Sunnyslope County Water District
BOARD OF DIRECTORS
REGULAR MEETING

District Office Board Room/Teleconference **3570 Airline Hwy., Hollister, CA**

NOTICE & AGENDA

MAY 28, 2024

Regularly Scheduled Board Meeting - 5:15 PM

Closed Session to Precede the Regular Session – 4:30 PM

IN PERSON PUBLIC ACCESS TO DISTRICT MEETINGS IS AVAILABLE AND REMOTE ACCESS CAN BE OBTAINED THROUGH THE FOLLOWING ACCESS POINTS:

ZOOM MEETING ACCESS LINK

https://us06web.zoom.us/j/83216038029?pwd=l7K47iHKhB1G4cL2xHdn4caN03i3Cb.1
Passcode: SSCWD

Or Telephone: Dial + 1 (669) 444-9171 and when prompted enter Meeting ID: 832 1603 8029
Dial in Passcode: 130723

HEALTH AND SAFETY GUIDELINES

Public access to this meeting is provided both in person and through electronic viewing. Virtual meeting access will continue to be provided as a public convenience until further notice by the District Board. Remote viewing interruptions due to internet quality, power outages or other factors may occur and will not stop the meeting while a quorum is present in the Board Room; To ensure the health, safety, and welfare of those in attendance, all attendees must comply with any procedures/instructions announced by the Board of Directors or as directed by Staff prior to commencement of the meeting. Face coverings will be provided if health concerns dictate and will be made available upon request. The meeting will be available through Zoom for those who wish to join remotely. Anyone requiring accommodations may contact the Main Office at:
(831) 637-4670 a minimum of 24 hrs prior to the start of the meeting.

Mission Statement:

"Our Mission is to provide safe, reliable, and high-quality water and wastewater services to our customers and all future generations in an environmentally and financially responsible manner."

A. CALL TO ORDER - ROLL CALL

President Mauro _____, Vice-President Parker _____,

Director Brown_____, Director Alcorn_____, and Director Buzzetta _____.

B. PUBLIC COMMENT ON CLOSED SESSION MATTERS – Members of the public may address the Board on the item or items listed on the Closed Session agenda, with a time limit of three minutes per speaker.

CLOSED SESSION @ 4:30PM

C. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTIONS:

1. **Labor Negotiation Discussion – Gov. Code §54957.6 –** Administrative, Operations and Maintenance Collective Bargaining Unit
   Employee Organization: Utility Workers Union of America AFL-CIO Local 820
   District Negotiator: DeLay & Laredo

REGULAR SESSION @ 5:15PM

D. PLEDGE OF ALLEGIANCE

E. REPORT IN OPEN SESSION ACTION TAKEN IN CLOSED SESSION

1. **Employee and Personel Committee – May 7th, 2024** Per Gov. Code § 54957.6, Labor Negotiations

2. **Regular Board Meeting – May 28th, 2024,** Per Gov. Code § 54957.6, Labor Negotiations

F. APPROVAL OF AGENDA – Any requests to postpone consideration of an agenda item or move an item forward on the agenda will be considered at this time.

G. PUBLIC COMMENTS and AUDIENCE INTRODUCTIONS – The public may comment[1] on any District business, not on the agenda, with a time limit of three minutes per speaker. To make a public comment in person please fill out a "Speaker Card" and return to the

Minutes Clerk prior to speaking. When virtual meeting access is provided, please use the "hand-raise" feature and you will be called upon to speak. No action may be taken by the Board during the public comment period.

H. CONSENT AGENDA – Members of the Board and/or members of the public may pull matters from the Consent Agenda. Any matter pulled from the Consent Agenda requiring action shall be moved to New Business and treated as a matter of new business, or for matters needing clarification shall be moved to Staff Reports and addressed by the respective staff. The public may address the Board[2] on these items, not to exceed 3 minutes, when the Board reviews each pulled item.

1. Approve Minutes of the
   - Regular Board Meeting- April 23, 2024 (page 1)
   - Special Board Meeting - May 15, 2024 (page 10)

2. Receive and Accept Allowance of Claims for Disbursements from April 1, 2024, Through April 30, 2024. (page 13)

3. Receive and Accept Associate Engineer Monthly Status Report – (April Report not Available)

4. Receive and Accept Finance Manager Monthly Status Reports:
   a) Narrative Report (page 17)
   b) Operation Summary (page 24)
   c) Statement of Income (page 27)
   d) Investment Summary (page 29)
   e) Board Designated Reserves (page 30)

5. Receive and Accept Superintendent Monthly Status Reports:
   a) Maintenance (page 31)
   b) City Meter Reading (page 39)
   c) Groundwater Level Measurement (page 40)

6. Receive and Accept General Manager Monthly Status Report. (page 41)

I. NEW BUSINESS – The Board will review and discuss agenda items and take action or direct staff to return to the Board for action at a following meeting. The public may address the Board[2] on these items as the Board reviews each item when directed to do so.

1. 2024 RATE MODEL PRESENTATION – Raftelis Financial Consulting Will Present The Draft Water And Wastewater Rate Study Report To Address Financial Needs Of The District For A 5 Year Period. The Board Will Consider And Approve A Motion To Accept The Conclusions Of The Financial Plan And Associated Rates, Initiate The 218 Process With Subsequent Motion To Distribute 218 Notices And Conduct The Submission And Tabulation Of Protests Per District Resolution No 527 And Schedule A Public Hearing For July 23, 2024. Staff report prepared by General Manager, Drew A. Lander. Presentation Provided By Theresa Jurotich, Raftelis Consultant.

   PUBLIC HEARINGS - Receive Presentations by Raftelis Financial Consultants and Authorize the Following:

   1. Presentation of the Water Fund Financial Plan and Proposed Water Rate Increases and Authorize the Mailing of the Proposition 218 Notice Setting a Public Hearing on July 23, 2024.
   2. Presentation of the Wastewater Fund Financial Plan and Proposed Wastewater Rate Increases and Authorize the Mailing of the Proposition 218 Notice Setting a Public Hearing on July 23, 2024.

   ATTACHMENTS: Draft Financial Report, Raftelis Presentation, Approved Resolution No. 527 (page 43)

2. Consider A Motion Authorizing The Governance Committee To Proceed With Good Faith Negotiations With SBCWD Under Article 7 Of The Hollister Urban Area Water Supply And Treatment Agreement – Recommendation Of The Governance Committee

J. STATUS REPORT

1. Governance Committee (JB, MA) – (Meeting Held May 21st, 2024)
2. Water / Wastewater Committee (DB, JP) – (No Meeting)
3. Finance Committee (JB, EM) – (Meeting held May 10th, 2024)
4. Policy and Procedure Committee (JP, MA)– (No Meeting)

5. Personnel Committee (EM, DB) – (Meeting held May 7th, 2024 – Closed Session)
6. Water Resources Association of San Benito County (MA, Alt. JP) – (No Meeting)

K. BOARD and STAFF REPORTS

1. Directors
2. District Counsel
3. General Manager – General Manager Report (Oral Report)

L. FUTURE AGENDA ITEMS

M. ADJOURNMENT

Upon request, Sunnyslope County Water District (SSCWD) will make a reasonable effort to provide written agenda materials in appropriate alternative formats, languages or disability-related modification or accommodation, including auxiliary aids or services, to enable all individuals to participate in public meetings. SSCWD will also make a reasonable effort to provide translation services upon request. Please submit a written request, including your name, mailing address, phone number and brief description of the requested materials and preferred alternative format or auxiliary aid or service as soon as possible in advance of the meeting.

Next Regular Board Meeting – June 25, 2024 @ 5:15 p.m., District Office

AGENDA DEADLINE: **June 19, 2024 @ 12:00 p.m.**

Future Scheduled Committee Meetings

[1] The person speaking is requested to fill out a speaker card stating items on which they wish to comment to be properly recognized during communications from the public and address comments to the Board of Directors. A limit of three (3) minutes per speaker is requested to allow others an opportunity to comment. Board members may ask questions of the speaker, but no action may be taken, and no discussion may be held on non-agenized items raised by the public. The General Manager may refer the matter to the proper personnel for review.

[2] The person speaking is requested to fill out a speaker card stating their name, address, and items on which they wish to comment to be properly recognized during communications from the public and address comments to the Board of Directors. Please limit your comment to three (3) minutes. Please step up to and speak at the podium.

MINUTES
Regular Meeting of the Board of Directors
of the
SUNNYSLOPE COUNTY WATER DISTRICT
April 23rd, 2024

A. CALL TO ORDER: The meeting was called to order at 5:15 p.m. by President Mauro, at the Sunnyslope County Water District office, 3570 Airline Highway, Hollister, California.

ROLL CALL: Present in Person: President Edward Mauro (EM), Director Dee Brown (DB), Director Jerry Buzzetta (JB).

Present via teleconference: Vice President James Parker (JP).

Absent: Director Michael Alcorn (MA).

B. PLEDGE OF ALLEGIANCE: Director Buzzetta led those in attendance in the Pledge of Allegiance.

C. APPROVAL OF AGENDA: General Manager Lander provided the Fairview Corner's Development Agreement for item F3 that didn't make it into the packet in time for distribution. President Mauro requested a motion to approve the agenda. Director Brown motioned to approve the agenda, seconded by Director Buzzetta, for which President Mauro then took a roll call vote as follows: (DB), yes; (JB), yes; (JP), yes; and (EM), yes; the motion carried 4-0 with 1 absence.

D. PUBLIC COMMENTS AND AUDIENCE INTRODUCTIONS: The Board welcomed members of the public and opened the meeting to public comments regarding matters not itemized on the agenda. No comments were received.

Staff Present for Open Session: In Person: General Manager/Secretary Drew Lander, Executive Assistant/Stenographer Madison Koester, Finance and HR Manager Barry Kelly.

Staff Present for Open Session: Via Teleconference: Water/ Wastewater Superintendent Jose Rodriguez.

E. CONSENT AGENDA:

1. Approval of Minutes of the Special Board Meeting of March 19th, 2024.
2. Allowance of Claims – The Board reviewed the Disbursement Summary (below) for the period of March 1, 2024 through March 31, 2024, totaling $884,368.21 which includes $618,098.81 for payments to vendors, $260,244.26 for Payroll, and $1,898.88 for customer refunds.

Date	Number	Name	Amount
03/01/2024	ACH2808	Sterling Administration Health	$5.00
03/05/2024	ACH2809	Principal	$3,274.92
03/06/2024	52266	ACC Business	$1,343.14
03/06/2024	52267	Ace Hardware (Johnson Lumber Co.)	$190.19
03/06/2024	52268	AT&T	$857.38
03/06/2024	52269	Brenntag Pacific, Inc.	$7,619.39
03/06/2024	52270	Bryan Mailey Electric, Inc	$7,991.54
03/06/2024	52271	CA Dept. of Tax & Fee Administration	$3,109.00
03/06/2024	52272	Clean Brothers	$150.00
03/06/2024	52273	Hach Company	$1,467.41
03/06/2024	52274	J M Electric	$3,723.51
03/06/2024	52275	JNM Automation	$1,400.00
03/06/2024	52276	Mission Uniform Service	$444.47
03/06/2024	52277	Postal Graphics	$33.28
03/06/2024	52278	RJR Recycling	$1,700.00

03/06/2024	52279	San Benito County Water District	$350,543.23
03/06/2024	52281	Toro Petroleum Corp.	$1,500.10
03/06/2024	52282	USA Blue Book	$491.03
03/06/2024	52283	Wallace Group	$10,715.00
03/06/2024	ACH2810	P G & E	$27,182.50
03/07/2024	52191	ANDERSON HOMES,	$241.00
03/07/2024	52284	DSW FAMILY PARTNERSHIP	$34.99
03/07/2024	52285	JUANA LUNA & CHRISTIAN BARAJAS	$28.34
03/07/2024	ACH2811	iCloud	$12,761.30
03/08/2024	JN00560	Net Pay	$75,236.13
03/08/2024	JN00560	Total Tax	$19,282.29
03/11/2024	ACH2812	Sterling Administration Health	$168.28
03/12/2024	ACH2813	CalPERS - Retirement	$23.08
03/12/2024	ACH2814	CalPERS - Retirement	$7,944.55
03/12/2024	ACH2815	CalPERS - Retirement	$7,989.40
03/12/2024	ACH2816	Nationwide Retirements Solutions	$8,840.53
03/13/2024	52287	Abel Alvarez	$221.00
03/13/2024	52288	Ace Hardware (Johnson Lumber Co.)	$16.38
03/13/2024	52289	Backflow Apparatus & Valve Co. (BAVCO)	$123.10
03/13/2024	52290	Brenntag Pacific, Inc.	$14,999.85
03/13/2024	52291	Brigantino Irrigation	$7.04
03/13/2024	52292	CM Analytical, Inc.	$12,338.75
03/13/2024	52293	Hach Company	$1,643.35
03/13/2024	52294	ICON Cloud Solutions, LLC	$4,125.42
03/13/2024	52295	Iconix Waterworks (US) Inc.	$688.98
03/13/2024	52296	Interstate Battery System of San Jose Inc	$55.86
03/13/2024	52297	Luis M. Vasquez-Herrera	$36.97
03/13/2024	5229851481	Mark Nicholson, Inc.	$13,636.00
03/13/2024	52299	Metropolitan Compounds Inc	$5,872.86
03/13/2024	52300	Recology San Benito County	$342.91
03/13/2024	52301	Rexel	$5,405.14
03/13/2024	52302	San Benito County Water District	$521.50
03/13/2024	52303	San Benito Engineering & Surveying Inc.	$2,400.00
03/13/2024	52304	Simplot Grower Solutions	$1,193.50
03/13/2024	52305	State Water Resources Control Brd-WWOPCP	$110.00
03/13/2024	52306	TPO	$281.25
03/13/2024	52307	U.S. Bank Corporate Payment Systems	$5,164.24
03/13/2024	52308	USA Blue Book	$119.72
03/13/2024	52309	Water District Jobs	$145.00
03/15/2024	52284	DSW FAMILY PARTNERSHIP	$161.12
03/15/2024	ACH2817	Sterling Administration Health	$10.00
03/15/2024	ACH2818	Colonial Life	$1,922.76
03/15/2024	ACH2819	ADP	$2,221.35
03/18/2024	52312	A-1 Services	$1,467.00
03/18/2024	52313	Ace Hardware (Johnson Lumber Co.)	$394.31
03/18/2024	52314	Brenntag Pacific, Inc.	$13,987.35
03/18/2024	52315	Brigantino Irrigation	$193.71
03/18/2024	52316	De Lay & Laredo	$5,480.00
03/18/2024	52317	EBCO Pest Control	$75.00
03/18/2024	52318	Hollister True Value	$76.46
03/18/2024	52319	ICON Cloud Solutions, LLC	$252.27
03/18/2024	52320	InfoSend	$3,481.48
03/18/2024	52321	John Smith Road Landfill	$2,116.70

03/18/2024	52322	MBS Business Systems	$709.92
03/18/2024	52323	Michael Vargas Garcia	$110.00
03/18/2024	52324	Mission Uniform Service	$492.25
03/18/2024	52325	San Benito County Water District-Pumping	$4,504.99
03/18/2024	52326	San Benito Tire Pros & Automotive	$25.00
03/18/2024	52327	Shape, Inc.	$585.92
03/18/2024	52328	Star Concrete	$262.20
03/18/2024	52329	State Water Resources Control Brd-WWOPCP	$110.00
03/18/2024	52330	Sterling Administration Health	$252.00
03/18/2024	52331	Trans Union LLC	$281.15
03/18/2024	52332	USA Blue Book	$301.36
03/18/2024	52333	UWUA Local 820	$738.56
03/18/2024	52334	Wienhoff Drug Testing	$70.00
03/20/2024	ACH2820	Sterling Administration Health	$200.00
03/21/2024	JN00561	Net Pay	$64,726.35
03/21/2024	JN00561	Total Tax	$17,066.49
03/22/2024	51161	HERBERT EDWARD BOWEN IV	$194.49
03/22/2024	52335	MYUNG CHIPLEY	$22.00
03/22/2024	52337	DANIEL GUERRERO	$247.09
03/25/2024	ACH2821	CalPERS - Retirement	$23.08
03/25/2024	ACH2822	Sterling Administration Health	$600.00
03/25/2024	ACH2823	CalPERS - Retirement	$7,390.92
03/25/2024	ACH2824	CalPERS - Retirement	$7,684.02
03/25/2024	ACH2825	Nationwide Retirements Solutions	$8,740.55
03/25/2024	ACH2826	CalPERS - Health Insurance	$29,115.91
03/26/2024	52338	Ace Hardware (Johnson Lumber Co.)	$65.47
03/26/2024	52339	Atlas Copco Compressors LLC	$4,196.69
03/26/2024	52340	Brenntag Pacific, Inc.	$20,189.75
03/26/2024	52341	Brigantino Irrigation	$84.84
03/26/2024	52342	C & N Tractors	$943.89
03/26/2024	52343	Corbin Willits Systems, Inc. (MOM's)	$150.00
03/26/2024	52344	exceedio	$1,819.12
03/26/2024	52345	First Trust Alarm Company	$753.00
03/26/2024	5234651481	Mark Nicholson, Inc.	$45,409.64
03/26/2024	52347	Mission Uniform Service	$501.37
03/26/2024	52348	Quinn Company	$1,679.30
03/26/2024	52349	San Benito County-Assessor	$250.00
03/26/2024	52350	San Benito County-Mosq Abate. Prgm	$126.23
03/26/2024	52351	Star Concrete	$1,398.40
03/26/2024	52352	Toro Petroleum Corp.	$1,902.10
03/26/2024	52353	USA Blue Book	$243.40
03/26/2024	52354	Wallace Group	$2,235.00
03/27/2024	52355	RHODA & MARTIN BRESS	$164.70
03/27/2024	52359	MERITAGE HOMES OF CALIFORNIA	$45.70
03/27/2024	52359	MERITAGE HOMES OF CALIFORNIA,	$77.52
03/27/2024	52360	STEPHEN TOSTE	$24.53
03/31/2024	JN00564	Bank Fees	$74.00
			-$884,368.21

3. Receive Associate Engineer Monthly Status Report. (March Report Not Available)

4. Receive Finance Manager Monthly Status Reports: a. Narrative Report, b. Operation Summary, c. Statement of Income, d. Investment Summary, and e. Board Designated Reserves.

5. Receive Superintendent Monthly Status Reports: a. Maintenance, b. City Meter Reading, and c. Groundwater Level Measurement.

6. Receive General Manager Monthly Status Report.

Director Buzzetta requested to pull items E1, E4, E5 and E6 to new business for discussion. President Mauro asked for public comment and upon receiving none, President Mauro requested a motion to approve the consent agenda with Director Buzzetta's requests. Upon a motion made by Director Parker to approve the Consent Agenda, seconded by Director Brown, for which President Mauro then took a roll call vote as follows: (JB), yes; (DB), yes; (JP), yes; and (EM) yes; the motion carried 4-0 with 1 absence.

F. NEW BUSINESS:

1. **Consider Adopting Resolution No. 599 Proclaiming May 2024, As "Water Awareness Month" (Not A Project Under CEQA Per Article 20, Section 15378.)**

   General Manager Lander brings this item to the board yearly at the request of the WRA program manager, Shawn Novack. This year Mr. Novack has provided the wording of the resolution.

   President Mauro then asked for any public comment. Upon receiving no public comment, President Mauro requested a motion to approve the item. Director Brown made a motion to adopt Resolution No. 599 Proclaiming May 2024 as "Water Awareness Month". This motion was seconded by Director Buzzetta for which President Mauro then took a roll call vote as follows: (JB), yes; (DB), yes; (JP) yes; and (EM), yes; the motion carried 4-0 with 1 absence.

2. **Consider Adoption Of Resolution No. 600 Ordering A District Election, Requesting The County Of San Benito To Conduct The Election, And Authorizing Payment For The Cost Of The Election To Be Budgeted At $50,000. (Not A Project Under CEQA Per Article 20, Section 15378).**

   General Manager Lander must bring this item to the board prior to an election, and this year there are two directors whose terms will expire. Mr. Lander discusses the fiscal impact the election will have on the district, stating the price fluctuation is dependent on the numbers of members running.

   Director Brown noted that the resolution needed a correction, item 3 under "Now, Therefore, Be it Resolved that:" should say "there are two elective offices to be filled at the District election,", rather than three.

   President Mauro then asked for any public comment. Upon receiving no public comment, President Mauro requested a motion to approve the item. Director Buzzetta made a motion to adopt Resolution No. 600 ordering a district election, requesting The County of San Benito to conduct the election, and authorizing payment for the cost of the election to be budgeted at $50,000. This motion was seconded by Director Brown for which President Mauro then took a roll call vote as follows: (JB), yes; (DB), yes; (JP) yes; and (EM), yes; the motion carried 4-0 with 1 absence.

3. **Consider Approval of Resolution No. 601 and Authorize the President to Sign an Agreement for Water and Sewer Facilities and Service for the Fairview Corners Development (CEQA Certified MND)**

   General Manager Lander spoke on this item, taking the time to go through the agreement and address the terms that were specifically negotiated for the development to fit into the district's overall water and sewer systems.

   President Mauro then asked for any public comment. Upon receiving no public comment, President Mauro requested a motion to approve the item. Director Brown made a motion to approve Resolution No. 601 and authorize the President to sign an agreement for water and sewer facilities and service for the Fairview Corners Development. This motion was seconded by President Mauro for which President Mauro then took a roll call vote as follows: (JB), yes; (DB), yes; (JP) yes; and (EM), yes; the motion carried 4-0 with 1 absence. Director Buzzetta wanted it to be noted that he was voting yes to avoid a 2-2 vote with the possibility of the item not passing, but he believes the agreement should contain more than a one-year warranty.

4. **Consider Approval Of Resolution No. 602 Adopting Guidelines For The Submission And Tabulation Of Protests In Connection With Fee And Charge Hearings Pertaining To The Cielo Vista Sewer Service Area.**

   General Manager Lander brings this item to the board ahead of a public hearing at the end of May 2024 in which the Board shall consider proposed wastewater rates specific to the customers of Cielo Vista, the Gavilan College and the proposed Fairview corners subdivision. In voting for this item, the board is specifying the District's procedures to be used in receiving and tabulation protests related to imposing or increasing wastewater fees.

   Director Buzzetta requested more information on what small repairs were needed in the sewer systems, to which General Manager Lander informed him they were manhole repairs requiring additional grouting that the county was going to take care of. Mr. Lander also confirmed that Sunnyslope would do an additional inspection ensuring completion on the manhole work, as a number of inspections have already been completed on the sewer system itself.

   President Mauro then asked for any public comment. Upon receiving no public comment, President Mauro requested a motion to approve the item. Director Buzzetta made a motion to approve Resolution No. 602 adopting guidelines for the submission and tabulation of protests in connection with fee and charge hearings pertaining to the Cielo Vista sewer service area. This motion was seconded by Director Brown for which President Mauro then took a roll call vote as follows: (JB), yes; (DB), yes; (JP) yes; and (EM), yes; the motion carried 4-0 with 1 absence.

