

San Juan Water District

Our mission is to ensure the delivery of a **reliable** water supply of the highest quality, at the lowest reasonable price.

Workshop of Proposed Water Rates
December 6, 2021

Timeline

In person
workshops
tonight

Virtual
workshop
December 15th
6:00 p.m.

Public Hearing
January 12,
2022 6:00 p.m.

Board votes on
proposed rates
at regular
Board meeting
January 26,
2022 6:00 p.m.

If approved,
rates go into
effect
February 1,
2022

Retail Master Plan

Purpose: Evaluate existing & future distribution system & water demands to determine any improvements required to meet the needs of existing & future customers.

Results: Capital Improvements needed in the following categories:

- Transmission & Main Pipelines
- Service Lateral replacements
- Valve Replacements
- Water Storage

Additional Needs: Identified outside of the Retail Master Plan

- Meter Replacement Program: originally installed starting back in 1997. With a life of 20-25 years it is time to start replacing aged meters
- Groundwater Production Facility (well)

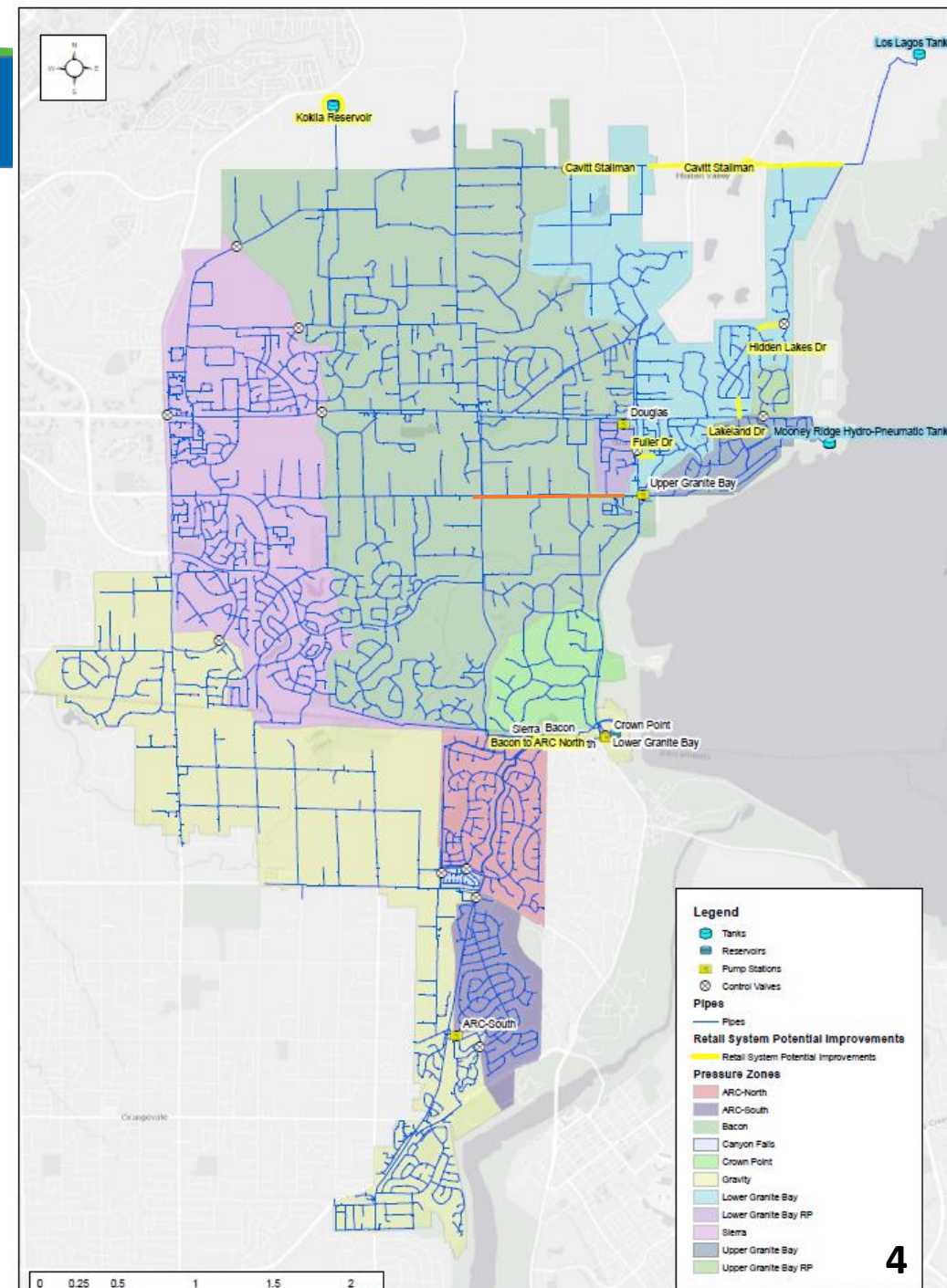


SAN JUAN WATER

SINCE 1854

Transmission & Distribution Main Pipelines

Project Name	Total Cost
Cavitt Stallman (Sierra Ponds to Vogel Valley, 6,900 LF of 12")	\$8,219,000
Cavitt Stallman (Oak Pine to Sierra Ponds, 2,000 LF of 12")	\$1,545,000
Fuller Drive Pipeline Extension (tie into Auburn Folsom Road)	\$517,000
Lakeland Drive from Douglas to East Granite (650-LF of 12-in)	\$632,000
Hidden Lakes 12-in Main (950-LF, 15 Serv, 7960 W Hidden Lakes to Haley)	\$862,000
Douglas Pump Station & P6" to 12" Pipeline Improvements - Across AFR	\$798,000
Eureka Road Transmission Pipeline Replacement	\$4,000,000
Pipeline Condition Assessments	\$2,550,000



