County Service Area 16 – Shandon Water System

Proposed Rate Increase Options

October 23, 2019
Overview of Water System

One source - groundwater
- 2 wells
- 1 tank - 3 day supply
- Approx. 6 miles of pipeline
- State Water Project Connection

Water System operating since 1972
- Significant maintenance needed on aging system
What do your water rates & fees pay for?

• Operations and Maintenance (O&M) (including Water Quality Compliance)

• Capital Improvements

• Existing Loan Payments

• Reserves
Operations & Maintenance Needs

- *Routine Maintenance* - More time for operators to perform system checks, leak detection, tank inspection

- *Preventative Maintenance* - Perform system flushing, fire hydrant maintenance, exercising of valves

- *Emergency Work* - Emergency waterline repairs due to aging pipelines
CSA 16 Needs

- Additional Operations and Maintenance ~ $107,500
- Additional funds for increased cost of State Water ~ $60,000
- Additional funds to continue to pay existing loan from the District for the State Water turnout & upgrades ~ $12,500

Total Needs ~ $180,000/ year
Why another rate increase?

- 1994 last increase to Operations & Maintenance

- Previous Rate increase in 2015 funded *operational* costs associated with taking State Water.

- Last increase did not account for existing O&M needs identified by the operators of the system
CSA 16 Financial Condition
Revenue and Reserves

+ $180,000 Requested for operation needs

Revenue

Reserves

Target Reserve $214,808
What’s the bottom line?

• The system is seriously under funded

• If a rate increase is not passed via the Prop 218 process, additional loans will have to be taken out immediately

• Additional loans will reduce CSA 16’s eligibility for low interest loans and grants
Two Rate Increase Options

1. Base Rate provides 70% of the needs and Usage Rate 30%

2. Base Rate provides 50% of the needs and Usage Rate 50%
Option #1 Base Rate 70% - Usage 30%

<table>
<thead>
<tr>
<th></th>
<th>Current Bi-Monthly Rate</th>
<th>Increase to Current Rate</th>
<th>New Bi-Monthly Rate</th>
<th>New Bi-Monthly Bill</th>
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<td>Minimum Charge</td>
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<td>Usage Charges</td>
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This rate option is based on 343 service connections and annual water use of 34,833 CCF
## Option #2 Base Rate 50% - Usage 50%

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<th>Current Bi-Monthly Rate</th>
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<th>New Bi-Monthly Bill</th>
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This rate option is based on 343 service connections and annual water use of 34,833 CCF
RATE OPTION COMPARISON

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<tr>
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<th>70/30 Rate</th>
<th>50/50 Rate</th>
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<tr>
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<tr>
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Next Steps

Public Outreach

• Additional Community Meetings to continue education on proposed rate increase

• Start requirements to implement Proposition 218 rate increase:
  o Introduce proposed rate ordinance and set date for Public Hearing at Board of Supervisors
  o Mail Notice of Proposed Rate Increase to CSA 16 Customers
  o Public Hearing at Board of Supervisors
  o Rate increase approved or denied
Questions?

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Or visit www.slocounty.ca.gov/pw/csa16