5. **Consider Approval Of New Principal Engineer Job Description, Salary Structure, Modified Organization Chart, And The Retirement Of The Plant Electrician/Instrumentation Technician Position.**

   General Manager Lander spoke on this item, informing the board of the struggle the District has been through trying to obtain a new associate engineer. Although an applicant was finally selected there is significant training that will have to be provided along with a need for supervision. Recently there was an experienced engineering candidate who expressed interest in joining the District if there were a more senior position available. Mr.

Lander continued by expressing the benefits of bringing in a Principal Engineering position that can not only assist in training this incoming associate engineer, but also provide valuable engineering functions that diminish the need for hiring outside engineering services.

In addition, General Manager Lander comments on the Electrician/Instrumentation Technician position that the District has been unable to fill due to where the salary scale is at. In removing this position, it keeps staffing levels the same, making the only difference an increase in the salary structure.

President Mauro and Director Brown made comments favoring creating a position that not only offers valuable assistance to the General Manager, but also creates a succession plan that ensures we have depth and experience in moving forward.

Director Buzzetta requests the verbiage of the item be changed from retirement to elimination to avoid confusion, therefore it would be, "Consider Approval Of New Principal Engineer Job Description, Salary Structure, Modified Organization Chart, And The Elimination Of The Plant Electrician/Instrumentation Technician Position,".

President Mauro then asked for any public comment. Upon receiving no public comment, President Mauro requested a motion to approve the item. Director Parker made a motion to approve a new Principal Engineer job description, salary structure, modified organization chart, and the elimination of the Plant Electrician/Instrumentation Technician Position. This motion was seconded by Director Brown for which President Mauro then took a roll call vote as follows: (JB), yes; (DB), yes; (JP) yes; and (EM), yes; the motion carried 4-0 with 1 absence.

6. **Authorize The General Manager To Contract with Wallce Group For Professional Services To Provide Project Management For The San Benito County Water Agency Consolidation (Phase 2), not to exceed $3,050,000. (Not A Project Under Ceqa Per Article 20, Section 15378)**

The San Benito County Water Agency Consolidation refers to the consolidation of Best Road Mutual Water Company, Harburn Way Water Company, Stonegate Water System CSA, and the Tres Pinos Water Company into Sunnyslope County Water District. General Manager Lander spoke on why contracting with the Wallace Group to have them in charge of managing the project would be most favorable to the District. Stating that they would have the responsibility of completing the project in the time laid out in the grant and provide a lot of support that would otherwise tie up District employees. Mr. Lander continues by informing the board this is the most favorable way to contract with the Wallace Group, so they are not waiting on direct payment from the grant that would otherwise be a 60-day lag time.

Director Buzzetta questions if the funds would be coming out of the District's capital reserves and if so how would that affect the current investments. General Manager Lander replies by informing Director Buzzetta that this will all be occurring over a two-and-a-half-year period, therefore not all the money will be coming out at once. The way the grant works we should be utilizing funds and then being reimbursed within 60 days, ensuring we don't have large amounts missing from capital reserves for this project.

Director Parker questioned if the hiring of a Principal Engineer would change these assumed costs, to which General Manager Lander replied that if there was engineering

services the District could provide then it would be reimbursed directly from the grant to Sunnyslope.

President Mauro then asked for any public comment. Upon receiving no public comment, President Mauro requested a motion to approve the item. Director Brown made a motion to authorize the General Manager to contract with Wallace Group for professional services to provide project management for the San Benito County Water Agency consolidation (phase 2), not to exceed $3,050,000. This motion was seconded by Director Buzzetta for which President Mauro then took a roll call vote as follows: (JB), yes; (DB), yes; (JP) yes; and (EM), yes; the motion carried 4-0 with 1 absence.

7. Approve Meeting Minutes of the Special Board Meeting- March 19th, 2024

Director Buzzetta pulled this item from the consent agenda to bring to new business for a correction. In the meeting minutes under H1 there is a comment from Director Alcorn clarifying his attendance at the special board meeting of March 12th, 2024, but Director Buzzetta also had made comments clarifying his absence. Those comments were inserted in the minutes after item H3 and Director Buzzetta would like them moved to H1 with Director Alcorn's comments. Therefore, under H1 the minutes should state the following.

"Special Board Meeting of March 12th, 2024- Director Alcorn asked that the minutes reflect that he arrived late to the meeting but that he was in attendance at the March 12th meeting. Director Buzzetta also commented that he wanted his absence clarified, he did not attend the meeting due to him not being notified about it. This issue has since been resolved with the General Manager and should not cause further problems."

President Mauro then asked for any public comment. Upon receiving no public comment, President Mauro requested a motion to approve the item. Director Parker made a motion to approve the meeting minutes of the special board meeting on March 19th, 2024, with the correction noted. This motion was seconded by Director Brown for which President Mauro then took a roll call vote as follows: (JB), yes; (DB), yes; (JP) yes; and (EM), yes; the motion carried 4-0 with 1 absence.

8. Receive and Accept Finance Manager Monthly Status Reports:

- **a) Narrative Report**
- **b) Operation Summary**
- **c) Statement of Income**
- **d) Investment Summary**
- **e) Board Designated Reserves**

Director Buzzetta pulled this item from the consent agenda to bring to new business due to his concerns about how costly running the water treatment plants at full capacity has shown to be. Director Buzzetta questions why there has been a 6% increase in water consumption in the last year, to which General Manager Lander clarified it was due to drought requirements being lifted and an increase in connections and population growth.

Director Buzzetta continues by questioning the O&M receivables and why the District is carrying six figure overdue balances at times. General Manager Lander speaks on this, informing the board of the decision of the entities to be billed actuals as opposed to doing 1/12th approved budget payments with a yearly true-up. This change in how the billing is done has lead to San Benito County having to get their billings approved at their monthly board meetings, therefore delaying payment to the District. Mr. Lander continues by commenting on the possibility of imposing a 2% net 30-day fee on overdue balances, but this is something that he has to work out contractually with the entities.

Director Buzzetta commented on the calculated net operating loss which has been attributed to running both plants at full capacity, referring to the investment summary to state how that money could have been earning interest instead. When Director Buzzetta began discussing what three years of running the plants at full capacity would look like financially, General Manager Lander stepped in and reminded him that the District only had intentions of running the plants at full capacity for a year. Mr. Lander continues by informing him that there are conversations with San Benito County Water District about what is recommended for the future, but overall it is the decision of the District how much water they are willing to take on yearly.

President Mauro then asked for any public comment. Upon receiving no public comment, President Mauro requested a motion to approve the item. Director Buzzetta made a motion to receive and accept the Finance Manager's monthly status reports. This motion was seconded by Director Brown for which President Mauro then took a roll call vote as follows: (JB), yes; (DB), yes; (JP) yes; and (EM), yes; the motion carried 4-0 with 1 absence.

9. **Receive and Accept Superintendent Monthly Status Reports:**
    - **a) Maintenance**
    - **b) City Meter Reading**
    - **c) Groundwater Level Measurement**

Director Buzzetta pulled this item from the consent agenda due to some questions he had about the water allocation for water year 2024-2025, including who approved the allocation for the year. In which General Manager Lander informed him it has never been a board driven item, but an item that has to be discussed with the City of Hollister and the District's water planners to assess consumer needs.

President Mauro questioned whether the agreement that was contracted in February of 2023, where the District agrees to run both plants at full capacity, has ended. General Manager Lander confirmed the agreement has ended, but the plants are still being run heavily due to usage. Director Buzzetta questions the blend and how it is decided what the best quality of water is we can provide at the most favorable price to customers, to which President Mauro suggests bringing that item back in a future board meeting.

President Mauro then asked for any public comment. Upon receiving no public comment, President Mauro requested a motion to approve the item. Director Brown made a motion to receive and accept the Superintendent's monthly status reports. This motion was seconded by Director Buzzetta for which President Mauro then took a roll call vote as follows: (JB), yes; (DB), yes; (JP) yes; and (EM), yes; the motion carried 4-0 with 1 absence.

10. **Receive and Accept General Manager Monthly Status Report.**

Director Buzzetta pulled this item from the consent agenda and brought it to new business to ask General Manager Lander about the timeline on a Governance Committee meeting with San Benito County Water District to address a few ongoing concerns. Mr. Lander informed him that a meeting was in the works, but due to the sudden dismissal of their general manager there was a delay in scheduling that.

President Mauro then asked for any public comment. Upon receiving no public comment, President Mauro requested a motion to approve the item. Director Buzzetta made a motion to receive and accept the General Manager's monthly status report. This motion was seconded by Director Brown for which President Mauro then took a roll call vote as follows: (JB), yes; (DB), yes; (JP) yes; and (EM), yes; the motion carried 4-0 with 1 absence.

G. BOARD COMMITTEE and STATUS REPORTS

1. **Governance Committee:** (Meeting held March 26th.)

2. **Water/Wastewater Committee:** (No Meeting.)

3. **Finance Committee:** (No Meeting.)

4. **Policy and Procedure Committee:** (No meeting)

5. **Personnel Committee:** (Meeting held April 9th, Recommendations presented for Board Consideration)

6. **Water Resources Association of San Benito County (WRA):** (Meeting held April 4th.)

H. BOARD and STAFF REPORTS

1. **Directors:** Director Buzzetta reported that there was a Governance Committee meeting at San Benito County Water District on March 26th, 2024. The topics of discussion were the A-Drop Project, water treatment plant operations and raw water costs. Director Buzzetta also voiced concerns about how his comments were being incorporated into the meeting minutes. He reported that he has been concerned monitoring the finances in regard to running the plants at full capacity, as this is something costing the District large sums of money.

2. **District Counsel:** Attorney Michael Laredo reported that union negotiations are moving forward and there has already been preliminary discussion, but the first meeting date will be April 29th, 2024.

3. **General Manager:** General Manager Lander reported on his meeting with interim General Manager Jeff Cattaneo of San Benito County Water District, stating that there will be an upcoming Governance Committee meeting to address some of the concerns that the District has had with San Benito, including financial transparency. Mr. Lander continued by reporting on the rate study that has been in the works, stating that there will be a special meeting to discuss the study to hopefully have it completed and rates adopted by July 1st, 2024. General Manager Lander also reported on San Benito Foods, stating that the odors that were emitted from the plant were from sludge hauling. The District is not contracted for sludge hauling; therefore they contracted another company separately. When the smell arose San Benito Foods did reach out for assistance, to which Sunnyslope sent a few of their employees to help in covering up the sludge with plastic, for incoming rains. General Manager Lander continued by stating that 2 years ago the District did assist in hauling 4,000 dry pounds of sludge from the ponds and at that time there were no odor complaints or issues.

I. FUTURE AGENDA ITEMS: Rate Model Review & Acceptance Special Meeting Required

J. ADJOURNMENT: President Mauro adjourned the meeting at 7:47 p.m.

APPROVED BY THE BOARD: _____

Edward J. Mauro, President

RESPECTFULLY SUBMITTED: _____

Drew A. Lander, Secretary

MINUTES
Special Meeting of the Board of Directors
of the
SUNNYSLOPE COUNTY WATER DISTRICT
May 15th, 2024

A. CALL TO ORDER: The meeting was called to order at 4:15 p.m. by President Mauro, at the Sunnyslope County Water District office, 3570 Airline Highway, Hollister, California.

ROLL CALL: Present in Person: President Edward Mauro (EM), Vice President James Parker (JP), Director Dee Brown (DB), Director Jerry Buzzetta (JB), Director Michael Alcorn (MA).

B. PUBLIC COMMENTS ON CLOSED SESSION MATTERS: The Board welcomed members of the public and opened the meeting to public comments regarding matters identified on the Closed Session agenda. No comments were received.

C. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTIONS:

1. **Labor Negotiation Discussion (§ 54957) – Administrative, Operations and Maintenance Collective Bargaining Unit**

Employee Organization: Utility Workers Union of America AFL-CIO Local 820
District Negotiator: DeLay & Laredo

President Mauro retired to closed session at 4:15 p.m. and upon returning to the regular session, moved to take a brief recess at 5:24p.m. The meeting was reconvened to open session at 5:29 p.m.

D. PLEDGE OF ALLEGIANCE: Director Alcorn led those in attendance in the Pledge of Allegiance.

E. REPORT IN OPEN SESSION ACTION TAKEN IN CLOSED SESSION:

1. **May 7th, 2024 Special Meeting- Labor Negotiation Discussion (§ 54957)**
   General Status Discussion, no reportable action taken.
2. **May 15th, 2024 Special Meeting- Conference with Legal Counsel (§ 54957)**
   General Status Discussion, no reportable action taken.

F. APPROVAL OF AGENDA: President Mauro requested a motion to approve the agenda. Director Brown motioned to approve the agenda, seconded by Director Alcorn, for which President Mauro then took a roll call vote as follows: (JB), yes; (DB), yes; (MA), yes; (JP), yes; and (EM), yes; the motion carried 5-0.

G. PUBLIC COMMENTS AND AUDIENCE INTRODUCTIONS: The Board welcomed members of the public and opened the meeting to public comments regarding matters not itemized on the agenda. No comments were received.

Staff Present for Open Session: In Person: General Manager/Secretary Drew Lander, Executive Assistant/Stenographer Madison Koester, Water/ Wastewater Superintendent Jose Rodriguez, Finance and HR Manager Barry Kelly.

H. NEW BUSINESS:

1. **2024 RATE MODEL PRESENTATION – Raftelis financial consulting will present the current Water and Wastewater rate recommendations and projections for Board Discussion. This item provides the Board an opportunity to discuss and give direction prior to the public hearing and subsequent motion to distribute 218 notices scheduled for May 28th. Presentation provided by Theresa Jurotich, Raftelis Consultant**.

   Teresa Jurotich, a cosultant from Raftelis, presented the Water & Wastewater Rate Study to the board for discussion ahead of the upcoming May 28th 2024 public hearing. Ms. Jurotich read from the slideshow presentation, answering board member questions along the way with the assistance of General Manager Lander. After finishing her presentation Director Alcorn questioned what the total aggregate compound increase would be for the 5 year rate model, too which Ms. Jurotich informed him it would be around 56%. Finance and Human Resources Manager Barry Kelly spoke up that although the rate model was developed for the next 5 years, the last 5 years where there was no rate increases should be taken into account.

   General Manager Lander concluded the conversation by informing the board that this presentation would be brought back to the board at the next regular board meeting on May 28th, 2024 seeking a motion to distribute 218 notices.

2. **WATER QUALITY GOALS DISCUSSION – Staff will provide background for discussion regarding the Water Supply and Treatment Agreement section 3.5 Water Quality goals and current budget planning for FY24-25**

   General Manager Lander started the discussion on this item emphasizing how Sunnyslope is attempting to maintain a standard 120 ppm of water hardness throughout the district. In maintaining this number we are diminishing the use of at home water softners and providing exceptional water quality. In addition to wanting to maintain water quality, San Benito County Water District requested that the City of Hollister and Sunnyslope utilize the full 100% M&I allocation for the year to ensure that our allocation number remains constistent for when we may get a smaller percentage allocation. To achieve this, Sunnyslope was running West Hills & Lessalt treatment plants at full capacity, but it was more costly than past years due to a higher blend of surface water compared to well.

   Directors had back and forth conversation that consisted of trying to determine what the best water quality we could provide would be, at the best cost to consumers. Directors Buzzetta and Alcorn went back and forth, with Director Buzzetta discussing creating solutions for individual customers in areas where water quality isn't as good, particularly near the wells. Director Alcorn argued that although we weren't hearing the complaints directly, there was a larger population out there not happy with subpar water quality. General Manager Lander stepped in and informed the board that when running 5,000-5,500 acre feet of water through the plants on a yearly basis the district was maintaining a 120 ppm hardness throughout. With the upcoming rate increase the district should be able to keep up with the additional costs of running the plants at that high of a capacity. Directors agreed that if the district can maintain costs and quality then that's the best route to take, with the knowledge that if this proves not to be financialy feisable the district will have to make adjusments to what they are willing to treat in future years.

3. **Consider Approval Of An "Amendment 1" To The Agreement For Water And Sewer Facilities And Service For The Fairview Corners Development To Allow The Developer To Pay All Due Sanitary Sewer Impact And Connection Fees Directly To Sunnyslope**

Water District Upon Recordation Of The Final Map For The Fairview Corners Subdivision. (Not A Project Under CEQA Per Article 20, Section 15378)

General Manager Lander spoke on this item, it was brought to the board at the request of the Fairview Corner's Developers. Last month the Board approved an agreement for water and sewer facilities and service to the Fairview Corners Development, but the developers have since run into a timing issue in paying the connection fees to the City of Holllister. Due to timing constraints Gavilan College is requring sewer services to be operational by mid June, but the subdivision map is being processed with the County of San Benito with recordation in July. In order to make it work the developers are requesting Sunnyslope hold a payment lien for the connection fees in the event that the completion of the sewer improvements precedes the map recordation.

Director Brown commented that although she's very supportive of the college and wanting to ensure it goes in, she worries that if the developers can't come up with the money Sunnyslope would be on the hook while taking action on a lean could take months. For this reason, Director Brown decided to vote no on this item.

President Mauro then asked for any public comment. Upon receiving no public comment, President Mauro requested a motion to approve the item. Director Parker made a motion to consider approval of an "Amendment 1" to the agreement for water and sewer facilities and service for the Fairview Corners development to allow the developer to pay all due sanitary sewer impact and connection fees directly to Sunnyslope Water District upon recordation of the final map for the Fairview Corners subdivision. This motion was seconded by Director Alcorn for which President Mauro then took a roll call vote as follows: (JB), yes; (DB), no; (MA) yes; (JP) yes; and (EM), yes; the motion carried 4-1.

I. ADJOURNMENT: President Mauro adjourned the meeting at 7:38 p.m.

APPROVED BY THE BOARD: _____

Edward J. Mauro, President

RESPECTFULLY SUBMITTED: _____

Drew A. Lander, Secretary

Sunnyslope Water District

Disbursement Reports FY 23-24

April 1, 2024 through April 30, 2024

Date	Num	Name	Amount
04/02/2024	52361	Ace Hardware (Johnson Lumber Co.)	$125.61
04/02/2024	52362	AT&T	$572.97
04/02/2024	52363	Auto Tech Service Center, Inc.	$130.00
04/02/2024	52364	Brenntag Pacific, Inc.	$15,575.57
04/02/2024	52365	Brigantino Irrigation	$111.33
04/02/2024	52366	Calgon Carbon Corporation	$71,697.79
04/02/2024	52367	Century Communities	$117,550.06
04/02/2024	52368	Clean Brothers	$150.00
04/02/2024	52369	Hach Company	$405.94
04/02/2024	52370	Itron, Inc.	$10,421.20
04/02/2024	52371	Mission Uniform Service	$451.15
04/02/2024	52372	O'Reilly Auto Parts	$14.19
04/02/2024	52373	Petty Cash	$60.00
04/02/2024	52374	Recology San Benito County	$342.91
04/02/2024	52375	Rexel	$2,437.29
04/02/2024	52376	RJR Recycling	$2,000.00
04/02/2024	52377	San Benito County Water District	$437,272.58
04/02/2024	52379	San Benito County Water District	$153.25
04/02/2024	52380	Star Concrete	$852.15
04/02/2024	52381	Transene Company Inc (Shape Products)	$161.54
04/02/2024	52382	Verizon Wireless	$451.02
04/04/2024	ACH2827	Sterling Administration Health	$22.75
04/05/2024	ACH2828	Principal	$3,274.92
04/05/2024	JN00574	Net Pay	$64,139.31
04/05/2024	JN00574	Total Tax	$15,994.86
04/08/2024	ACH2829	Sterling Administration Health	$20.55
04/08/2024	ACH2830	CalPERS - Retirement	$23.08
04/08/2024	ACH2831	Sterling Administration Health	$200.00
04/08/2024	ACH2832	CalPERS - Retirement	$7,321.63
04/08/2024	ACH2833	CalPERS - Retirement	$7,804.70
04/08/2024	ACH2834	Nationwide Retirements Solutions	$8,284.87
04/08/2024	ACH2835	iCloud	$13,178.55
04/09/2024	52401	AARON R LEDBETTER	$93.56
04/09/2024	52402	GRANITE CONSTRUCTION,	$3,497.35
04/10/2024	52383	ACC Business	$1,323.29
04/10/2024	52384	Ace Hardware (Johnson Lumber Co.)	$132.13
04/10/2024	52385	Brenntag Pacific, Inc.	$32,795.70

Disbursement Reports FY 23-24

04/10/2024	52386	City of Hollister-Finance Dept	$458,649.38
04/10/2024	52387	City of Hollister-Finance Dept	$448,819.32
04/10/2024	52388	CM Analytical, Inc.	$11,997.50
04/10/2024	52389	Itron, Inc.	$1,137.50
04/10/2024	52390	Meter, Valve & Control	$4,200.00
04/10/2024	52391	Mission Uniform Service	$889.55
04/10/2024	52392	North Bay Pensions, LLC	$2,400.00
04/10/2024	52393	Quinn Company	$1,520.27
04/10/2024	52394	San Benito Engineering & Surveying Inc.	$3,760.00
04/10/2024	52395	Star Concrete	$334.85
04/10/2024	52396	Toro Petroleum Corp.	$5,043.86
04/10/2024	52397	TPO	$1,175.00
04/10/2024	52398	Trans Union LLC	$206.69
04/10/2024	52399	U.S. Bank Corporate Payment Systems	$2,872.82
04/10/2024	52400	USA Blue Book	$910.25
04/10/2024	ACH2836	Sterling Administration Health	$15.63
04/11/2024	ACH2837	Colonial Life	$1,868.26
04/11/2024	JN00577	Laif Investment	$1,000,000.00
04/12/2024	ACH2838	ADP	$2,221.35
04/15/2024	ACH2839	Sterling Administration Health	$35.00
04/16/2024	ACH2840	Sterling Administration Health	$449.80
04/17/2024	52436	DENAE LOPEZ & ANDREW PIROTTA	$38.52
04/17/2024	ACH2841	Sterling Administration Health	$200.00
04/18/2024	52403	A Tool Shed	$561.40
04/18/2024	52404	Abel Alvarez	$17.30
04/18/2024	52405	Ace Hardware (Johnson Lumber Co.)	$530.90
04/18/2024	52406	ACWA/JPIA	$11,172.23
04/18/2024	52407	Auto Tech Service Center, Inc.	$13,180.00
04/18/2024	52408	Badger Meter, Inc.	$99,562.94
04/18/2024	52409	Bracco's Towing	$350.00
04/18/2024	52410	Brenntag Pacific, Inc.	$3,006.28
04/18/2024	52411	Brigantino Irrigation	$284.88
04/18/2024	52412	Bryan Mailey Electric, Inc	$7,835.81
04/18/2024	52413	Calcon System, Inc.	$8,075.00
04/18/2024	52414	Central Ag Supply LLC	$480.32
04/18/2024	52415	EBCO Pest Control	$75.00
04/18/2024	52416	exceedio	$3,298.16
04/18/2024	52417	Extreme Air, Inc.	$360.00
04/18/2024	52418	Fastenal Company	$212.34
04/18/2024	52419	Grainger, Inc.	$319.04

