

SAN JUAN WATER DISTRICT

Board of Director's Special Workshop Minutes

December 15, 2021 – 6:00 p.m.

BOARD OF DIRECTORS

Ken Miller	President
Marty Hanneman	Vice President
Ted Costa	Director
Dan Rich	Director
Pam Tobin	Director

SAN JUAN WATER DISTRICT MANAGEMENT AND STAFF

Paul Helliker	General Manager
Donna Silva	Director of Finance
Tony Barela	Operations Manager
Lisa Brown	Customer Service Manager
Adam Larsen	Field Services Manager
Andrew Pierson	Engineering Services Manager
Greg Zlotnick	Water Resources Manager
Teri Grant	Board Secretary/Administrative Assistant

OTHER ATTENDEES

Mark Hildebrand	Hildebrand Consulting
3 members of the public	

AGENDA ITEMS

- I. Roll Call**
- II. Retail Water Rates Workshop**
- III. Adjourn**

President Miller called the meeting to order at 6:00 p.m.

I. ROLL CALL

The Board Secretary took a roll call of the Board. The following directors were present in-person: Ted Costa and Ken Miller. The following directors were present via teleconference: Marty Hanneman, Dan Rich and Pam Tobin.

II. RETAIL WATER RATES WORKSHOP

GM Helliker, Ms. Silva and Mr. Hildebrand conducted a presentation on the retail water rates. A copy of the presentation will be attached to the meeting minutes. During and after the presentation, members of the public posed questions which were answered by the presenters and/or the Board members.

III. ADJOURN

The meeting was adjourned at 6:50 p.m.

ATTEST:

KENNETH MILLER, President
Board of Directors
San Juan Water District

TERI GRANT, Board Secretary

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)

