

You have questions. We have answers.

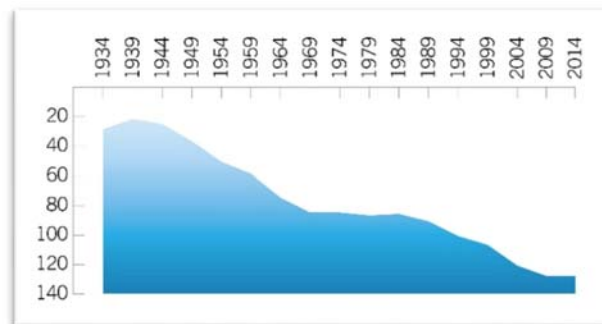
From September 2014 through November 2014, the City of Fresno conducted four community forums to engage the public on all aspects of the City’s water future, including the status of our water supply, options for addressing our water challenges and financing the recommended project. Over 280 people participated in one or more of the forums, which were also televised and streamed live online. Detailed notes from each forum are available at www.RechargeFresno.com. In addition, the most common questions and answers that emerged from the public dialogue are summarized below.

What is the source of the City’s water supply, and how much water do we use on an annual basis?

The City has two major sources of water: groundwater and “surface water.” Groundwater literally refers to the water that exists below the surface in the City’s aquifer. Surface water refers to the water that flows from the Sierra Nevada mountain range, down the San Joaquin and Kings Rivers. The City of Fresno pays for access to 180,000 acre feet of surface water during a normal year. In 2013, the total demand for water in the City of Fresno was approximately 142,000 acre feet. The ratepayers were allocated just over 120,000 acre feet of surface water but due to a lack of storage and treatment capacity only used 65,000 acre feet (including 47,000 acre feet for recharge and approximately 18,000 acre-feet for potable water supply through surface water treatment.) The balance of the demand was met by pumping almost 124,000 acre feet of water from below the ground.

Why should we worry about water supply? We have plenty of groundwater.

The City used to have a plentiful supply of groundwater. However, as the chart at the right indicates, groundwater monitoring over the last century clearly demonstrates that groundwater levels are declining at an alarming rate. In fact, over the last 80 years, the City’s groundwater has dropped more than 100 feet – the equivalent of all the water in Millerton Lake. While we can’t say for sure when that resource will run dry, the fact remains that we are using more groundwater each year than we are putting back and that pumping water from greater depths results in increased pumping cost and lower water quality. In other words, we are using the next generation’s water supply today. The state is currently considering adding even more water quality regulations that could potentially prevent the use of almost a quarter of our water supply by closing existing wells.



City of Fresno Groundwater Levels - 1934 to 2013

The City of Fresno is committed to being a good steward of our financial and natural resources and is recommending implementation of the Recharge Fresno plan of proposed water supply and surface water treatment projects so that the next generation is not overly burdened with the cost of correcting this problem. Furthermore, in October 2014, Governor Brown signed a new State law that mandates correction of groundwater overdrafting. Simply put, doing nothing about the City’s groundwater overdrafting problem is no longer an option.

Why has the City waited so long to address Fresno’s groundwater issue?

The City of Fresno staff has been regularly updating the City Council and the public on the status of the aquifer and has steadily worked to develop a long term plan to address the overdraft problem. Known originally as the “Urban Water Management Plan,” City staff first began to address this problem in 1986. The long term plan was then updated and approved by the City Council in 1993, 2008, and again in 2010. However, while the plan was regularly updated and approved by previous City Councils, the water rates were not adjusted as needed to actually implement the plan. There were understandable concerns about raising utility rates and, as a result, rates were not raised as they should have been in small and steady increments to build the needed infrastructure and avoid “rate shock.” Unfortunately, that delayed the construction of the needed infrastructure and added to the ultimate cost.

Over the last four years, the City has conducted extensive community outreach to explain the groundwater challenge we face and invite public input on the solutions needed to address that challenge. Most recently, the City conducted the Recharge Fresno community forums where the public joined with City water staff, ratepayer advocates, and state and local water experts to discuss all aspects of the City’s water plan. The steady feedback from the public has been to move forward with the water plan and avoid making the problem even worse and costlier for future generations by delaying action yet again.

Residents of the City of Fresno are being asked to approve a 5-year water rate plan. How much will it cost, and what will it pay for?