04/18/2024	52420	Green Line	$1,980.00
04/18/2024	52421	Grundfos CBS Inc.	$1,750.00
04/18/2024	52422	Hollister True Value	$12.01
04/18/2024	52423	Iconix Waterworks (US) Inc.	$1,809.19
04/18/2024	52424	John Smith Road Landfill	$2,365.50
04/18/2024	52425	Kevin Castro	$119.99
04/18/2024	52426	Mission Uniform Service	$416.75
04/18/2024	52427	O'Reilly Auto Parts	$202.12
04/18/2024	52428	PAPE Machinery	$162,115.99
04/18/2024	52429	Postal Graphics	$82.65
04/18/2024	52430	Simplot Grower Solutions	$1,342.48
04/18/2024	52431	Toro Petroleum Corp.	$2,069.01
04/18/2024	52432	U.S. Bank Corporate Payment Systems	$282.01
04/18/2024	52433	USA Blue Book	$998.40
04/18/2024	52434	UWUA Local 820	$715.48
04/18/2024	52435	Wallace Group	$307.50
04/18/2024	ACH2842	Sterling Administration Health	$423.62
04/18/2024	JN00576	Net Pay	$63,560.36
04/18/2024	JN00576	Total Tax	$16,685.93
04/23/2024	52439	Roto-Rooter	$36,000.00
04/23/2024	ACH2843	CalPERS - Retirement	$23.08
04/23/2024	ACH2844	CalPERS - Retirement	$7,312.89
04/23/2024	ACH2845	CalPERS - Retirement	$7,595.18
04/23/2024	ACH2846	Nationwide Retirements Solutions	$8,290.75
04/23/2024	ACH2847	CalPERS - Health Insurance	$30,951.40
04/24/2024	ACH2848	Sterling Administration Health	$212.00
04/25/2024	52440	A-1 Services	$403.00
04/25/2024	52441	Ace Hardware (Johnson Lumber Co.)	$135.29
04/25/2024	52442	Brenntag Pacific, Inc.	$58,430.14
04/25/2024	52443	Brigantino Irrigation	$115.76
04/25/2024	52444	Central Ag Supply LLC	$408.38
04/25/2024	52445	Corbin Willits Systems, Inc. (MOM's)	$150.00
04/25/2024	52446	De Lay & Laredo	$2,962.50
04/25/2024	52447	exceedio	$4,369.64
04/25/2024	52448	Filmtec Corporation	$10,948.75
04/25/2024	52449	Kelly Roberts	$100.00
04/25/2024	52450	MANCO	$4,920.84
04/25/2024	52451	Mission Uniform Service	$507.07
04/25/2024	52452	Quinn Company	$352.74
04/25/2024	52453	RJR Recycling	$2,000.00

Disbursement Reports FY 23-24

04/25/2024	52454	San Benito County Water District	$453,253.09
04/25/2024	52456	Star Concrete	$600.88
04/25/2024	52457	State Water Resources Control Board-DWOCP	$60.00
04/25/2024	52458	ULINE	$72.77
04/25/2024	52459	USA Blue Book	$996.32
04/25/2024	52460	UWUA Local 820	$692.40
04/25/2024	52461	Verizon Wireless	$482.31
04/25/2024	52462	Wallace Group	$3,668.75
04/29/2024	ACH2849	Sterling Administration Health	$180.00
04/30/2024	ACH2850	P G & E	$22,542.80
			$3,833,088.67

S U M M A R Y:

Accounts Payable Paid to:

Vendors	$761,656.90
Payroll - Employee	$247,111.92
San Benito County	$890,678.92
City of Hollister for City Billing Collected, Net of Fees	$907,468.70
Customer Refunds & Returned Checks/ACH	$26,172.23
Debt & Finance	$1,000,000.00
Total Disbursements	**$3,833,088.67**

Staff Report

Agenda Item: **H – 4a**

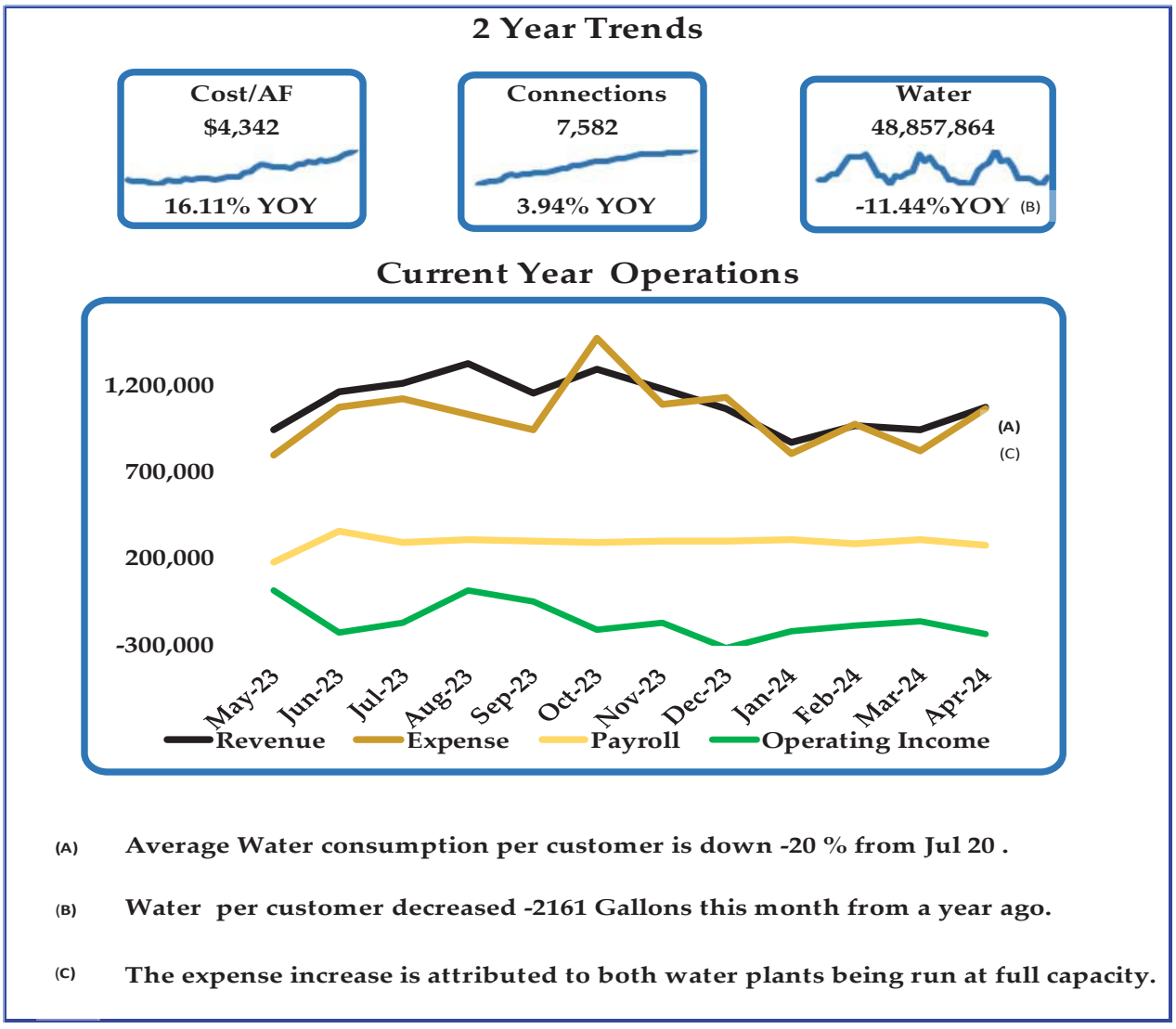
DATE: May 17, 2024 (May 27, 2024 Meeting)

TO: Board of Directors

FROM: Finance & Human Resource Manager, Barry Kelly

SUBJECT: Statements of: a. Operations, b. Income, c. Investment, and d. Board Designated Reserves.

OVERVIEW (Apr 2024)



(A) **Average Water consumption per customer is down -20 % from Jul 20 .**

(B) **Water per customer decreased -2161 Gallons this month from a year ago.**

(C) **The expense increase is attributed to both water plants being run at full capacity.**

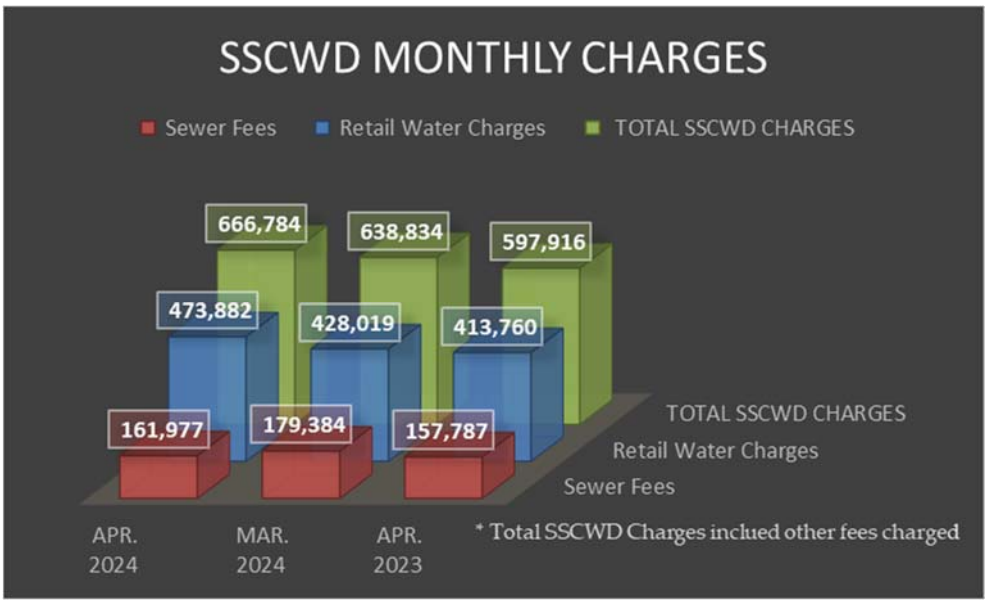
OPERATIONS SUMMARY (Apr 2024)

Connections increased by 7 accounts in April . We now serve 7,582 customers and 5,739 accounts utilize online services and electronic payments.

YTD Revenue for FY 24 increased 7.8% YOY.

Receivables from operations total $1.2m. Past due portion has decreased to 7.1 from 17% at the beginning of the fiscal year. The large decrease is attributed to collection efforts imposed this year involving liens and shut off notices. O&M receivables total $384 and is current. San Benito Foods O&M totals $57k and is one month overdue.

Water consumption YTD is up 7.8% from one year ago. Billed Metered water YTD is 634MM gallons vs 588 MM for the same period in the prior year.



STATEMENT OF INCOME VS BUDGET (Apr 2024)

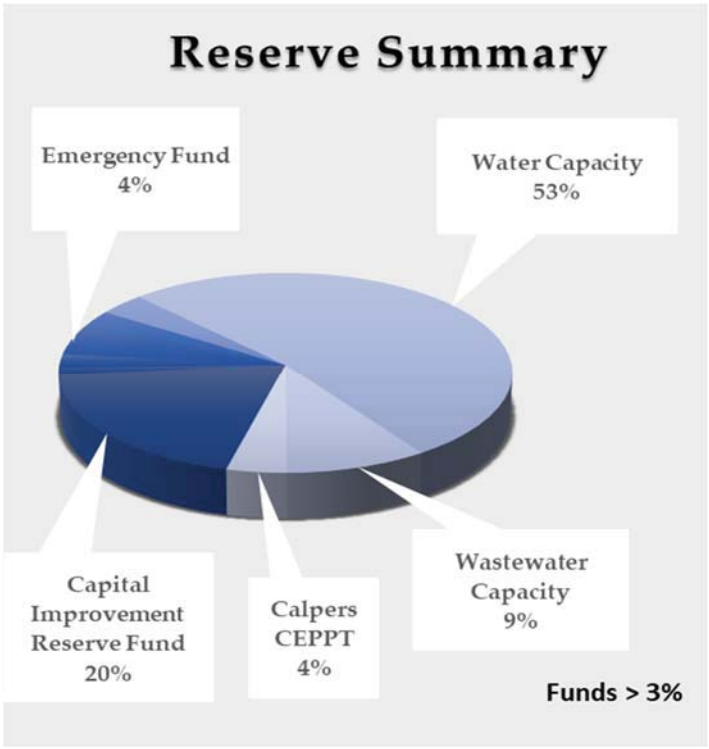
YTD, we show an overall Net Operating loss of $(1,686k) vs a loss of $(590k) in the prior year. The projected FY 24 net income from operations is a loss of (2.2) MM vs a budgeted loss of (2.3) MM and an actual loss of $(799)k in the previous fiscal year. The increased deficit is attributed to the cost of operating the plants at full capacity. The surface water blend averaged 34% in the prior year and was 100% in April. The impact of this was to add 96k to the actual loss for the month, 616k YTD.

INVESTMENT SUMMARY (Apr 2024)

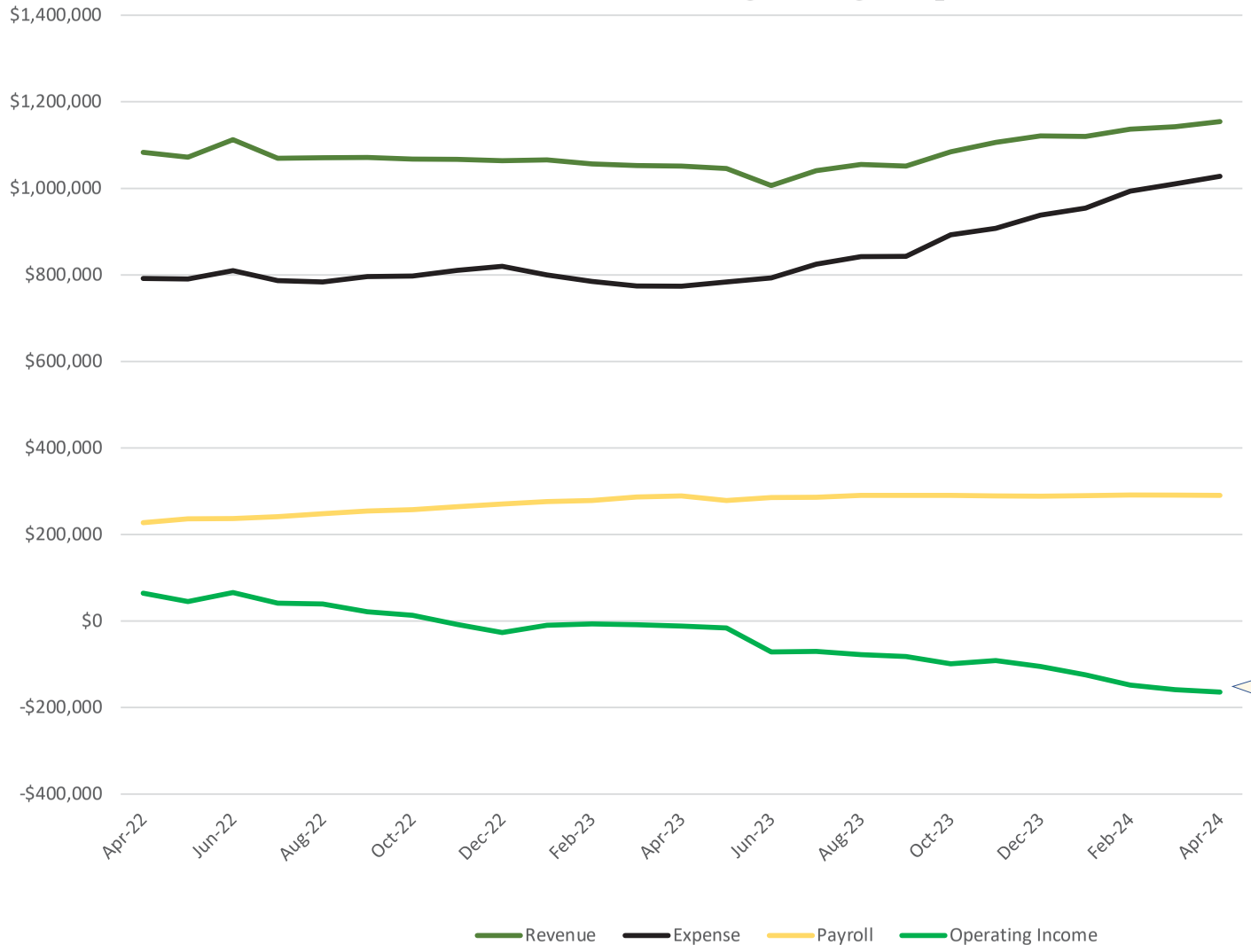
Cash and invested funds total $24.4 million. Over 21 million is earning between 3.5% and 4.5%. The FY24 income from investments is 722k YTD.

RESERVES (Apr 2024)

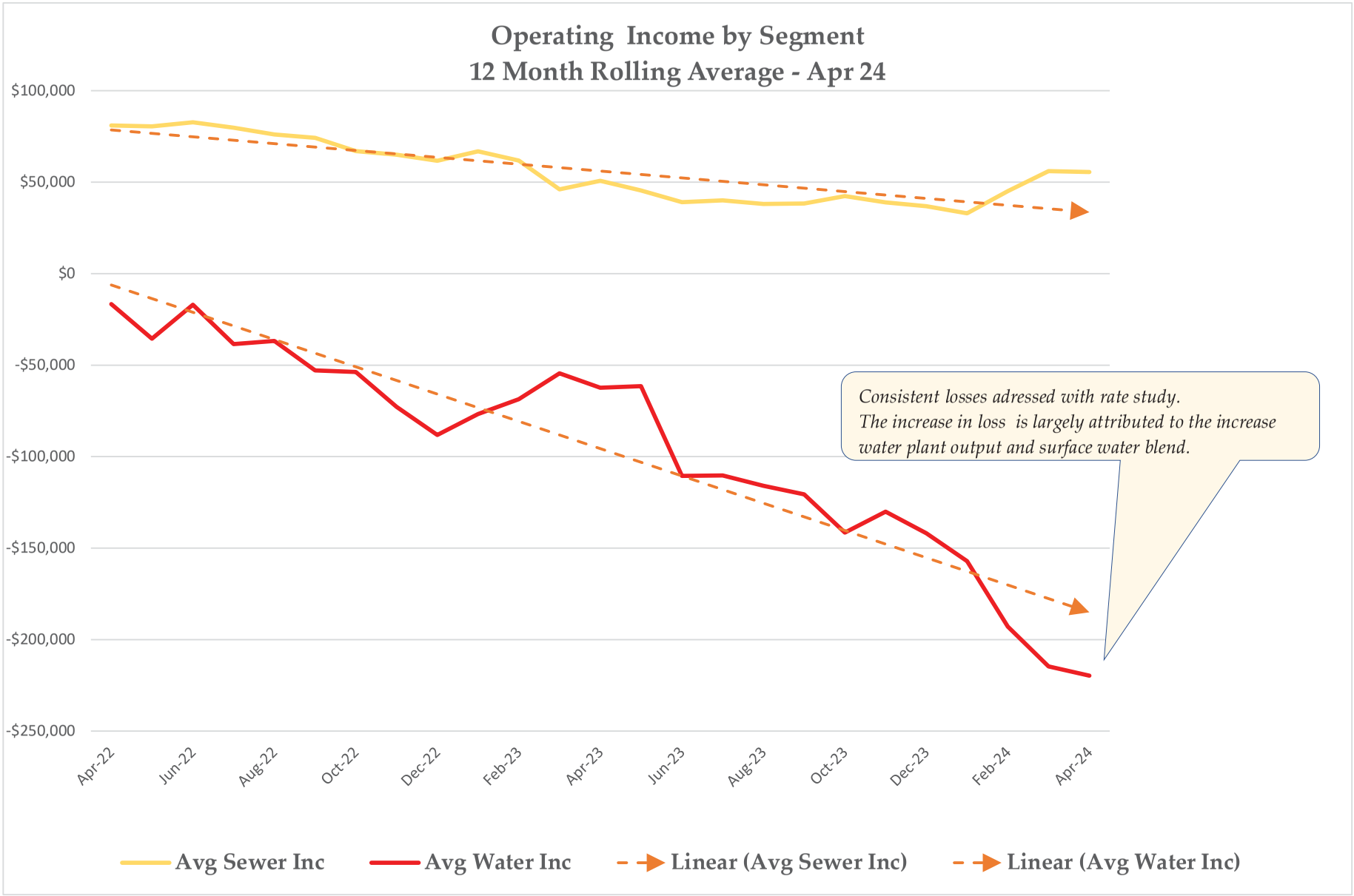
Reserves total $23.6 million which equals 44% of capitalized assets. See the Board Designated Reserve report for a summary of the transactions and the status of actual expenditures per Board authorized expenditures.

