifications



**\*1 Unit = Hundred Cubic Foot (HCF) 748 gallons or 15 bathtubs**

RESIDENTIAL USERS

# Water Tiers Comparison



PROPOSED

# Four-Year Schedule of Fixed Meter Service Charges: Residential and Commercial (\$/Month)

Meter Size	Current	Proposed March 2024	Proposed January 2025	Proposed January 2026	Proposed January 2027
5/8" Restricted	\$30.43	\$44.74	\$50.11	\$56.13	\$62.87
5/8"	\$52.34	\$80.44	\$90.10	\$100.92	\$113.04
1"	\$118.04	\$187.55	\$210.06	\$235.27	\$263.51
1.5"	\$227.53	\$366.05	\$409.98	\$459.18	\$514.29
2"	\$556.00	\$901.56	\$1,009.75	\$1,130.92	\$1,266.64
3"	\$1,103.48	\$1,794.09	\$2,009.39	\$2,250.52	\$2,520.59
4"	\$2,198.45	\$3,579.13	\$4,008.63	\$4,489.67	\$5,028.44
6"	\$3,512.39	\$5,721.19	\$6,407.74	\$7,176.67	\$8,037.88
8"	\$6,140.29	\$10,005.30	\$11,205.94	\$12,550.66	\$14,056.74

# Four-Year Schedule of Fixed Meter Service Charges: Irrigation and Outdoor Use (\$/Month)

Meter Size	Current	Proposed March 2024	Proposed January 2025	Proposed January 2026	Proposed January 2027
5/8" Restricted	\$39.36	\$62.74	\$70.27	\$78.71	\$88.16
5/8"	\$70.20	\$116.43	\$130.41	\$146.06	\$163.59
1"	\$162.71	\$277.52	\$310.83	\$348.13	\$389.91
1.5"	\$316.90	\$545.99	\$611.51	\$684.90	\$767.09
2"	\$779.44	\$1,351.42	\$1,513.60	\$1,695.24	\$1,898.67
3"	\$1,550.33	\$2,693.80	\$3,017.06	\$3,379.11	\$3,784.61
4"	\$3,092.14	\$5,378.55	\$6,023.98	\$6,746.86	\$7,556.49
6"	\$4,942.30	\$8,600.26	\$9,632.30	\$10,788.18	\$12,082.77
8"	\$8,642.63	\$15,043.68	\$16,848.93	\$18,870.81	\$21,135.31

# Four-Year Schedule of Private Fire Service Charges (\$/Month)

Fire Line Size	Current	Proposed March 2024	Proposed January 2025	Proposed January 2026	Proposed January 2027
1"	\$1.71	\$2.48	\$2.78	\$3.12	\$3.50
1.5"	\$4.92	\$7.20	\$8.07	\$9.04	\$10.13
2"	\$10.43	\$15.33	\$17.17	\$19.24	\$21.55
2.5"	\$18.73	\$27.57	\$30.88	\$34.59	\$38.75
3"	\$30.22	\$44.52	\$49.87	\$55.86	\$62.57
4"	\$64.40	\$94.88	\$106.27	\$119.03	\$133.32
6"	\$187.02	\$275.59	\$308.67	\$345.72	\$387.21
8"	\$398.50	\$587.28	\$657.76	\$736.70	\$825.11

