



PROPOSED RATE INCREASES FOR RETAIL WATER SERVICE

PROPOSITION 218 NOTIFICATION

NOTICE TO PROPERTY OWNERS

Please join the meeting from your computer, tablet or smartphone:
<https://meet.goto.com/245724141>

PUBLIC HEARING ON PROPOSED INCREASES TO RETAIL WATER RATES

You can also dial in using your phone:
 United States: +1 (872) 240-3212
 Access Code: 245-724-141

WHY AM I RECEIVING THIS NOTICE?

Our records indicate you are an account holder and/or the owner of a parcel receiving water service in San Juan Water District's retail service area. This notice gives you information about proposed retail water rate increases that the District's Board of Directors will consider adopting on June 25, 2025. It also outlines how you can participate in the rate-setting process.

NOTICE OF PUBLIC HEARING AND COMMUNITY WORKSHOPS

On June 11, 2025, at 6:30 p.m., the San Juan Water District Board of Directors will hold a public hearing to consider proposed rate increases for retail water service as further described in this notice. The hearing will be conducted both in-person at the District's Boardroom, at 9935 Auburn Folsom Road in Granite Bay, CA 95746, and remotely via videoconference and phone.

Prior to the required public hearing, the District will hold three workshops. The first workshop will be held on May 20, 2025, at 6:00 p.m. Two additional workshops will be held on May 29, 2025, at both 3:00 p.m. and 6:00 p.m. All three workshops will be held in-person at the District's Boardroom, at 9935 Auburn Folsom Road in Granite Bay, and remotely via videoconference and phone. See the District's website at www.sjwd.org for log in instructions.

CURRENT AND PROPOSED RETAIL WATER RATES AND FIRE SERVICE LINE RATES

The Board of Directors is considering adopting the following 4-year retail water rate schedule, which will cover the expected inflationary cost increases:

PROPOSED IMPLEMENTATION DATES

	Current	July 1, 2025	Jan. 1, 2026	Jan. 1, 2027	Jan. 1, 2028
Overall Rate Revenue Increase -->		2%	2%	2%	2%
Daily Base Charges					
Up to 1" meter	\$2.92	\$2.97	\$3.03	\$3.09	\$3.15
1.5" meter	\$7.34	\$7.58	\$7.73	\$7.88	\$8.04
2" meter	\$11.61	\$12.01	\$12.25	\$12.50	\$12.75
3" meter	\$21.54	\$22.35	\$22.80	\$23.26	\$23.73
4" meter	\$35.72	\$37.11	\$37.85	\$38.61	\$39.38
6" meter	\$71.18	\$74.02	\$75.50	\$77.01	\$78.55
8" meter	\$113.73	\$118.31	\$120.68	\$123.09	\$125.55
Water Usage Charge (\$/CCF)					
All water usage	\$1.07	\$1.09	\$1.11	\$1.13	\$1.15
Daily Private Fire Line Rates*					
4" line	\$1.09	\$1.91	\$1.97	\$2.03	\$2.09
6" line	\$1.28	\$2.19	\$2.26	\$2.33	\$2.40
8" line	\$1.42	\$2.48	\$2.55	\$2.63	\$2.71
10" line	\$1.55	\$2.73	\$2.81	\$2.89	\$2.98
12" line	\$1.70	\$2.93	\$3.02	\$3.11	\$3.20

*Fire Line Rates are increasing in Year 1 by up to 76% to reflect increased service line replacement costs. Rates will increase by 3% per year thereafter based on estimated cost inflation.

WHAT ARE THE PRIMARY REASONS FOR THE NEW WATER RATES?