City staff are recommending a 5-year, \$429 million plan to the City Council that will pay for the following:

- \$6.4 m Intentional groundwater recharge
- \$98.4 m Raw water supply to bring water to treatment facilities
- \$186.4 m Surface water treatment to address groundwater overdraft and quality
- \$55.4 m Finished water distribution to Fresno residents and businesses
- \$82.5 m Rehabilitation and replacement of older water pipes and wells

Has the City considered other water supply options – desalination, rainwater harvesting, more recharge, more conservation, grey water, and cloud seeding?

The City has evaluated all options for increasing its water supply and found construction of the Southeast Surface Water Treatment Facility to be the most cost effective and efficient. Other sources of water supply, such as desalination, using grey water, rain barrels, and cloud seeding, among other ideas, have been raised but are not practical, or in most cases are not affordable, to address the dramatic water supply challenges we face in Fresno.

If we conserve more, can we forego the need for a new surface water treatment facility?

Conservation is an important part of balancing Fresno’s water supply, and the City has already significantly reduced water demand through conservation. In fact, Fresno’s average per capita water consumption has dropped over 25% in the past 6 years, from 320 gallons per day down to 240 gallons per day. But conservation alone cannot solve Fresno’s water challenges. Solutions require a combination of conservation, recharge and maximizing surface water supply.

Why can't we meet our needs through more recharge basins?

Recharge basins are part of the solution but cannot fully address Fresno's water challenges. Acquiring the amount of land needed, securing the environmental permits, constructing recharge basins and installing treatment systems to deal with groundwater quality issues required to provide enough recharge to take the place of the Southeast Surface Water Treatment Plant would actually cost more than constructing the water treatment plant.

Repair of aging infrastructure is important and necessary. Will funds be dedicated to repairing aging infrastructure?

Funds for repair of aging wells, equipment and pipelines are included in the City of Fresno's preliminary recommended capital plan. This is good news but it is important to note that those estimates do not fully fund the amount of repair and replacement (R&R) that is optimal for the City of Fresno. We will continue to work to find ways to accelerate this R&R while keeping customer costs and charges affordable. Future infrastructure plans will focus more heavily on repair and replacement but for now, our priority is on treatment plants so we can comply with the new state groundwater regulations.

How will the City's water plan affect my monthly water bill?

A single family resident using 18 hundred cubic feet (HCF) per month is paying \$24.49 per month for their water in Fresno. The 5-year plan would increase that family's rates steadily over 5 years to an average of \$52.18 per month. Even at the increased level, the price of water in the City of Fresno is substantially lower than other major cities in California and on par or lower than other San Joaquin Valley cities.

Your Preliminary Rate Plan shows a cost of \$52.18 per month water charge for a sample customer. How was this determined?

The current rate comparison (\$24.49 current charge, versus 2019 charge \$52.18) is based on a single family resident using 18 HCF of water per month. This is the figure used during the 2013 rate setting process so we wanted to make sure that we presented an "apple-to-apples" comparison of the old rate plan versus new our preliminary rate plan. A fee and rate schedule will be provided to all residents so that they can estimate their future water bills based on their family water usage (shown on their utility bill) and the Water Division always has representatives available to discuss rate calculations. For some current residents, their monthly water charge will decrease.

It is important to note that 2/3 or more of the ratepayer's bill each month is necessary to simply pay for existing operations and maintenance, as well as payment of prior debt. In other words, even if the City of Fresno did not have a substantial groundwater overdraft problem and even if the Southeast Surface Water Treatment Facility were not being proposed, rates over the next five years would still need to increase by over 70% to keep the lights on and the water flowing.

Have City residents been underpaying for water?

It is true that water rates for decades have not adequately covered the costs for ongoing expenses along with needed water system improvements. The City has recommended a new water treatment facility since 1996 but has not had sufficient funds to construct that facility or replace aging pipes and wells at a recommended pace. The City's preliminary rate increase, spread over a period of five years, would keep rates affordable and below other similar-sized cities, but at levels that better cover system needs and expenses.

Why are we paying for surface water and not using it?

Thanks to excellent planning and foresight by previous Fresno leaders, we have retained and paid for entitlements to surface water for decades. Fresno is the envy of other communities in California who rely on a declining groundwater supply and have few, if any, surface water options. Our challenge is that we lack the infrastructure to access all of this water – Recharge Fresno proposes solutions to this challenge.