# Four-Year Schedule of Water Use Rates \$/Unit (HCF)

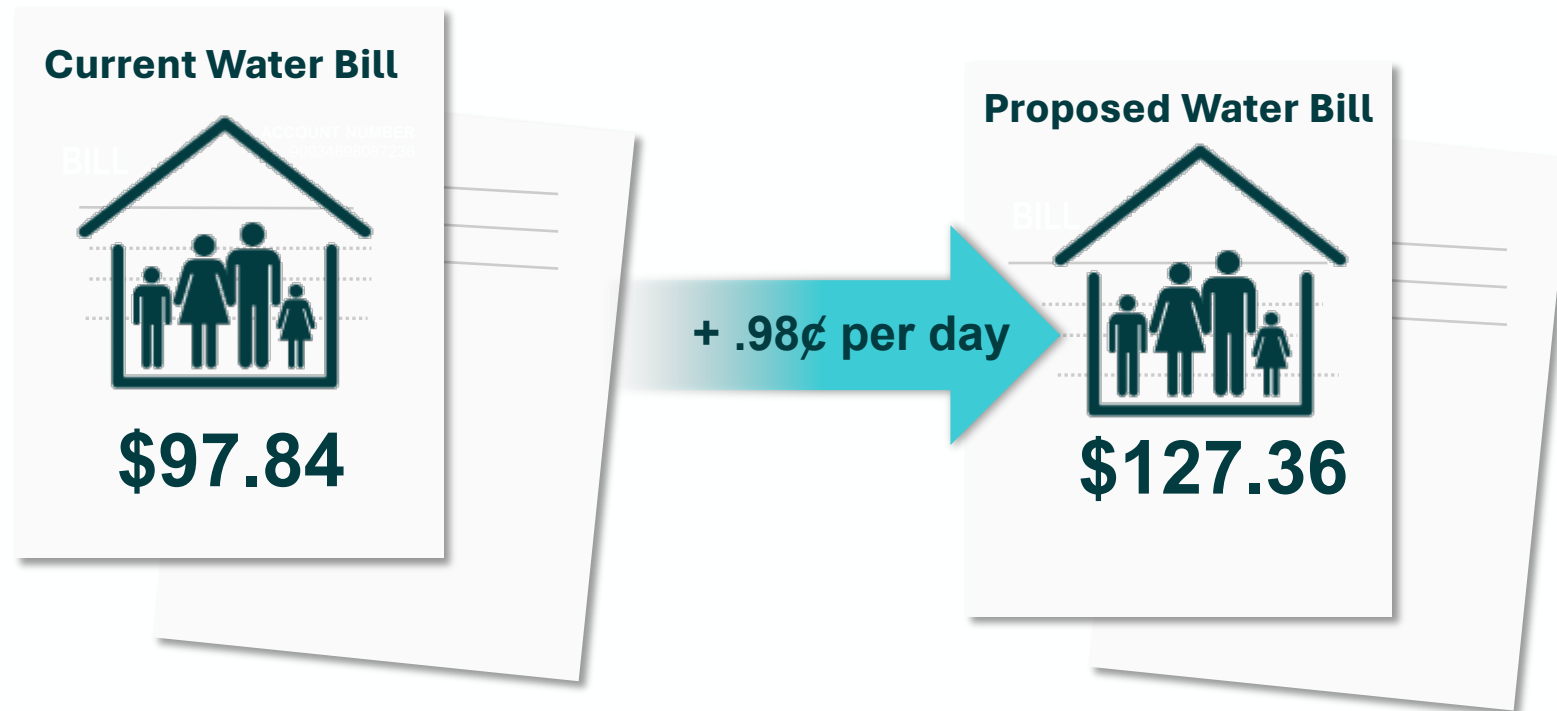
Class	Current	Proposed March 2024	Proposed January 2025	Proposed January 2026	Proposed January 2027
<b>Residential</b>					
Tier 1	\$9.10	\$9.16	\$10.26	\$11.50	\$12.88
Tier 2	\$41.23	\$10.27	\$11.51	\$12.90	\$14.45
Tier 3	N/A	\$16.22	\$18.17	\$20.35	\$22.79
<b>Uniform Rates</b>					
Commercial	\$15.25	\$12.56	\$14.07	\$15.76	\$17.66
Irrigation	\$15.25	\$12.84	\$14.39	\$16.12	\$18.06

