

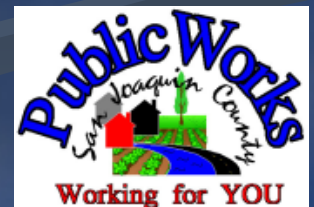
County Service Area 44

Community Meeting

Proposed Water Rate Increases

San Joaquin County
Department of Public Works

November 8, 2021



Agenda

- Department, District Overviews
- Financial Situation
 - Income
 - Cost Drivers
 - Financial Status
- Proposed Rates
- Questions and Answers

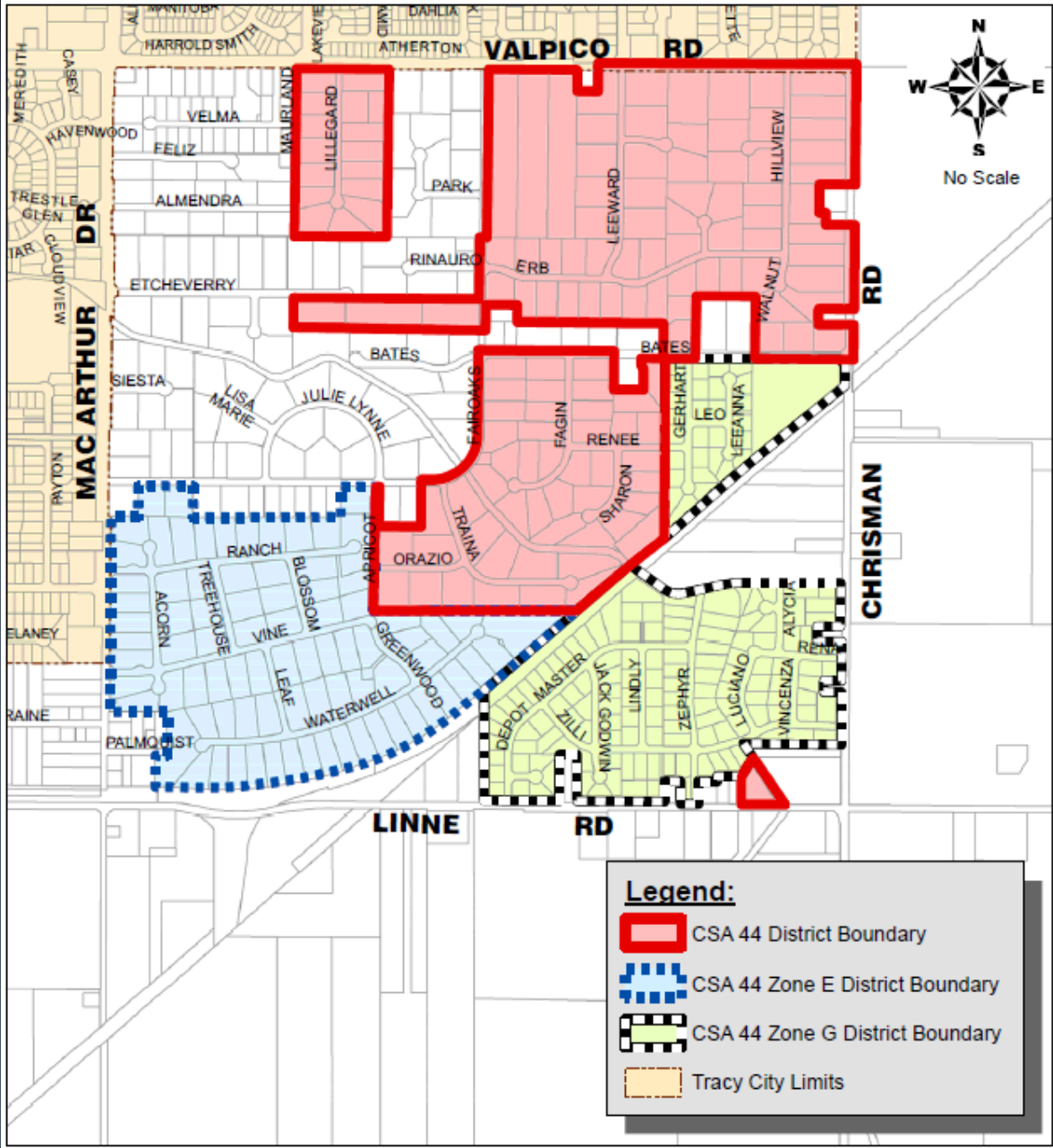
What is a Special District

- Form of local government created to provide a specific service within defined boundary
- Separate fund from rest of the County
- Revenue from charges stays in the district, not spent for other purposes
- Must be self-supporting from customer charges –
GENERAL FUND UNABLE TO SUBSIDIZE COSTS