The water capital costs are too high. Can we eliminate the capital projects in the water plan and reduce or eliminate the rate increases?

Even if we made no system (“capital”) improvements, water rates are not sufficient to cover existing costs for providing safe, reliable water throughout the City. Approximately 2/3 of the proposed revenue is simply going to pay to maintain our existing system. This is a fact. In addition, the City of Fresno must take action to meet new State law regulating groundwater use. After extensive analysis, the best option to meet State law and Fresno’s water future is through surface water treatment. This comes at a cost but City professionals continue to work diligently to minimize costs while meeting the priority of providing safe, clean, reliable water to more than 500,000 residents.

What is the City doing to ensure water affordability? Are funds available to subsidize low-income residents’ water bills?

Providing safe, affordable water system has always been a City of Fresno priority. And, while rates in Fresno have actually been far below where they should be to cover costs and water system improvements, we understand that any charge can be a challenge for some customers. State law prohibits the use of ratepayer funds being collected to create a low-income subsidy program. However, the City Council can choose to appropriate funding from the City’s General Fund to create such a program.

How does the City ensure water users should pay their fair share?

This question was frequently asked during the Recharge Fresno community forums. It is a requirement in the California Constitution that “the amount of a fee or charge ... shall not exceed the proportional cost of the service attributable to the parcel.” The City’s preliminary rate proposal would include a fixed charge to recover ongoing costs of maintaining and operating the water system, along with a “user charge” based on amount of water used, so each customer would pay for only the water he or she uses, according to state law.

Will the new surface water treatment facilities attract and prompt growth in Southeast Fresno?

Construction of the Southeast Surface Water Treatment Facility is NOT to support growth. Its purpose is to deal with current groundwater issues and supply water to existing customers. If growth in Fresno halts today, we still face a significant water challenge. Groundwater is declining, and the cost to reach and treat groundwater will increase due to required depths for drilling and expected state water quality regulations. In addition, State law passed in 2014 requires that we and other California water users stop over drafting our groundwater supplies. In Fresno we ARE overdrafting. We have been overdrafting since the 1960’s and this has to stop.

Unlike many California communities, we are fortunate to have access to a surface water supply. The location of the proposed surface water treatment facility was selected a decade ago because of its proximity to the Kings River, which would be the source of the surface water coming to the treatment facility. Water from that facility would then be piped throughout the City – not just in the southeast.

Does new development pay its fair share?

There are a series of requirements and fees that apply to water supply and service for new development in the City of Fresno. In other words, new development is required to pay additional fees to cover the cost of hooking up to the City's water system. Those fees are above and beyond the cost of monthly service the residents and tenants in the development also pay. To ensure the City is accurately assessing the cost of new development "hook ups" to the system, the City Manager has directed staff from the Department of Public Utilities to update its Water Capacity Fee Study.

Did the City evaluate a tiered-rate system to penalize large water users?

Under a tiered-rate system, customers would be divided into one or more categories of usage which usually depends on the level on consumption, and the higher the use, the higher the rates. Setting these rates requires detailed customer usage data to ensure rates are set appropriately. Since the City of Fresno has only had water meters in place throughout the City since 2013, we do not currently have enough precise water use data to accurately set these tiers though that will be analyzed as more water use data becomes available.

Current water restrictions are causing trees and landscapes to die, which affects property values. How much longer will City ratepayers be required to restrict their water usage?

As part of our Water Reliability Community Forums we have heard from members of our community who are concerned about their property values, their trees and their landscapes. City staff is recommending to the City Council that the Water Shortage Contingency Plan be modified to allow 1 day of watering during winter months (December 1 – March 1.) The current plan calls for eliminating all watering during winter months.

What happens to funds from City surface water sales?

Currently, the City has and pays for entitlements to surface water from the San Joaquin and Kings rivers. Because we lack the necessary pipelines and treatment facilities, we can't use all that water so it is unavailable to our residents. For this reason, during years when "excess" surface water is available, the City can negotiate with other agencies in need to sell water and recoup some of our costs. Any funds received from the sale of water are required by state law to remain in the City's water department and be used to benefit the ratepayers.

The plan was developed too quickly and without input from the community.

Actually, the development of the City's recommendation to maximize use of surface water, stop reliance on groundwater, and replenish the groundwater supply has been in development since 1986. And since that time, the City has undertaken a number of efforts to raise community awareness about recommendations and needed investments, and to implement the plans.

