

# County Service Area 44 Zones E & G

## Community Meeting

### State of District Finances

March 5, 2020

San Joaquin County  
Department of Public Works



# Agenda

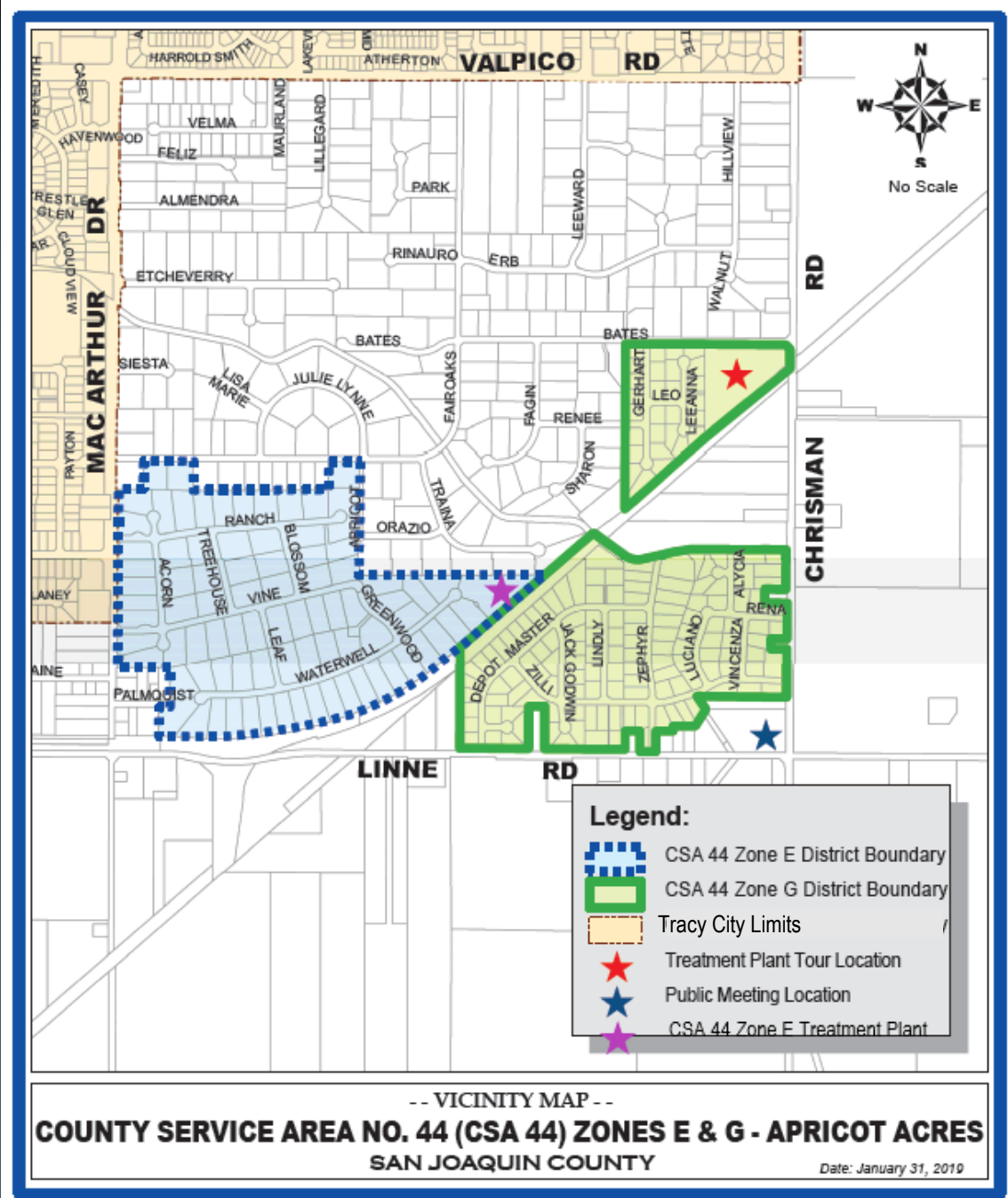
- Introductions & Meeting Purpose
- Department, District and Zone E & G Overviews
- City of Tracy Discussions
- Rate Comparisons
- Plant Operation
- Rate Components
- Proposed Rate Options
- Next Steps

# San Joaquin County Public Works Department

- Operates, maintains and administers water, sewer, storm drainage and streetlight services for over 100 special districts
- Generally required to be self-supporting from customer service charges
- Rates paid annually on property tax bill

CSA 44 Zone E provides wastewater service to 91 SFEs

CSA 44 Zone G provides wastewater service to 148 SFEs



# City of Tracy Key Milestones

**August 2016** – First met with City to discuss possible connection or annexation. City indicated that annexation was likely the only viable option.