San Joaquin County Public Works Department

- Administers over 100 special districts
- Services provided include water, sewer, storm drainage and street lighting
- Delivers water to 5,650 properties

CSA 44 (with zones)



CSA 44

- Main district formed in 1989 to provide water and street lighting
- Zone E formed in 2003 - water, sewer, and storm drainage
- Zone G formed in 2004 - water, sewer, storm drainage and street lighting
- Provides services to a total of 360 properties
- Operates as a Special District under San Joaquin County
- One shared water system

CSA 44

- Goals of proposed rate adjustments:
 - Establish metered rate for CSA 44 customers
 - Have all users pay the same rate
 - Increase savings for capital expenditures

Current Water Rates

- Rates last increased in 2007
- Rates include an annual fixed rate charged on the property tax bill
- E&G also have a metered rate billed quarterly (in addition to the quarterly fixed fee, which is \$22 for a 1” service)

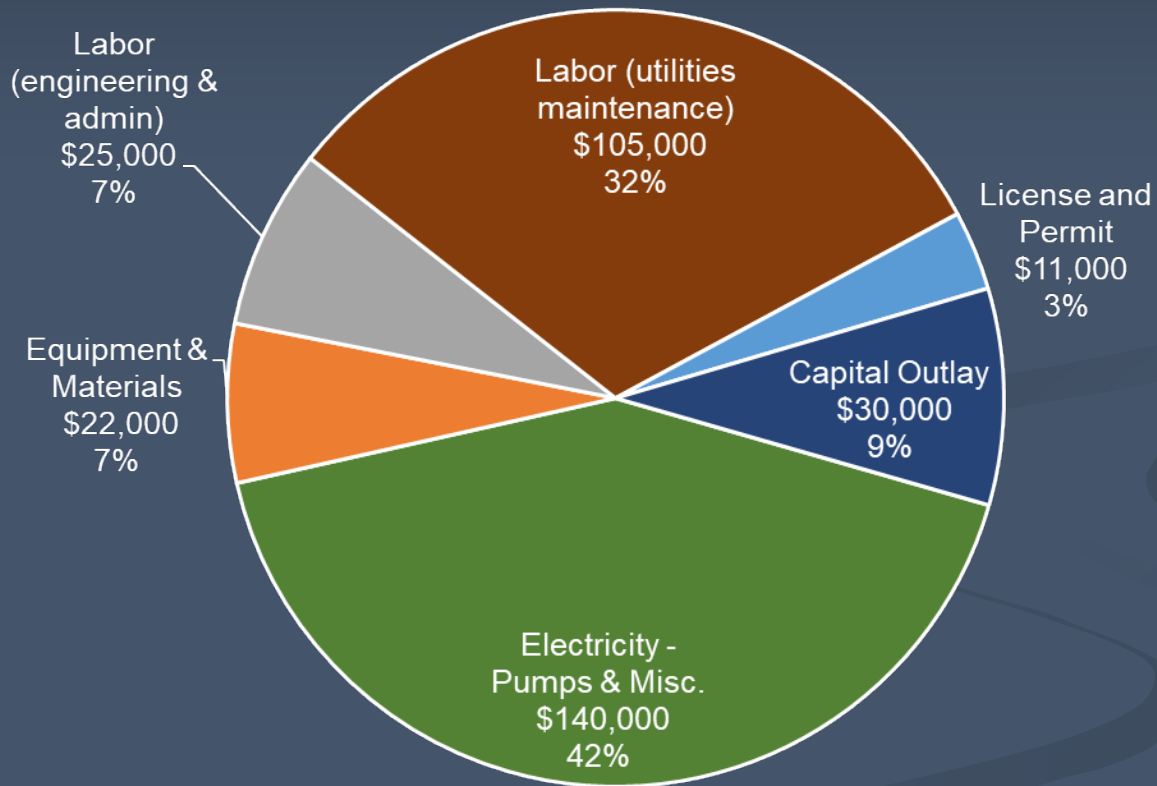
District	Annual Rate	Metered Rate
CSA 44	\$992	N/A
CSA 44 Zone E	\$330	\$1.10
CSA 44 Zone G	\$176	\$1.10