The Swearingin Administration began the community outreach and evaluation of this rate plan four years ago in 2010 by convening the Utility Advisory Commission, a volunteer group of Fresno ratepayers who conducted 14 public meetings and directly worked with City of Fresno staff to develop a new rate

plan. The Utility Advisory Commission made their recommendations to the City Council in 2011. The City spent another 2 years evaluating the plan and conducting community outreach. In 2013, the City Council approved a 4-year plan but ultimately repealed that decision to allow for another six months of community outreach. The City Council agreed to go above and beyond the state law that governs notification of ratepayers on increases in their bill. When ballots are mailed to the public to ask for final approval of the rate plan, the envelope will be clearly marked with language that states **“this includes important information about an increase to your water rates.”** Inside there will be written notification describing proposed changes to the schedule of rates, fees, and charges assessed by the City of Fresno for public water service.

Also within this Public Notice will be a protest ballot card that you can return to the City of Fresno in a self-addressed, pre-paid mail reply envelope. You only need to return the protest ballot card if you **DO NOT** want the Fresno City Council to enact the proposed changes to the schedule of rates, fees, and charges for public water service. Protest ballot cards received on, or before, February 5, 2015 will be counted.

The City understands the need for an abundance of caution and community outreach before making decisions as significant as constructing the Southeast Surface Water Treatment Plan and was very pleased to extend the evaluation another six months and to conduct another four public meetings to ensure all aspects of the proposal were properly vetted. But time is not unlimited – we must enact appropriate rates and begin plans to stop our reliance on groundwater – before State law and water quality requirements limit our options and drive costs up even further.

Why should we trust the City’s recommendations for water projects and rates?

The City has highly qualified professionals who have worked tirelessly to develop thorough and affordable solutions to secure Fresno’s water future. But we know we can always do better in working with our community to build mutual understanding of needs and concerns and improve trust levels even more. The City’s Water Reliability Community Forums are the most recent steps in this effort, and the City is committed to continuing the conversation and making sure residents and customers have access to information and the ongoing ability to provide input and ideas.

What is the impact of the state’s new Sustainable Groundwater Management Act on Fresno?

The Sustainable Groundwater Management Act addresses over-drafting, or overuse, of our groundwater supplies. As such action must be taken by the City of Fresno to address the over-drafting conditions. The City of Fresno is well-prepared to balance its aquifer with Recharge Fresno. If the City does not move forward to correct groundwater overdraft problems, the County or State agencies will be required to take action, most likely in a more significant manner and at greater cost to our customers.

Will the Southeast Surface Water Treatment Facility have access to surface water during drought years when allocations are limited?

We have and pay for access to surface water supplies. The City has surface water entitlements totaling 180,000 acre feet per year during a normal year. For perspective, the City’s water demand was approximately 142,000 acre-feet in 2013. The amount of surface water available to Fresno fluctuates, but even in an extremely dry year like 2013, our total available allocation was 120,000 acre feet. That was lower than a normal year, but had we been able to access all of that water it would have met

almost all of our water demand. Because we don't have the facilities to capture and treat the water, the City of Fresno missed the opportunity to use 55,000 acre feet of last year's allocation.

I've heard about a small City water plant that isn't even running – is this true?

There has been much misleading information shared about this small water treatment facility located at Armstrong and Dakota. The small facility, completed in November 2013, can treat approximately 4 million gallons of water a day. This facility also includes a 3 million gallon storage tank and booster pump station that has power and is fully functional. The water treatment facility is fully functional but is not currently operating while the Fresno Irrigation District (FID) conducts annual canal maintenance – with canals providing water to the facility. When FID resumes water deliveries, the plant will be placed into service to deliver water to the community.

Why is the City adding a pipeline to serve the proposed surface water treatment facility?

The original method to get surface water to the proposed Southeast Surface Water Treatment Plant was to use the Fresno Irrigation District canal system. However, based on thorough analysis and discussion with state regulatory agencies, it has been determined that a pipeline is a preferred option for many reasons, including the minimized environmental impact, improved water quality and reduced cost for treatment. State regulatory agencies have confirmed that this is their preferred option over the canal system.

Where can I get more information?

For Recharge Fresno information and for community forum information, go to www.RechargeFresno.com. For information about the City of Fresno Water Division and past water planning, visit www.Fresno.gov.