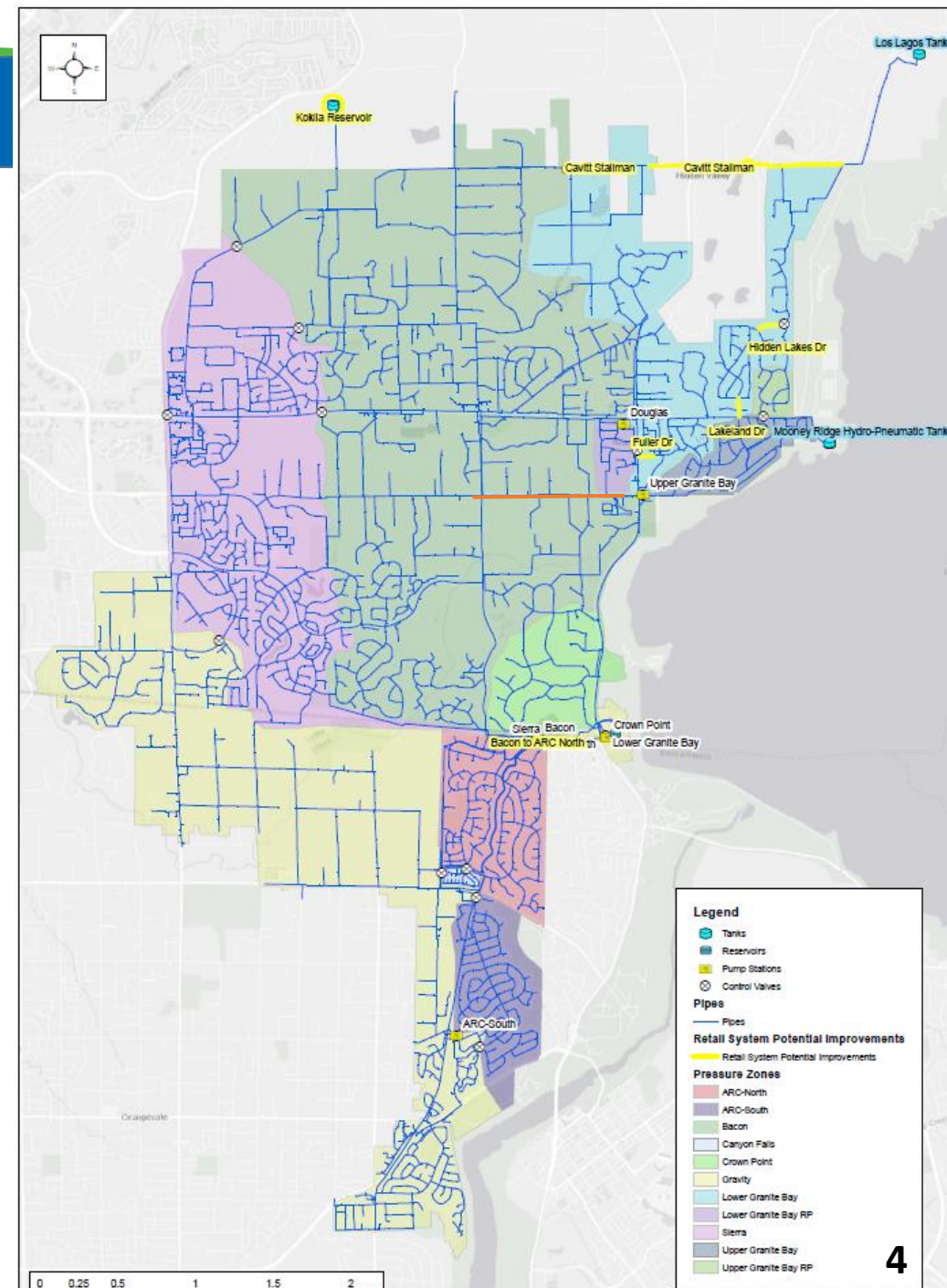


SAN JUAN WATER

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

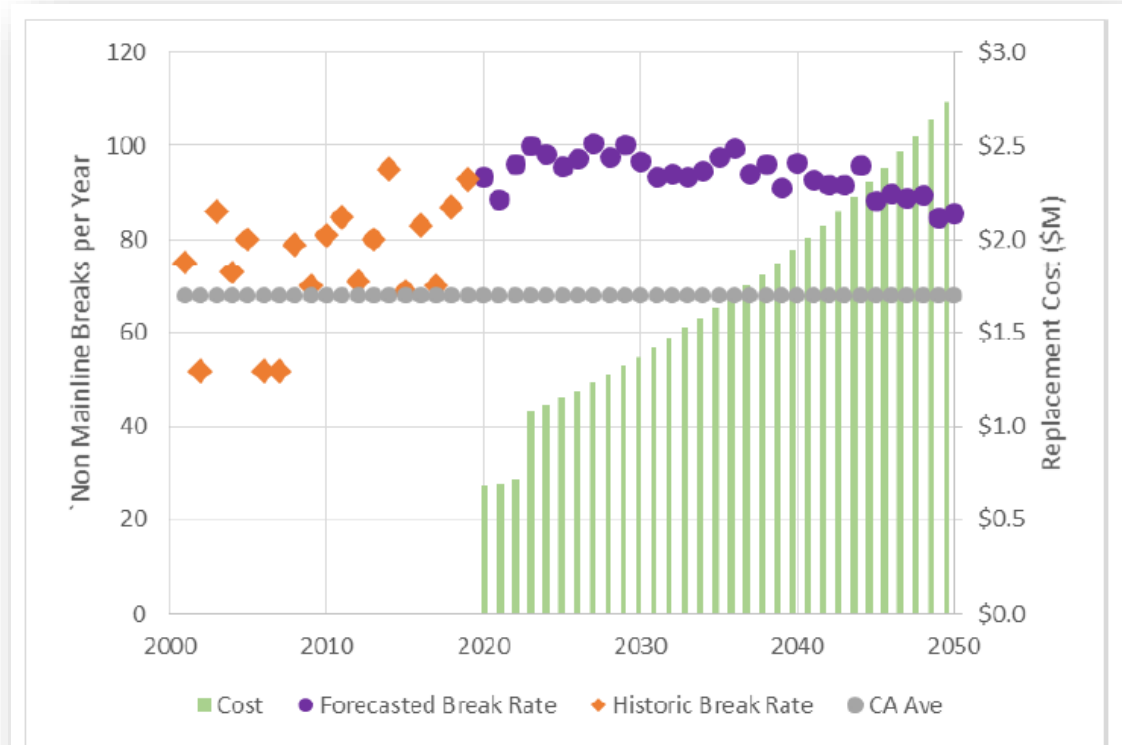


Figure 3-9. Service Levels - Break Rate

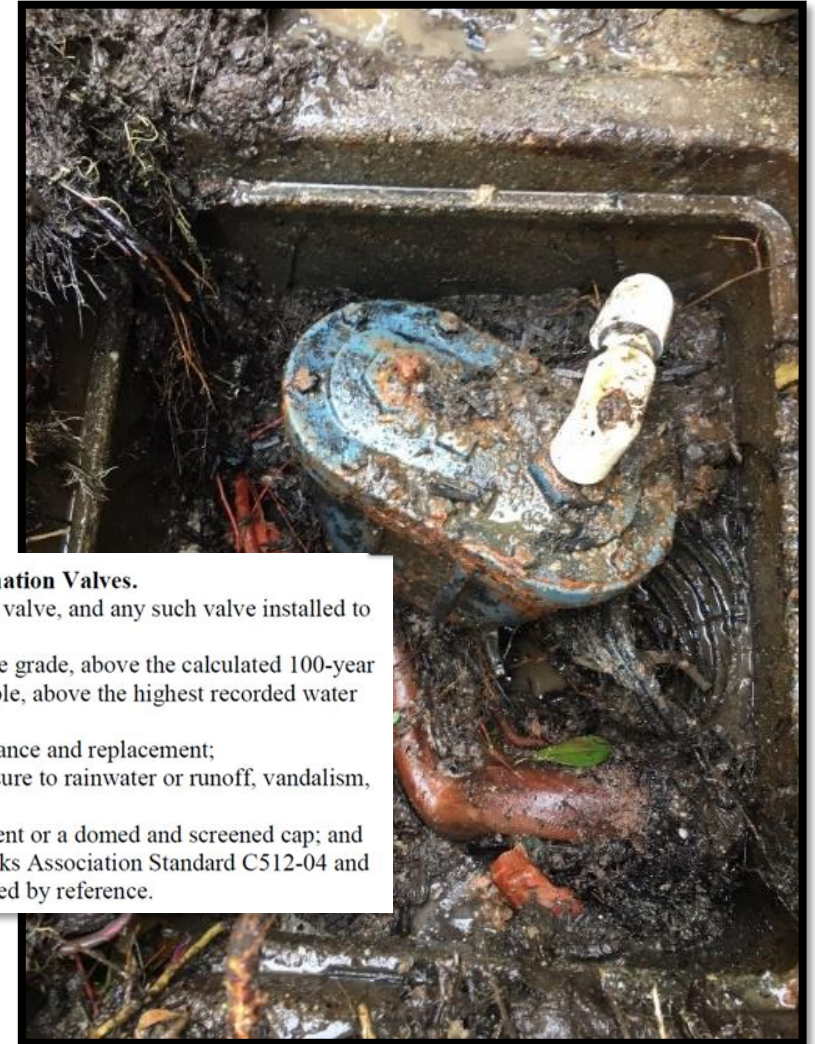
Air Release Valves

- 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.