Service Laterals

- A “service lateral” is the pipeline that runs from the main line, in or next to the road, to your water meter.
- Failure rate is 35% worse than national average.
- Currently 25 more service line failures than the last six years at this time, which is a new failure record.
- Plan is to replace approximately 85 services per year.
- Annual cost \$1.4m to \$2m

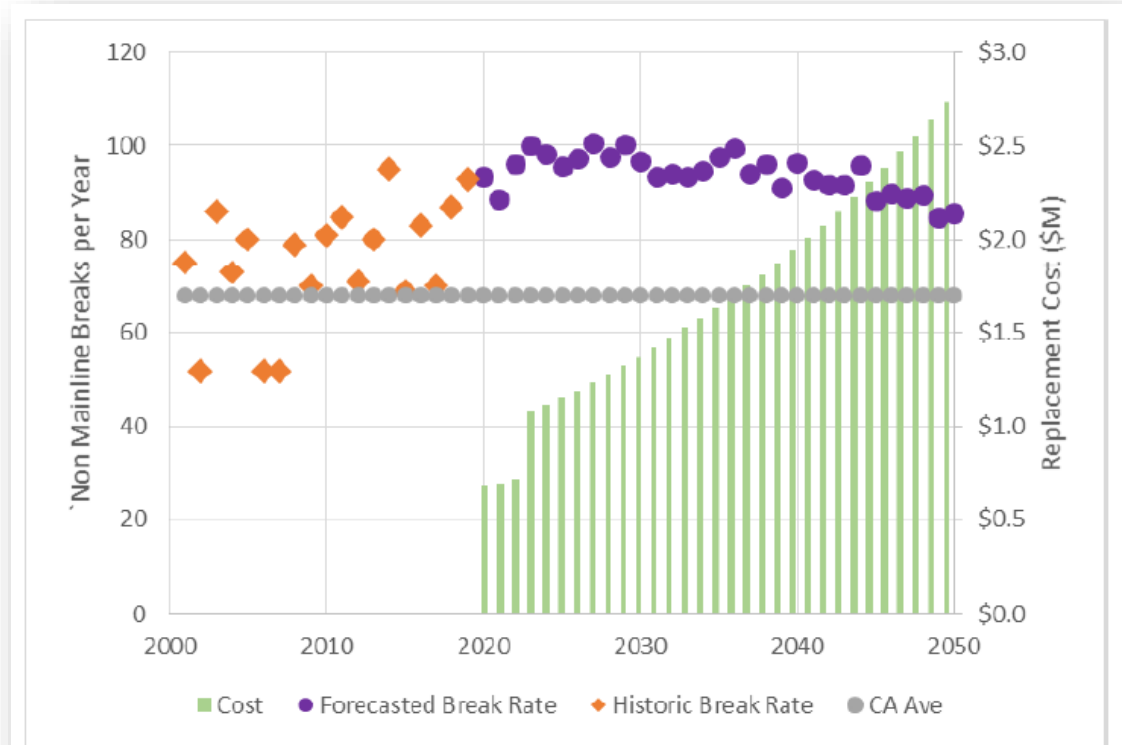


Figure 3-9. Service Levels - Break Rate

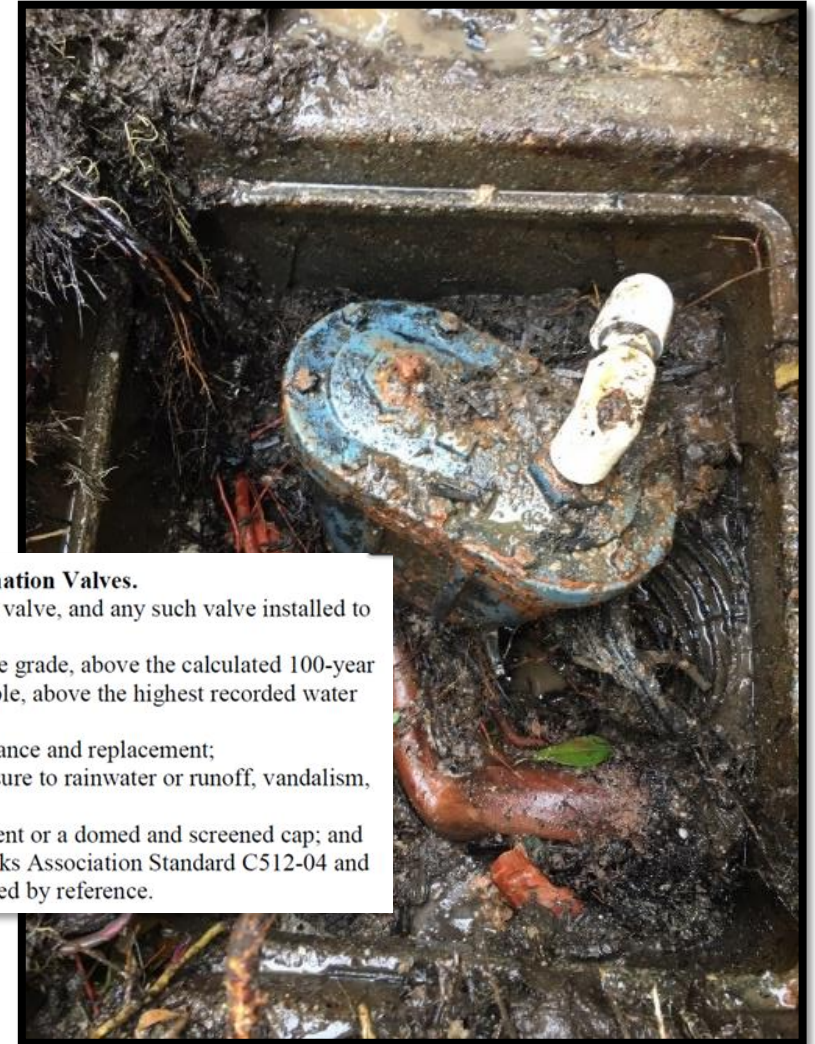
Air Release Valves

- Allows air to enter or leave pipelines as needed
 - Removing air pockets allows water to flow more freely
 - Allowing air to enter if there is a leak or break prevents the creation of a vacuum, which can cause a pipeline to collapse
- California law requires vent opening to be above grade, to minimize opportunities for contamination.
- Most of the District's valves are in boxes in the street, below grade.
- Apx. 750 valves need to be relocated to the side of the road & vented above ground
- Cost: \$20 million over 20 years (replaces 45 per year)

§64576. Air-Release, Air Vacuum, and Combination Valves.

Each new air-release, air vacuum, or combination valve, and any such valve installed to replace an existing valve shall be:

- (a) Installed such that its vent opening is above grade, above the calculated 100-year flood water level, and, if recorded data are available, above the highest recorded water level;
- (b) Readily accessible for inspection, maintenance and replacement;
- (c) Constructed and designed to prevent exposure to rainwater or runoff, vandalism, and birds, insects, rodents, or other animals;
- (d) Fitted with a downward-facing screened vent or a domed and screened cap; and
- (e) Installed pursuant to American Water Works Association Standard C512-04 and Manual M51 (2001), which are hereby incorporated by reference.



Water Storage

Kokila Reservoir Replacement:

- 4.56 million gallon lined & covered earthen reservoir
- Serves as an operational & emergency storage facility
- Installed in 1984 & expected to last 25 years – good maintenance has extended it's life but it now needs to be replaced.
- \$9.565 million
- Debt financed

Kokila
Reservoir



Meter Replacement Program

Current Meter Stock:

- Originally installed between 1997 & 2004
- Age: apx. 4,400 meters > 18 years old
- Typical meter life: 20-25 years
- Current meters:
 - Total 10,779
 - Manual read meters: 736
 - Touch read meters: 7,987
 - Radio read meters: 2,056

The Plan:

- Replace 5% of meters each year (515) 20 year cycle
- Replace all end-points over 5 years (2,118 per year)
- Cost \$3.2 million over next 5 years, then apx. \$250,000 per year