**Spring 2017**– County completed cost of service analysis for district annexation to City and concluded that a mutually agreeable tax sharing arrangement would be unlikely.



# City of Tracy Key Milestones

**April 2018**— Reached agreement in principle with City staff regarding terms of service to connect to City sewer. City staff indicated it was anticipated to be agendized in May.

**October 2018** – City advised that request for services will be brought to City Council, but was not agendized.



# City of Tracy Key Milestones

**March 2019** – County submitted a formal letter requesting that the City provide sewer service to the districts. The new City Manager would likely need time to decide on a recommendation.

**July 2019** – City advised County may also be required to pay non-sewer impact fees. County requested estimate, County still waiting for response.



# City of Tracy Key Milestones

**March 2020** – County followed up with City Manager, and a meeting was held on March 5, 2020.





# Similar District Rates Comparison

## Oakwood Lakes (near Manteca)

- Privately operated, publically owned
- Has 493 properties
- Pay flat rate \$177 in addition to volumetric charges based on winter water usage
- So based on winter water usage in Zones E & G, using Oakwood Lakes rates, you would pay:

	Zone E	Zone G
<b>Total Monthly Cost (with flat rates)</b>	<b>\$553</b>	<b>\$308</b>
<b>Total Yearly Cost</b>	<b>\$6,635</b>	<b>\$3,690</b>
<b>CSA 44 Proposed Rates</b>	<b>\$3,520</b>	<b>\$2,736</b>

# Other Small Sewer District Rate Comparison

District	FY 2019-20 Annual Rate	Connections
Burlingame Hills Sanitary Mtce District	\$1,675	420
Devonshire Community Services District	\$1,500	276
Emerald Lake Sewer Mtce District Zone 1	\$1,490	203

**Districts export wastewater for treatment to another district, which is similar to arrangement the County is seeking with the City of Tracy.**

# Public vs. Private

## Water Rate Comparison

Below is a comparison of public vs. private rates. Cal Water (private) and the City of Stockton both provide water service within the Stockton area. The rates shown below are what Zone E and G residents would pay based on the average water used.

District/Agency	Public or Private	Zone E	Zone G
Cal Water	Private	\$4,337	\$1,718
City of Stockton	Public	\$3,030	\$1,211
City of Tracy	Public	\$2,197	\$908
CSA 44 water rates	Public	\$1,196	\$514