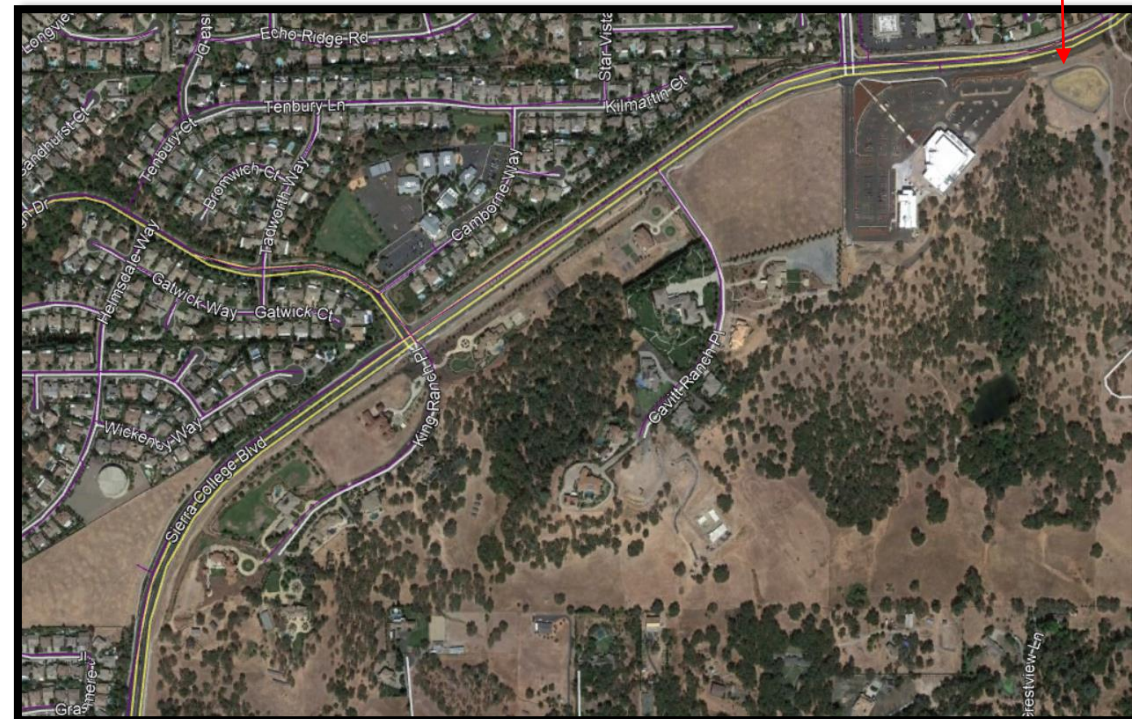


Water Storage

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

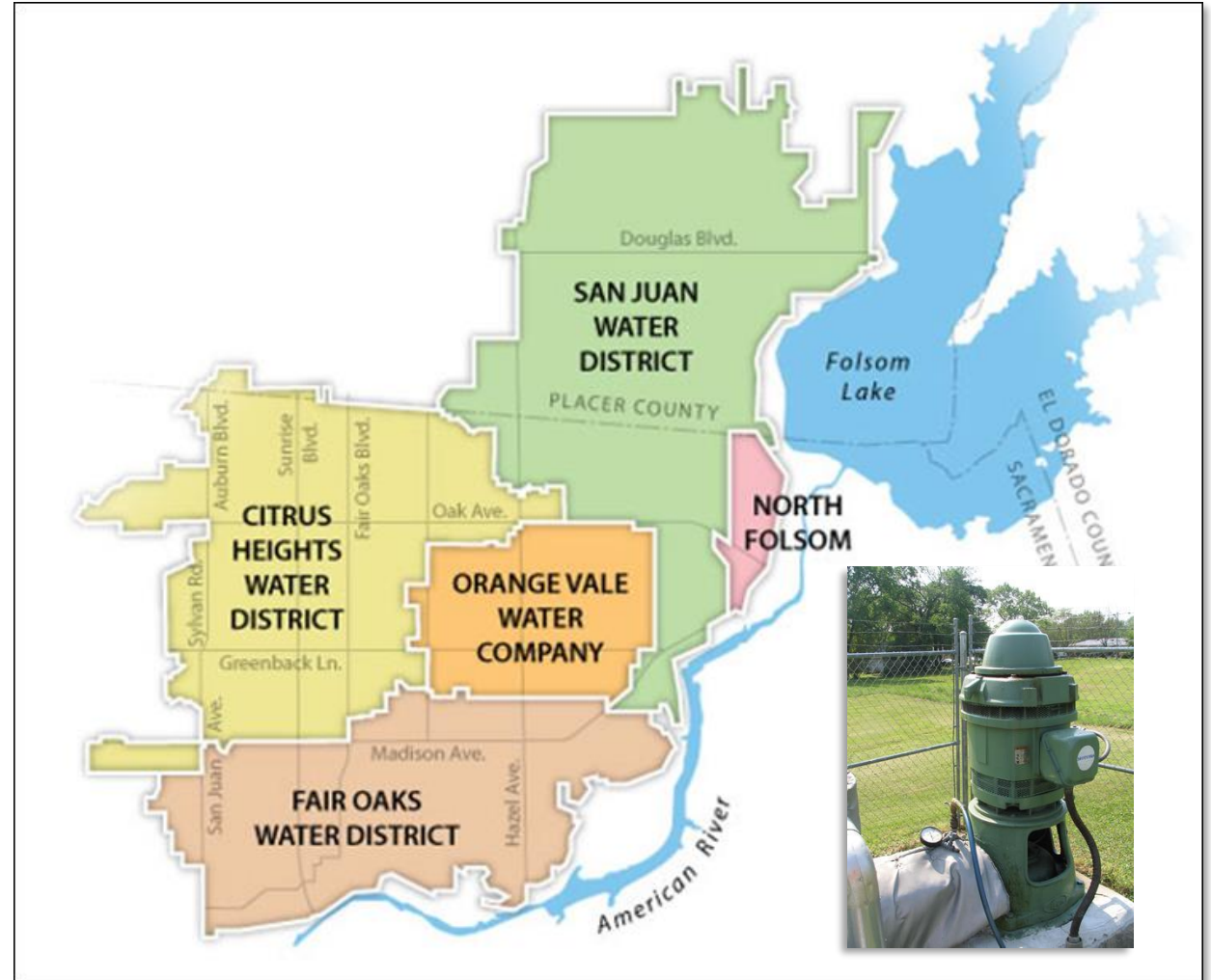