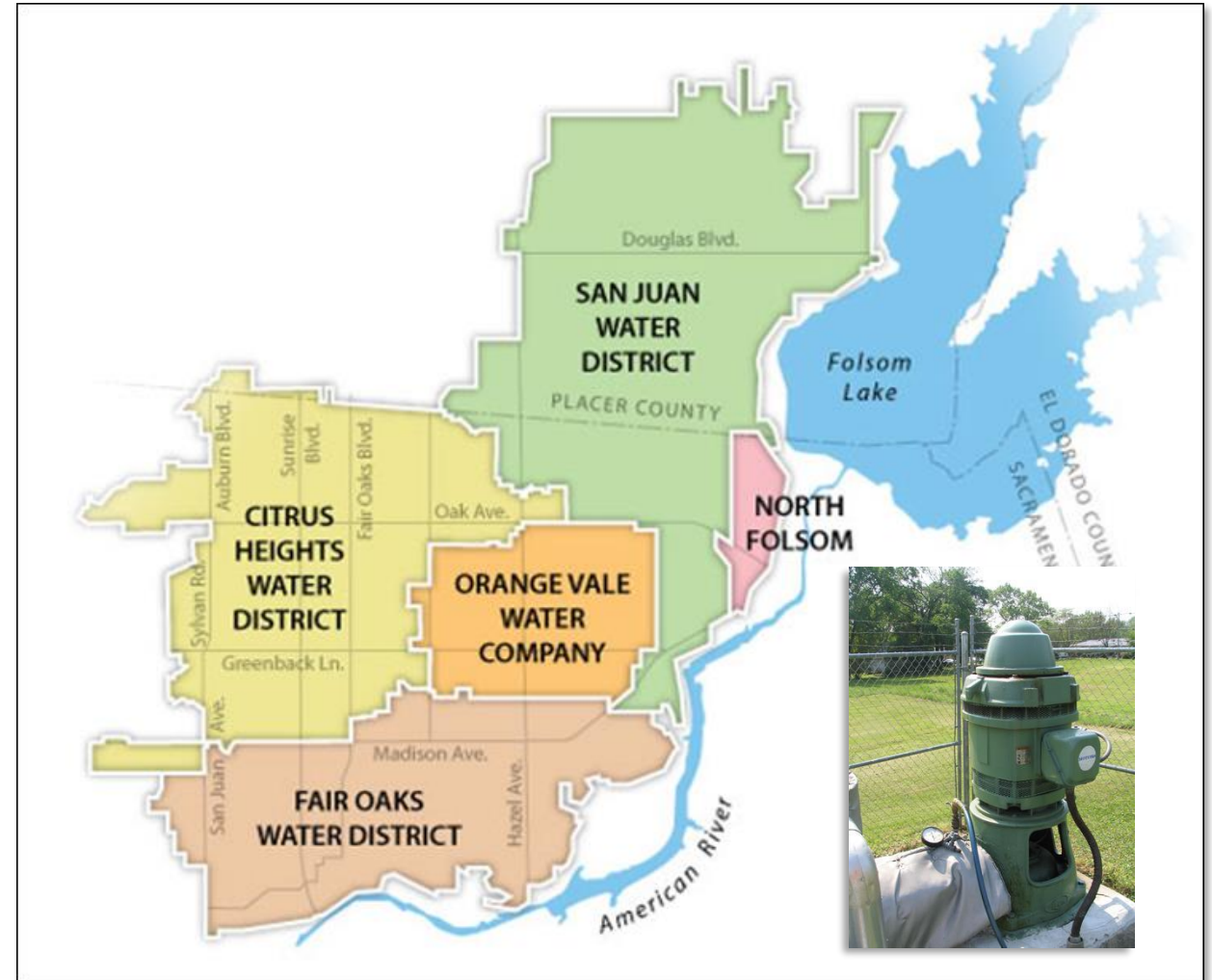


Groundwater Production Facility (a well)

Purpose:

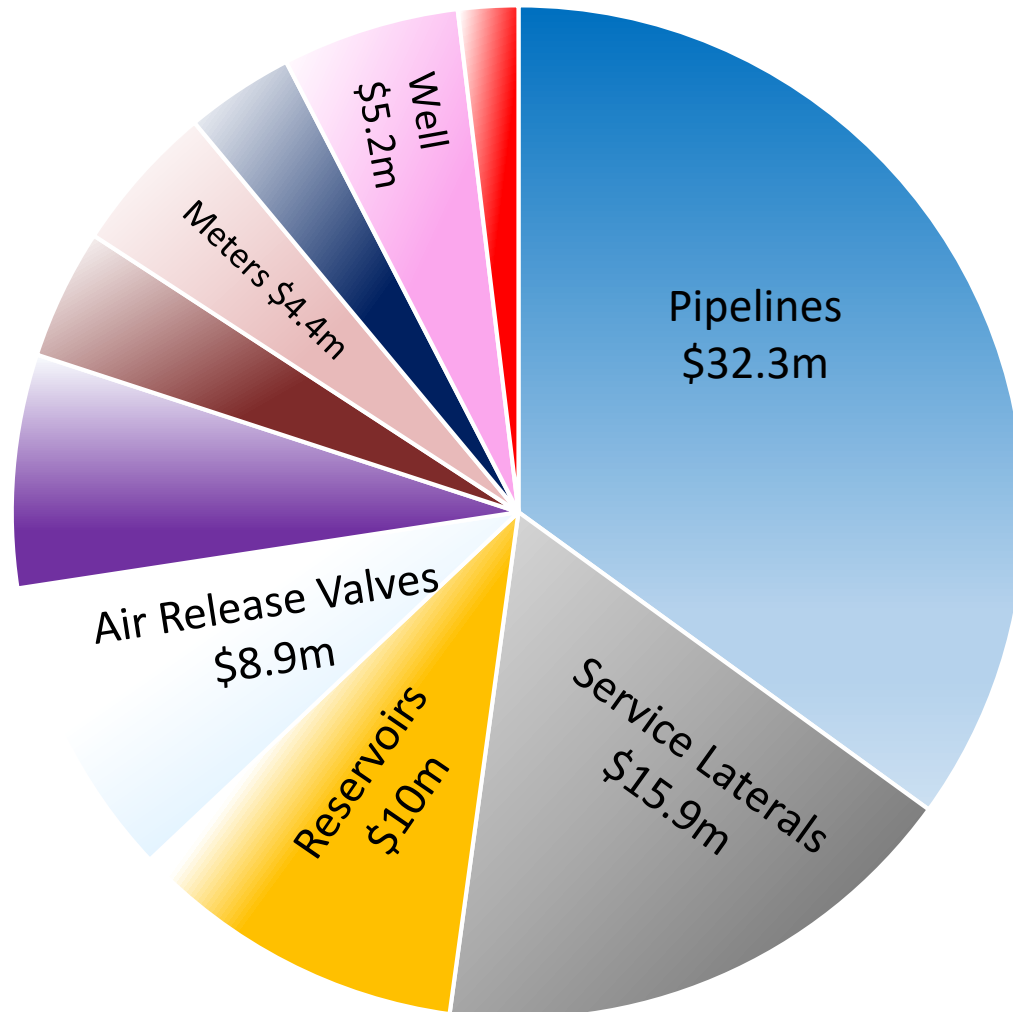
Supplemental water supply during droughts