# Water Shortage Emergency Rates \$/Unit (HCF)

## FY 2024 Shown for Illustration Purposes

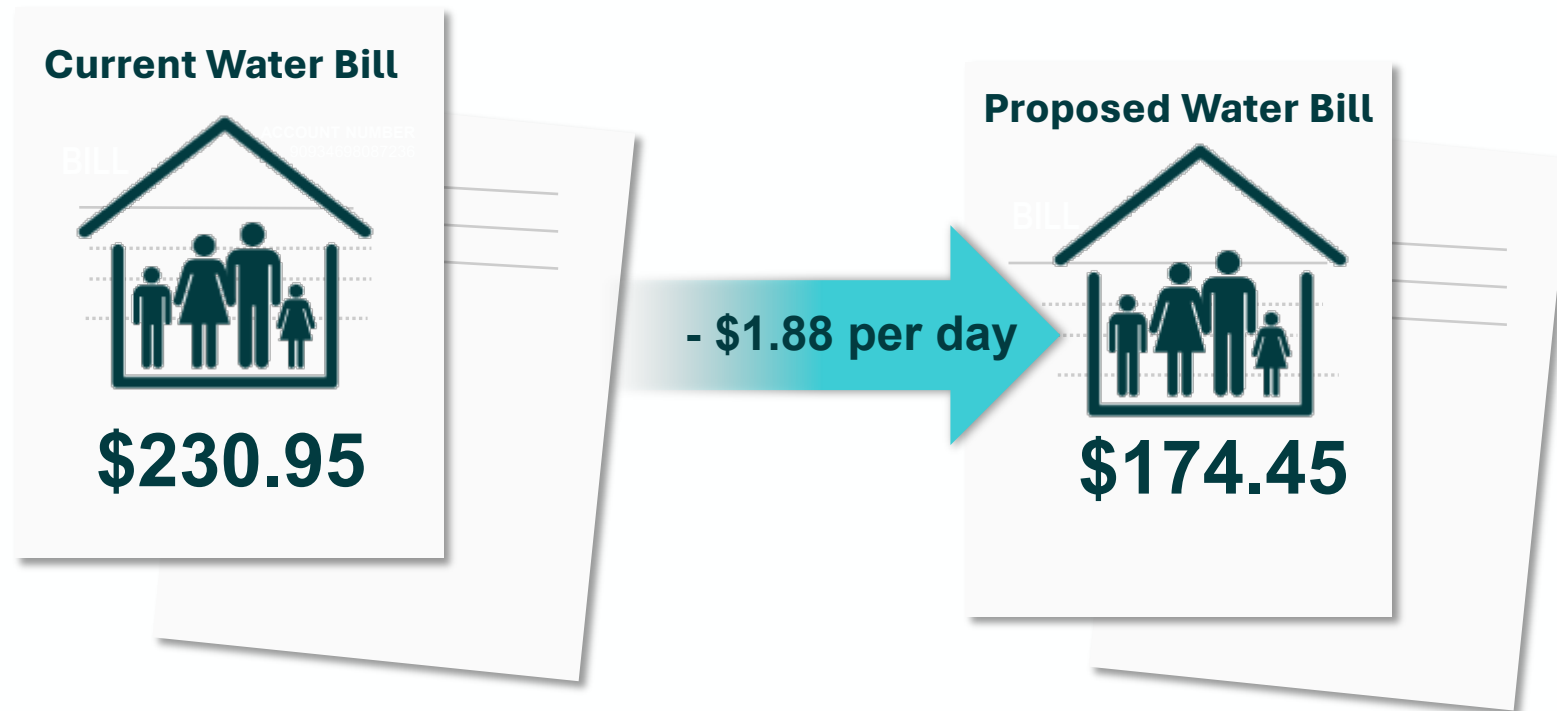
Class	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
<b>Residential</b>					
Tier 1	\$9.61	\$10.73	\$12.16	\$14.04	\$18.20
Tier 2	\$10.78	\$12.03	\$13.63	\$15.74	\$20.40
Tier 3	\$17.02	\$19.00	\$21.53	\$24.85	\$32.22
<b>Uniform Rates</b>					
Commercial	\$13.18	\$14.71	\$16.67	\$19.24	\$24.95
Irrigation	\$13.47	\$15.04	\$17.04	\$19.67	\$25.51

# Single Family Residential Customer Bill\*



*\* Comparison reflects an average single-family customer using 5 Units (HCF) per month  
If approved, rate adjustments would go into effect March 1, 2024*

# Single Family Residential Customer Bill\*



*\* Comparison reflects a high-usage single-family customer using 9 Units (HCF) per month  
If approved, rate adjustments would go into effect March 1, 2024*