Groundwater Production Facility (a well)

Purpose:

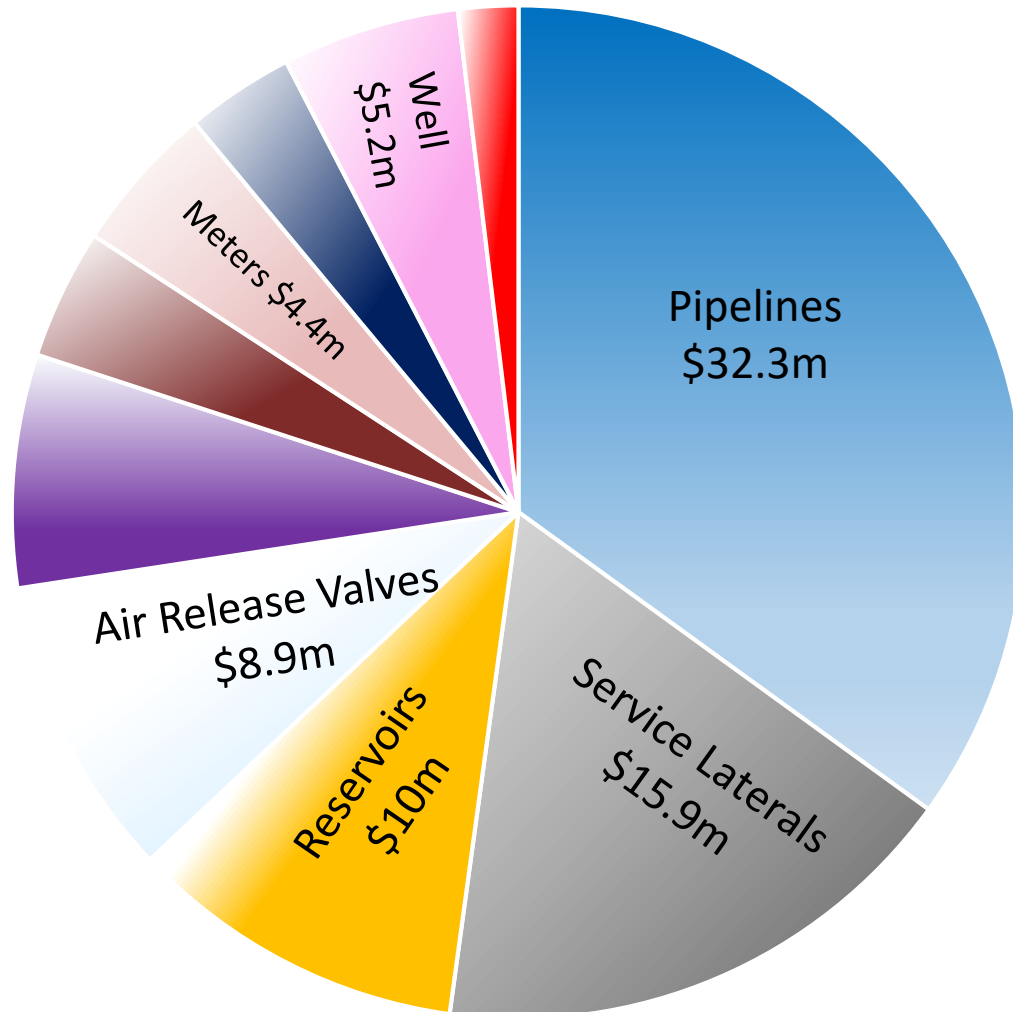
Supplemental water supply during droughts