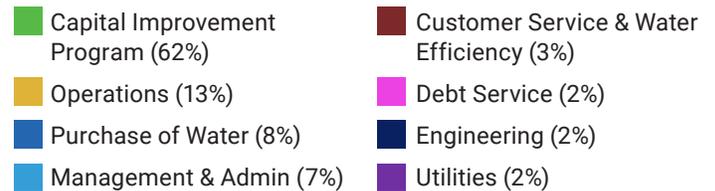
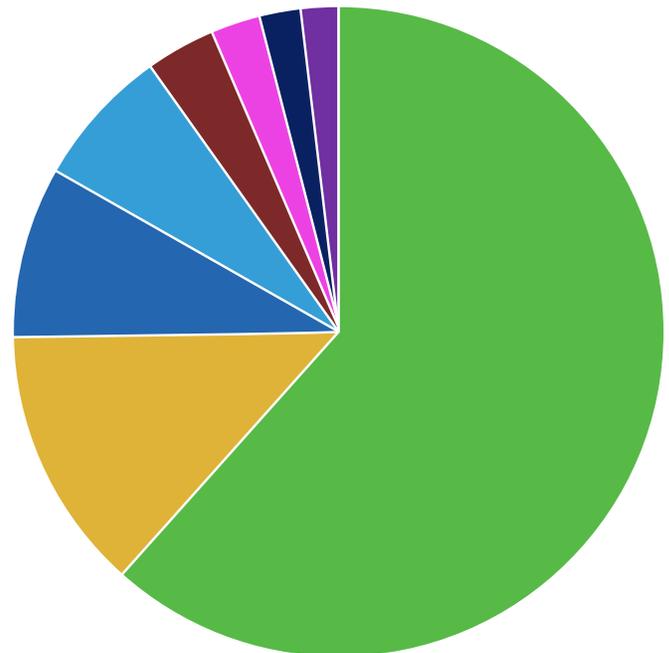
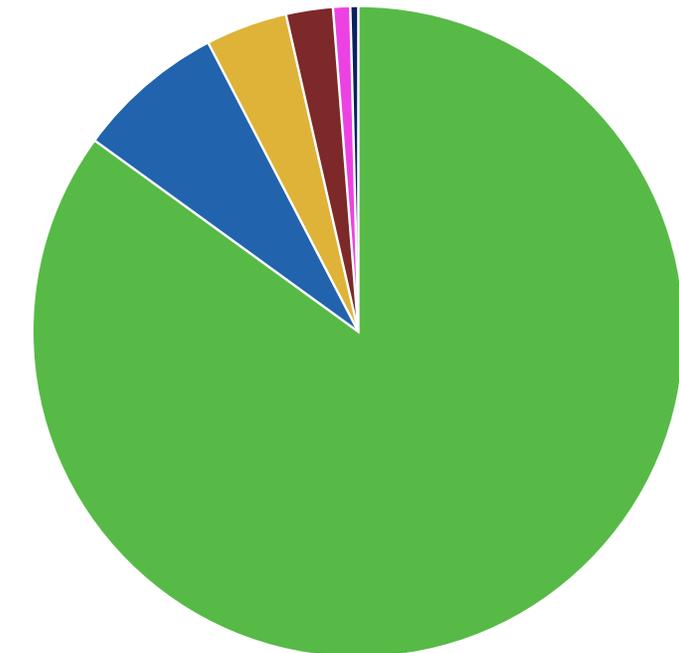
The proposed retail water rates are expected to generate the necessary revenues to cover projected cost increases of the District’s retail operations over each of the next four years. The proposed rates have been calibrated to maintain substantial alignment between fixed/variable costs and fixed/variable revenues. Alignment between the District’s cost structure and rate structure reduces the need to raise rates during periods of drought, when the variable cost of producing and delivering water supplies will drop commensurate with the decline in usage revenues. This approach provides financial stability to the District and rate certainty to our customers. A corollary benefit of this approach is that it helps maintain the District’s strong credit rating, thereby reducing the cost of current and future debt obligations.

REVENUE (FY 2024-25 FORECAST)

Water rate revenues are the primary source of funding for the District’s retail division, making up 85% of its total revenues.

EXPENSES (FY 2024-25 BUDGET)

The revenues fund both operations and capital improvements. In the current year budget, capital improvements make up approximately 62% of total expenses.



The Retail Master Plan, completed in FY 2020-21, identified the need for significant and specific improvements to the District’s water distribution system, as well as the maintenance thereof, necessary for ongoing system reliability. Some of the improvements needed are now annual replacement programs that will go on in perpetuity, such as the service lateral replacement program and the meter replacement program. These replacement programs necessitated effective rate increases of 8% for years 2022 through 2024. These revenues have been and will continue to be used to proactively improve your water system.

The District recently updated its Retail Financial Plan and was pleased to find that it has achieved the level of funding needed to continue to adequately meet service needs and carry out the Capital Improvement Program created in the FY 2020-21 Master Plan, all of which is **designed to ensure ongoing, reliable water deliveries to you.**

The current proposed rate increases are necessary to keep up with expected inflation in both operating and capital costs.

CAN YOU EXPLAIN MORE ABOUT THE FACTORS AND/OR COSTS THAT ARE DRIVING THE PROPOSED RATE INCREASE?

The 2024 Retail Water Rate Study utilizes the following assumptions about cost escalation:

Cost Category	Annual Inflation Assumption
Cost of Water	5%
Health Benefits	5%
Utilities	5%
Capital Improvement Program	3%
Other Operating Expenses	3%
Salaries	3%

Note that the proposed rate increases are less than our annual inflation assumptions; this is due in part to the efforts the District continually makes to control costs.



WHAT HAS THE DISTRICT DONE TO CONTROL COSTS TO AVOID/REDUCE RATE INCREASES?

