



NOTICE of PUBLIC HEARING on PROPOSED WATER RATE ADJUSTMENTS

A Public Hearing will be held on March 13, 2012 at 9:00 a.m. in the Board of Supervisors Chambers at 44 N. San Joaquin Street, 6th Floor in Stockton, California for consideration of a proposed rate increase to the Wilkinson Manor water rates. During the public hearing, interested persons may present verbal or written input to the Board on the proposed rates. If prior to the close of the public hearing, protests against the proposed rate increases are submitted by a majority of property owners, the Board will not approve the proposed rates. In this event, it will be necessary to implement service reductions within the district. If a majority protest does not exist, the Board will be asked to approve the annual water rate adjustments effective with the 2012-13 property tax statements. The metered water rates will be effective July 2012.

A property owner may file a written protest through the mail or hand deliver to the Clerk of the Board prior to the close of the Public Hearing. All protests must identify the affected property with the street address or Assessor's Parcel Number (APN) & if being submitted other than at the public hearing, must be received by the Public Works Dept by close of business March 12, 2012 in order to be included in the tally.

Mail to:

San Joaquin County Public Works
Attn: CIE Division
PO Box 1810
Stockton, CA 95201-1810

or

Hand-deliver to:

San Joaquin County Public Works
Attn: CIE Division
1810 E Hazelton Ave in Stockton, Ca

FREQUENTLY ASKED QUESTIONS

Why am I receiving this notice?

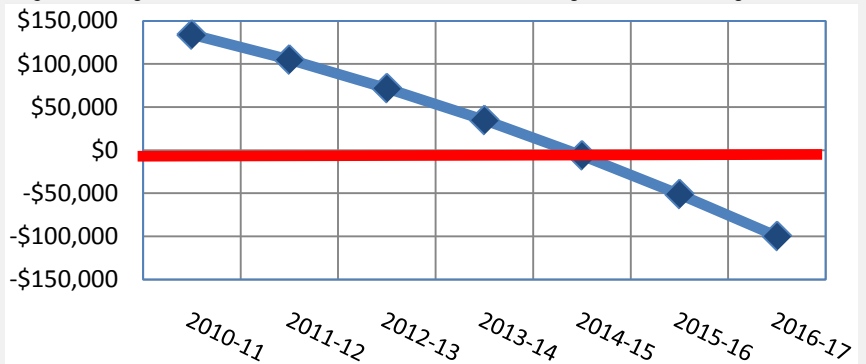
You are receiving this notice because a water rate increase is proposed for property you own within the **Wilkinson Manor Maintenance District**. Under the terms of Proposition 218, the Public Works Department, as your service provider, is required to inform you that a public hearing will be held on March 13, 2012 to consider water rate adjustments. Details of the public hearing are in the left hand column of this page.

Why are rate adjustments necessary?

District expenses have exceeded revenues in nine of the last ten years. During these times, your district's reserves have been used to balance the budget, which has resulted in a steady decline in capital replacement reserves. Based on the current trend, your district's reserves are projected to be depleted within the next two years.

What happens if the rates are not adjusted?

Service levels within the district would need to be reduced to generate cost savings. This could include reduced water pressure, elimination of non-essential maintenance & elimination of after-hours service calls. If neither rates nor costs are adjusted, your district will become financially insolvent by 2015:



How is my rate calculated?

The annual fixed rate, based upon property type, provides funding for costs that do not vary with usage. The metered water rate applies to each 1,000 gallons of water used by large residential & commercial properties and is based on the district's water consumption and variable costs to provide the water. An Engineer's Report, which shows the methodology used to determine the water service charges, can be reviewed at the Office of the Clerk of the Board of Supervisors & at the office of the Public Works Department, or may be obtained from the County's website at www.sjgov.org/pubworks/.

What do rates pay for?

Revenues from your water rates pay for the day to day operations of the water system in compliance with state drinking water standards. Additionally, the funds pay for needed capital improvement projects and reserves to replace or rehabilitate aging water system components.

WATER SERVICE CHARGE INFORMATION

The Public Works Department is proposing to adjust water rates over a five year period to minimize the short term impacts to customers. If approved, the annual water service rates would be reflected on your 2012-13 property tax statements. For metered customers, the metered water rates would be effective with your July water usage. Establishment of an annual adjustment factor of up to 3%, if needed, is proposed effective in fiscal year 2017-18 and thereafter to the annual rate, and effective in fiscal year 2013-14, if needed, to the metered rate. This provides the district with the flexibility to offset minor operating cost increases without incurring the additional costs that are associated with the formal notice and hearing processes. Tables 1 and 2 below show the current and proposed service charges. All parcels that receive services are assessed service fees in proportion to a Single Family Equivalent (SFE), which is based on the water consumption of a typical single family residence.