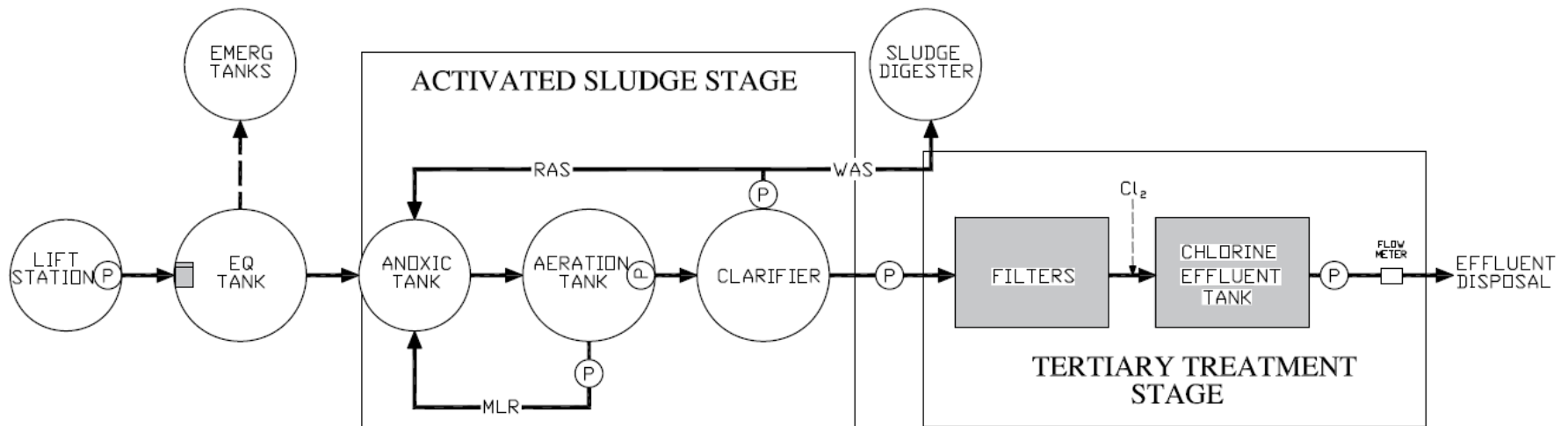
# CSA 44 Zones E & G Challenges

- Must receive sufficient revenue to ensure proper wastewater system operation, maintenance and replacement reserves to ensure public health and safety
- 13 years since last rate adjustment at 5%, in 2007-2008, and one adjustment in 16 years of existence
- Each zone must be self-supporting for each service
- Most recent rate increase 2007-2008 (5% increase)

# What Your Rates Pay For

- Operation and maintenance of the system
  - Routine equipment maintenance
  - Labor/staff costs to operate the system
  - Billing and administrative costs
- Capital Reserves
  - Major equipment repair
  - System replacement

# Plant Operation



# Operation and Maintenance Labor

- Utility maintenance labor accounts for 50-65% of annual O&M costs
- Staff must visit plants 5 days per week
- Average 30 labor hours per week at Zone E\*
- Average 40 labor hours per week at Zone G\*

\*Includes travel time from County office

# Tasks During Visits

- Clean bar screens
- Observe all tanks for color, clarity, surface scum or foam, odor. Adjust plant settings if needed
- Check pumps and aerators to ensure proper operation. De-rag, repair, or replace as needed
- Perform 1-hour settlement test
- Manually pump from standby tank (or other tanks) as needed
- Brush down clarifier tank
- Solids handling (replace bags, move bags to drying area, load bags into bin for disposal)
- Maintenance of building and grounds
- Log all actions and results