Cost: \$5.2 million



Total 10 Year Capital Needs

Total Cost: \$92,300,000

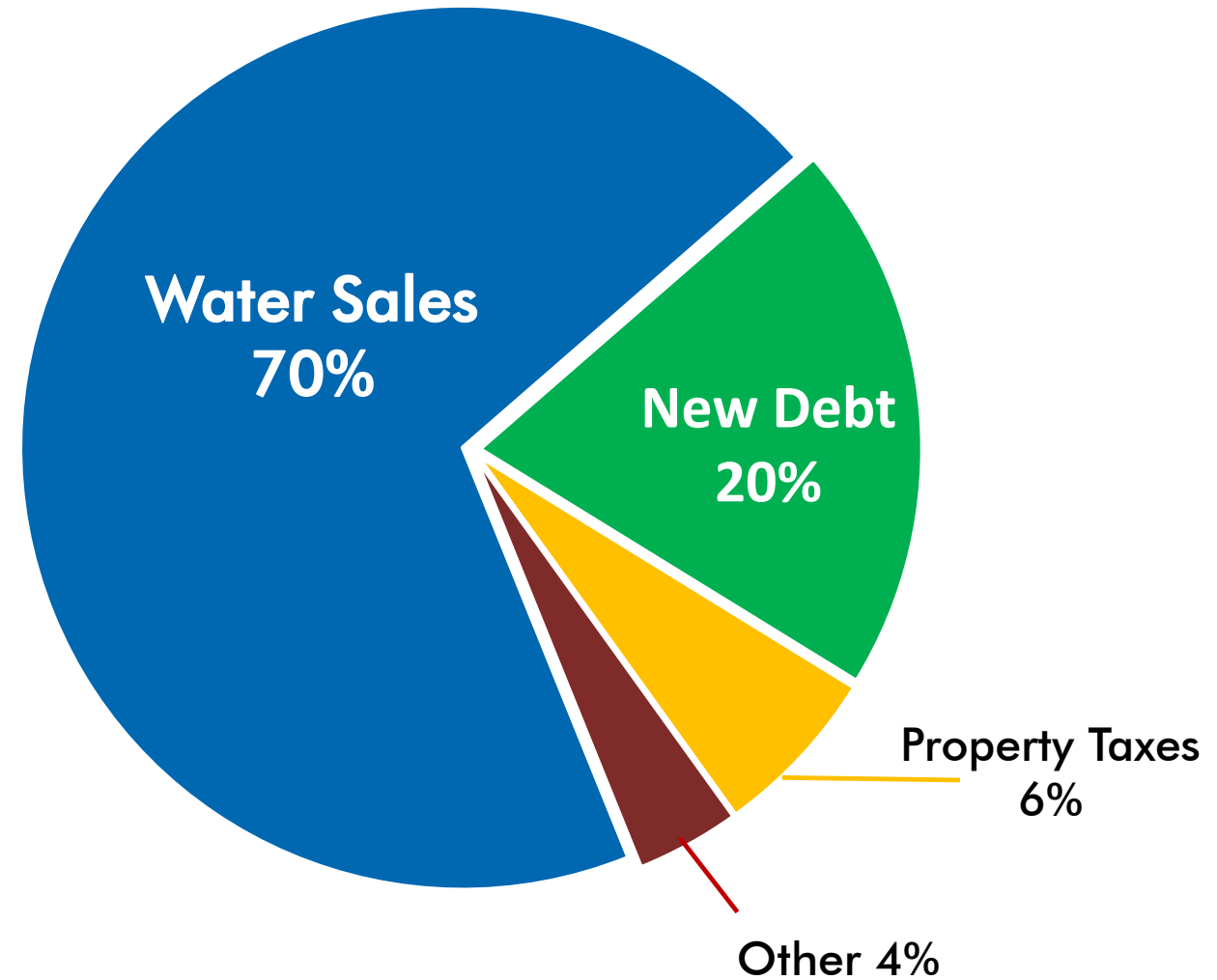


- Pipelines \$32.3 million
- Service Laterals \$15.9 million
- Reservoirs \$10 million
- ARV Replacements \$8.9 million
- Building & Site Upgrades \$6.9 million
- Pump Stations \$3.8 million
- Meter Program \$4.4 million
- Hydrant Replacements \$3.2 million
- Groundwater Production Facility \$5.2 million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