Cost: \$5.2 million



Total 10 Year Capital Needs

Total Cost: \$92,300,000

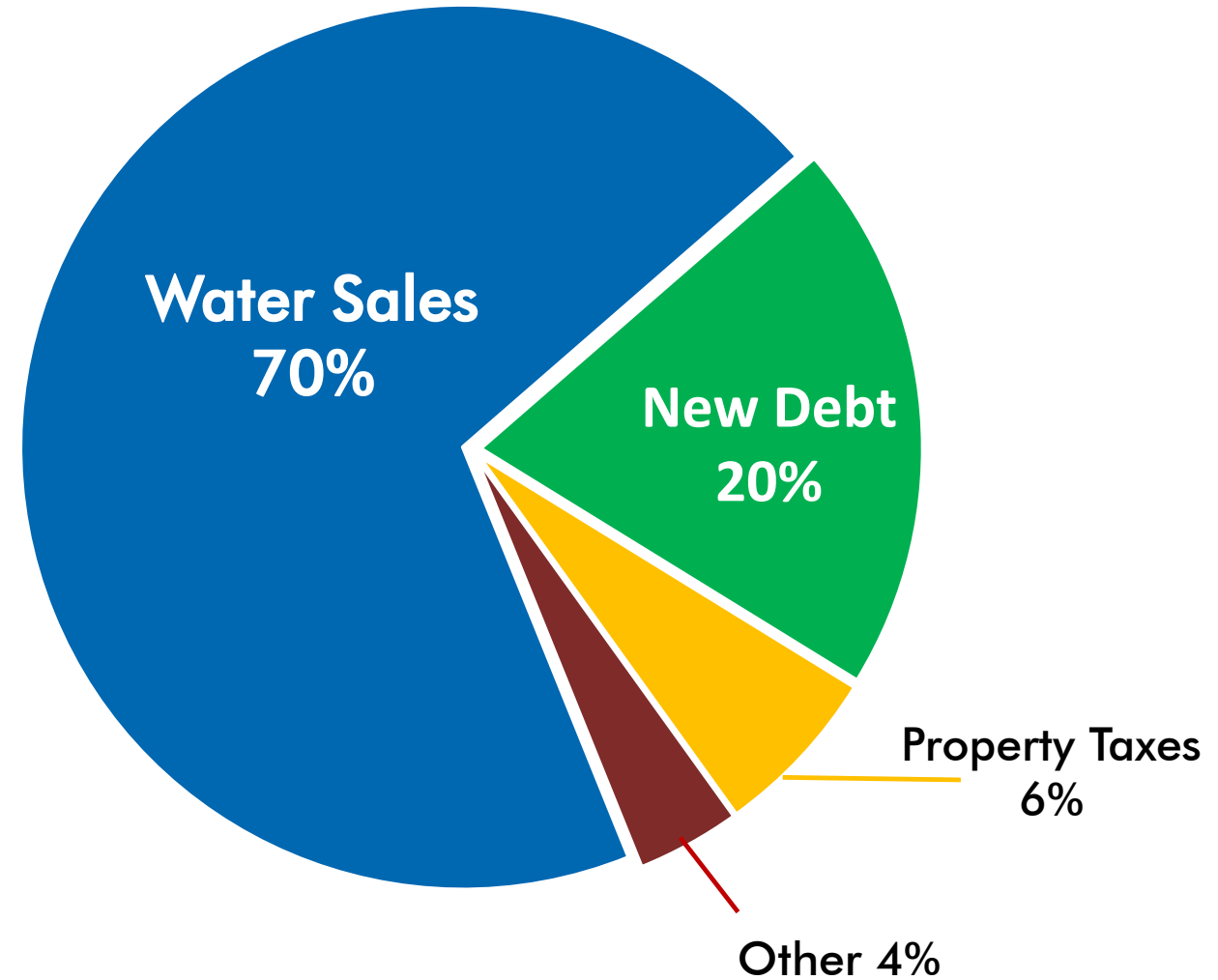


- Pipelines \$32.3 million
- Service Laterals \$15.9 million
- Reservoirs \$10 million
- ARV Replacements \$8.9 million
- Building & Site Upgrades \$6.9 million
- Pump Stations \$3.8 million
- Meter Program \$4.4 million