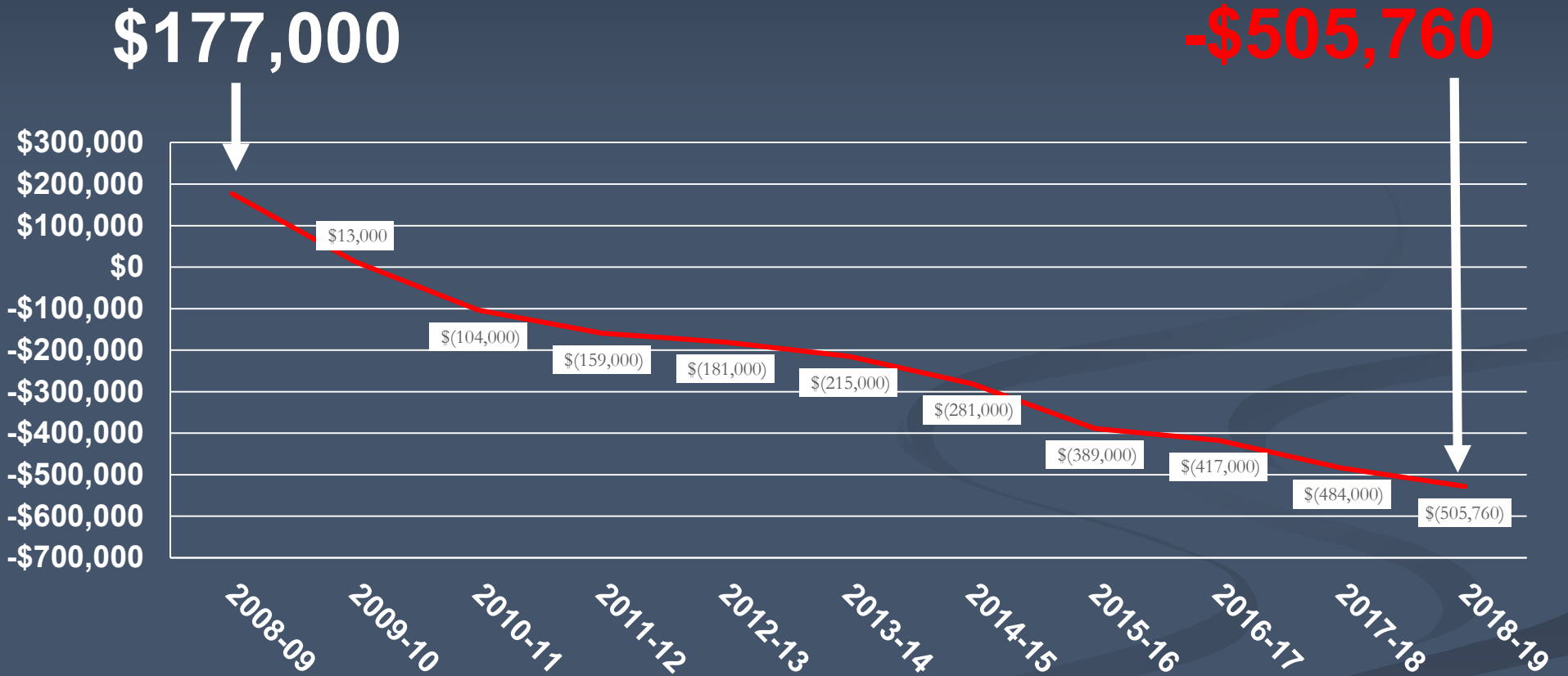
# Capital Reserves

- Annual contribution amount for each component
- Calculated by dividing replacement cost by expected life

Item	Life	Replacement Cost	Annual Capital Contribution (value/life)
Pump 3 horse power	30 yr.	\$24,196	\$807

- Total annual contribution for Zone E = \$23,000
- Total annual contribution for Zone G = \$42,000

# CSA 44 Sewer Financial Status: Zone E Fund Balance History



# Proposed Rates CSA 44

## Zone E Option 1

Covers annual operations and adds an annual contribution for capital reserves and gradually pays down the negative fund balance

Option 1 rate will be adjustable for inflation each year, not to exceed 5% for 5 years

Current Rates 2019-20	Proposed Rates	Year 1 2020-21	Year 2 2021-22	Year 3 2022-23	Year 4 2023-24	Year 5 2024-25	District Fund Balance
\$1,820	Option 1	\$3,520	\$3,636*	\$3,734*	\$3,846*	\$3,962*	-\$168,000

\*Rates shown for years 2-5 include an estimated inflationary adjustment of 3% per year.

# Proposed Rates CSA 44 Zone E Option 2

Option 2 is a fixed 5 year schedule that phases in the capital reserve and reduces the deficit payment

Current Rates 2019-20	Proposed Rates	Year 1 2020-21	Year 2 2021-22	Year 3 2022-23	Year 4 2023-24	Year 5 2024-25	District Fund Balance
\$1,820	Option 2	\$3,040	\$3,177	\$3,317	\$3,459	\$3,603	<b>-\$337,000</b>

# Zone E Proposed Rate Comparison

Option 1 rates will be adjustable for inflation each year based on CPI, not to exceed 5%.