What Your Rates Pay For

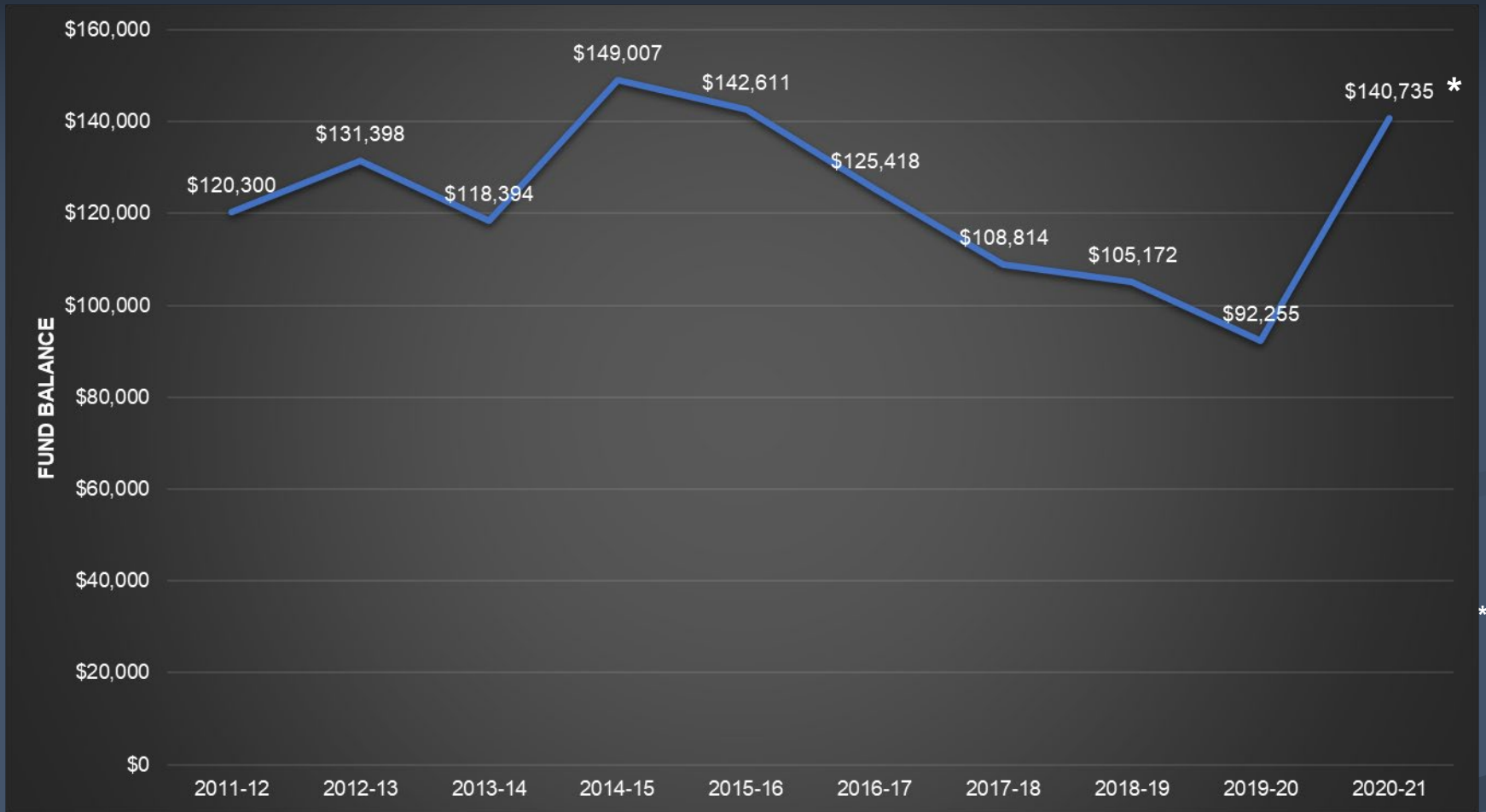
- Operation and maintenance of the systems
- Major costs:
 - Labor:
 - Staff for system operation and maintenance
 - Equipment repairs
 - Water quality testing
 - Billing and administrative costs
 - Electricity