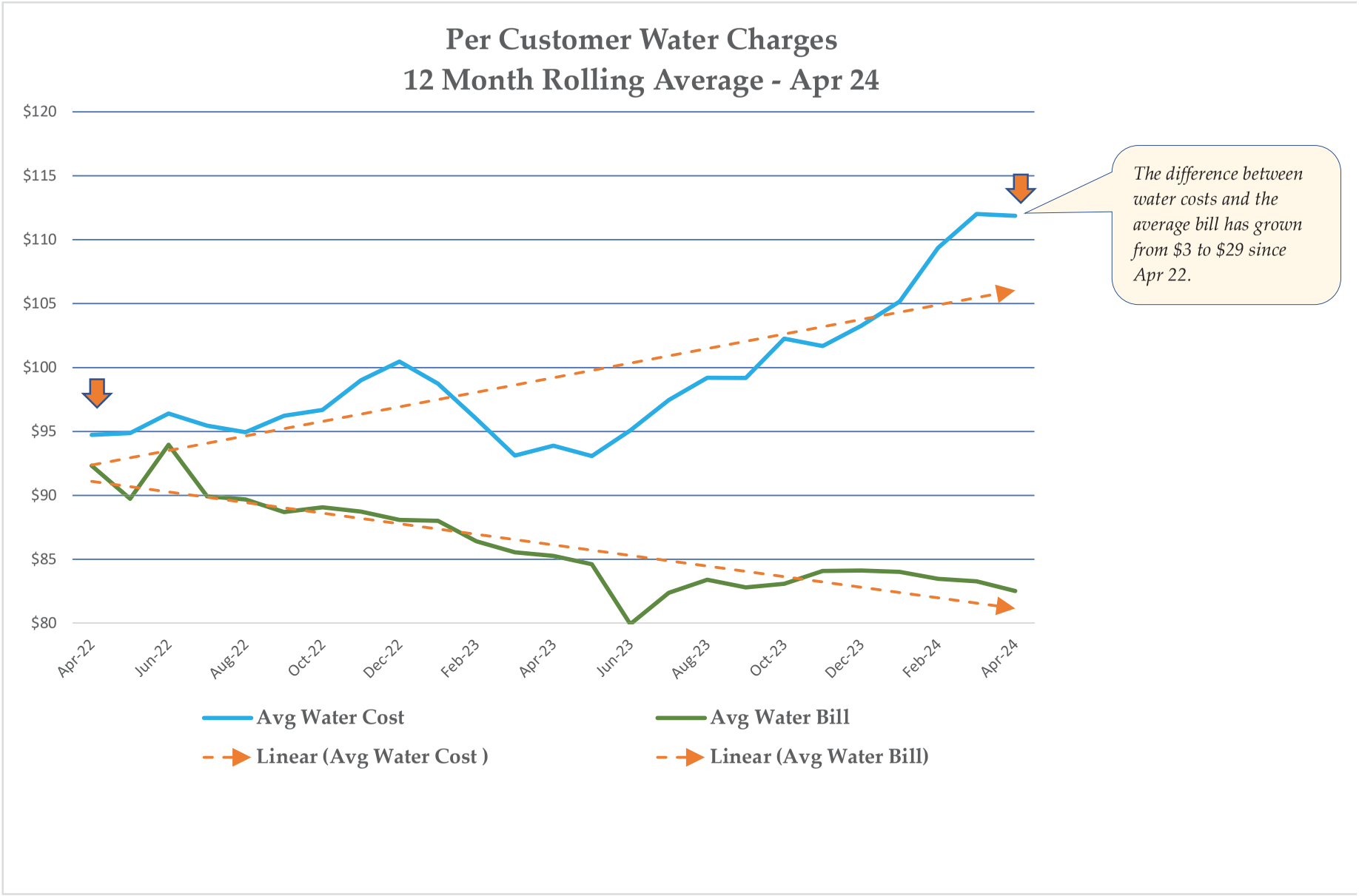


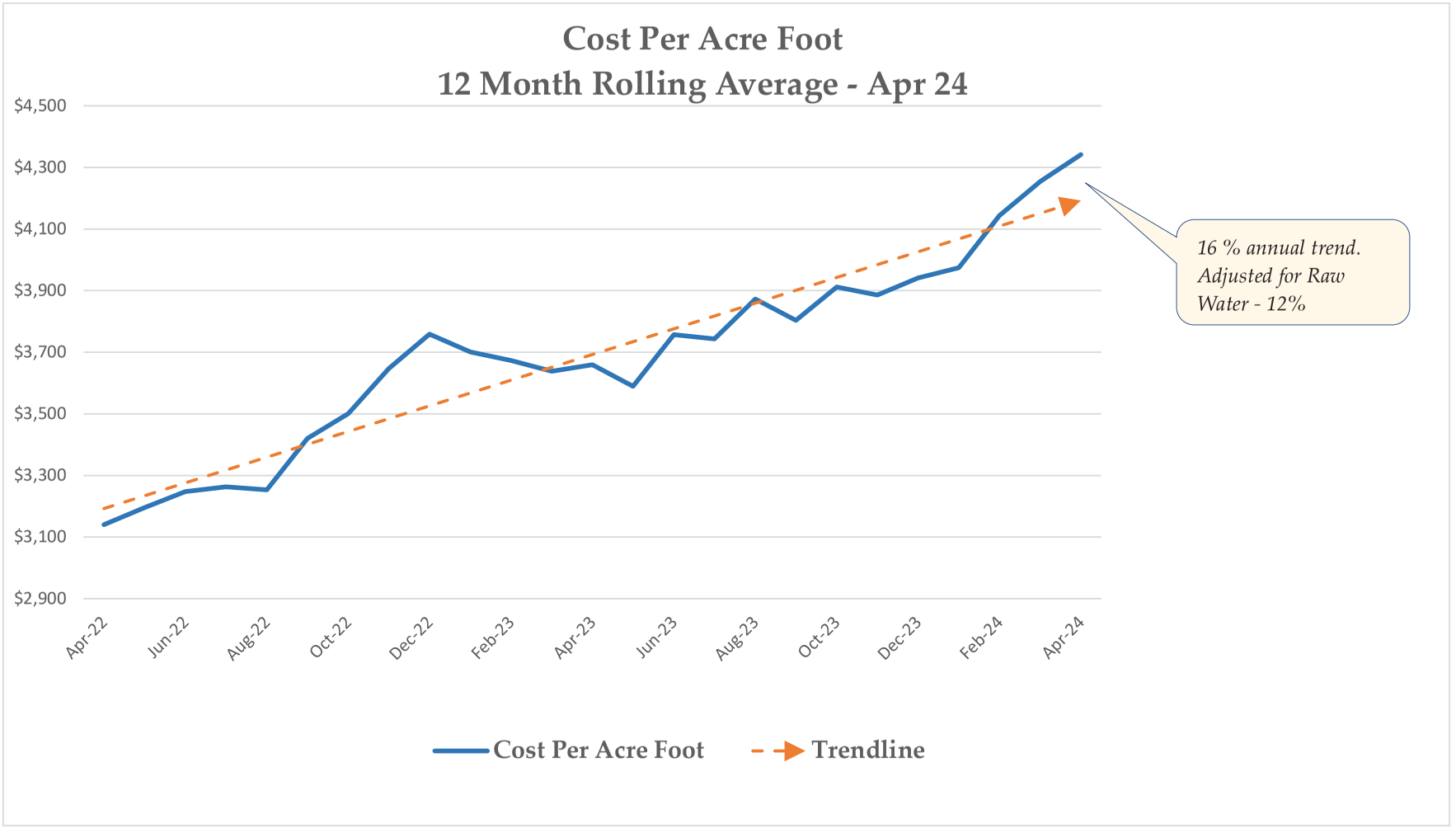
Statement of Operating Income
12 Month Rolling Average - Apr 24



The decrease in operating income is attributted to the high cost of operating the plants at full capacity vs. pumping well water. The increase in Surface water blend added $616k in expense FY24 YTD.


Operating Income by Segment
12 Month Rolling Average - Apr 24
$100,000
$50,000
$0
-$50,000
-$100,000
-$150,000
-$200,000
-$250,000
Apr-22
Jun-22
Aug-22
Oct-22
Dec-22
Feb-23
Apr-23
Jun-23
Aug-23
Oct-23
Dec-23
Feb-24
Apr-24
Consistent losses adressed with rate study.
The increase in loss is largely attributed to the increase water plant output and surface water blend.
Avg Sewer Inc
Avg Water Inc
Linear (Avg Sewer Inc)
Linear (Avg Water Inc)


Per Customer Water Charges
12 Month Rolling Average - Apr 24
$120
$115
$110
$105
$100
$95
$90
$85
$80
Apr-22
Jun-22
Aug-22
Oct-22
Dec-22
Feb-23
Apr-23
Jun-23
Aug-23
Oct-23
Dec-23
Feb-24
Apr-24
Avg Water Cost
Avg Water Bill
Linear (Avg Water Cost)
Linear (Avg Water Bill)
The difference between water costs and the average bill has grown from $3 to $29 since Apr 22.


Cost Per Acre Foot
12 Month Rolling Average - Apr 24
$4,500
$4,300
$4,100
$3,900
$3,700
$3,500
$3,300
$3,100
$2,900
Apr-22
Jun-22
Aug-22
Oct-22
Dec-22
Feb-23
Apr-23
Jun-23
Aug-23
Oct-23
Dec-23
Feb-24
Apr-24
16 % annual trend. Adjusted for Raw Water - 12%
Cost Per Acre Foot
Trendline

Sunnyslope County Water District

2023 / 2024

OPERATION SUMMARY (This Year)

ITEMS	JULY 2023	AUG. 2023	SEPT. 2023	OCT. 2023	NOV. 2023	DEC. 2023	JAN. 2024	FEB. 2024	MAR. 2024	APR. 2024	MAY 2024	JUNE 2024	YTD TOTAL
NO. WATER CAPACITY FEE RECD	7	8	-	23	13	2	9	26	27	7			122
NO. WW CAPACITY FEE RECD	5	4	-	-	-	-		12	8	-			29
NO. WATER ACCOUNTS	7,443	7,442	7,449	7,469	7,467	7,485	7,494	7,539	7,557	7,582			
NO. SSCWD SEWER ACCTS	1,302	1,308	1,309	1,306	1,308	1,305	1,311	1,313	1,317	1,326			
NO. COH SEWER ACCTS	4,877	4,884	4,906	4,922	4,938	4,972	4,984	5,013	5,025	5,063			
Total WaterSmart / Invoice Cloud	5,653	5,470	5,864	5,693	5,661	5,680	5,673	5,694	5,838	5,739	-	-	
NO. E-BILL Invoice Cloud (Paperless)	2,090	2,119	2,153	2,146	2,164	2,180	2,181	2,195	2,197	2,204			
MONTHLY CHARGES													
Retail Water Charges	$ 678,622.03	$ 851,334.48	$ 684,394.94	710,883.41	611,236.80	481,028.87	$ 460,120.11	$ 387,671.59	$ 428,019.07	$ 473,881.92			$ 5,767,193.22
Sewer Fees	162,527.70	162,127.99	164,279.77	163,759.42	163,744.51	163,708.67	163,859.14	189,572.96	179,384.26	161,977.15			1,674,941.57
Installation Fees	2,960.00	4,860.00	-	9,315.00	6,215.00	810.00	3,520.00	12,550.00	10,465.00	4,860.00			55,555.00
Late Fees	7,400.55	8,213.75	10,439.18	7,678.22	7,622.41	8,971.82	6,532.99	5,036.53	5,032.87	3,587.15			70,515.47
Admin. Collection Fees, net													-
COH Billing Fees	14,679.00	14,721.00	14,808.00	14,832.00	14,922.00	15,009.00	15,054.00	15,054.00	14,715.00	15,204.00			148,998.00
Other Misc. Fees	2,785.48	2,325.39	1,600.00	30,186.38	1,375.73	10,450.64	2,340.00	(1,718.49)	1,218.00	7,274.11			57,837.24
TOTAL SSCWD CHARGES	$ 868,974.76	$ 1,043,582.61	$ 875,521.89	$ 936,654.43	$ 805,116.45	$ 679,979.00	$ 651,426.24	$ 608,166.59	$ 638,834.20	$ 666,784.33	$ -	$ -	$ 7,775,040.50
CITY OF HOLLISTER CHARGES													
COH Sewer Fees	439,232.35	440,073.98	441,641.95	443,488.36	444,804.27	446,587.41	437,044.44	422,937.98	450,166.49	452,908.99			$ 4,418,886.22
COH Street Sweeping	11,143.60	11,149.86	11,194.04	11,241.20	11,277.80	11,321.04	11,334.75	11,366.57	11,382.70	11,452.25			112,863.81
COH Senior Discount	(1,427.10)	(1,407.00)	(1,414.80)	(1,459.26)	(1,467.30)	(1,467.30)	(1,467.30)	(1,467.26)	(1,547.70)	(1,567.80)			(14,692.82)
Total COH Charges	448,948.85	449,816.84	451,421.19	453,270.30	454,614.77	456,441.15	446,911.89	432,837.29	460,001.49	462,793.44	-	-	4,517,057.21
Late Fees **	5,371.85	5,635.57	5,292.91	5,482.09	5,140.00	4,907.40	5,075.02	3,482.92	3,909.42	3,869.81			48,166.99
TOTAL COH CHARGES	$ 454,320.70	$ 455,452.41	$ 456,714.10	$ 458,752.39	$ 459,754.77	$ 461,348.55	$ 451,986.91	$ 436,320.21	$ 463,910.91	$ 466,663.25	$ -	$ -	$ 4,565,224.20
ACCOUNTS RECEIVABLE - Aged													
A/R for Sunnyslope Water **	$ 994,039.75	$ 1,182,589.86	$ 1,028,536.87	$ 1,028,959.80	$ 950,312.12	$ 824,990.90	$ 798,559.11	$ 720,675.76	$ 694,291.02	$ 746,919.79			
A/R for City of Hollister **	563,971.82	584,258.78	576,598.85	574,964.95	586,571.15	590,785.95	578,799.18	551,908.34	542,109.00	538,552.62			
Unapplied Payments	(48,720.53)	(48,256.13)	(43,957.84)	(47,912.58)	(55,020.27)	(68,083.30)	(62,384.80)	(61,235.14)	(84,061.48)	(99,438.40)			
Outstanding Bills Owed	$ 1,509,291.04	$ 1,718,592.51	$ 1,561,177.88	$ 1,556,012.17	$ 1,481,863.00	$ 1,347,693.55	$ 1,314,973.49	$ 1,211,348.96	$ 1,152,338.54	$ 1,186,034.01	$ -	$ -	
Past Due	$ 267,120.54	$ 259,706.29	$ 289,851.57	$ 265,104.60	$ 276,827.88	$ 283,998.10	$ 232,523.96	$ 171,440.86	$ 102,752.33	$ 84,194.93			
% Past Due	17.70%	15.11%	18.57%	17.04%	18.68%	21.07%	17.68%	14.15%	8.92%	7.10%	N/A	N/A	
SBCWD O&M Owed			$562,694.15	$496,071.00	$370,881.77	$384,771.95	$556,719.61	$378,094.22	$672,897.00	$255,470.95			
San Benito Foods Owed			$ 467,638.17	$ 270,971.34	$ 304,304.67	$ 337,638.00	$ 370,971.30	$ 28,645.20	$ 125,682.00	$ 56,821.82			

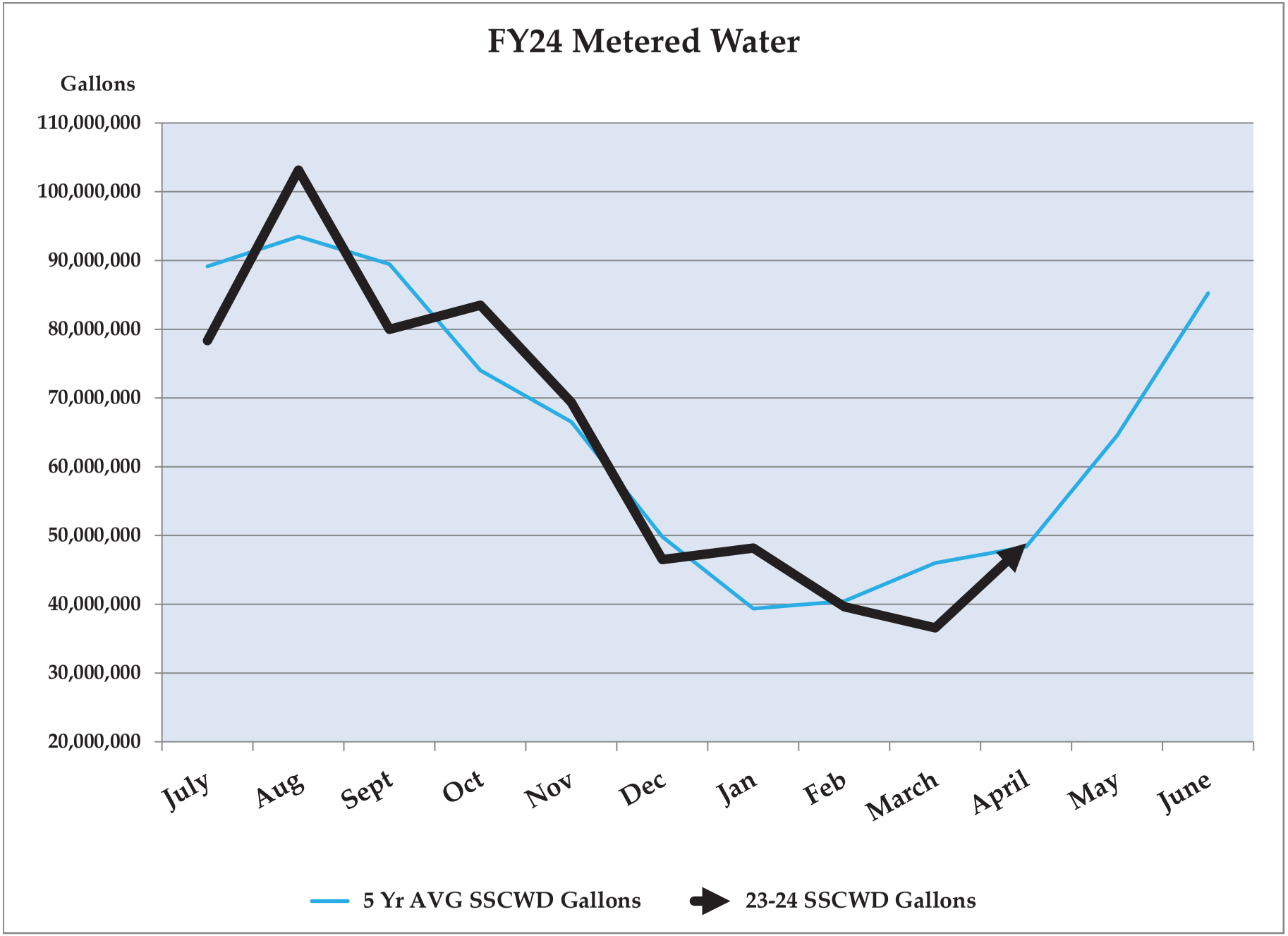
Sunnyslope County Water District

2023 / 2024

OPERATION SUMMARY (This Year)

ITEMS	JULY 2023	AUG. 2023	SEPT. 2023	OCT. 2023	NOV. 2023	DEC. 2023	JAN. 2024	FEB. 2024	MAR. 2024	APR. 2024	MAY 2024	JUNE 2024	YTD TOTAL
WATER METERED													
Cubic Feet	10,476,000	13,790,400	10,695,300	11,162,700	9,273,100	6,216,400	6,442,300	5,297,600	4,888,700	6,531,800			84,774,300
Total SSCWD Gallons	78,360,480	103,152,192	80,000,844	83,496,996	69,362,788	46,498,672	48,188,404	39,626,048	36,567,476	48,857,864	-	-	634,111,764
WATER SOURCE													
Well #2 (Southside Road)	3,216,000	4,438,000	1,566,000	20,000	378,000	1,024,000	1,861,000	2,004,000	640,000	627,000	-	-	15,774,000
Well #5 (Ray Cir/Enterprise)	1,258,700	1,445,061	2,941,907	3,086,942	1,968,696	1,782,157	627,627	1,858,986	616,006	1,174,827	-	-	16,760,909
Well #7 (Enterprise Rd)	1,975,951	1,045,825	388,265	21,383	-	372,196	440,362	408,656	162,882	133,179	-	-	4,948,699
Well #8 (Ridgemark)	5,719,000	12,855,000	19,826,000	15,937,000	14,466,000	8,127,000	7,206,000	2,136,000	30,000	67,000	-	-	86,369,000
Well #11 (Southside Road)	6,753,000	7,344,000	3,044,000	62,000	2,783,000	3,290,000	4,071,000	5,062,000	1,834,000	1,260,000	-	-	35,503,000
Net Well Intertie	(9,713,600)	(8,573,700)	(4,803,100)	(3,773,700)	(1,925,950)	(11,618,300)	(16,240,400)	(7,518,800)	2,336,200	(4,268,500)			(66,099,850)
TOTAL from Wells	9,209,051	18,554,186	22,963,072	15,353,625	17,669,746	2,977,053	(2,034,411)	3,950,842	5,619,088	(1,006,494)	-	-	93,255,758
Lessalt W.T.P. I (High Zone)	30,051,000	41,453,000	32,234,000	39,306,000	35,941,000	9,293,000	12,581,000	12,965,000	14,672,000	19,746,000	-	-	248,242,000
Lessalt W.T.P. I (Middle Zone)	13,037,000	16,620,000	12,880,000	14,828,000	13,590,000	23,850,000	17,660,000	12,854,000	11,944,000	16,221,000	-	-	153,484,000
West Hills W.T.P (@ Well #2)	13,107,000	20,205,000	12,594,000	13,974,000	3,902,000	3,193,000	9,930,000	4,201,000	8,765,000	10,576,000			100,447,000
West Hills W.T.P (@ Well #11)	25,764,000	31,979,000	21,927,000	27,068,000	18,799,000	13,232,000	17,724,000	4,542,000	13,074,000	20,180,000			194,289,000
West Hills W.T.P (@ COH #2)	13,670,000	1,296,000	12,780,000	22,509,000	19,715,000	13,087,000	15,878,000	5,721,000	10,855,000	13,037,000			128,548,000
West Hills W.T.P (@ COH #4)	22,709,000	14,146,000	8,998,000	3,185,000	24,178,000	17,737,000	20,768,000	7,987,000	13,082,000	18,510,000			151,300,000
West Hills W.T.P (@ COH #5)	22,634,000	13,998,000	26,450,000	41,595,000	24,194,000	17,571,000	22,711,000	7,427,000	12,078,000	17,621,000			206,279,000
TOTAL Surface Water (Plant Production)	140,972,000	139,697,000	127,863,000	162,465,000	140,319,000	97,963,000	117,252,000	55,697,000	84,470,000	115,891,000	-	-	1,182,589,000
Plant Production Used by Hollister	67,946,370	46,274,558	62,547,029	85,735,000	86,356,071	65,850,049	74,793,479	32,182,605	39,659,633	59,702,890			621,047,684
SSCWD % of Plant Production	51.80%	66.88%	51.08%	47.23%	38.46%	32.78%	36.21%	42.22%	53.05%	48.48%			47.48%
Estimated Water Gain(Loss)	(3,874,201)	(8,824,436)	(8,278,199)	(8,586,629)	(2,269,887)	11,408,668	7,764,294	12,160,811	(17,506,612)	(16,858,642)	0	0	(20,685,310)
Percent Difference	-2.58%	-5.58%	-5.49%	-4.83%	-1.44%	11.30%	6.74%	20.39%	-19.43%	-14.67%			-1.62%
Water Consumption Per Customer	10528	13861	10740	11179	9289	6212	6430	5256	4839	6444			8478
Blend - % Surface	88.25%	82.01%	71.30%	81.61%	74.53%	93.60%	100.00%	90.03%	84.63%	100.00%			86.60%
Chemical, Carbon,Water PAF	1399	1373	1349	1325	1284	1284	1254	1292	1268	1288			1312
Blend Budget Impact	$85,478	$64,785	$29,899	$71,389	$40,169	$64,834	$90,271	$33,155	$40,486	$91,650			$612,115
										(SBCWD Raw Water & Power increased $110in May 2022, $334 May 2023)			
Cost of Water Produced (Per Acre Foot)	3,526	2,755	3,303	4,383	3,979	5,914	5,203	6,346	5,300	3,902			4,491
Prior YTD Cost	2,666	2,445	3,115	3,970	4,342	5,073	4,324	3,128	3,406	7,175	3,740	4,649	3,795

Chart Includes: Only Water Metered to SSCWD Customers,
Chart Does Not Include: COH Interties Wholesale Water Flow



Sunnyslope County Water District

STATEMENT OF INCOME

FOR THE FISCAL YEAR ENDING JUNE 30, 2024 (This Year)

