



# **County Service Area 16 – Shandon Water System**

## **Proposed Rate Increase Options**

**October 23, 2019**

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

# 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



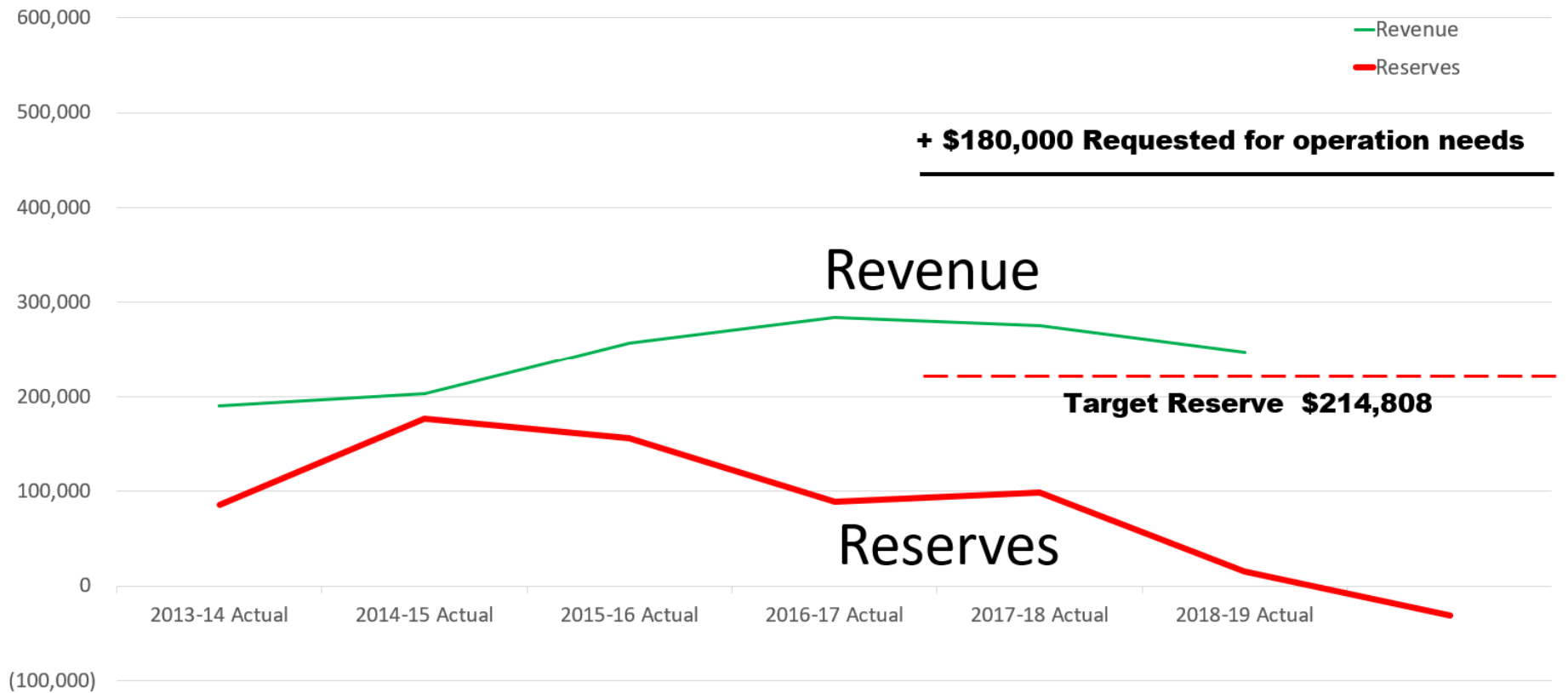
## Why another rate increase?

- 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



# 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%

	Current Bi-Monthly Rate	Increase to Current Rate	New Bi-Monthly Rate	New Bi-Monthly Bill		
				10 CCF	16 CCF	30 CCF
Minimum Charge	\$71.67	\$61.54	\$133.21			
Usage Charges						
0 to 10 CCF	\$0	\$1.56	\$1.56	\$148.79	\$183.94	\$286.12
11 to 16 CCF	\$4.30	\$1.56	\$5.86			
> 16 CCF	\$5.74	\$1.56	\$7.30			

*This rate option is based on 343 service connections and annual water use of 34,833 CCF*



## Option #2 Base Rate 50% - Usage 50%

	Current Bi-Monthly Rate	Increase to Current Rate	New Bi-Monthly Rate	New Bi-Monthly Bill		
				10 CCF	16 CCF	30 CCF
Minimum Charge	\$71.67	\$43.96	\$115.63			
Usage Charges						
0 to 10 CCF	\$0	\$2.60	\$2.60	\$141.60	\$182.98	\$299.70
11 to 16 CCF	\$4.30	\$2.60	\$6.90			
> 16 CCF	\$5.74	\$2.60	\$8.34			

*This rate option is based on 343 service connections and annual water use of 34,833 CCF*



# RATE OPTION COMPARISON

<b>70/30 Rate</b>		<b>50/50 Rate</b>
<b>Additional Cost Per Month \$</b>		
10 CCF	\$38.56	\$34.96
16 CCF	\$43.24	\$42.76
>16 CCF	\$54.14	\$60.94



# Next Steps

## Public Outreach

- Additional Community Meetings to continue education on proposed rate increase
- Start requirements to implement Proposition 218 rate increase:
  - Introduce proposed rate ordinance and set date for Public Hearing at Board of Supervisors
  - Mail Notice of Proposed Rate Increase to CSA 16 Customers
  - Public Hearing at Board of Supervisors
  - Rate increase approved or denied



# Questions?

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**Or visit [www.slocounty.ca.gov/pw/csa16](http://www.slocounty.ca.gov/pw/csa16)**