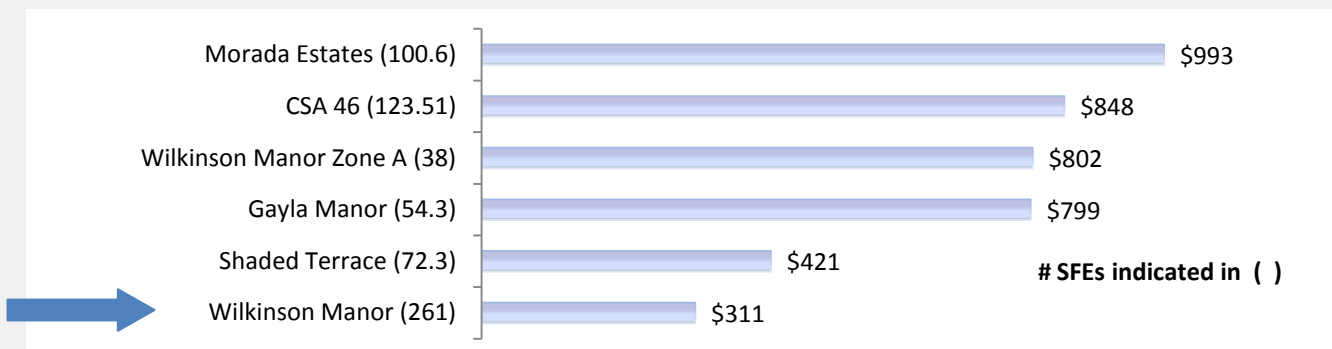
Table 1 Annual Water Service Rate ^{1,2}					
Current	Proposed				
2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
\$285	\$311	\$339	\$369	\$402	\$439
1. Water service rates are annual charges to property owners and are expressed as a Single Family Equivalent (SFE) which refers to the benefit a typical single family dwelling would receive.					
2. Proposed rate includes annual adjustment factor of up to 3% beginning in year 2017-18, if needed.					
Table 2 Metered Water Rate (per 1,000g) ^{1,2}					
Current 2011-12	\$1.57				
Proposed 2012-13	\$1.62				
1. Metered rates are currently applicable to commercial & Black Oak Estates properties.					
2. Proposed rate includes annual adjustment factor of up to 3% beginning in year 2013-14, if needed.					

FREQUENTLY ASKED QUESTIONS

(continued from page 1)

Why do water rates vary between different districts operated by the County?

The age and operating costs of each district's facilities differ, as do the number of customers in each district. Typically, larger districts enjoy a greater economy of scale. Wilkinson Manor's proposed annual water rate for fiscal year 2012-13 is reasonable when compared to other similar districts:



FREQUENTLY ASKED QUESTIONS

(continued from page 2)

Why can't the rates be adjusted by a lesser amount over a longer period of time?

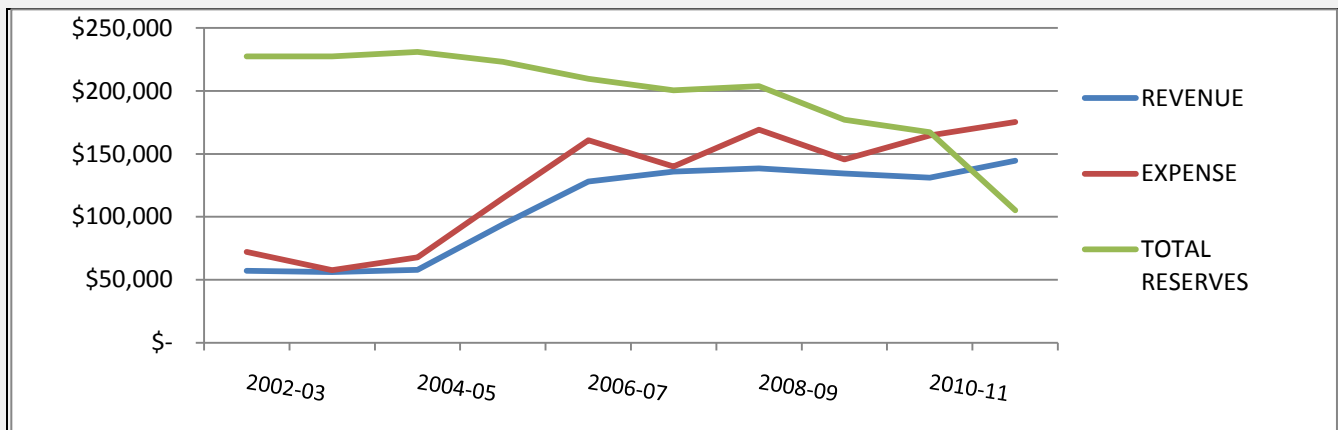
Implementing the proposed rates over more years will compound the problem of the severely underfunded reserves. The District's capital replacement reserves are significantly less than what they should be, and delayed recovery will require even higher future fees. Less than 10 years ago your district had 3 water wells. When one of the wells failed to meet water quality standards, it had to be destroyed. Although one of your wells was installed just 9 years ago, the majority of your water system is 56 years old. It would cost over \$2M to replace the major system components today, which means over \$40,000 per year should typically be placed in replacement reserves. As of June 30, 2011, your district had only \$134,000 in replacement reserves.

When is the last time water rates were increased?

Rates were last adjusted in fiscal year 2006-07.

What factors are impacting costs?

Operation of your water system is impacted by the increasing costs for fuel, chemicals, labor and equipment. These costs are necessary to keep your water system compliant with state drinking water standards, and keep you supplied with a reliable water supply in future years. In addition, water pumping taxes have increased significantly in the last several years. The more acre feet of water that is used by the district, the more the district is charged for replenishment of the ground water aquifer. This cost has gone from approximately \$32,000 in 2005-06 to just under \$52,000 as of June 2011. The graph below illustrates the district's finances over the last nine years:



Are meters planned for installation within our district?

There are no short term plans to install residential water meters within the original Wilkinson Manor subdivision. In 2008, the Board of Supervisors approved a water conservation initiative that includes adding water meters to County operated water systems, when cost effective to do so. You will be notified in advance of the County's plans to install meters on your property.

Where can I obtain additional information?

If you have any questions regarding the proposed rate adjustments or this process, please call Alicia Albright at (209) 953-7150, between the hours of 8:00 a.m. & 4:00 p.m., or visit the County's website at www.sjgov.org/pubworks/.