Retail Revenue Sources

FY 2021-22 Adopted Budget

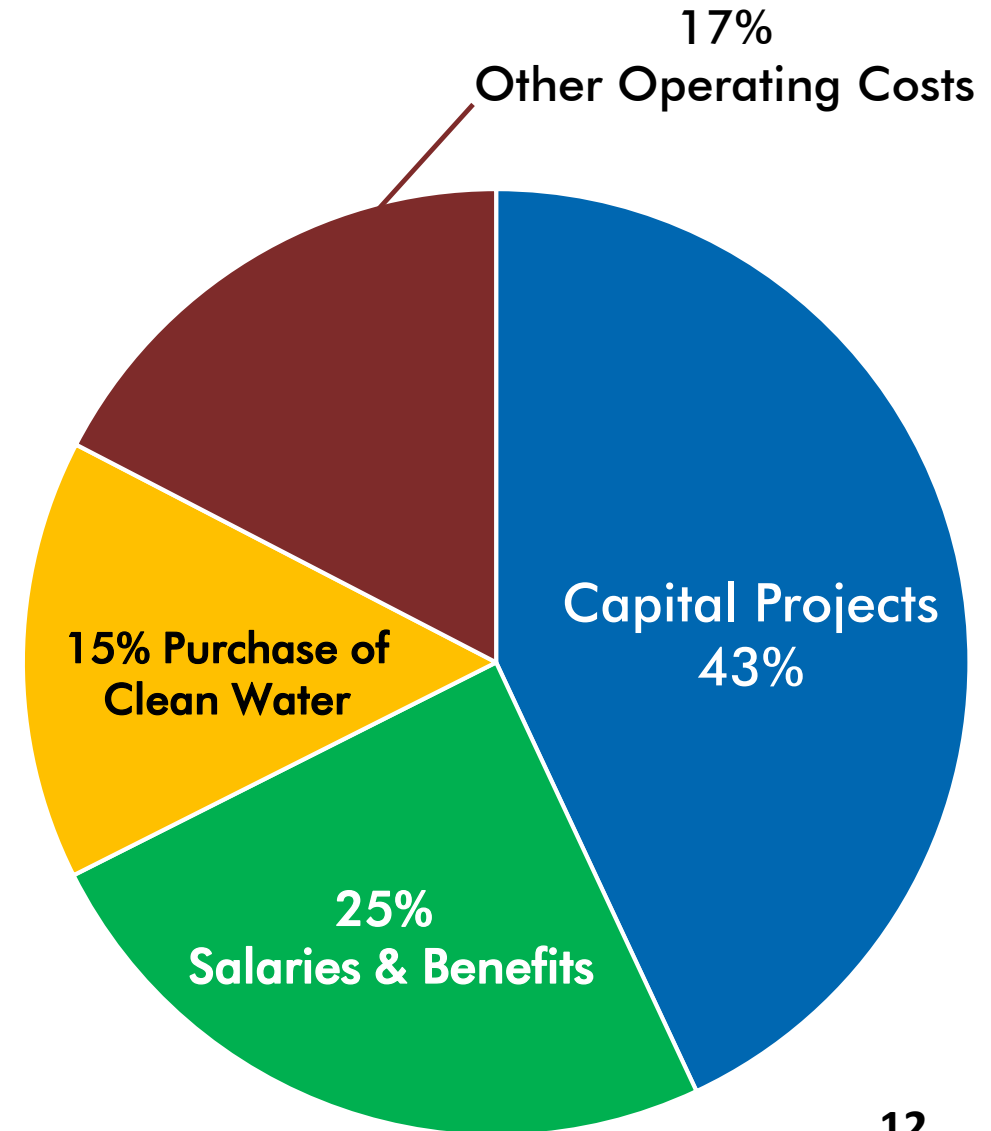
Water Sales	\$13,816,000
Debt Issuance	4,000,000
Property Taxes	1,248,000
Other Revenues	753,900
Total	\$19,817,900



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:

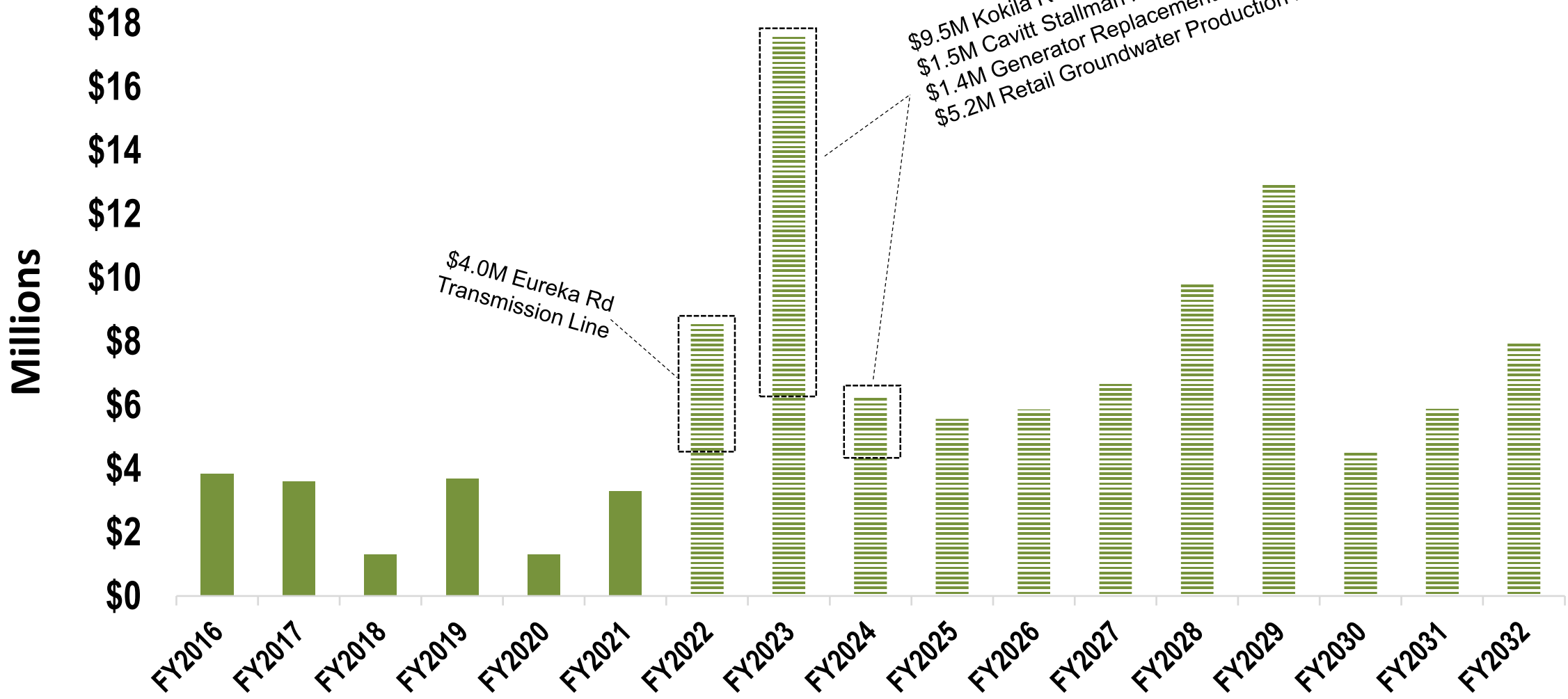
- PCWA – eliminated payments for water not being used, saving \$275,000 per year.
- City of Roseville – required additional payments from Roseville for reserved water of \$90,000 per year

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).

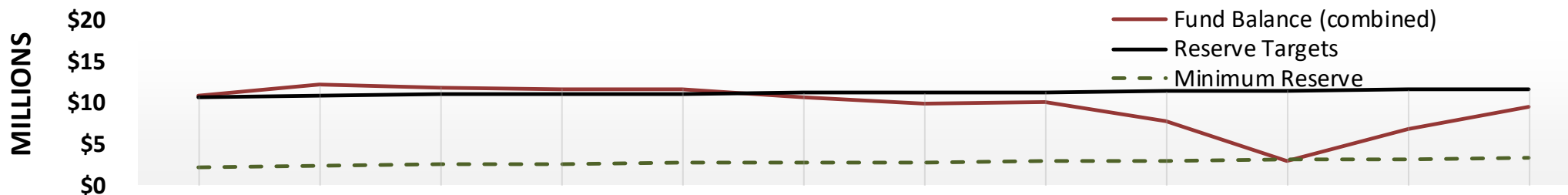
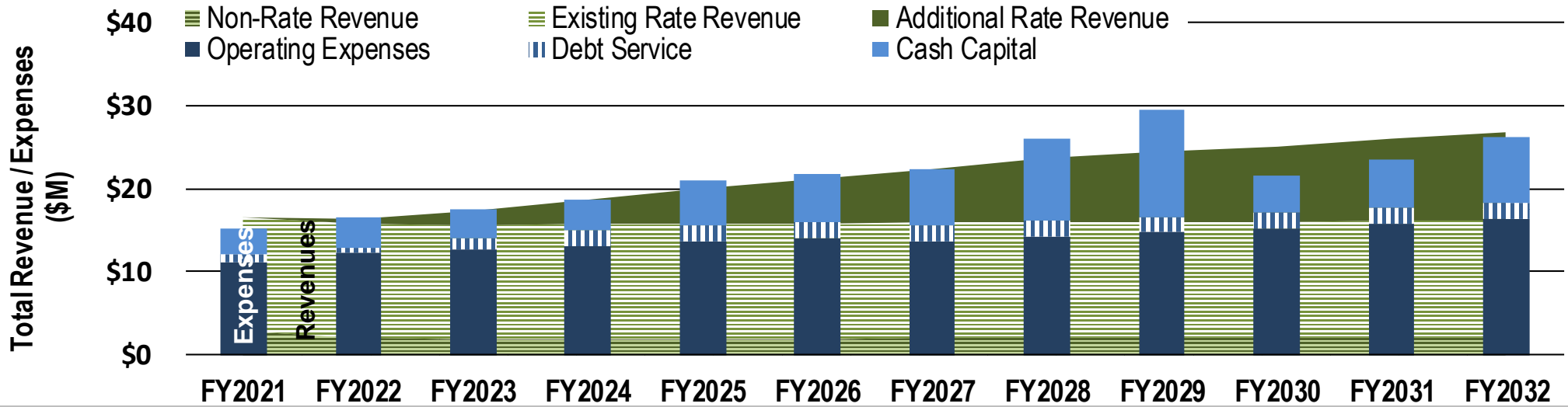
Projected Capital Spending based on Master Plan



