



**County Service Area 23  
Santa Margarita Water System  
Proposed Rate Increase  
June 6, 2019**

[www.slocounty.ca.gov](http://www.slocounty.ca.gov)

# What we are going to go over tonight...

- Overview of the system
- What do your rates pay for?
- Financial Status
- CSA 23 System Needs
- Proposed Rate Increase
- Next steps in the Proposition 218 process



# Overview of Water System

## One source - groundwater

- 2 wells
- 2 tanks
- 7 miles of pipeline, 500 + services
- Emergency intertie

## Water system installed in the 1960s

- Deferred maintenance needed on aging system



# What do CSA 23 water rates pay for?

## Capital Improvements



## Operations and Maintenance (O&M)



## Reserves & Existing Loan Payments



# Why another rate increase?

- Assumptions Public Works made on anticipated water usage were wrong
- Last increase did not take into account the O&M needs identified by the operators of the system

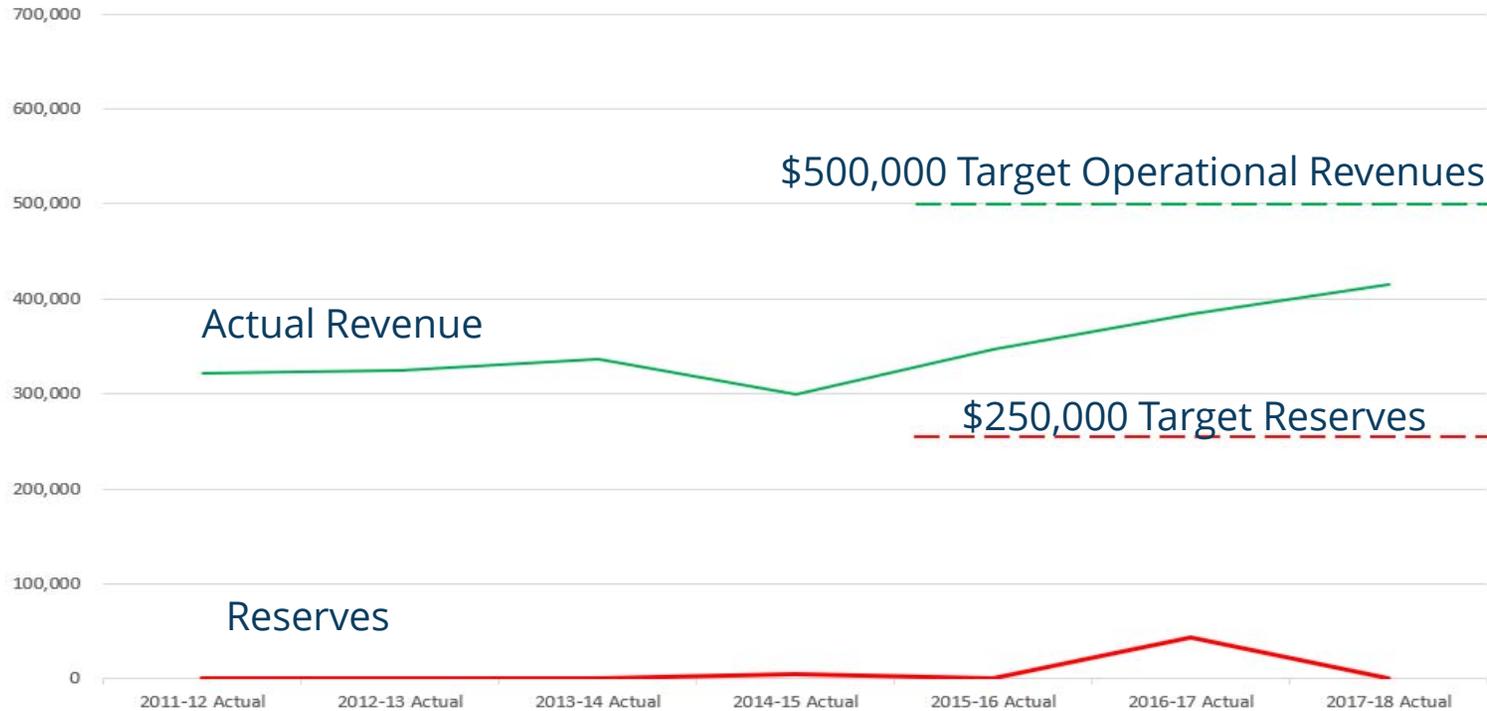


# CSA 23 Financial Condition

- Reserves - At end of this FY will be \$1,400 goal is to be at \$250,000
- Loans – 2 Mandatory Loan Payments
- Loans – 2 Additional Obligations



# CSA 23 Water Revenue and Reserves



	2011-12 Actual	2012-13 Actual	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Actual
Reserve Bal.	0	0	0	4,850	0	44,223	0	1,400



## CSA 23 Needs

- Additional Operations and Maintenance ~\$75,000/year
- Additional contribution to Reserves ~\$20,000/year
- Capital Projects ~ \$60,000/year
- Total Needs ~\$155,000/year or ~\$50 *average* increase to bi-monthly water bill



# What's the bottom line?

- The system is seriously under funded
- A rate increase is needed to restore the financial health of the system
- If a rate increase is not passed, additional loans will have to be taken out immediately
- Additional loans will reduce CSA 23's eligibility for low interest loans and grants for future Capital projects



# 3-Year Phased Rate Increase

*Anticipated to generate \$155,000 over 3 years*

Year		Current Bi-Monthly Rate	Increase to Current Rate	New Bi-Monthly Rate	Additional Cost per Bi-Monthly Bill (average)
2019	Minimum Charge	\$69.74	\$10.56	\$80.30	~\$16
	Usage Charge	\$3.10	\$0.50	\$3.60	
2020	Minimum Charge	\$80.30	\$10.56	\$90.86	~\$16
	Usage Charge	\$3.60	\$0.50	\$4.10	
2021	Minimum Charge	\$90.86	\$10.56	\$101.41	~\$16
	Usage Charge	\$4.10	\$0.50	\$4.60	



# Next Steps

- Start requirements to implement Proposition 218 rate increase:
  - **June 18th** Introduce proposed rate ordinance and set date for public hearing at Board of Supervisors
  - **June 19-21<sup>st</sup>** Send Public Notice to all CSA 23 Customers/Property Owners
  - **August 13th** Public Hearing and counting of votes
  - Rate increase effective September 6<sup>th</sup> if it passes (October water bill)



# Questions?

For more information or additional questions

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Or visit [www.slocounty.ca.gov/pw/csa23](http://www.slocounty.ca.gov/pw/csa23)