By law, San Juan Water District cannot charge its customers more than the cost of providing water service, which includes the associated costs of ensuring the reliability of the service and the safeguarding of public health and safety. The District continually strives to keep costs low, improve efficiencies, and optimize the use of its assets.

The proposed rate increases are lower than they otherwise would have been due to the many actions the District has taken to control costs. Those actions include a temporary salary schedule reduction/freeze, refinancing existing debt to lower interest rates, significantly reducing the District's unfunded pension liability, renegotiating water contracts to dramatically reduce costs, and revising fees for new development to achieve full cost recovery, ensuring that ratepayers are not subsidizing those activities. Those and other actions will save ratepayers in excess of \$1.2 million per year over the next 20 years and beyond.

ACCOMPLISHMENTS

Since embarking on the maintenance and capital improvement plan identified in the 2021 Retail Master Plan, the District has succeeded in completing the following new projects/annual maintenance programs:

Meter End Point Replacements <i>(allows for drive-by meter reading)</i>	8,281
Small Meter Replacements	1,160
Valves Exercised	925
Dead-End Line Flushing	855
Hydrants Inspected and Valves Exercised	632
Service Line Replacements	438
Leaks Repaired	205
Intermediate Meter Replacements	145
Air Release Valve Replacements	62

The proposed rate increases will allow the District to continue this level of system maintenance and improvement, furthering its mission of *ensuring the delivery of a reliable water supply of the highest quality at the lowest reasonable cost.*

HOW THIS INCREASE MAY IMPACT YOU

Under the proposed retail rate increase, residential water bills at average usage will increase by \$3.00 per 60-day billing cycle, or 5 cents per day. The current water usage charge of \$1.07 per 100 cubic feet of water will increase by 2 cents.

If the Board of Directors adopts this proposed rate structure, it is estimated that San Juan Water District's total retail rate revenue will increase by 2 percent in 2025. A customer's actual increase will depend on their meter size and water use. If you would like additional information about how the proposed rate changes would affect your specific water bill, please call the District's Customer Service Department, at (916) 791-0115, and a staff member will be happy to assist you.



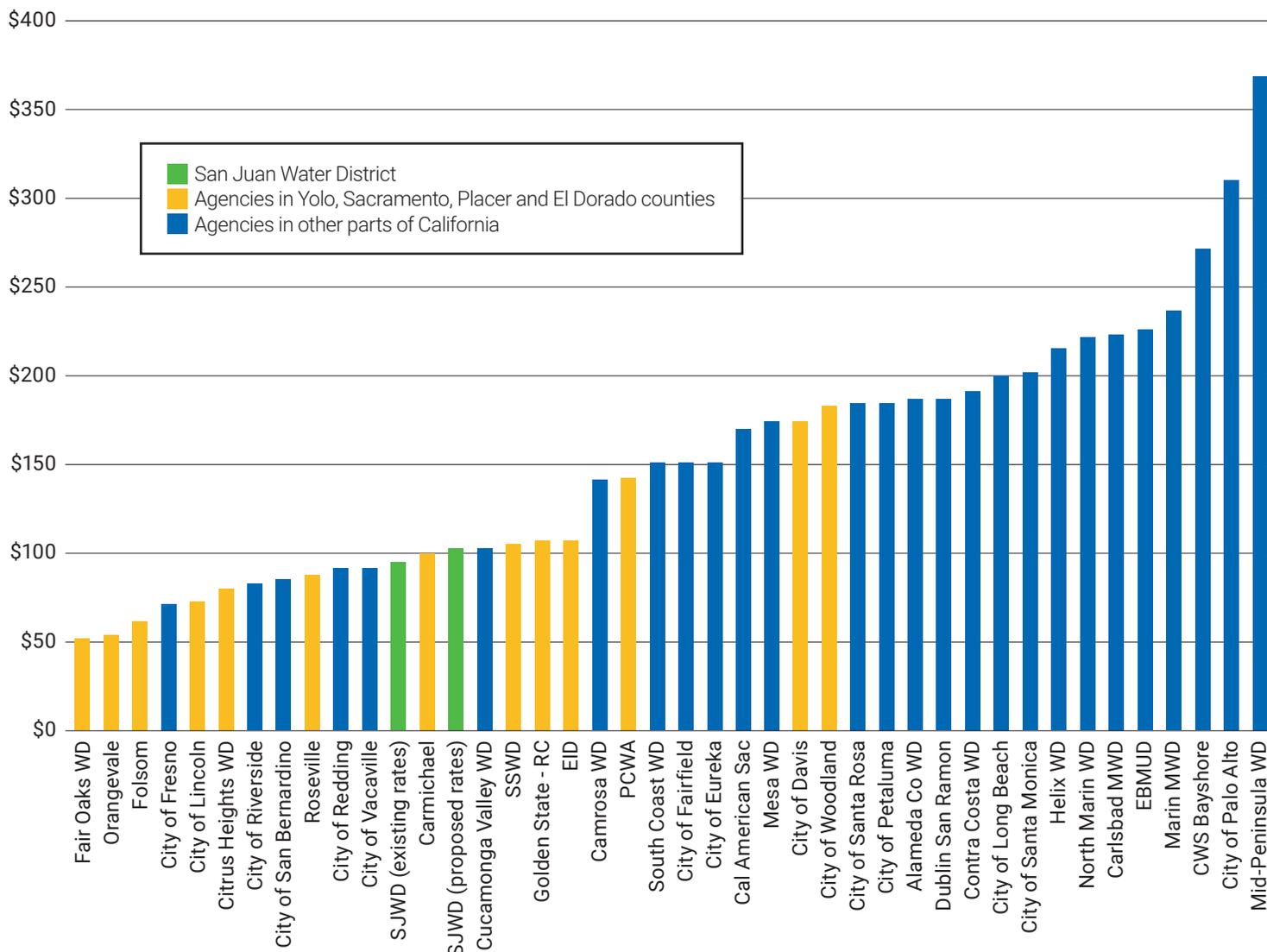
HOW DO THESE PROPOSED RATES COMPARE TO OTHER WATER AGENCY RATES?