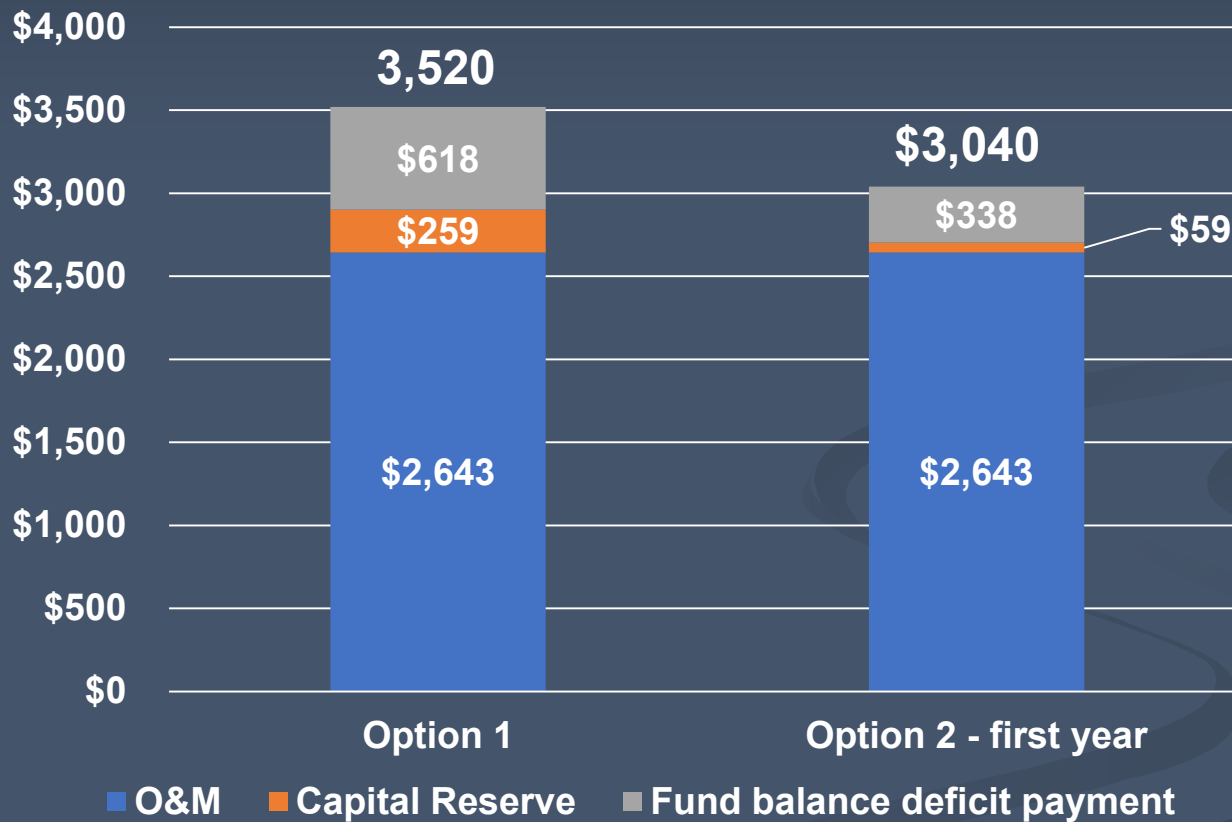
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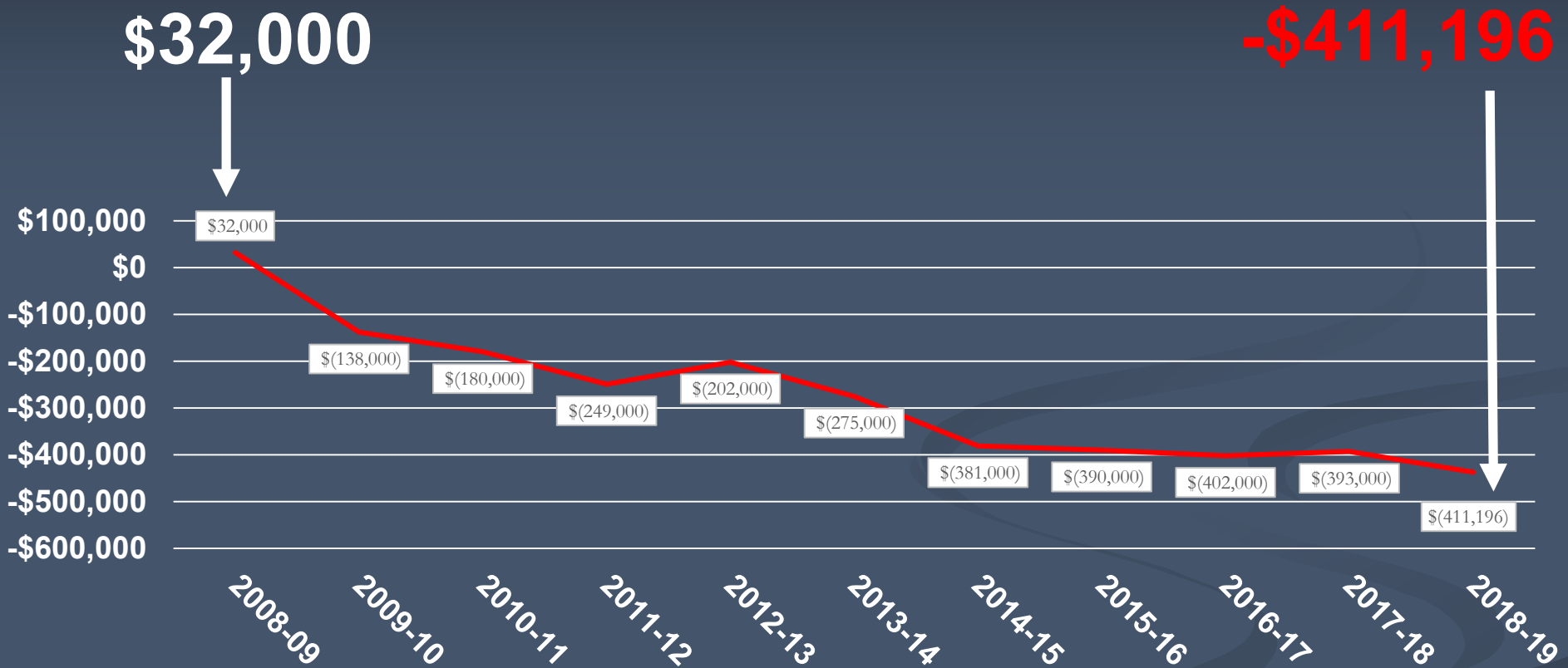
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# CSA 44 Zone E