Recent average Capital:
\$2.8M

Forecasted average Capital:
\$9.2M

Financial Forecast



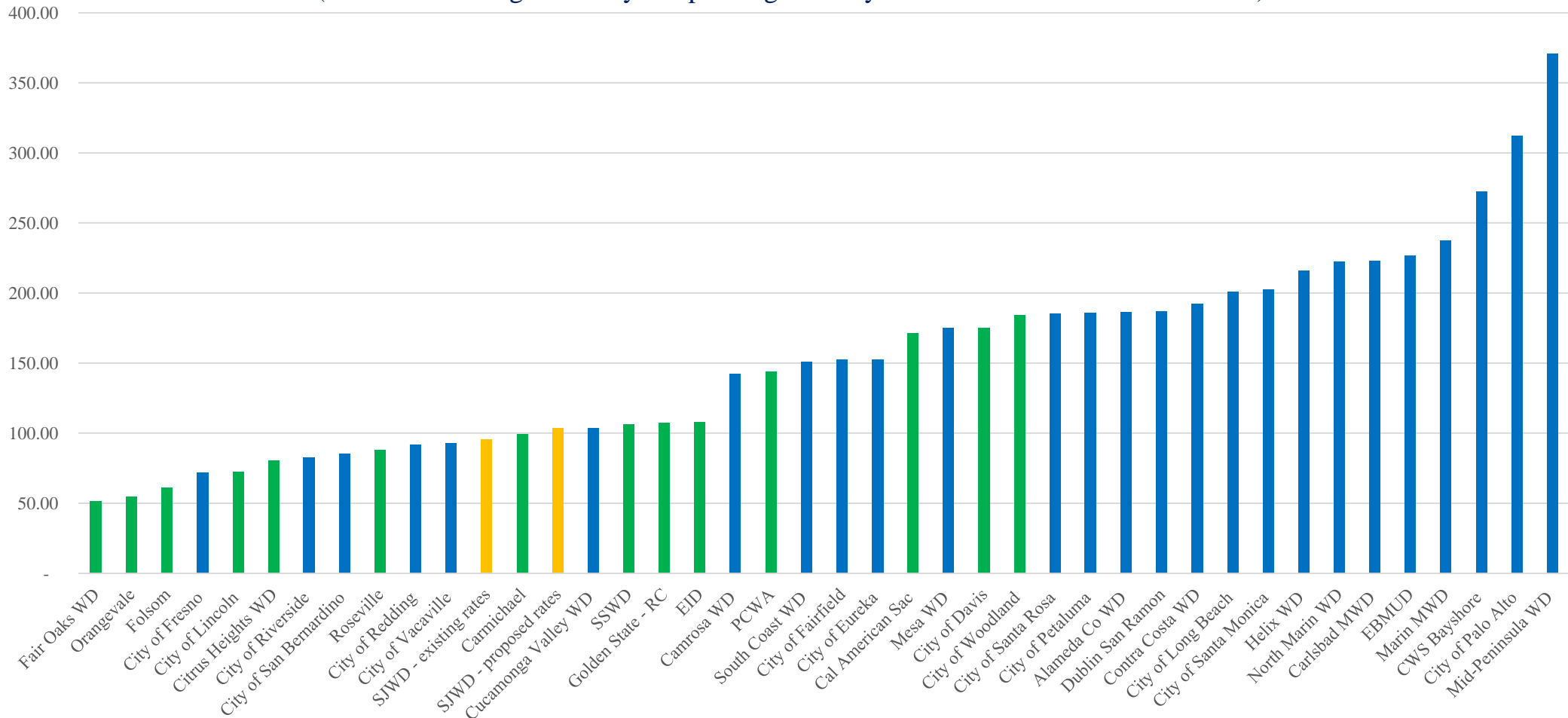
	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
		Proposed			Estimates							
Proposed Rate Revenue Increase:		8.0%	8.0%	8.0%	7.0%	6.0%	6.0%	6.0%	3.0%	3.0%	3.0%	3.0%
Debt Coverage Ratio*	5.92	6.24	3.24	2.91	3.37	3.77	4.61	5.04	5.32	5.41	5.58	5.70
Net Debt Proceeds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