- Hydrant Replacements \$3.2 million
- Groundwater Production Facility \$5.2 million
- Other \$1.7 million

Retail Revenue Sources

FY 2021-22 Adopted Budget

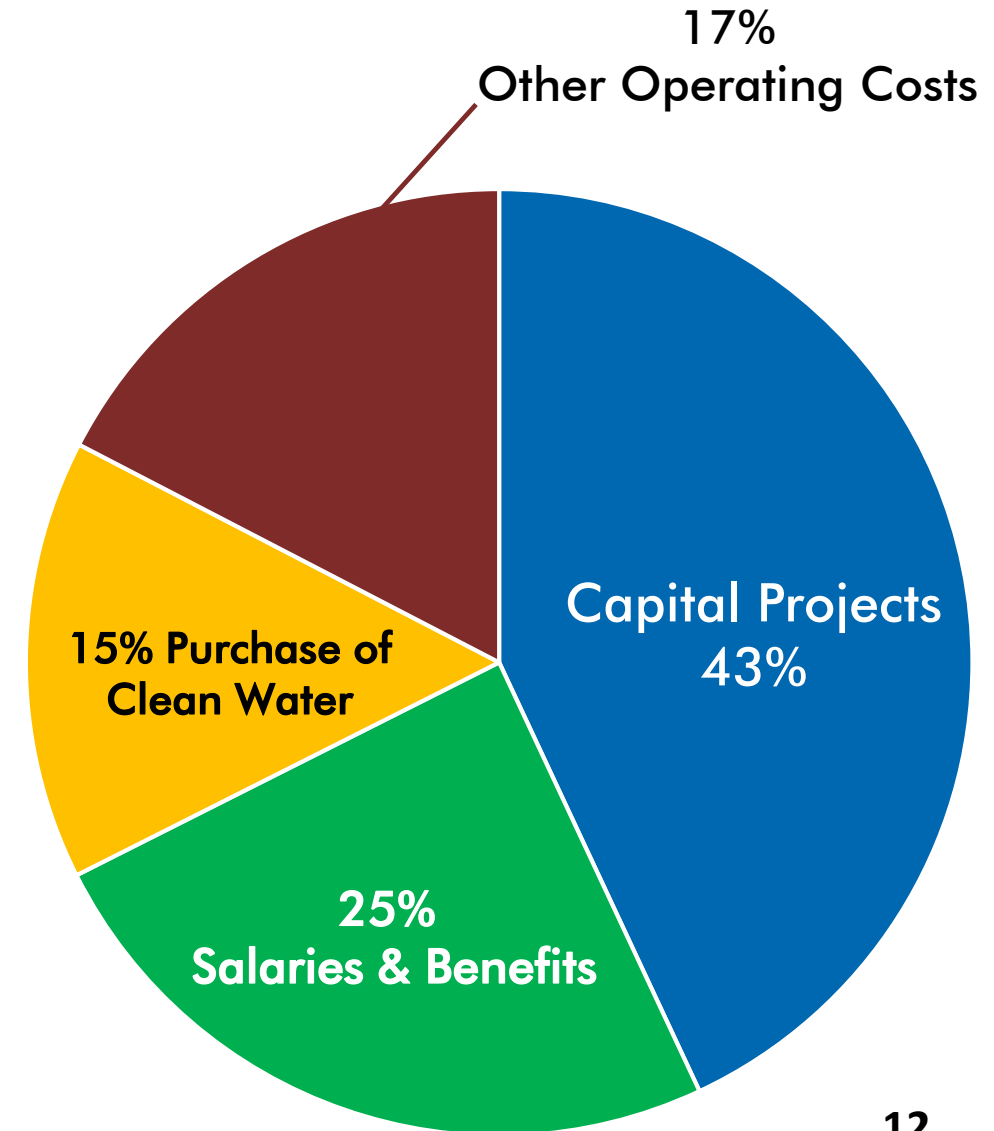
Water Sales	\$13,816,000
Debt Issuance	4,000,000
Property Taxes	1,248,000
Other Revenues	753,900
Total	\$19,817,900