UN-AUDITED 5/15/2024

*** WATER ***	Mar-24	Apr-24	*Variance Over / (Under) Prior Month*	Mar-23	Apr-23	YEAR-TO-DATE	PRIOR YEAR-TO-DATE	PROJECTED 23/24 ACTUAL	FY 23/24 BUDGET
OPERATING REVENUES									
Water Sales	431,348	473,882	42,534	435,464	409,685	**5,766,111**	**5,286,462**	**7,068,945**	**7,465,000**
Contracted Services	313,833	384,753	70,920	209,947	209,947	**3,343,787**	**2,099,470**	**4,261,000**	**4,261,000**
Installation Fees	11,885	4,860	(7,025)	7,290	6,480	**54,830**	**28,295**	**80,729**	
Late Fees	3,885	2,498	(1,387)	4,527	4,489	**58,559**	**57,119**	**68,392**	
Other Revenue	13,831	23,231	9,400	10,502	136,509	**178,836**	**266,424**	**271,276**	**228,220**
TOTAL OPERATING REVENUES	**774,782**	**889,224**	**114,442**	**667,729**	**767,110**	**9,402,122**	**7,737,770**	**11,750,342**	**11,954,220**
OPERATING EXPENSES									
Salaries and Benefits	(261,467)	(228,332)	33,135	(108,425)	(257,336)	**(2,435,537)**	**(2,361,332)**	**(2,889,109)**	**(2,660,460)**
Operating Expenses	(731,259)	(969,791)	(238,532)	(517,172)	(757,310)	**(9,286,742)**	**(6,410,021)**	**(11,592,789)**	**(12,051,637)**
TOTAL OPERATING EXPENSES	**(992,726)**	**(1,198,123)**	**(205,398)**	**(625,597)**	**(1,014,646)**	**(11,722,279)**	**(8,771,353)**	**(14,481,898)**	**(14,712,097)**
NET OPERATING INCOME	**(217,943)**	**(308,899)**	**(90,956)**	**42,132**	**(247,536)**	**(2,320,156)**	**(1,033,583)**	**(2,731,556)**	**(2,757,877)**
NON OPERATING INCOME & (EXPENSES)									
Capacity Fees	440,575	168,300	(272,275)	248,400	220,800	**1,957,325**	**982,751**	**1,957,325**	**-**
Donated Asset			-	649,390	266,990	**-**	**3,356,028**	**-**	**-**
Miscellaneous Income (Farm Labor Camp)			-			**-**	**-**	**-**	**-**
Adjust LAIF Investment to Fair Value			-			**-**	**-**	**-**	**-**
Interest Income	17,787	37,478	19,691	21,050	22,751	**329,552**	**224,536**	**395,462**	**500,000**
Allocated from G & A (Interest & Sale of Assets)	3,234	28,446	25,212	2,747	507	**261,721**	**29,472**	**314,065**	**21,000**
Other Non-Operational			-		6,460	**-**	**4,437**	**-**	**-**
TOTAL NON OPERATING INCOME & (EXPENSES)	**461,597**	**234,224**	**(227,372)**	**921,587**	**517,508**	**2,548,597**	**4,597,224**	**2,666,852**	**521,000**
NET WATER INCOME (LOSS)	**$ 243,653**	**$ (74,675)**	**(318,328)**	**$ 963,719**	**$ 269,972**	**$ 228,441**	**$ 3,563,641**	**$ (64,704)**	**$ (2,236,877)**
NET WATER INCOME (LOSS) Adjusted for Non Budgeted Items	**$ (217,943)**	**$ (308,899)**	**(90,956)**	**$ 42,132**	**$ (241,076)**	**$ (2,320,156)**	**$ (1,029,145)**	**$ (2,731,556)**	**$ (2,757,877)**

Sunnyslope County Water District

STATEMENT OF INCOME

FOR THE FISCAL YEAR ENDING JUNE 30, 2024 (This Year)

UN-AUDITED 5/15/2024

*** WASTEWATER ***	Mar-24	Apr-24	Variance Over / (Under) Prior Month	Mar-23	Apr-23	YEAR-TO-DATE	PRIOR YEAR-TO-DATE	PROJECTED ACTUAL	FY 23/24 BUDGET
OPERATING REVENUES									
Sewer Sales	164,387	175,039	10,652	181,498	163,463	**1,688,003**	**1,695,395**	**2,010,853**	**2,205,000**
Contracted Services	17,537	39,285	21,748	35,154	35,154	**598,474**	**456,568**	**523,300**	**523,300**
Installation Fees	200	-	(200)			**725**	**-**	**725**	
Late Fees	927	1,089	162	1,264	1,272	**11,956**	**15,647**	**13,885**	
Other Revenue	3,201	3,396	195	4,825	1,827	**33,231**	**31,784**	**38,702**	**56,880**
TOTAL OPERATING REVENUES	**186,252**	**218,809**	**32,557**	**222,741**	**201,715**	**2,332,389**	**2,199,394**	**2,587,465**	**2,785,180**
OPERATING EXPENSES									
Salaries and Benefits	(42,286)	(48,769)	(6,483)	(201,850)	(20,409)	**(520,935)**	**(529,685)**	**(610,868)**	**(843,040)**
Operating Expenses	(91,660)	(98,152)	(6,492)	(99,491)	(103,580)	**(1,178,702)**	**(1,234,979)**	**(1,442,083)**	**(1,439,275)**
TOTAL OPERATING EXPENSES	**(133,945)**	**(146,921)**	**(12,976)**	**(301,341)**	**(123,989)**	**(1,699,637)**	**(1,764,663)**	**(2,052,951)**	**(2,282,315)**
NET OPERATING INCOME	**52,306**	**71,888**	**19,581**	**(78,601)**	**77,725**	**632,752**	**434,731**	**534,514**	**502,865**
NON OPERATING INCOME & (EXPENSES)									
Capacity Fees	202,600	-	(202,600)			**727,625**	**-**	**727,625**	
Miscellaneous Income			-			**-**	**-**	**-**	
Adjust LAIF Investment to Fair Value			-			**-**	**-**	**-**	
Interest Income	2,440	15,803	13,363	7,992	2,658	**84,967**	**29,827**	**84,967**	**40,000**
Allocated from G & A (Interest & Sale of Assets)	(71,540)	7,273	78,813			**67,829**	**1,733**	**67,829**	**9,000**
Other Non-Operational	827		(827)	1,262	864	**711**	**4,288**	**711**	**-**
TOTAL NON OPERATING INCOME & (EXPENSES)	**134,328**	**23,076**	**(111,252)**	**9,254**	**3,522**	**881,132**	**35,849**	**881,132**	**49,000**
NET WASTEWATER INCOME (LOSS)	**186,634**	**94,964**	**(91,670)**	**(69,347)**	**81,247**	**1,513,884**	**470,580**	**1,415,646**	**551,865**
NET WASTEWWATER INCOME (LOSS) Adjusted for Non Budgeted Items	**$ 53,133**	**$ 71,888**	**(91,670)**	**$ (77,338)**	**$ 78,589**	**$ 633,463**	**$ 439,019**	**$ 535,225**	**$ 502,865**

*** WATER & WASTEWATER ***	Mar-24	Apr-24	Variance Over / (Under) Prior Year	Mar-23	Apr-23	YEAR-TO-DATE	PRIOR YEAR-TO-DATE	PROJECTED ACTUAL	FY 23/24 BUDGET
*** COMBINED INCOME (LOSS) WATER & WASTEWATER***	**430,288**	**20,289**	**(409,999)**	**894,373**	**351,219**	**1,742,325**	**4,034,221**	**1,350,942**	**(1,685,012)**
*** COMBINED INCOME (LOSS) WATER & WASTEWATER Adjusted for Non - Budgeted Items*	**$ (164,810)**	**$ (237,011)**	**$ (72,202)**	**$ (35,206)**	**$ (162,487)**	**$ (1,686,693)**	**$ (590,126)**	**$ (2,196,331)**	**$ (2,255,012)**

Sunnyslope County Water District

Investment Summary

2023 / 2024 (ThisYear)

BANK ACCOUNT	INTEREST RATE	JULY 2023	AUGUST 2023	SEPTEMBER 2023	OCTOBER 2023	NOVEMBER 2023	DECEMBER 2023	JANUARY 2024	FEBRUARY 2024	MARCH 2024	APRIL 2024	MAY 2024	JUNE 2024		JUNE 2023
Heritage Bank of Commerce															
CHECKING ACCOUNT															
Operating - General Fund	0	1,593,120	1,606,042	2,196,208	1,879,151	2,183,982	1,574,196	1,972,545	2,763,496	3,370,639	2,009,521				2,040,106
CHECKING SUBTOTAL		1,593,120	1,606,042	2,196,208	1,879,151	2,183,982	1,574,196	1,972,545	2,763,496	3,370,639	2,009,521	0	0		2,040,106
MONEY MARKET ACCT (MMA)															
Invested - General Fund	0.75%	90,661	90,776	90,830	90,890	90,946	91,000	91,062	91,116	91,171	91,231				90,661
MMA SUBTOTAL		90,661	90,776	90,830	90,890	90,946	91,000	91,062	91,116	91,171	91,231	0	0		90,661
L. A. I. F.															
(Local Agency Investment Fund)	As of: Sep 2023														
General Fund	3.48%	-4,173,662	-4,173,662	-4,173,662	-4,173,662	-4,173,662	-4,173,662	-4,173,662	-4,173,662	-4,173,662	-3,011,546				-4,104,152
Water Connect. Fee	3.48%	0	0												0
Sewer Connect. Fee	3.48%	0	0												0
SRF Loan Reserve	3.48%	774,890	774,890	782,041	782,041	800,160	800,160	808,198	808,198	808,198	817,318				774,890
Board Designated Reserves	3.48%	7,910,911	7,910,911	7,945,400	7,945,400	8,032,787	8,032,787	6,571,557	6,571,557	6,571,557	6,436,498				7,910,911
L.A.I.F. SUBTOTAL		4,512,138	4,512,138	4,553,778	4,553,778	4,659,285	4,659,285	3,206,093	3,206,093	3,206,093	4,242,270	0	0		4,581,649
CEPPT															
(CA Employee Pension Plan Trust)															
Employee Pension Reserve	0	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000				1,000,000
CEPPT SUBTOTAL		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	0	0		1,000,000
MBS Securites															
(CD Brokerage - Water Capacity Funds)															
General Fund	4.00%	3,326,368	3,473,795	3,574,001	3,679,171	3,770,149	3,845,621	3,827,672	3,932,554	2,618,256	2,623,047				3,442,907
Board Designated Reserves	4.00%	436,010	440,970	445,666	450,970	365,809	370,664	375,977	380,973	323,764	328,784				403,709
Water Connect. Fee	4.00%	11,292,180	11,218,349	11,137,332	11,071,162	11,161,073	11,116,462	11,183,442	11,114,401	11,907,583	11,944,513				11,259,801
Sewer Connect. Fee	4.00%	1,485,983	1,489,265	1,491,615	1,495,975	1,505,396	1,508,912	1,514,260	1,518,279	2,123,719	2,130,403				1,357,257
MBS SUBTOTAL		16,540,541	16,622,379	16,648,614	16,697,278	16,802,426	16,841,658	16,901,351	16,946,207	16,973,322	17,026,748	0	0		16,463,673
GRAND TOTAL		23,736,460	23,831,336	24,489,431	24,221,097	24,736,639	24,166,139	23,171,051	24,006,912	24,641,225	24,369,769	0	0		24,176,089
	YTD Total														
* **TOTAL INTEREST RECORDED**	721,637	49,929	36,760	67,928	48,719	210,711	39,286	106,563	44,910	27,169	89,663				449,333

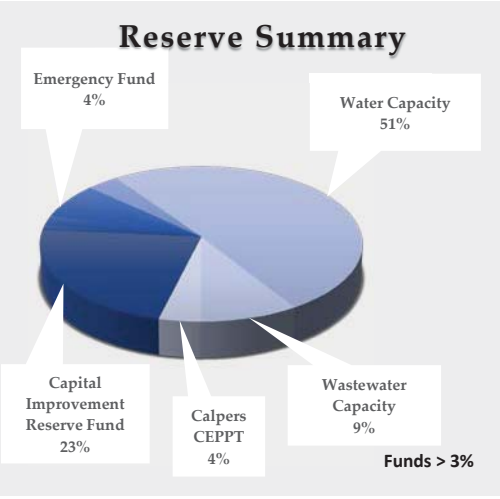
Sunnyslope County Water District

Reserve Summary
As of April 30, 2024
(Policy #8600)

		4/30/2024	Increase	Decrease	6/30/2023	6/30/2022	Change
1	Capital Improvement Reserve Fund	$ 5,299,232	$ 188,724	$ 662,116	$ 5,772,624	$ 5,863,936	$ (91,312)
2	Rate Stabilization Fund	250,000		-	250,000	250,000	$ -
3	Drought Contingency Reserve	500,000			500,000	500,000	-
4	Emergency Fund	1,000,000			1,000,000	1,000,000	-
5	Vehicle Replacement Fund	295,188	50,861	153,805	398,132	348,078	50,054
6	Office and Misc. Equipment Replacement Fund	420,864			420,864	418,845	2,019
	Board Designated Reserves	7,765,283	239,585	815,921	8,341,620	8,380,859	(39,239)
7	CSWRCB Loan	817,317	42,428		774,889	760,000	14,889
8	Water Capacity	11,944,513	2,216,718	1,532,006	11,259,801	11,410,006	(150,205)
9	Wastewater Capacity	2,130,403	773,146		1,357,257	1,320,135	37,122
10	Calpers CEPPT	899,643			899,643	640,401	259,242
	Legally Restricted Reserves	15,791,877	3,032,292	1,532,006	14,291,590	14,130,542	161,048
	TOTAL	**$ 23,557,160**	**$ 3,271,877**	**$ 2,347,927**	**$ 22,633,210**	**$ 22,511,401**	**$ 121,809**
	Unreserved Cash	$812,609					
	Percentage of Total Capital Assets	43.81%					

Detailed Transactions:

Depr. Expense	$ 40,000			$ 461,194
Board Authorized Changes to Policy #8600	$ -			$ 5,729,257
Interest	$ 617,052			$ 25,685
Debt Amortization		987,227		$ (1,184,682)
Water Capacity Fees	1,887,200			$ 6,087,125
Sewer Capacity Fees	727,625			$ 1,299,000
CEPPT Funding				$ 1,000,000
Fixed asset Additions	-	860,700		$ (483,314)
Transfers		500,000		
Fair Market Value & Misc Adj		-		$ (610,420)
-	**$ 3,271,877**	**$ 2,347,927**		**$ 12,323,845**



Board Approved Disbursement Analysis

Date:	Description:	Vendor	Resolution	# Actual
2/21/2023	Rate Study	Raftelis	110,502	68,611
11/15/2022	Promontory Amendment 2	Century Homes	110,000	110,000
4/23/2024	Best Road Initiative	Wallace Group	3,050,000	74,910
2/28/2023	Solar Project - SBR	Eva Green Power	1,300,000	1,194,635
2/28/2023	Solar Project - Lessalt	Eva Green Power	39,131	3,958
6/20/2023	Temetra	Meter Valve & Contro	412,000	182,308
8/15/2023	Demographics	LGDR	40,000	0
8/15/2023	Trucks	Greenwood	230,000	153,805
8/15/2023	VOIP	Exceedio, ICON	16,178	5,760
9/19/2023	Hydroflush IWWTP	Green line	22,000	22,000
9/19/2023	Itron Meters	Meter Valve & Contro	357,000	355,756
10/17/2023	Vacon Truck	MM Equip Inc.	530,000	526,095
10/17/2023	Professional Services	San Benito Engineerin	50,000	46,270
1/23/2024	John Deere Backhoe	Pape Machinery	162,000	161,955
1/23/2024	Rotary Blower	Atlas Copco, Sharpe, B	130,000	10,544
2/27/2024	FY 2024 Audit	McGilloway	27,000	
2/27/2024	SB County GIS	San Benito County - A	21,082	
4/23/2024	Election	San Benito County - A	50,000	

Staff Report

Agenda Item: **H – 5a**

DATE: May 9, 2024 (May 28, 2024 Meeting)

TO: Board of Directors

FROM: Water/Wastewater Superintendent, Jose J. Rodriguez

SUBJECT: Superintendent Monthly Status Report: a. Maintenance, b. City Meter Reading, and c. Groundwater Level Measurement.

Narrative

1. All three water reports were completed and submitted on time by April 10, 2024.
2. Over the past several months, staff have received unusual flow totals from either the system interties or the meter reading software. It took several months to coordinate inspection of all interties due to confined space safety requirements. We were finally able to get the inspections scheduled and found that an enclosed conduit was not properly sealed and moisture damaged the connections causing electrical malfunctions to one of the critical intertie locations. A second intertie was found to have damaged cables giving distorted data. These issues were corrected and will be monitored by staff moving forward to confirm resolution to our problem.
3. In the month of April, Westhills WTP produced a total of 74.842 million gallons while Lessalt WTP produced 36.062 million gallons. The total acre foot produced in April 2024 was 340.352-acft with a balance of 4305.974-acft at the end of the 2024-2025 year.
4. The Sunnyslope maintenance staff responded to several service line repairs in the month of April. Staff used the New John Deer backhoe along with the recently purchased Vaccon to expedite these emergency repairs and minimize the overtime required to resolve each problem. The new backhoe has better control so staff can maneuver the bucket with better accuracy around service lines that may be in the area of repair being dug. The Vaccon has more power to dig through compacted backfill and the modern features make it safer to work with.
5. Kevin Castro and Adan Cervantes have now been training at the water treatment plants for a few months and are now capable of participating in on-call and weekend assignments at the treatment plants unassisted. Having two additional staff members trained at the water treatment plants will relieve the extra workload for current staff members until several employees return from scheduled leave of absences. It will also return treatment plant staffing from a total of four to a total of five operators. Any combination of the operators will be rotated back into the other district assignemnts to assist on day-to-day maintenance activities. This will ensure that the district employees are well rounded in all district activities.

6. Both Lessalt WTP and Westhills WTP's continue to utilize the Computer Maintenance Management System (CMMS) to better manage treatment facilities equipment and document preventative maintenance activities. A total of 224 Work Orders were completed by Sunnyslope Staff between the two facilities.

In addition to the daily, weekly & monthly work schedule, our maintenance personnel also performed these additional special work projects.

Water (11) March 2024

1. Assisted Calcon with intertie flow meter calibration.
2. Replaced broken saddle and service line at 2011 & 2021 Scenic Circle.
3. Replaced broken curb stop at 1980 Scenic Circle.
4. Replaced leaking service line at 501 Clearview Drive.
5. Continued clearing and spraying weeds around district facilities.
6. Staff completed backhoe training provided by John Deere.
7. Flush pressure transducers at district facilities.
8. Charged irrigation line for Sanco Pipelines for new college.
9. Repaired conduit for Ridgemark Tank.
10. Installed new conduit at Well #2 for compressor communication to SCADA.
11. SSSP installed new lifting bungs on old trench plates.

Project Location	**: Sunnyslope CWD and City of Hollister Interties**
Project	**: Confined Space entry to troubleshot Flow Meter**
Department	**: Utilities/Maintenance Department**
Description	**: Sunnyslope has experienced an unusual amount of water loss over the past several months. It was perceived that the cause was an intertie malfunction due to elevated flow totals. SSCWD is not certified for confined space entry and needed to wait for availability of a contract operator to schedule confined space entry when the weather allowed. Several issues were found from weather damaged wires and wires not connected properly. Staff will monitor flow for the next several months to verify data is accurate.**

<u>LESSALT Water Treatment Plant</u> (8)

1. Replaced leaking 2″ nipple on GAC #1 air relief valve.
2. Calgon Carbon replaced GAC media on GAC unit #2.
3. Replaced leaking fitting on TOC analyzer.
4. Replaced broken drain valve on source conditioned ORP.

5. Air calibrated DO probe.
6. Cleared weeds and sprayed around the facility.
7. Jimmy from Calcon Systems worked on SCADA programming.
8. Replaced leaking tee fitting and bolts on the CMF spent wash water tank. Primed and painted new fittings.

West Hills Water Treatment Plant (10)

1. Grundfos installed rebuilt motor and new check valve on raw water pump #2.
2. Painted raw water pump #1 & #2 piping, check valves, pump, and motors.
3. Replaced check valves and diaphragm on Sulfuric Acid pump #1.
4. Replaced Clearwell influent sample pump.
5. Replaced diaphragm on Sodium Hydroxide pump #1.
6. Replaced motor on water buddy skid for filling raw water station eye wash.
7. Replaced Clearwell effluent pH probe.
8. Atlas Capco replaced drive belts on PAC system air compressors.
9. Loaded sludge from drying beds for RJR to haul to John Smith Landfill.
10. Replumbed sample lines feeding TOC analyzer for the new reusable filter housing.

Project Location	**: Westhills Water Treatment Plant**
Project	**: RAW Pump Station Motor and Check valve replacement**
Department	**: Water Department**
Description	**: The RAW Water pumps were installed back in 2017, due to the low plant thruput in recent years, these pumps ran at a very low speed limiting and even damaging the mechanical seals and motor wiring. Since the plant flow has increased these pumps are now operating at a more adequate speed which will increase the life of both check valve and motor.**

Wastewater (4)

1. Assisted Bryan Malley with pulling wires for new Blower at SBR.
2. Loaded sludge from drying beds for RJR to haul to John Smith Landfill.
3. Pulled and installed new Basin #2 WAS pump at SBR.
4. Assisted Roto-Rooter with sewer by-pass for sewer lateral tie-in on Marks Drive.

Project Location	**: Ridgemark Wastewater Treatment Plant**
Project	**: Sludge removal coordinated by SB Foods**
Department	**: Wastewater Department**
Description	**: The SBR Blower was installed as a cost saving and more efficient type of blower for the current flow at the Ridgemark treatment process. SBR rotary blowers is more power efficient in this application, as the high-speed Air blower never shuts off, it simply stays on 24 hours a day and blows air out into the atmosphere when not in use, which is wasteful energy.**

Industrial Plant (3)

1. Removed aerators from Basins for cleaning.
2. Continued cutting, clearing, and spraying weeds around ponds.
3. Installed and wired electric pump from Rain for Rent to pump down Pond #1 for sludge removal.