### **Basin Sustainability Costs**

1. Supplemental supply (water use rates)
2. Basinwide water reliability (fixed charges)



### **Fixed Charges**

Recalibrated to recover more of the District's total costs



### **Three-tier Residential Water Use Rate Structure**

Provides water at a lower cost, while maintaining a conservation price signal

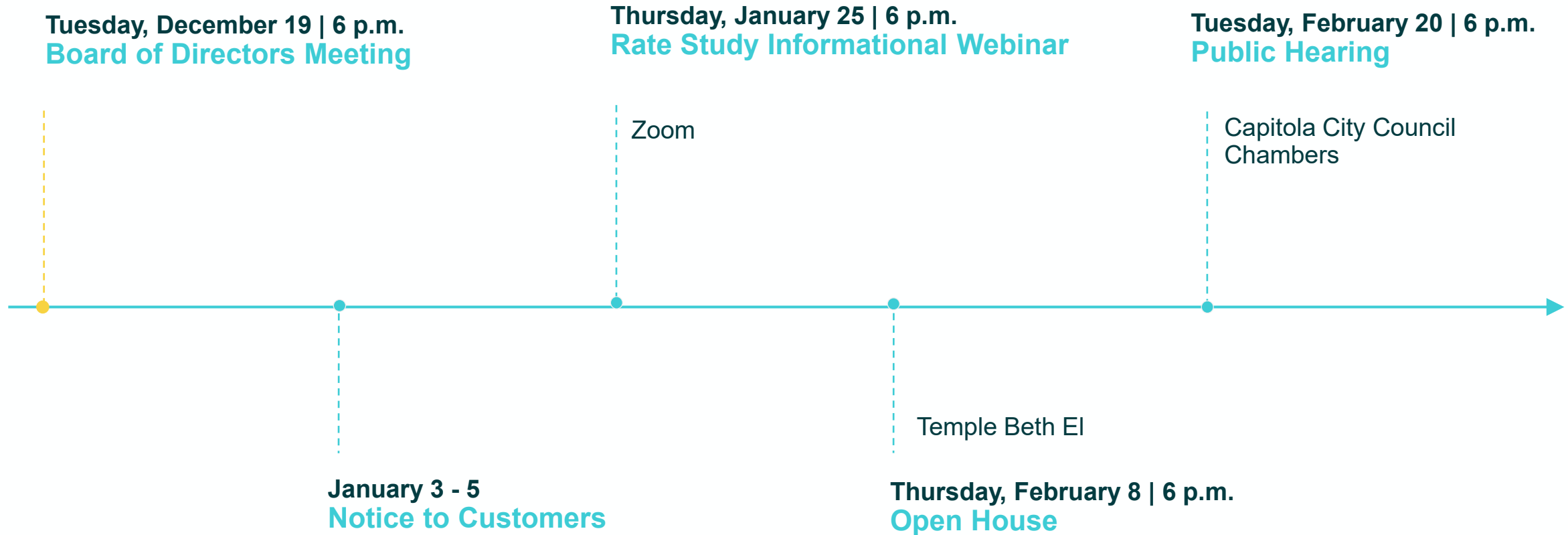


### **Impacts to Individual Customer Bills**

Depend on water use and are a result of all three changes above



# Public Meeting Schedule



# Supporting Transparent Public Outreach

- + Proposition 218 Public Notice
- + Rate Study Information Webinar
- + Open House
- + Utility Bill Inserts
- + Social Media
- + Answers to Frequently-asked-questions

[Home](#) > [Services](#) > [Water Bill](#) > [Rates & Fees](#) > Rate Study

## Rate Study

The District is in the process of studying the rates you pay for water services. Water rates need to keep pace with inflation and rising costs of providing high quality, reliable water. Ideally, rate studies are performed every three to five years. Since our water rates were last adjusted in 2019, inflation has risen more than 20% affecting the costs of delivering water.

District staff and expert financial consultants are working diligently on a series of steps involving data evaluation and technical analyses to derive customer rates while considering customer impacts of any rate modifications. The goal of the rates study is to ensure that the rates customers pay for water services are:

- Sufficient to ensure the continued financial sustainability of District operations
- Sufficient to enable critical maintenance and infrastructure investment to continue high levels of service while complying with ever more stringent regulatory requirements
- Aligned with best practices and in accordance with state law

The public is encouraged to participate in the rates study process and learn more about how rates are determined and how rate adjustments may impact your water bill. To learn more about setting legal rates in California, how rates are determined, and how the rates you pay are an investment in our critical infrastructure, check out our FAQs and the video(s) linked below.



[Questions or Comments](#)  
[Email](#)

Will rates continue to increase each year?

Will rates be fair and equitable for all customers?

Can a customer appeal or petition the rate adjustments?

[www.soquelcreekwater.org/RateStudy](http://www.soquelcreekwater.org/RateStudy)

# Possible Board Actions



**By Motion**, direct staff to proceed with publication and mailing of the required Proposition 218 notifications; and



**By Motion**, authorize staff to set a public hearing for February 20, 2024, to consider final adoption of proposed rates; or



**Take No Action**





# Thank you

## Contacts:

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