How Your Rate Money is Spent

FY 2021-22 Adopted Budget

Capital Projects	\$9,486,700
Salaries & Benefits	5,406,500
Purchase of Clean Water	3,314,300
Other Operating Costs	3,832,300
Total	\$22,039,800





Cost Cutting

Actions Taken over last 5 years:

Salary Reductions:

Board removed Bay Area comparator agencies & moved target from 10% above market, to market median.

Debt Refinancing & Reductions:

- Refinanced bonds in 2017 saving a total of \$11.2 million over 22 years.
- Currently refinancing the other debt issuance, will save approximately \$1.8 million over 10 years.
- Paid down pension liability, saving \$8.8 million over 20 years.

Renegotiated Contracts:

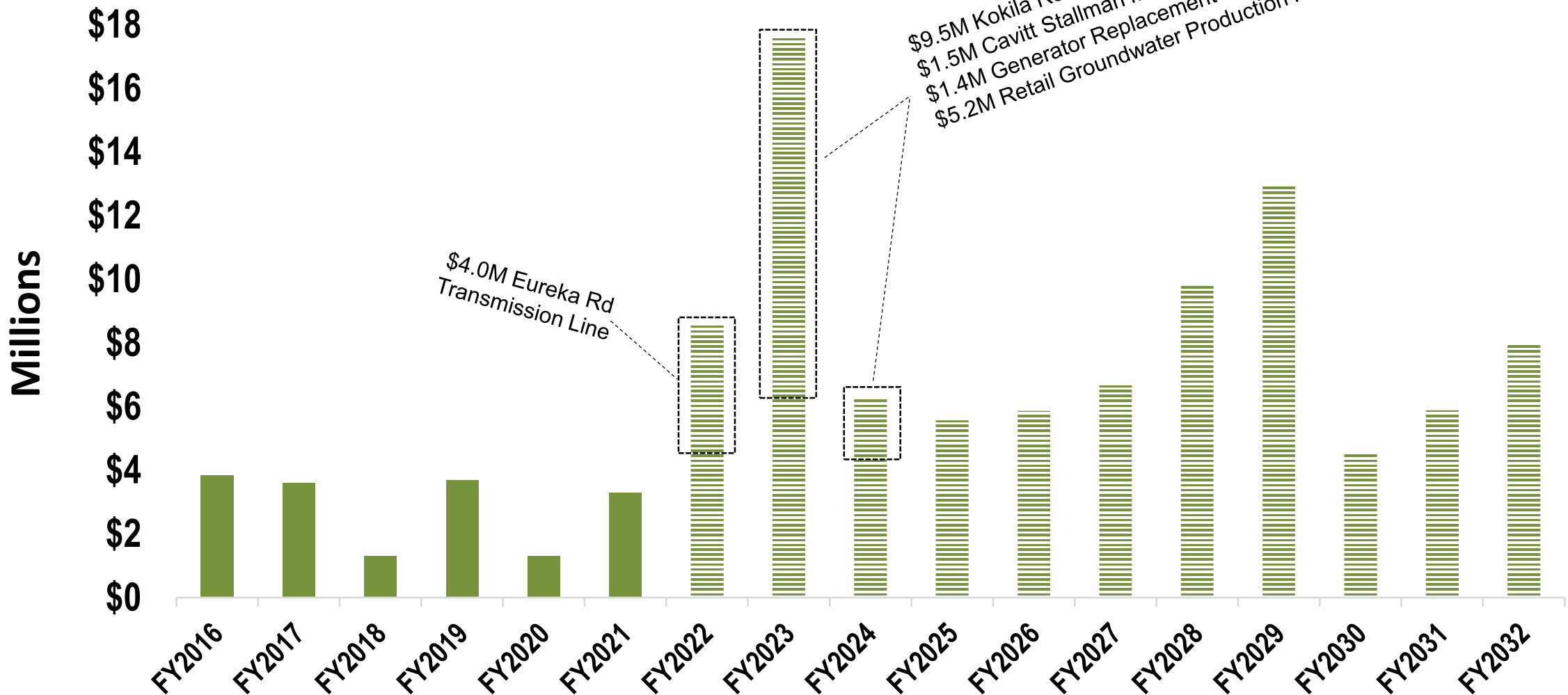
- PCWA – eliminated payments for water not being used, saving \$275,000 per year.
- City of Roseville – required additional payments from Roseville for reserved water of \$90,000 per year

Legal Requirements for Setting Water Rates In California

Proposition 218 (Article XIID, Section 6 of California Constitution)

- Revenues shall not exceed funds required to provide service; nor used for another purpose
- Amount shall not exceed the proportional cost of the service attributable to the parcel
- Service must be actually used or immediately available
- Approval process includes 45-day notice, public hearing, & written majority protest. Does not require a voting process (unlike taxes).