Project Location	**: Industrial Wastewater Treatment Plant**
Project	**: Remove Diffusers from Basin**
Department	**: Industrial Wastewater Department**
Description	**: Diffusers needed to get removed from basin to remove remaining Sludge that accumulated over the past operational season.**

Completed This Month	Job Descriptions	Completed YTD 2023 – 2024 July 1 to June 30	Completed 2022 – 2023 July 1 to June 30	Completed 2021 – 2022 July 1 to June 30	Completed 2020 – 2021 July 1 to June 30
433	Work Orders	3351	2480	2520	2469
0	Temporary Manual Read Water Meters Installed in New Construction Accounts	109	287	292	368
1	Radio Read Meters & ERTs Installed in New Construction Accounts	5	3	1	21
35	Total: Manual Read Meters Replaced with Radio Read Meters & ERT's, including Radio Meters Installed in New Construction Accounts	120 (Total = 7318)	268	300	282
10	Existing Radio Read Meters & ERTs Replaced with New Radio Read Meters & ERTs	158	247	309	322
15	Valves Exercised (Approx. 2674 in SSCWD System 3/2021)	288	528	487	721
19	Fire Hydrants Flushed (Approx. 938 in SSCWD System 3/2021)	392	537	342	749
10	Meters on Repair List	187	250	335	326
8	Emergency Calls	107	158	161	174
186	Locates on our Water/Sewer Lines	1437	1512	1816	1732
0	Sewer Inspections	0	0	0	0
2	Shutoff Notices	16	0	0	0
3	Water Services Replaced	13 (Total = 959)	15	39	12

(3/2021 Update Valve and Fire Hydrant Count, Includes Santana Ranch pH 1, Villages, Tyler Knoll, Walnut Park, Creekside)

Sunnyslope County Water District

Hollister/Sunnyslope

Intertie Water Balance

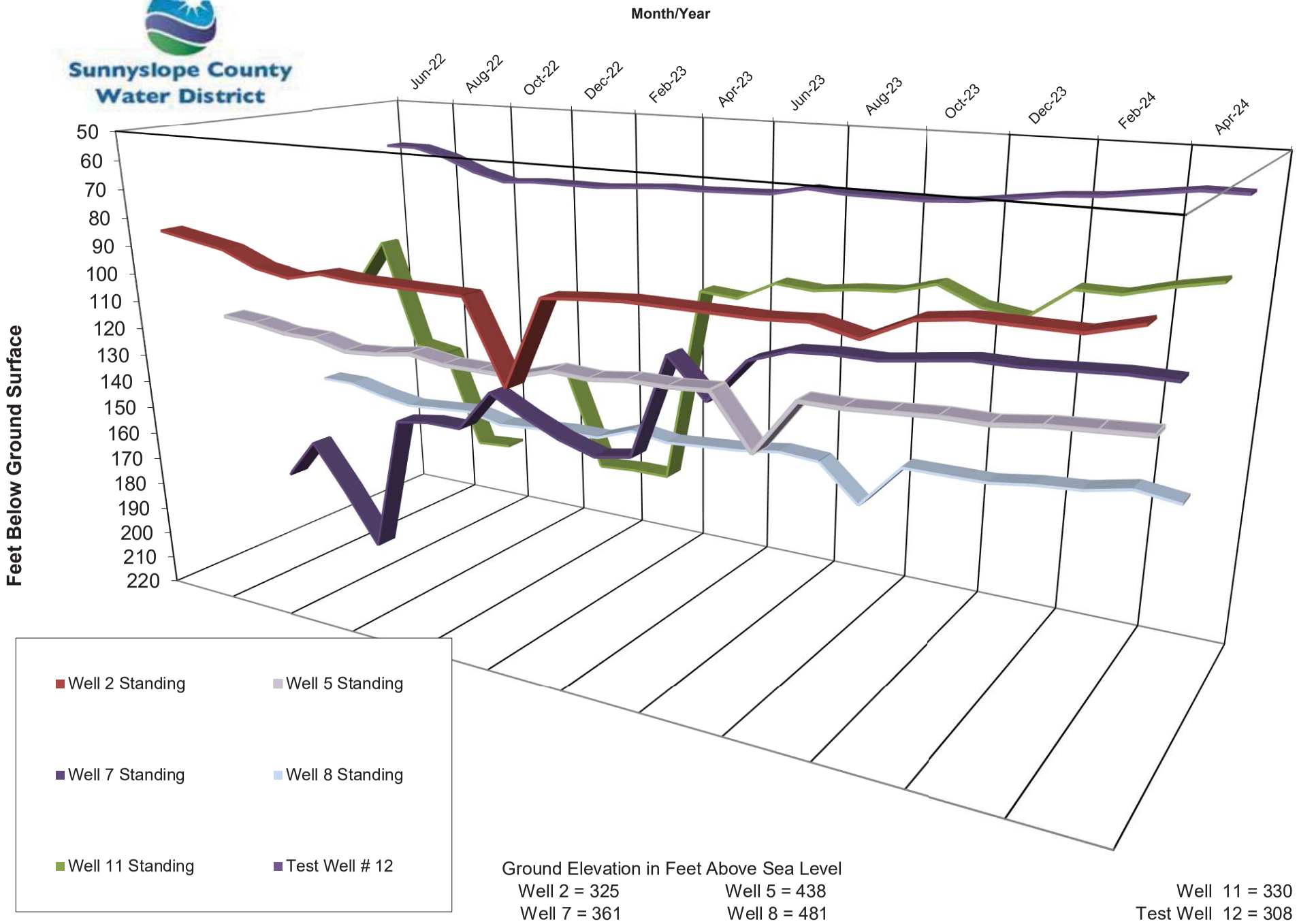
Report Date:	**May 1, 2024**				
Current Consumption Period:	**March 13, 2024**	**to**	**April 15, 2024**		
Intertie Location		**Groundwater Flow to COH**	**Surface Flow to COH**	**Groundwater Flow to SSCWD**	**Surface Flow to SSCWD**
		in Gallons			
Southside Road Intertie Water Total Flow		0	1,673,390		
Sunset & Memorial Water Total Flow		0	0	4,180,900	5,794,200
Sunnyslope & Memorial Water Total Flow		0	0	0	0
Hillcrest and Memorial Water Total Flow		14,600	58,200	200	300
Santa Ana & La Baig Water Total Flow		74,100	3,009,100		
Intertie Sub-Total Water Flow		**88,700**	**4,740,690**	**4,181,100**	**5,794,500**
Total Combined Surface and Ground Water Intertie Flow		**4,829,390**		**9,975,600**	
City of Hollister Well 2 Surface Water Total Flow (West Hills)			13,037,000		
City of Hollister Well 4 Surface Water Total Flow (West Hills)			18,510,000		
City of Hollister Well 5 Surface Water Total Flow (West Hills)			17,621,000		
Sunnyslope Well 2 Surface Water Total Flow (West Hills)					10,576,000
Sunnyslope Well 11 Surface Water Total Flow (West Hills)					20,180,000
Sunnyslope Surface Water Total Flow (LESSALT)					35,967,000
Surface Water Flow Sub-Totals			**49,168,000**		**66,723,000**
Ground Water and Surface Water Flow Totals		**88,700**	**53,908,690**	**4,181,100**	**72,517,500**
Current Period:	*COH half of Surface Water Flow to Distribution (LESSALT & WH)*		**57,945,500**		
	Net Ground/Surface Water Balance Owed to SSCWD (to COH)	**(4,092,400)**	**-9,831,310**		
	Beginning Water Balance Owed to SSCWD (to COH)	794,782,100	-349,324,546		
	Gallons Billed to COH thru Report Date *April 1, 2024*	0		**Informational Last Month Net Total**	**445,457,554**
	Sub-total Ending Water Balance Owed to SSCWD (to COH)	**790,689,700**	**-359,155,856**	Net Sub Total	431,533,844
	Half of Total Gallons LESSALT Discharge to City of Hollister Wastewater Treatment Plant during the current consumption period			1,231,500	
	Exchange Factor; Half of the total gallons discharged to COH WWTP from LESSALT multiplied by a factor of 4				4,926,000.00
	Ending Water Balance Owed to SSCWD (to COH)	**785,763,700**	**-359,155,856**	**Net Total**	**426,607,844**

Current:	*LESSALT WTP Total Flow to Distribution*	35,967,000			
	Percent of LESSALT Surface Water Received	**COH**	**-2.9%**	**SSCWD**	**102.9%**
Current:	*COH half of LESSALT Total Flow to Distribution*	17,983,500			
	Intertie Net Surface Water Total Flow to COH	-1,053,810			
	Intertie Net Ground Water Total Flow to COH	-4,092,400			
Current:	*West Hills WTP Total Flow to Distribution*	79,924,000			
	Percent of Surface Water Received	**COH**	**61.5%**	**SSCWD**	**38.5%**
Current:	*COH half of West Hills WTP Total Flow to Distribution*	39,962,000			
	West Hills WTP Surface Water Total Flow to COH	49,168,000			

From April 1, 2023 to Present					
YTD	*LESSALT WTP Total Flow to Distribution*	463,801,000			
	West Hills WTP Total Flow to Distribution	800,947,000			
	Surface WTPs Total Flow to Distribution	1,264,748,000			
	Total YTD Surface Flow to COH/SSCWD	**COH**	**620,321,736**	**SSCWD**	**644,426,264**
	Percent of Surface Water Received	**COH**	**49.0%**	**SSCWD**	**51.0%**

Sunnyslope County Water District

Depth to Standing *Water Level Below Ground Surface*



Ground Elevation in Feet Above Sea Level

Well 2 = 325	Well 5 = 438	Well 11 = 330
Well 7 = 361	Well 8 = 481	Test Well 12 = 308

Excel \\vma082\Users\Pat\Pat's Documents\Water\ GROUNDWATER WELL DEPTH 5/3/2024

Staff Report

Agenda Item: **H – 6**

DATE: May 22, 2024 (May 28, 2024 Meeting)

TO: Board of Directors

FROM: General Manager, Drew Lander P.E.

SUBJECT: General Manager Monthly Status Report

ACTIVE TASKS:

1. **Gavilan College/Cielo Vista Sewer** – Construction has commenced on the sewer connection for Gavilan College, Fairview Corners development and the Cielo Vista neighborhood. This project is expected to take 55 working days and is expected to be completed in time for the College to access sewer for completion of the new facilities. The District Principal Engineer and Assistant Engineer will be providing oversight and inspection during construction.

2. **Vehicle Purchases –** The new district crane truck is scheduled to be picked up on the 31st of May.

3. **Solar Field Design –** The Solar Field has been tested and cleared by PG&E to energize. Staff will schedule a special meeting of the board to allow for all to attend the ribbon cutting. It is exciting to have this improvement operational and generating revenue for the District.

4. **Permit Compliance –** Monthly water reports have been completed on time and no water violations were reported.

5. **Staffing** – The district is fully staffed as of May 21st.

6. **Blower Replacement Project** – The replacement blower project is complete. Atlas Copco performed start-up of the new system on May 21st and staff training of operation and maintenance was conducted. CalCon Systems completed the system integration and monitoring will continue for the next two weeks to confirm all controls are correct. Starting in June staff will monitor the power consumption of the new system and operation will be refined to continue reducing power usage. Staff will report from time to time on the cost savings associated with this blower.

7. **SBCWD Coordination** – Coordination with SBCWD has been improving. The district Governance Committee met in May to itemize the concerns raised by the board in prior meetings. The Governance Committee provided direction to the General Manager to present these concerns in writing to SBCWD with timing to respond as allowed in the Urban Area Supply and Treatment Agreement. A meeting of the full interagency Governance Committee will be requested for June or July, as required, to fully resolve these items.

Staff Report

Agenda Item: **I – 1**

DATE: May 22, 2024 (May 28, 2024 Meeting)

TO: Board of Directors

FROM: General Manager, Drew Lander P.E.

SUBJECT: **PUBLIC HEARINGS** - Receive Presentations by Raftelis Financial Consultants and Authorize the Following:

1. Presentation of the Water Fund Financial Plan and Proposed Water Rate Increases and Authorize the Mailing of the Proposition 218 Notice Setting a Public Hearing on July 23, 2024.
2. Presentation of the Wastewater Fund Financial Plan and Proposed Wastewater Rate Increases and Authorize the Mailing of the Proposition 218 Notice Setting a Public Hearing on July 23, 2024.

RECOMMENDATION:

Staff recommends the Board receive the presentation by Raftelis Financial Consultants and Authorize the Following:

1. Presentation of the Water Fund Financial Plan and Proposed Water Rate Increases and Authorize the Mailing of the Proposition 218 Notice Setting a Public Hearing on July 23, 2024.
2. Presentation of the Wastewater Fund Financial Plan and Proposed Wastewater Rate Increases and Authorize the Mailing of the Proposition 218 Notice Setting a Public Hearing on July 23, 2024.

BACKGROUND:

1. Water Fund Financial Plan and Proposed Water Rate Increases.

Of greatest significance to the consideration of the water rate model is the fact that Sunnyslope County Water District has not proposed any rate increases since 2018. During the past 5 years the district has weathered a global pandemic, supply chain failures, labor shortages, 25% increases in process chemical costs, 26% increases in employee healthcare expenses, drought revenue decreases and also power, fuel and material increases. In the face of all of these increases the district has held rates flat to protect the consumer during these difficult times. I am pleased to present that the rate increase needed to correct for the past 5 years is 15% the first year and subsequent increases not to exceed 8% per year over the duration of this study. These

increases are significant considering public utilities are increasing statewide causing financial stress for all who call California home. However, the 15% increase barely corrects for inflationary pressures over the past 5 years, which speaks volumes to the improvements in efficiency and cost reductions undertaken by staff. I would also like to confirm that staff have not reduced maintenance or mined district assets over this same period. The district maintenance program has been robust but continues to require diligent upkeep. Staff confidence in the rate projections is high. The Board has participated in reducing district expenses by planning for the future in approving the 500kW solar field to flatten power cost liabilities and by taking part in the investment program to allow district reserves to earn 4% and 5% interest in secure government investment programs. Sunnyslope will continue to engage with SBCWD and the City of Hollister to plan for future water capacity projects and to control imported water costs.

Water quality has improved significantly with the full operation of both the Westhills and Lessalt water plants. The drought years reduced water quality slightly as less surface water was processed to match imported water availability. Major expansion in the district to the Tres Pinos area will be completely funded by State and Federal grants and by those new customers. I emphasize that the proposed rates do not fund future development needs. But the rates have been reduced based on the expectation of some new development increasing the number of service connections. The proposed water rates are sufficient to repay each agency's share of the expected capital cost and to fund the on-going operation and maintenance costs of the district.

The first increase in water rates is proposed to be effective August 1, 2024, with first customer bills under the new rates due by September 20, 2024. The water rates are as proposed in the presentation by Raftelis Financial Consultants and as specified in the attached Proposition 218 notice, which sets a hearing date for the Board's consideration of the proposed water rates on July 23, 2024.

2. Wastewater Fund Financial Plan and Proposed Wastewater Rate Increases.
Sunnyslope County Water District has been operating the Ridgemark Wastewater Treatment Plant since 2013. The last rate adjustment for wastewater customers was in 2018. I am excited to report that current revenues for the wastewater fund are on track and increased revenue needed will be introduced by the new developments of Promontory and Vista Del Calabria. No increases in the overall revenue is needed. However, after significant consideration staff are proposing that the sewer rates be converted from the variable rate charge to the industry standard of flat sewer rates. Sunnyslope currently has a 70% fixed sewer charge with 30% of the fee calculated on water use averaged over the January and February months when irrigation is estimated to be excluded. The amount of staff effort required to review every connection annually only to make minor adjustments in rates is not cost effective for consumers. The sewer operation has remained steady, and costs have been predictable. The fixed rate of $137.25 is proposed to remain unchanged for the next 3 years and then increase 3% for the following subsequent 2 years. In this scenario about half the customers will see their rate come up slightly

this year, and half will see a decrease. No requirement will be imposed on customers to monitor water usage during the winter months as was done in the past.

The wastewater plant was funded utilizing a low interest loan from the State of California with 10 years of completed payments behind us. This wastewater treatment plant was essential to bring the district into compliance with its waste discharge requirements for total dissolved solids, nitrogen (ammonia and nitrate), and suspended solids. The drinking water improvements to provide surface water along with the reduction in water softener use has gotten the district closer to full compliance for salts and chloride. Operation and maintenance costs associated with the plant, as well as the capital repayment of the State low interest rate loan have been consistent. A full video inspection of all sewer lines in the district was completed two years ago and the inspection provided an excellent condition assessment of the sewer system. These efforts give staff a high level of confidence in the proposed rates.

The wastewater rates are as proposed in the presentation by Raftelis Financial Consultants and as specified in the Proposition 218 notice, which sets a hearing date for the Board's consideration of the proposed wastewater rates on July 23, 2024.

FISCAL IMPACT:

1. The fiscal impact of adopting the proposed water rates as outlined in the presentation by Raftelis Financial Consultants and as detailed in the draft Proposition 218 notice will result in Water Fund revenues received by the district increasing by 15% the first year in 2024, and then 8% each year for fiscal years 2025, 2026, 2027, and 2028.
2. The fiscal impact of adopting the proposed wastewater rates as outlined in the presentation by Raftelis Financial Consultants and as detailed in the draft Proposition 218 notice will result in Wastewater Fund revenues received by the district remaining unchanged for 2024, 2025, 2026 and then 3% each year for fiscal years 2027 and 2028.

ENVIRONMENTAL IMPACT:

The establishment of water and wastewater rates is statutorily exempt from CEQA as defined by Article 18 California Code of Regulations 15273 (a) (State CEQA Guidelines) for normal operating activities of operating the water and wastewater system. Project specific environmental review documents have been completed or will be completed for the capital projects funded with the proposed rates.

SUNNYSLOPE COUNTY WATER DISTRICT

Water, Wastewater and Capacity Fee Rate Study

DRAFT REPORT / MAY 21, 2024

Sunnyslope Water District

RAFTELIS

RAFTELIS

May 21, 2024

Mr. Drew Lander
General Manager
Sunnyslope County Water District
3570 Airline Hwy
Hollister, CA 95023

Subject: Water and Wastewater Rate Study Report - DRAFT

Dear Mr. Lander:

Raftelis is pleased to provide this Water and Wastewater Rate Study report for the Sunnyslope County Water District (District) to address current financial challenges the District is facing and to establish water and wastewater rates that are equitable and align with Proposition 218.

The major objectives of the study include the following:

- Develop financial plans for the water and wastewater enterprises to ensure financial sufficiency, meet operation and maintenance (O&M) costs, ensure sufficient funding for capital replacement and refurbishment (R&R) needs, and improve the financial health of the enterprises
- Develop a cost-of-service analysis for both enterprises
- Review and update current rate structures for the water and wastewater enterprises

This report summarizes the key findings and recommendations related to the development of the financial plans for the water and wastewater enterprises and the development of the updated water and wastewater rates.

It has been a pleasure working with you, and we thank you and the District staff for the support provided during the course of this study.

Sincerely,

Theresa Jurotich, P.E., PMP
Manager

Sudhir Pardiwala, PE
Executive Vice President

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Appendices

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1. Executive Summary

1.1. Study Background

In 2022, the Sunnyslope County Water District (District) engaged Raftelis to conduct a Water and Wastewater Rate Study to develop solvent financial plans as well as design rates for the water and wastewater systems. The District's water system is operating in an environment where water revenues from rates will soon be outpaced by water system operating and debt expenditures, caused primarily by significant capital expenditures for necessary upgrades to the water system. For the water system, the increase in operating expenditures from the Lessalt Water Treatment Plant and West Hills Surface Water Treatment Plant, as well as raw water costs, represent the most significant pressure on net revenues. The District last conducted a comprehensive water rate study in 2012 and the rates were last updated in December 2018.

The major objectives of the study include the following:

- Develop financial plans for the water and wastewater systems to ensure financial sufficiency, meet operation and maintenance (O&M) costs, ensure sufficient funding for capital replacement and refurbishment (R&R) needs, and improve the financial health of the enterprises
- Review current rate structures for the water and wastewater enterprises
- Develop a cost-of-service analysis for each enterprise
- Develop fair and equitable water and wastewater rates

1.2. Rate Study Process

The study is informed by the District's policy objectives, the current water and wastewater system rates, and the legal requirements in California (namely, Proposition 218). The resulting cost-of-service analyses and rate design processes consider all these factors and follows four key steps, outlined below, to derive proposed rates that fulfill the District's policy objectives, meet industry standards, and align with Proposition 218.

This study was also conducted using industry-standard principles outlined by the American Water Works Association's Manual M1 and the Water Environment Federation's Financing and Charges for Wastewater Systems. The overall process outlined below applies to the development of both water and wastewater rates.

1. Financial Plan: Develop cash flow projections for the Water and Wastewater Enterprise to determine the amount of revenue required from water and wastewater rates to fully recover the costs of providing service.
2. Cost-of-Service Analysis: Allocate total costs to system components, and then to various user classes, based on customers' unique characteristics.
3. Rate Design: Develop rates for different customers classes and sub-classes, based on cost of service, that generate sufficient revenues to recover costs, and communicate policy preferences of the agency.
4. Report Preparation: Develop a study report to document the underlying inputs, assumptions, analyses, and results of the rate study.
5. Rate Adoption: Proposed rates may be adopted by the District only after holding a public hearing in accordance with Proposition 218 requirements.

1.3. Proposed Water Financial Plan

Raftelis conducted a status quo cash flow analysis to evaluate whether existing water rates adequately fund the Water Enterprise's various expenses over a nine-year planning period. Annual projections of revenues, O&M expenses, debt service payments, and capital expenditures through FY 2032 were developed with District staff. Raftelis projects that with no rate increases over the study period, the Water Enterprise will run out of reserves in FY 2026. The exercise demonstrates a clear need for revenue adjustments (i.e., gross water rate revenue increases relative to existing rate revenues). Table 1-1 shows the proposed revenue adjustments for the rate-setting period.

Table 1-1:Proposed Water Revenue Adjustments

Effective Date	Revenue Adjustment
1-Aug-24	15.0%
1-Jul-25	8.0%
1-Jul-26	8.0%
1-Jul-27	8.0%
1-Jul-28	8.0%

Key factors influencing the need for proposed revenue adjustments include:

- Cost inflation: Operating costs continue to increase year-over-year due to inflationary pressures. The San Francisco-Oakland-Hayward Consumer Price Index has increased almost 19 percent since the District last increased rates.
- Raw water cost increases: Raw water costs are increasing higher than the rate of general inflation
- Planned capital expenditures: capital improvement plan project expenditures through FY 2032

Figure 1-1 shows the proposed capital improvement plan over the study period. Capital projects are assumed to be funded by a mix of revenue bonds, grants, and rate revenue. The use of debt allows for lower rate increases over the long-term by financing significant capital reinvestment and repaying over a longer horizon. The debt issues included in the financing shown below (teal bars) include proceeds of $3.5 million in FY 2026 and $4.25 million in FY 2030. Almost $1.1 million in grant funding is presumed for two well projects (bright blue bars).

Figure 1-1: Water Capital Improvement Plan

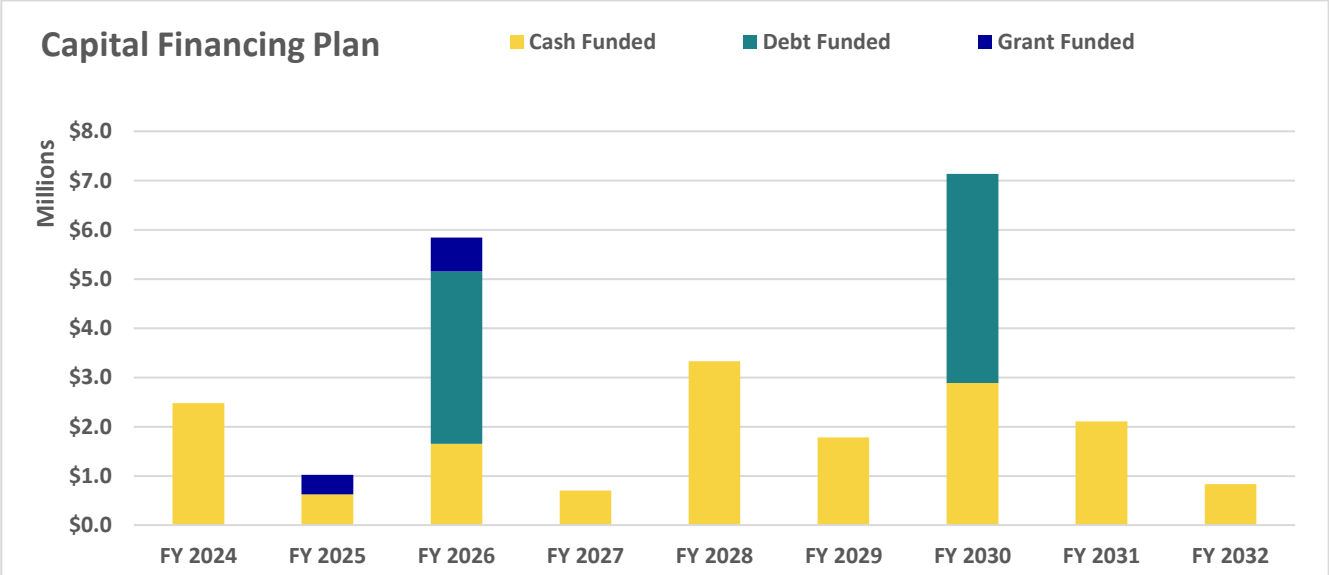


Figure 1-2 shows the proposed versus status quo Water Enterprise operating financial plan. Revenues under the proposed financial plan and status quo financial plan are represented by the black and light blue solid lines, respectively. Revenue requirements including O&M expenses, debt service, and capital projects are represented by the various stacked bars. Revenue adjustments are required to generate additional revenue to recover O&M expenses and debt service payments over the study period while maintaining minimum debt coverage and reserve targets.