## Components of Proposed Rates



# CSA 44 Sewer Financial Status: Zone G Fund Balance History



# Proposed Rates CSA 44

## Zone G Option 1

- Covers annual operations and adds an annual contribution for capital reserves and gradually pays down the negative fund balance
- Rate will be adjustable for inflation each year, not to exceed 5% for 5 years

Current Rates 2019-20	Proposed Rates	Year 1 2020-21	Year 2 2021-22	Year 3 2022-23	Year 4 2023-24	Year 5 2024-25	District Fund Balance
\$1,461	Option 1	\$2,736	\$2,818*	\$2,903*	\$2,990*	\$3,079*	\$14,300

\*Rates shown for years 2-5 include an estimated inflationary adjustment of 3% per year.



# Proposed Rates CSA 44 Zone G Option 2

Option 2 is a fixed 5 year schedule that phases in the capital reserve and reduces the deficit payment

Current Rates 2019-20	Proposed Rates	Year 1 2020-21	Year 2 2021-22	Year 3 2022-23	Year 4 2023-24	Year 5 2024-25	District Fund Balance
\$1,461	Option 2	\$2,372	\$2,501	\$2,632	\$2,765	\$2,900	<b>-\$122,000</b>

# Zone G Proposed Rate Comparison

Option 1 rates will be adjustable for inflation each year based on CPI, not to exceed 5%.