Projected Capital Spending based on Master Plan



\$9.5M Kokila Reservoir
\$1.5M Cavitt Stallman Mainline #1
\$1.4M Generator Replacement
\$5.2M Retail Groundwater Production Facilities

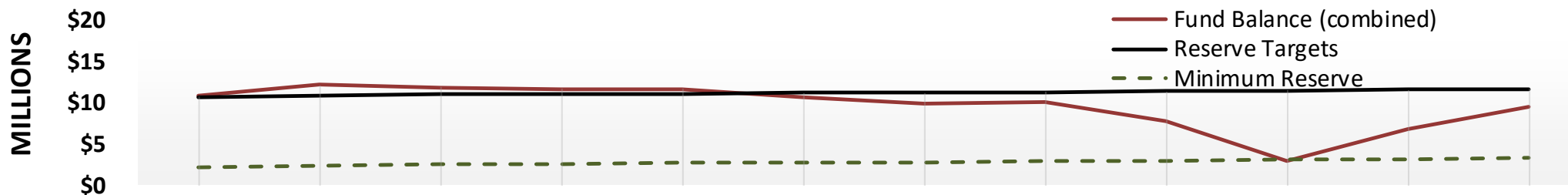
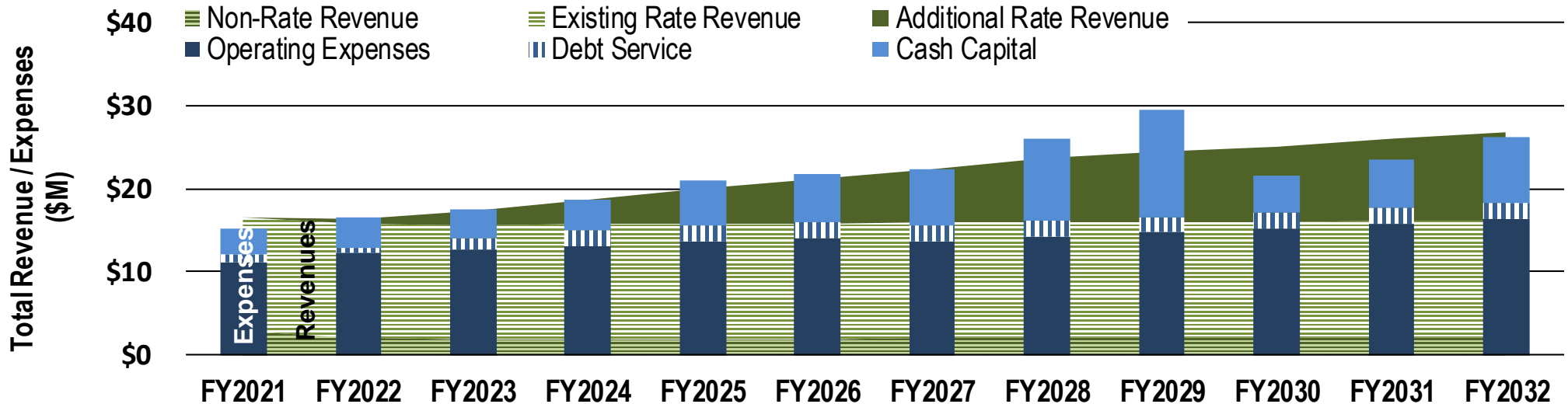
\$4.0M Eureka Rd
Transmission Line

Recent average Capital: Forecasted average Capital:

\$2.8M

\$9.2M

Financial Forecast



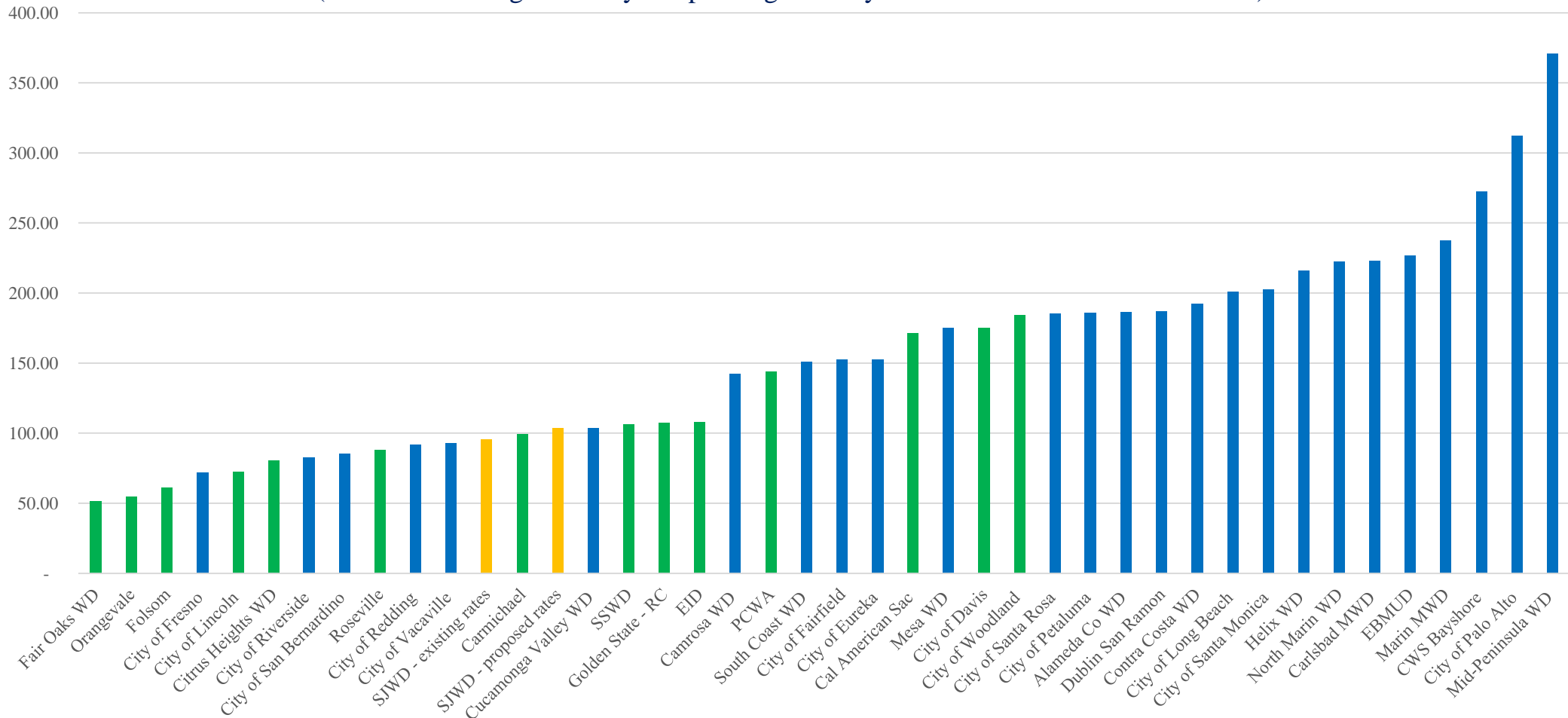
	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
Proposed Rate Revenue Increase:		Proposed			Estimates							
		8.0%	8.0%	8.0%	7.0%	6.0%	6.0%	6.0%	3.0%	3.0%	3.0%	3.0%
Debt Coverage Ratio*	5.92	6.24	3.24	2.91	3.37	3.77	4.61	5.04	5.32	5.41	5.58	5.70
Net Debt Proceeds	\$0.0M	\$4.9M	\$14.2M	\$2.7M	\$0.0M	\$0.0M	\$0.0M	\$0.0M	\$0.0M	\$0.0M	\$0.0M	\$0.0M

11-Year cumulative 81%
Total Debt \$21.7M

Water bill comparisons among selected urban California water agencies

Most recent data, as of October, 2021

Monthly bill in \$ @ 31 ccf of use per month – 1” meter
 (the annual average monthly use per single family household in San Juan retail area)



■ - Agencies in Yolo, Sacramento, Placer & El Dorado Counties
■ - Agencies in other parts of California

Proposed Rate Schedule

	Current	Proposed Implementation Dates			
		Feb 1, 2022	Jan 1, 2023	Jan 1, 2024	
Overall Rate Revenue Increase -->		8%	8%	8%	
Daily Base Charges					
Up to 1" meter	\$2.23	\$2.50	\$2.70	\$2.92	} 70% of revenue
1 1/2" meter	\$5.78	\$6.30	\$6.80	\$7.34	
2" meter	\$9.20	\$9.95	\$10.75	\$11.61	
3" meter	\$17.13	\$18.46	\$19.94	\$21.54	
4" meter	\$28.48	\$30.62	\$33.07	\$35.72	
6" meter	\$56.88	\$61.03	\$65.91	\$71.18	
8" meter	\$90.94	\$97.51	\$105.31	\$113.73	
Water Usage Charge (\$/CCF)					
All water usage	\$0.92	\$0.92	\$0.99	\$1.07	} 30% of revenue
Daily Private Fire Line Rates					
4" line	\$0.78	\$1.03	\$1.06	\$1.09	
6" line	\$1.16	\$1.20	\$1.24	\$1.28	
8" line	\$1.56	\$1.34	\$1.38	\$1.42	
10" line	\$1.86	\$1.46	\$1.50	\$1.55	
12" line	(na)	\$1.60	\$1.65	\$1.70	

Bimonthly Bill Impacts for a Sampling of Customers

	Meter Size	Water Use (CCF)	Current Bill	Proposed Bill ¹	Change	
					\$	%
Residential						
Low Use	1"	30	\$161.40	\$177.60	\$16.20	10.0%
Median Use	1"	50	\$179.80	\$196.00	\$16.20	9.0%
Average	1"	69	\$197.28	\$213.48	\$16.20	8.2%
High Use	1"	120	\$244.20	\$260.40	\$16.20	6.6%
Multi-family	1 1/2"	200	\$530.80	\$562.00	\$31.20	5.9%
Multi-family	2"	400	\$920.00	\$965.00	\$45.00	4.9%
Multi-family	3"	800	\$1,763.80	\$1,843.60	\$79.80	4.5%
Retail Business	1"	25	\$156.80	\$173.00	\$16.20	10.3%
Restaurant	2"	400	\$920.00	\$965.00	\$45.00	4.9%
Institution	3"	800	\$1,763.80	\$1,843.60	\$79.80	4.5%
Irrigation	2"	400	\$920.00	\$965.00	\$45.00	4.9%

¹ With Year 1 rate increases (8%)

Discussion