Figure 1-2: Proposed vs. Status Quo Water Financial Plan

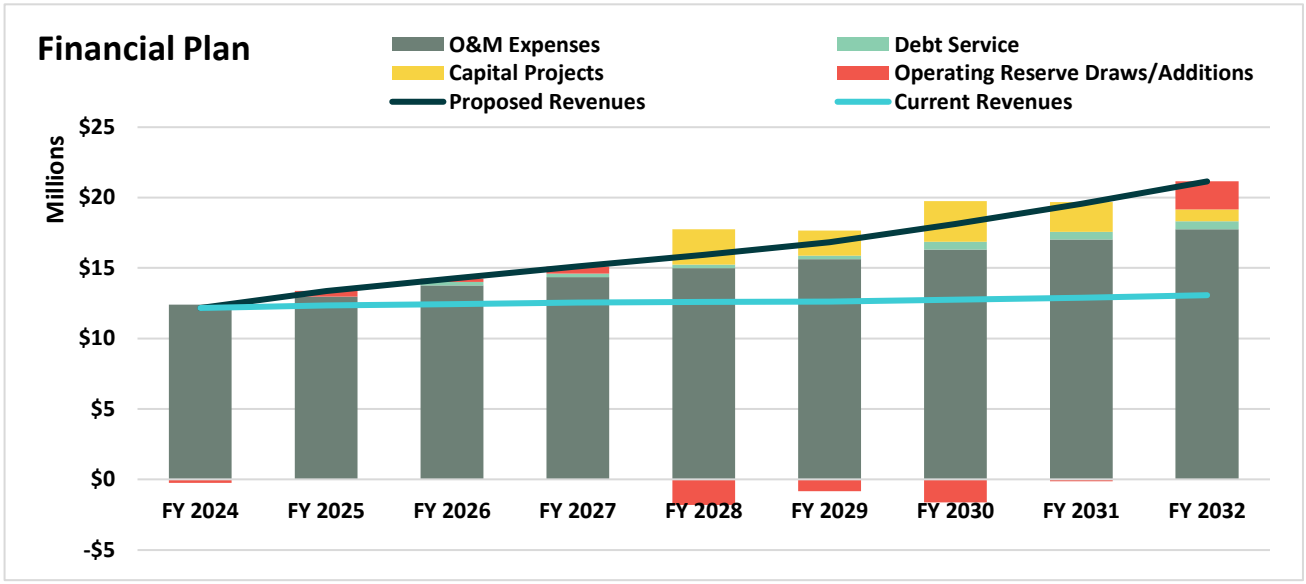


Figure 1-3 shows the Water Enterprise's projected fiscal year-end balance under the proposed financial plan. As a result of increasing revenues by the levels shown on Table 1-1, the water fund balance is slowly drawn down to target minimums by FY 2029, the end of the rate-setting period.

Figure 1-3: Proposed Water Financial Plan – Projected Ending Balance

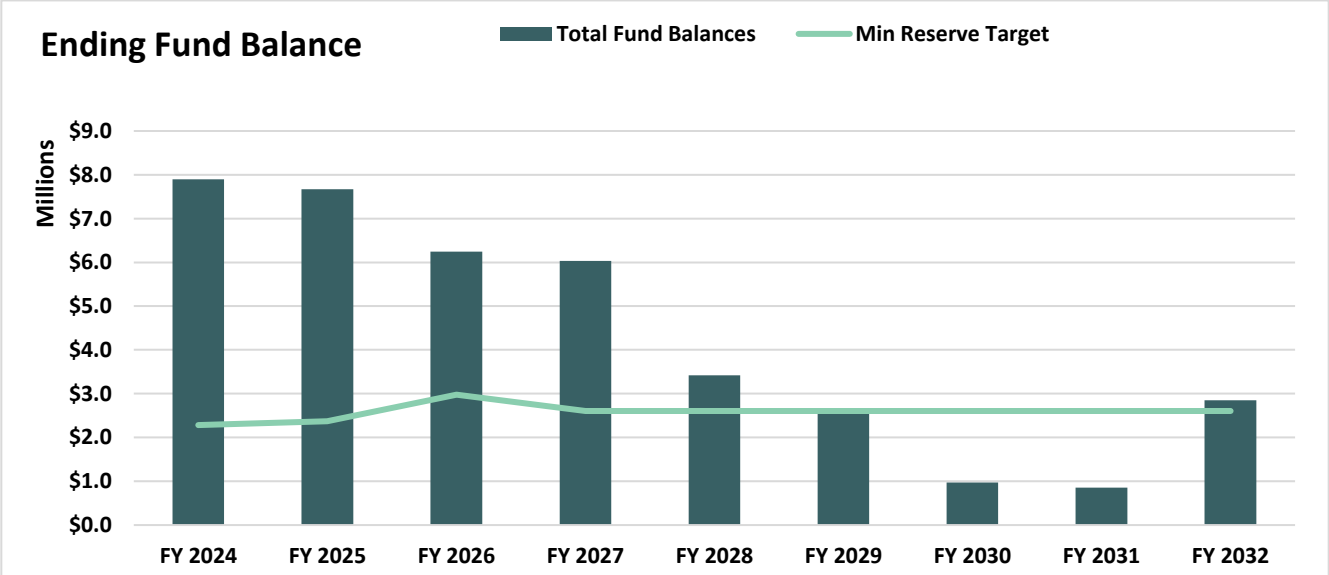
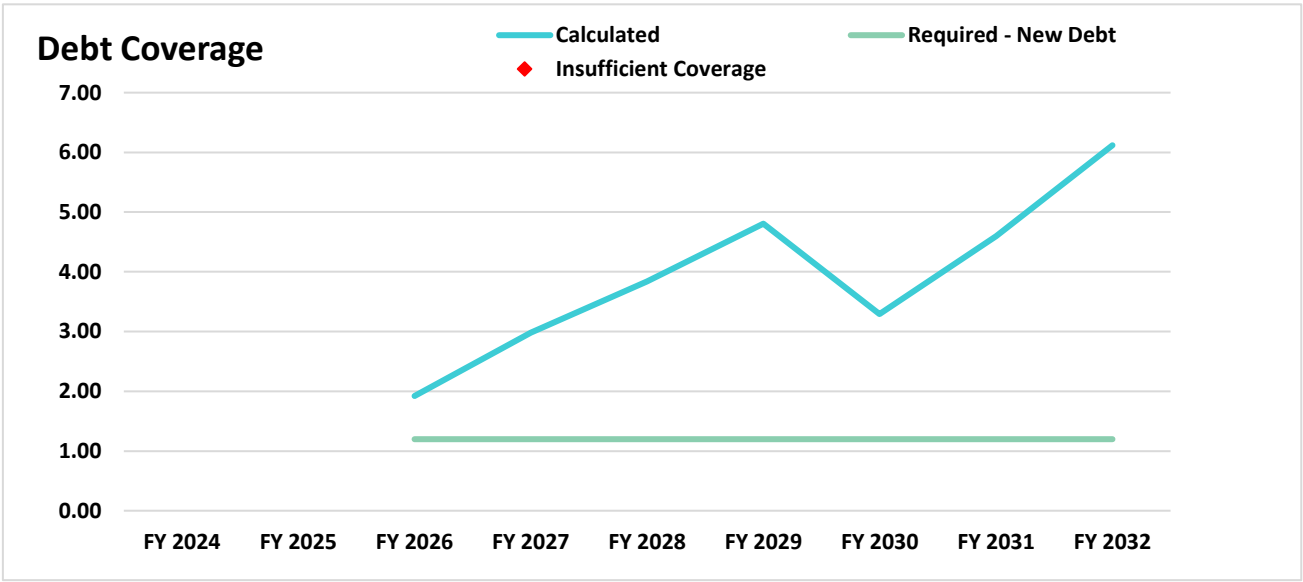


Figure 1 4 displays the debt service coverage for the new bond/loan. Debt coverage is expected to decline in FY 2030 due to a second debt issuance to finance the ASR Pilot project. This demonstrates the need for revenue adjustments early in the study period to ensure sufficient debt capacity with which to finance planned capital. Failure to meet debt service coverage results in a technical default, which without foreseeable remedial action such as implementing rate increases, could result in a downgrade of credit rating, higher costs in future debt issuances, or a denial of credit. The proposed revenue adjustments are sufficient to satisfy debt coverage requirements.

Figure 1-4: Proposed Water Financial Plan – Projected Debt Coverage



1.4. Proposed Water Rates

The District's water rates and charges comprise a fixed monthly charge and a volumetric charge. Private fire protection is charged monthly based on fire connection size. The District's current single-family residential

rate design is a three-tiered inclining water rate structure. Non-single family residential and construction water each have a uniform rate. The District also has two different commodity charges: one for customers inside San Benito County Water District (SBCWD) Zone 3 and one for those outside SBCWD Zone 3. All customers are currently inside Improvement District No. 1.

The proposed rates maintain the fixed and volume charge structure but remove the outside SBCWD Zone 3 volumetric rate. All customers are subject to the same fixed charges based on meter size and the same volume charges depending on class. Table 1-2, Table 1-3, and Table 1-4 show the proposed 5-year schedule of water rates. FY 2025 reflects the cost-of-service analysis. Rates for FY 2026 and beyond equal the prior year rates multiplied by the revenue adjustment. Rates are rounded up to the nearest penny to ensure revenue sufficiency.

Table 1-2: Proposed 5-Year Monthly Water Service Charge Schedule

Monthly Service Charge	Current FY 2024	Proposed FY 2025	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029
5/8"	$32.54	$36.21	$41.65	$44.99	$48.59	$52.48
3/4"	$32.54	$36.21	$41.65	$44.99	$48.59	$52.48
1"	$32.54	$36.21	$41.65	$44.99	$48.59	$52.48
1 1/2"	$53.22	$65.91	$75.80	$81.87	$88.42	$95.50
2"	$78.02	$101.55	$116.79	$126.14	$136.24	$147.14
3"	$156.60	$214.43	$246.60	$266.33	$287.64	$310.66
4"	$272.39	$380.77	$437.89	$472.93	$510.77	$551.64
6"	$549.45	$778.80	$895.62	$967.27	$1,044.66	$1,128.24
8"	$1,004.35	$1,669.92	$1,920.41	$2,074.05	$2,239.98	$2,419.18

Table 1-3: Proposed 5-Year Monthly Private Fireline Charge Schedule

Private Fireline Charges	Current FY 2024	Proposed FY 2025	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029
1"	$8.73	$8.27	$9.52	$10.29	$11.12	$12.01
1 1/2"	--	$11.62	$13.37	$14.44	$15.60	$16.85
2"	$18.09	$17.42	$20.04	$21.65	$23.39	$25.27
3"	--	$38.21	$43.95	$47.47	$51.27	$55.38
4"	$87.33	$74.07	$85.19	$92.01	$99.38	$107.34
6"	$130.98	$202.77	$233.19	$251.85	$272.00	$293.76
8"	$180.90	$424.76	$488.48	$527.56	$569.77	$615.36

Table 1-4: Proposed 5-year Volume Charge Schedule, $/hcf

Volume Charges	Current FY 2024	Proposed FY 2025	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029
SFR						
Tier 1: First 1,000 cu ft	$3.17	$3.77	$4.34	$4.69	$5.07	$5.48
Tier 2: 1,100 - 2,000 cu ft	$4.70	$5.78	$6.65	$7.19	$7.77	$8.40
Tier 3: Over 2,100 cu ft	$6.97	$6.99	$8.04	$8.69	$9.39	$10.15
Non-SFR	$4.22	$5.09	$5.86	$6.33	$6.84	$7.39

1.5. Wastewater Summary

Raftelis conducted a status quo cash flow analysis to evaluate whether existing wastewater rates adequately fund the Wastewater Enterprise's various expenses over a nine-year planning period. Annual projections of revenues, O&M expenses, debt service payments, and capital expenditures through FY 2032 were developed with District staff. While an immediate revenue adjustment is not needed, Raftelis recommends starting smaller revenue adjustments in FY 2028 to help mitigate possible larger revenue adjustments due solely to delaying adjustments. Table 1-5 shows the proposed revenue adjustments for the rate-setting period.

Table 1-5: Proposed Wastewater Revenue Adjustments

Effective Date	Revenue Adjustment
1-Aug-24	0.0%
1-Jul-25	0.0%
1-Jul-26	0.0%
1-Jul-27	3.0%
1-Jul-28	3.0%

Key factors influencing the need for proposed revenue adjustments include:

- Cost inflation: Operating costs continue to increase year over year due to inflationary pressures. The San Francisco-Oakland-Hayward Consumer Price Index has increased almost 19 percent since the District last increased rates.
- Planned capital expenditures: capital improvement plan project expenditures through FY 2032
- Draw down of reserves without any revenue adjustments

Figure 1-5 shows the proposed capital improvement plan over the study period. Capital projects are assumed to be funded by cash.

Figure 1-5: Wastewater Capital Improvement Plan

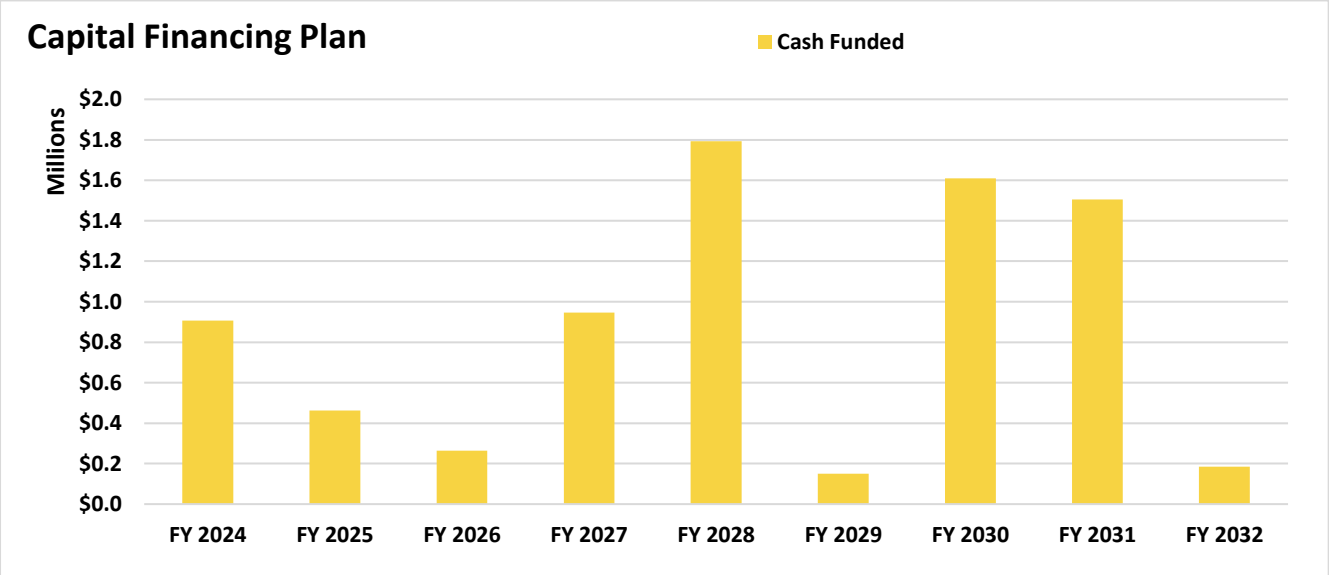


Figure 1-2 shows the proposed versus status quo Wastewater Enterprise operating financial plan. Revenues under the proposed financial plan and status quo financial plan are represented by the black and light blue solid lines, respectively. Revenue requirements including O&M expenses, debt service, and capital projects are represented by the various stacked bars. Revenue adjustments are recommended to generate additional revenue to recover O&M expenses and debt service payments over the study period while maintaining minimum debt coverage and reserve targets.

Figure 1-6: Proposed vs. Status Quo Wastewater Financial Plan

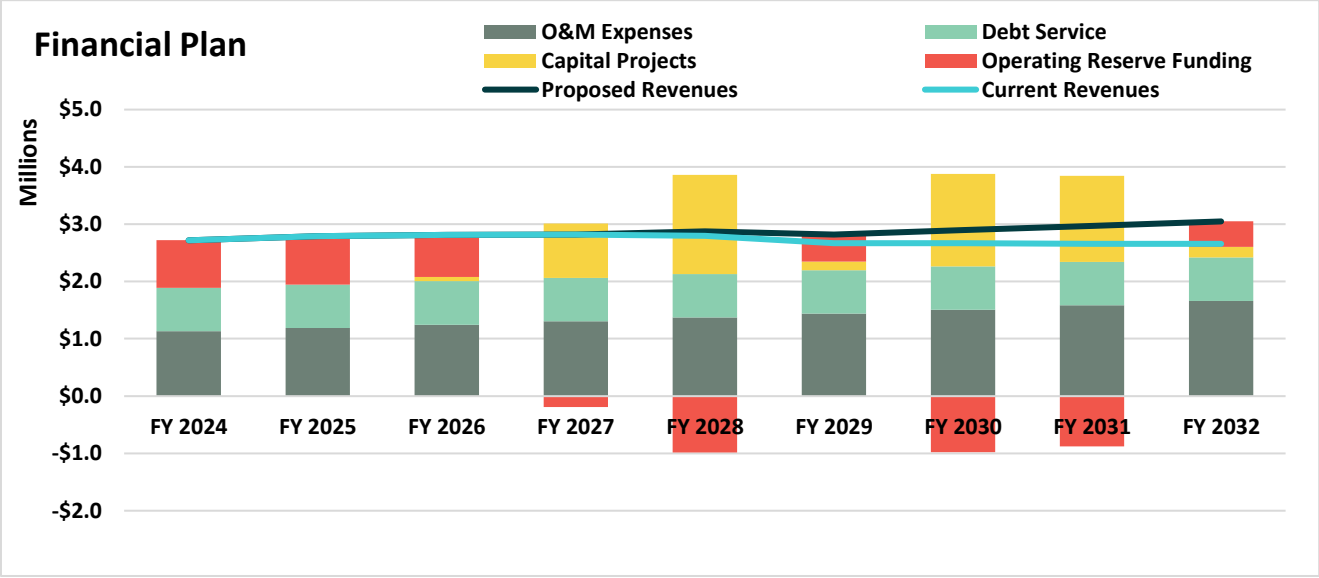


Figure 1-7 shows the Wastewater Enterprise's projected fiscal year-ending balance under the proposed financial plan. As a result of increasing revenues to the level shown on Table 1-5, the wastewater fund balance is expected to stay above the minimum level.

Figure 1-7: Proposed Wastewater Financial Plan – Projected Ending Balance

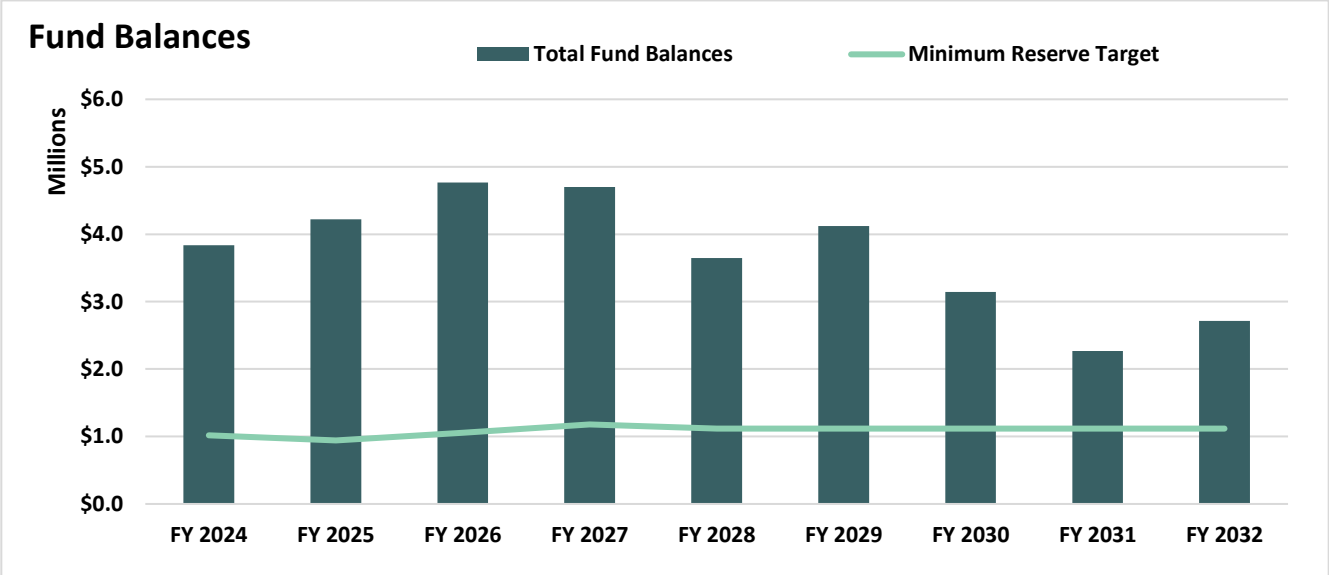
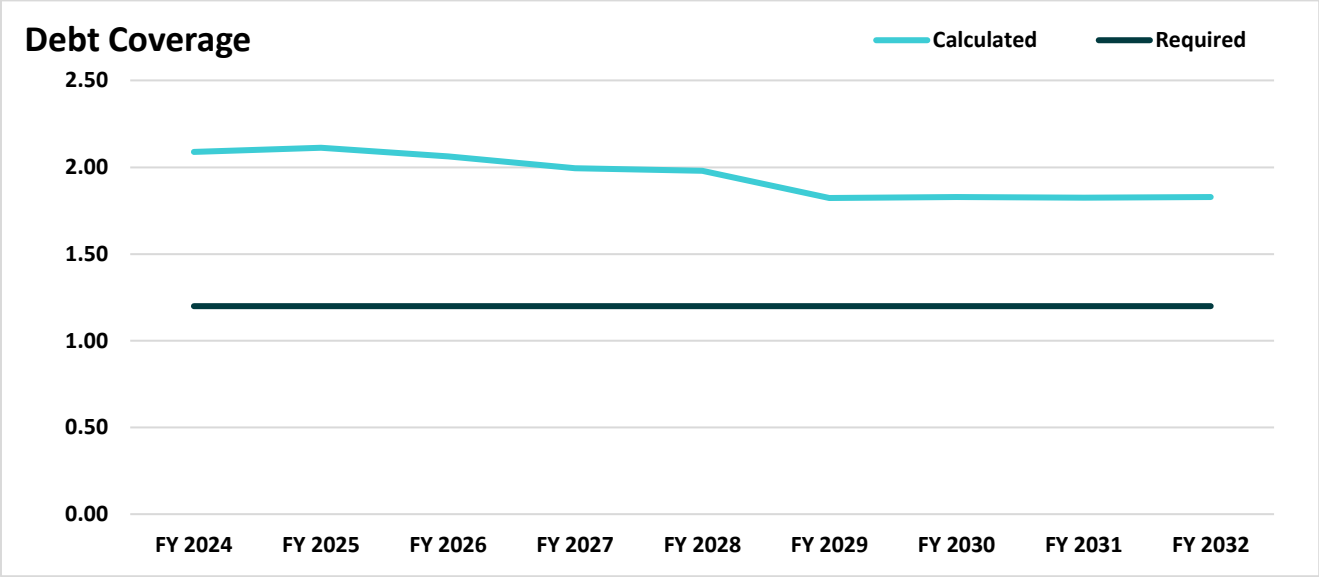


Figure 1-8 displays the debt service coverage ratio for the existing loan. The proposed revenue adjustments are sufficient to satisfy debt coverage requirements and are projected to level out the debt coverage in the later years. Failure to meet debt service coverage results in a technical default, which without foreseeable remedial action such as implementing rate increases, could result in a downgrade of credit rating, higher costs in future debt issuance, or a denial of credit.

