



County Service Area 16 – Shandon Water System

Proposed Rate Increase Options

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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



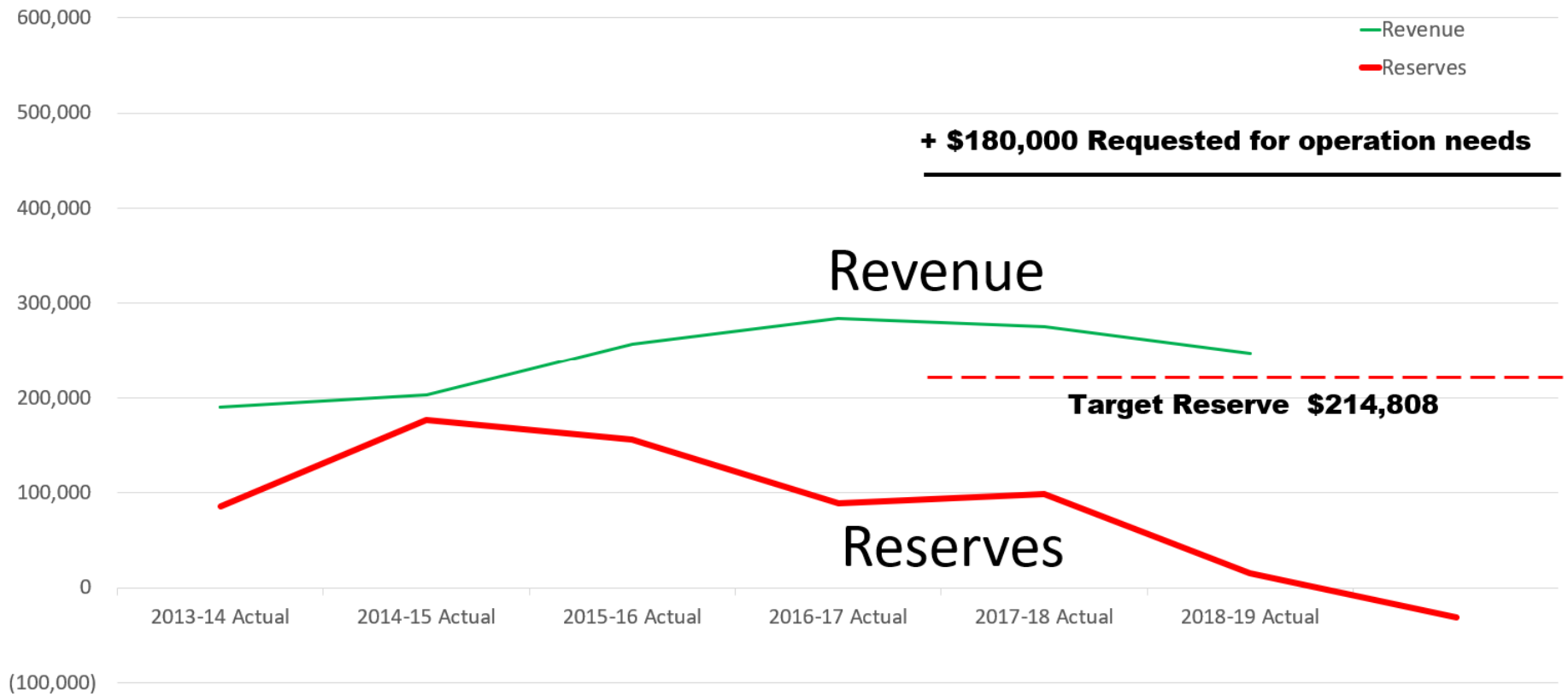
Why another rate increase?

- 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%
This rate provides a more stable revenue stream and consistent cost to customers
2. Base Rate provides 50% of the needs and Usage Rate 50%
This rate is more dependent on water usage to obtain needed revenues.



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

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



How much will typical water use cost with the increased rates?

- ✓ Gallon of safe drinking water delivered to your faucet \$ 0.02
- ✓ Toilet flush \$ 0.03
- ✓ 5-minute shower (1.5 gallon/minute showerhead) \$ 0.15
- ✓ Clothes washer load (top loader) \$ 0.67
- ✓ Clothes washer load (front loader) \$ 0.37
- ✓ Water 1,500 square foot lawn one time \$ 3.50



Next Steps

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?

John Waddell, Utilities Division Manager

805-788-2713 jwaddell@co.slo.ca.us

Or

Jill Ogren, Utilities Sr. Engr

805-781-5263 jogren@co.slo.ca.us

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