As you can see in the graph below, San Juan Water District's current and proposed rates remain highly competitive with those both in the region and across the state. Comparing rates between water providers is interesting, but not always useful. Each water agency faces unique advantages and challenges, depending on the topography, elevation, and population of their service area. In addition, each governing board makes different decisions on how to maintain and improve their systems. Here are some examples of why rates may differ between water agencies:

- **Elevation differences:** The San Juan Water District's retail service area is at a higher elevation than the treatment plant that delivers the water. Therefore, water needs to be pumped to reach your tap. Conversely, the Fair Oaks Water District and the Citrus Heights Water District are at a lower elevation than the water treatment plant. This means that water is delivered via gravity, with no additional pumping costs.
- **Density, or lot sizes:** The San Juan Water District's retail service area is comprised of predominately large lots, resulting in a greater amount of pipeline per connection than the Citrus Heights Water District, which is more densely populated. This means there are fewer customers to share the costs of maintaining more pipelines.
- **Desired level of service/maintenance:** Some agencies choose to keep rates low by deferring maintenance and reducing the capital replacement program in the near term, while others, such as the San Juan Water District, strive to follow best practices in system maintenance and improvements, believing that proactive maintenance and replacement programs are more affordable to the customers in the long run than a reactive approach.

WATER BILL COMPARISONS AMONG SELECTED URBAN CALIFORNIA WATER AGENCIES

(The annual average monthly use per single family household using a 1" meter in the San Juan retail area)



PROTESTING THE PROPOSED WATER RATES

Any property owner of record of a parcel that would be subject to the proposed rates, or any tenant directly liable for payment of water service fees (i.e., a customer of record), may protest the proposed water rate changes. To be counted, all protests must:

- Be in writing with an original signature from the property owner of record or tenant directly liable for the payment of the water bill.
- Identify the parcel for which the protest is filed, by street address or Assessor's Parcel Number (APN).
- State that the signer opposes the proposed water rates.
- Be received by San Juan Water District at any time prior to the close of the public hearing that will begin at 6:30 p.m. on Wednesday, June 11, 2025. A protest may be mailed to the San Juan Water District, or deposited in our utility bill drop off box located at 9935 Auburn Folsom Road, Granite Bay, CA 95746, or delivered to the same address during regular business hours. Please include the following notation on the front of the envelope for any written protest: **"ATTN: General Manager, Protest of Proposed Water Rates."**

If the District receives written protests in excess of 50 percent of the parcels receiving water service from the District, the Board will not adopt the proposed rates. Only one protest will be counted for each parcel. By law, email, fax, telephone, or oral protests of any kind will not be counted. Mailed protests received after the close of the public hearing will not be counted, even if they were postmarked earlier.

Over the course of the next four years, the Board of Directors may increase retail water rates up to the maximum amount for each year identified in this notice without providing subsequent hearings or a formal opportunity for protests. Should the Board of Directors decide to increase rates in any given year in an amount greater than that described in this notice, a similar Proposition 218 notice will be provided to customers along with an opportunity for parcel owners and tenants to formally protest such an increase at that time.

Please be advised that pursuant to Government Code Section 53759(d) there is a 120-day statute of limitation for any challenge to the new, increased or extended fee or charge.



WHERE CAN I GET MORE INFORMATION?

Find our Annual Budget, Retail Master Plan, Retail Water Rate Study Report, and more at sjwd.org/retail-rate-transparency or scan the QR code.