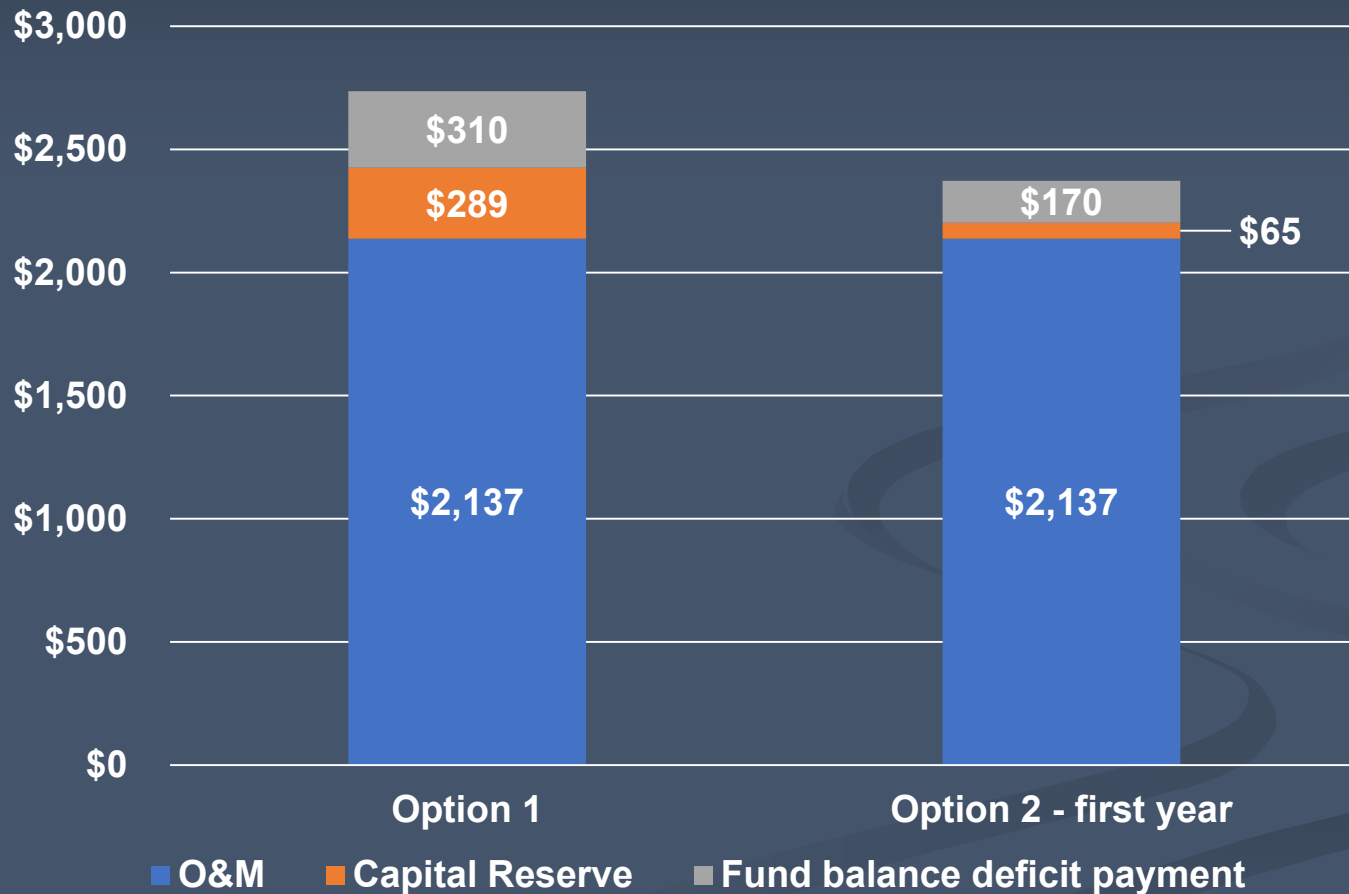
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\*Rates shown for years 2-5 include an estimated inflationary adjustment of 3% per year.

# CSA 44 Zone G

## Components of Proposed Rates



# If Rates Are Not Approved

Without sufficient revenue, County will need to implement cost saving measures:

- County may not forgive the loan debt
- Rates will need to be even higher
- Reduction of after-hours and weekend service calls
- Reduction of regular system maintenance
- Postponement of equipment replacement
- Possible operational and regulatory issues, potentially resulting in privatization or State receivership

# Next Steps

- **Tonight**
  - **Answer questions**
  - **Discuss solutions**
- **Questions? Call or email:**
  - **Public Outreach Coordinator,  
Lucy Crocker – (916) 715-1165  
[lucy@lucycompanypr.com](mailto:lucy@lucycompanypr.com)**

# Q & A

- Objective: Ensure everyone has an equal opportunity to speak and be heard
- Please wait for facilitator to call on you
- Please raise hand, stand to ask questions
- No more than two questions/comments per person each turn
- Please speak for yourself and not others
- Once issue/concern is answered, meeting will progress in a forward fashion