Your Water Expenses

Average Annual O&M Expenses = \$333,000



Financial Status



*Increase in fund balance due to transfer of all water revenues from Zones E and G

Capital Reserves

- Annual contribution needed for future equipment replacement
- Current expenses include only small contribution
- Cost to replace major components
= \$6 million
- Based on equipment life, need an annual contribution of **\$160/home/year**

Capital Costs

Sample Replacement Costs

- Well pump = \$50-75,000 each
- Fire hydrants = \$12,000 each
- Service laterals = \$2,700 each

Proposed Rates – Option 1

- Adds a metered rate for all properties (billed quarterly)
- Includes annual contribution for capital replacement
- Estimated fund balance by end of year 5 = \$395,000
(assuming no unexpected capital expenses)

District	Current Annual Rate	Proposed				
		2022-23	2023-24	2024-25	2025-26	2026-27
CSA 44	\$992					
Zone E	\$330	\$330	\$355	\$380	\$405	\$429
Zone G	\$176					

Proposed Rates – Option 1

- Metered rate adjustable for inflation for 5 years up to 5% per year
- Metered usage paid by the account holder
- Billed quarterly

District	Current	Proposed 2022-23
	Rate per 1,000 gallons used	
CSA 44	N/A	\$1.15
CSA 44 Zone E	\$1.10	\$1.15
CSA 44 Zone G	\$1.10	\$1.15

Proposed Rates – Option 2

- Adds a metered rate for all properties (billed quarterly)
- Includes HALF annual contribution for capital replacement
- Estimated fund balance by end of year 5 = \$212,000
(assuming no unexpected capital expenses)

District	Current Annual Rate	Proposed				
		2022-23	2023-24	2024-25	2025-26	2026-27
CSA 44	\$992					
Zone E	\$330	\$211	\$246	\$281	\$316	\$350
Zone G	\$176					

Proposed Rates – Option 2

- Metered rate adjustable for inflation for 5 years up to 5% per year
- Metered usage paid by the account holder
- Billed quarterly

District	Current	Proposed 2022-23
	Rate per 1,000 gallons used	
CSA 44	N/A	\$1.15
CSA 44 Zone E	\$1.10	\$1.15
CSA 44 Zone G	\$1.10	\$1.15

Water Rate Comparison

Current vs Proposed (Option 2)

District	CSA 44 Main	Zone E	Zone G
Current	\$992	\$1,244	\$511
Proposed (first year)	\$1,162	\$1,162	\$557

Charges based on average water usage within the zone.

Main district assumed use is same as Zone E.

Proposed rates assume \$211 annual charge and \$1.15 metered rate.

Water Rate Comparison

CSA 44 vs Neighboring Agencies

District/Agency	Main	Zone E	Zone G
Cal Water	\$5,804	\$5,804	\$1,797
City of Stockton	\$3,298	\$3,298	\$1,230
City of Tracy	\$2,283	\$2,283	\$897
CSA 44 - proposed	\$1,162	\$1,162	\$557
CSA 44 - current	\$992	\$1,244	\$511

If Rates Are Not Approved

Without sufficient revenue, we will need to impose cost saving measures. Measures may include:

- Recommend to Board Stage 3 conservation measures. THIS MEANS NO OUTDOOR WATERING.
- Reduce after-hours and weekend service calls
- Reduce regular maintenance of the system
- Postpone equipment replacement

Next Steps

- Public Hearing to be scheduled
- Notices will be mailed
- Questions? Call or email:
 - Jayna Rutz - (209) 468-3697 or jrutz@sjgov.org
- Visit your district website at www.sjgov.org/ud