Figure 1-8: Proposed WasteWater Financial Plan – Projected Debt Coverage



1.6. Proposed Wastewater Rates

The District's current wastewater rates and charges comprise a fixed monthly charge per dwelling unit (du) and a consumption rate for residential customers and a consumption-only charge for all the remaining customer types. The consumption rate for residential customers is applied to each customers' average winter

water consumption. The consumption rate for non-residential customers is applied to the billed water consumption.

Based on discussions with District staff, to meet the goal of simplifying the wastewater billing, the residential rate has been updated to be a flat monthly fee. Non-residential customs will continue to be billed on water consumption subject to a minimum charge equal to one multifamily unit. Table 1-6 presents the current and proposed rates.

Table 1-6: Proposed 5-Year Wastewater Service Charge Schedule

Customer Class	Current	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Effective Date		8/1/2024	7/1/2025	7/1/2026	7/1/2027	7/1/2028
Monthly Fixed, $/mo/du						
Single Family	$95.93/mo/du + $5.64/hcf	$137.25	$137.25	$137.25	$141.37	$145.62
Multifamily	$72.98/mo/du + $5.64/hcf	$89.58	$89.58	$89.58	$92.27	$95.04
Volume Charge (1)						
Cottages, Motels, Trailer Parks, Laundries, etc.	$9.20/hcf	$18.11/hcf	$18.11/hcf	$18.11/hcf	$18.66/hcf	$19.22/hcf
Commercial and Industrial	$12.14/hcf	$23.77/hcf	$23.77/hcf	$23.77/hcf	$24.49/hcf	$25.23/hcf
Minimum Charge	--	$89.58	$89.58	$89.58	$92.27	$95.04

(1) Proposed rates include a minimum charge.

2. Rate Setting Methodology

This study was conducted using industry-standard principles outlined by the American Water Works Association (AWWA) Manual M1 and Water Environment Federation (WEF) Manual of Practice No. 27. The process and approach Raftelis utilized in the study to determine water and wastewater rates is informed by the District's policy objectives, the current water and wastewater systems and rates, and the legal requirements in California (namely, Proposition 218). The resulting financial plans, cost-of-service analyses, and rate design process follows five key steps, outlined below, to determine proposed rates that fulfill the District's objectives, meet industry standards, and align with relevant regulations.

- **Financial Plan - Projections:** The first step is to develop a multi-year financial plan that projects the District's revenues, expenses, capital project financing, annual debt service, and reserve funding. The financial plan is used to determine the revenue adjustment, which allows the City to recover adequate revenues to fund expenses and reserves.
- **Financial Plan - Revenue Requirement Determination:** After completing the financial plan, the rate-making process begins by determining the revenue requirement for the test year, also known as the rate-setting year. The test year for this study is FY 2025. The revenue requirement should sufficiently fund the District's operating costs, annual debt service (including coverage requirements), capital expenditures, and reserve funding as projected based on the annual budget estimates.
- **Cost-of Service-Analysis:** The annual cost of providing water/wastewater service, or the revenue requirement, is then distributed to customer classes commensurate with their use of and burden on the water/wastewater system. A cost-of-service analysis involves the following steps:
    - **Functionalize costs** – the different components of the revenue requirement are categorized into functions such as supply, transmission/collection, storage, customer service, etc.
    - **Allocate to cost causation components** – the functionalized costs are then allocated to cost causation components such as supply, base delivery, peaking, etc. for water and collection, customer service, etc. for wastewater.
    - **Develop unit costs** – unit costs for each cost causation component are determined using units of service, such as total use, peaking units, equivalent meters, number of customers, etc., for each component.
    - **Distribute cost components** – the cost components are allocated to each customer class using the unit costs in proportion to their units of service (demand and burden on the system).

  A water cost-of-service analysis considers both the average water demand and peak demand using best available data in the rate design process. Peaking costs are incurred during periods of peak consumption, most often coinciding with summer water use. There are additional capacity-related costs associated with designing, constructing, operating, maintaining, and replacing facilities to meet peak demand. Peaking imposes additional costs on a water utility and are used to determine the cost burden of peaking-related facilities.

- **Rate Design:** After allocating the revenue requirement to each customer class, the project team designs and calculates rates. Rates do more than simply recover costs; within the legal framework and industry standards, properly designed rates should support and optimize the District's policy objectives. Rates also act as a public information tool in communicating these policy objectives to customers. This process also includes a rate impact analysis and sample customer bill impacts.

- **Report Preparation and Rate Adoption:** The final step in a rate study is to develop the report in conjunction with the rate adoption process. The report documents the study results and presents the methodologies, rationale, justifications, and calculations used to determine the proposed rates.

Values shown in report tables and figures are rounded to the digit shown. Therefore, any manual reproduction of the calculations shown may not match the precise results displayed in the report.

3. Water Financial Plan

3.1. Water Assumptions

The study period for the rate study is from Fiscal Year (FY) 2024 to 2032. The rate setting period is FY 2025 – FY 2029. The District's fiscal year starts July 1 of each year. Various types of assumptions and inputs were incorporated into this study. These assumptions were based on discussion with and/or direction from District staff, including projected accounts and annual growth rates in accounts, inflationary assumptions, and other miscellaneous assumptions. Table 3-1 presents the inflationary assumptions. The inflation factors for FY 2030 – FY 2032 are the same as shown for FY 2029. Additionally, the District has locked in higher interest rates on reserves in the near term. Therefore the financial plan uses 4 percent per year for interest through FY 2028, then drops to a conservative 1 percent per year. Table 3-2 shows the growth rate and water demand factor assumptions that were applied to the FY 2022 billing data. Demand in FY 2023 decreased from FY 2022 and is expected to return to a level similar to FY 2022 in FY 2024 and then is held constant.

Table 3-1: Inflation Factor Assumptions

Line Item	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029+
General	3%	3%	3%	3%	3%
Salary	6%	6%	6%	6%	6%
Benefits	6%	6%	6%	6%	6%
Utilities	4%	4%	4%	4%	4%
Capital	3%	3%	3%	3%	3%
Water Purchase	7%	15%	5%	5%	5%
Raw Water Power	4%	4%	4%	4%	4%
Chemicals	4%	4%	4%	4%	4%

Table 3-2: Account Growth Rate Assumptions and Water Demand Factor

Line Item	FY 2023	FY 2024	FY 2025+
Single Family Residential	5%	5%	0%
Non-Single Family	0%	0%	0%
Fire Line	0%	0%	0%
Hydrant	0%	0%	0%
Demand	90%	102%	100%

3.2. Water Financial Plan

The District owns and operates a water utility serving approximately 7,300 customers served by five groundwater wells owned and operated by the District. In addition, the District is provided its treated water supply by the Lessalt Surface Water Treatment Plant and West Hills Water Treatment Plant. Both facilities are shared between the City of Hollister and the District.

3.2.1. Projected Revenue

The District's water rates and charges comprise a fixed monthly charge and a volumetric charge. Private fire protection is charged monthly based on fire connection size. The District's current single-family residential rate design is a three-tiered inclining water rate structure. Non-single family residential customers have a uniform rate. The current rates are shown in Table 3-3. The District also has two different commodity charges one for customers inside San Benito County Water District (SBCWD) Zone 3 and those outside SBCWD Zone 3. All customers are currently inside Improvement District No. 1.

Table 3-3: Current Rates

Fixed Monthly Charges, $/mo		
Meter Size	**Water Meter**	**Private Fire Service**
5/8"	$32.54	$8.73
3/4"	$32.54	$8.73
1"	$32.54	$8.73
1 1/2"	$53.22	
2"	$78.02	$18.09
3"	$156.60	
4"	$272.39	$87.33
6"	$549.45	$130.98
8"	$1,004.35	$180.90
Consumption Charge, $/hcf		
Customer Class	**Inside District & SBCWD Zone 3**	**Inside District & Outside SBCWD Zone 3**
Single Family		
Tier 1: First 10 hcf	$3.17	$3.23
Tier 2: 11 - 20 hcf	$4.70	$4.76
Tier 3: > 20 hcf	$6.97	$7.03
Non Single-Family	$4.22	$4.28

Table 3-4 displays the projected revenues for FY 2024 – FY 2032 including the revenue from current rates and other operating and non-operating revenues. The District will receive compensation for operating the Lessalt and West Hills treatment plants from the City of Hollister; this is reflected in the "Revenues from Operating WTPs" line item on Table 3-4. The revenue numbers for the operations of the WTPs were provided by District staff.

Table 3-4: Revenues for FY 2024 – FY 2032 Under Existing Rates

Line Item	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenue from Current Rates	$7,470,647	$7,470,647	$7,470,647	$7,470,647	$7,470,647
Revenues from Operating WTPs	$4,261,000	$4,388,830	$4,520,495	$4,656,110	$4,795,793
Other Revenues	$420,796	$463,269	$365,627	$254,537	$180,820
Total Revenues	$12,152,443	$12,322,746	$12,356,769	$12,381,294	$12,447,260
Line Item	**FY 2029**	**FY 2030**	**FY 2031**	**FY 2032**	
Revenue from Current Rates	$7,470,647	$7,470,647	$7,470,647	$7,470,647	
Revenues from Operating WTPs	$4,939,667	$5,087,857	$5,240,493	$5,397,707	
Other Revenues	$180,820	$180,820	$180,820	$180,820	
Total Revenues	$12,591,133	$12,739,323	$12,891,959	$13,049,174	

3.2.2. Projected Operating and Maintenance Expenses

Table 3-5 displays total projected expenses for the study period. Expenses are projected to increase by an average of about 4 percent per year over the rate-setting period.

Table 3-5: O&M Expenses for FY 2023 – FY 2032

Line Item	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Cost of Goods(1)	$2,660,460	$2,819,233	$2,987,506	$3,165,849	$3,354,866
Raw Water-Related	$2,473,400	$2,640,106	$3,011,595	$3,159,855	$3,315,436
Operational Expenses	$7,279,837	$7,529,442	$7,787,784	$8,055,174	$8,331,936
Non-Operating Expenses	-$21,000	-$21,630	-$22,279	-$22,947	-$23,636
Total	$12,392,697	$12,967,151	$13,764,605	$14,357,931	$14,978,603

Line Item	FY 2029	FY 2030	FY 2031	FY 2032
Cost of Goods(1)	$3,555,196	$3,767,516	$3,992,546	$4,231,047
Raw Water-Related	$3,478,700	$3,650,027	$3,829,815	$4,018,484
Operational Expenses	$8,618,406	$8,914,930	$9,221,868	$9,539,594
Non-Operating Expenses	-$24,345	-$25,075	-$25,827	-$26,602
Total	$15,627,956	$16,307,397	$17,018,402	$17,762,524

(1) Includes salaries and benefits.

3.2.3. Projected Capital Improvement Program

Table 3-6 presents the District's water capital improvement program. The program averages $2.6 million per year over the study period, which includes an expansion of the West Hills water treatment plant in FY 2026. The West Hills expansion project and the ASR Pilot project are presumed to be debt financed. Two well projects are presumed to be 50 percent grant financed. Appendix A shows a listing of the currently planned water projects.

Table 3-6: Capital Expenses for FY 2023 – FY 2032

Line Item	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Water Supply & Treatment	$0	$0	$3,384,675	$191,008	$151,938
Water Distribution	$499,500	$228,375	$1,460,813	$468,838	$2,443,168
Water Irrigation System	$360,000	$787,500	$981,225	$0	$607,753
Admin Capital - Water Portion	$63,700	$6,825	$17,916	$43,642	$126,413
Total	$923,200	$1,022,700	$5,844,628	$703,489	$3,329,272

Line Item	FY 2029	FY 2030	FY 2031	FY 2032
Water Supply & Treatment	$1,276,282	$5,561,397	$1,407,100	$73,873
Water Distribution	$382,884	$1,521,009	$703,550	$762,367
Water Irrigation System	$0	$0	$0	$0
Admin Capital - Water Portion	$124,437	$52,264	$0	$0
Total	$1,783,603	$7,134,669	$2,110,651	$836,240

3.2.4. Existing and Proposed Debt

The District currently has three debt tranches with SBCWD for the Lessalt and West Hills water treatment plants. Table 3-7 shows the District's existing debt service. Capacity fee revenue has been set aside to pay this debt service; therefore, it will not impact the financial plan.

Table 3-7: Existing Debt Service

Line Item	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Tranche 1	$395,215	$395,215	$395,215	$395,215	$395,215
Tranche 2	$618,100	$618,100	$618,100	$618,100	$618,100
Tranche 3	$171,357	$171,357	$171,357	$171,357	$171,357
Total	$1,184,672	$1,184,672	$1,184,672	$1,184,672	$1,184,672

Line Item	FY 2029	FY 2030	FY 2031	FY 2032
Tranche 1	$395,215	$395,215	$395,215	$395,215
Tranche 2	$618,100	$618,100	$618,100	$618,100
Tranche 3	$171,357	$171,357	$128,518	$0
Total	$1,184,672	$1,184,672	$1,141,832	$1,013,315

To minimize revenue adjustments, the financial plan proposes two loan issues. The first is $3.5 million for the West Hills treatment plant expansion in FY 2026. The second is $4.25 million in FY 2030 for the ASR Pilot project. The loan terms are presumed to be 3.5 percent over 20 years with a 1.5 percent cost of issuance. As the timing and cost of the expansion and pilot projects become more certain, the District should work with its financial advisor to determine the size, timing, and terms of any bond issue or loan. Table 3-8 shows the presumed annual debt service.

Table 3-8: Proposed Debt Service

Line Item	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
West Hills			$250,014	$250,014	$250,014
ASR Pilot Project					
Total	$0	$0	$250,014	$250,014	$250,014

Line Item	FY 2029	FY 2030	FY 2031	FY 2032
West Hills	$250,014	$250,014	$250,014	$250,014
ASR Pilot Project		$303,588	$303,588	$303,588
Total	$250,014	$553,602	$553,602	$553,602

3.2.5. Reserve Targets

The District has several reserve funds, which are shown in Table 3-9 along with the minimum combined target level. This list does not include restricted debt service reserves, capacity fund reserves, and CalPERS reserves. The operating-related (i.e., not capital improvement) minimum targets are presumed to be split 65 percent to the water enterprise and 35 percent to the wastewater enterprise based on input from District staff.

Table 3-9: Reserve Funds and Combined Minimum Targets

Fund	Target
Capital Improvement (1)	50% of the 5-year average CIP
Rate Stabilization	Target minimum balance $125,000 per June 2023 Board meeting
Drought Contingency	Intitally funded at 10% of budgeted revenue, presuming target minimum balance of $250,000 per June 2023 Board meeting
Emergency	$500,000 per June 2023 Board meeting
Vehicle	Depreciation plus Board authorized additions. Presume balance (~$394,000) is current minimum.
Office & Misc. Equip	Depreciation plus Board authorized additions. Presume balance (~$421,000) is current minimum.

(1) Based on discussions with District staff. Board policy minimum is currently 2 years of CIP.

3.2.6. Status Quo Operating Financial Plan

Figure 3-1 shows the water operating financial plan without any revenue adjustments (status quo). The different colored stacked columns represent the District's operating and non-operating expenses. The light blue line represents revenues at current rates. Since no revenue adjustments are shown in the status quo scenario, the proposed revenues are the same as the current revenues. The red column displays the revenues that are withdrawn from the fund balance. Without any revenue adjustments, the District will need to draw from available reserves each year.

Figure 3-1: Water Operating Financial Plan - Status Quo

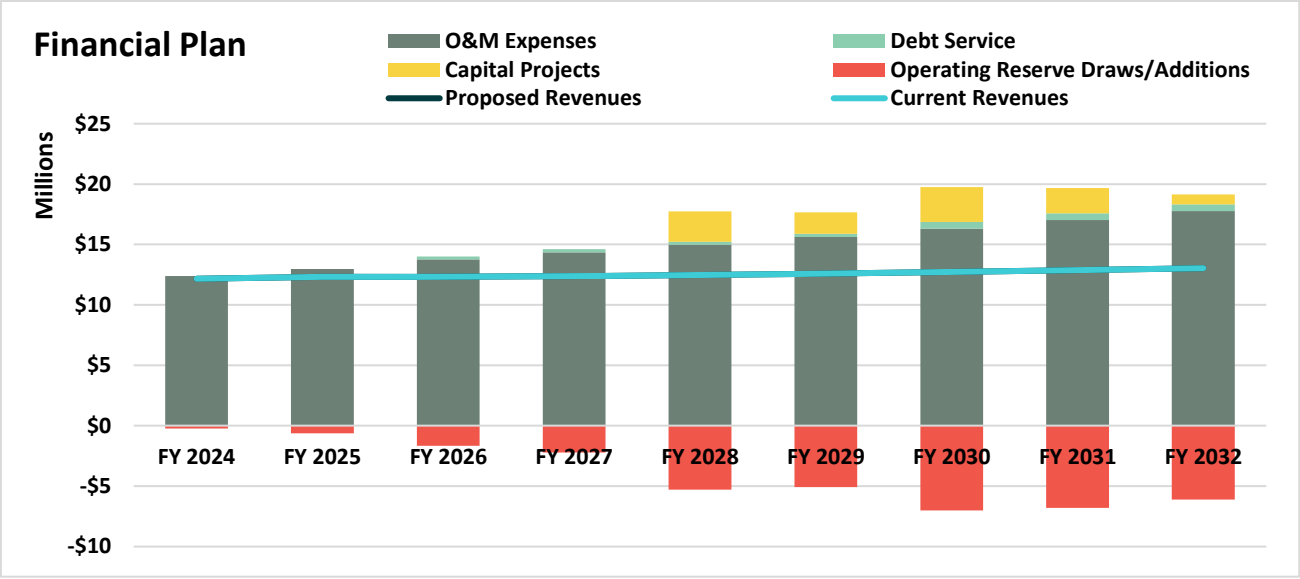
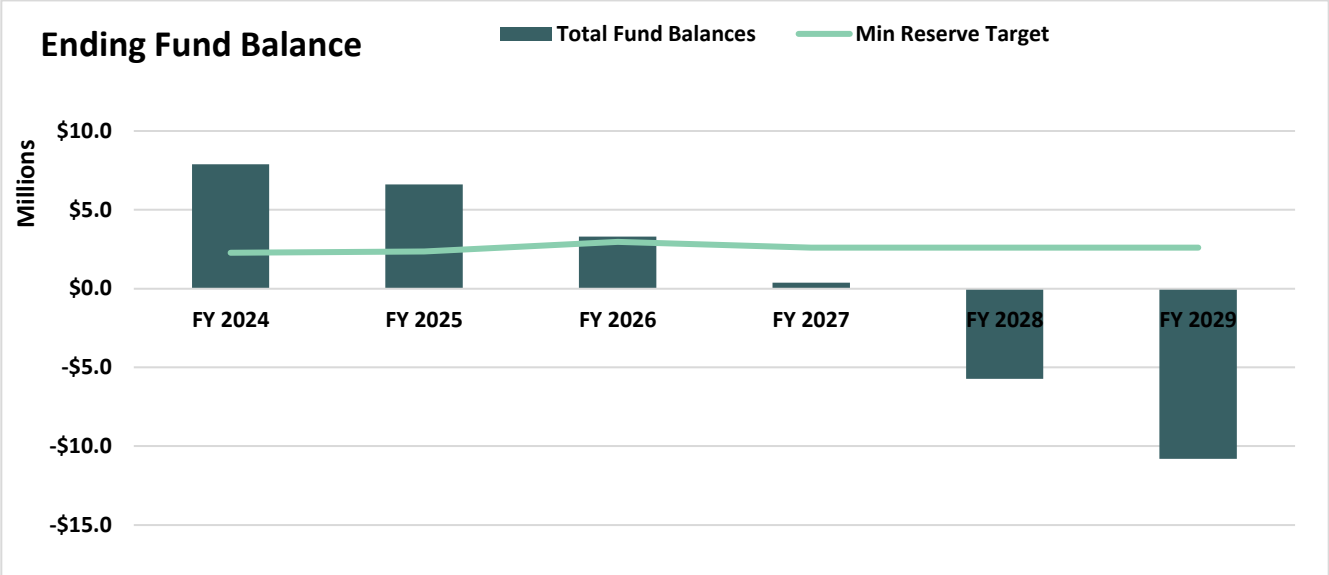


Figure 3-2 displays the amount of cash that the District has available for the water enterprise. The columns show the projected ending balance of the operating and capital reserves. The green line represents the minimum target operating reserves. By the end of FY 2027, the water fund is projected to be below the minimum target.

Figure 3-2: Status Quo Water Fund – Ending Balance



To ensure that the Water Enterprise will have adequate revenues to fund operating expenses, capital expenditures, and meet minimum reserve targets, Raftelis recommends the following water revenue adjustments (Table 3-10). The adjustments for FY 2030 – FY 2032 are for planning purposes only. To keep revenue adjustments at this level, two bond issues are planned. As the timing and cost of the projects are more certain, the District should work with its financial advisor to determine the size, timing, and terms of any bond issue or loan. A detailed discussion of the water financial plan can be seen in the following subsection.

Table 3-10: Proposed Water Revenue Adjustments

Effective Date	Revenue Adjustment
1-Aug-24	15.0%
1-Jul-25	8.0%
1-Jul-26	8.0%
1-Jul-27	8.0%
1-Jul-28	8.0%
1-Jul-29	*10.0%*
1-Jul-30	*10.0%*
1-Jul-31	*10.0%*

3.2.7. Proposed Financial Plan

As mentioned in the previous sections, proposed expenses outpace revenues. To bridge the gap, revenue adjustments as shown in Table 3-10 will be necessary for the District to remain financially solvent. The next four figures graphically display the effects of the proposed revenue adjustments on the District's financial position.

Figure 3-3~~Figure 3-3~~ displays the debt service coverage for the new bond/loans. The proposed revenue adjustments are sufficient to satisfy debt coverage requirements.

Figure 3-3: Proposed Debt Coverage

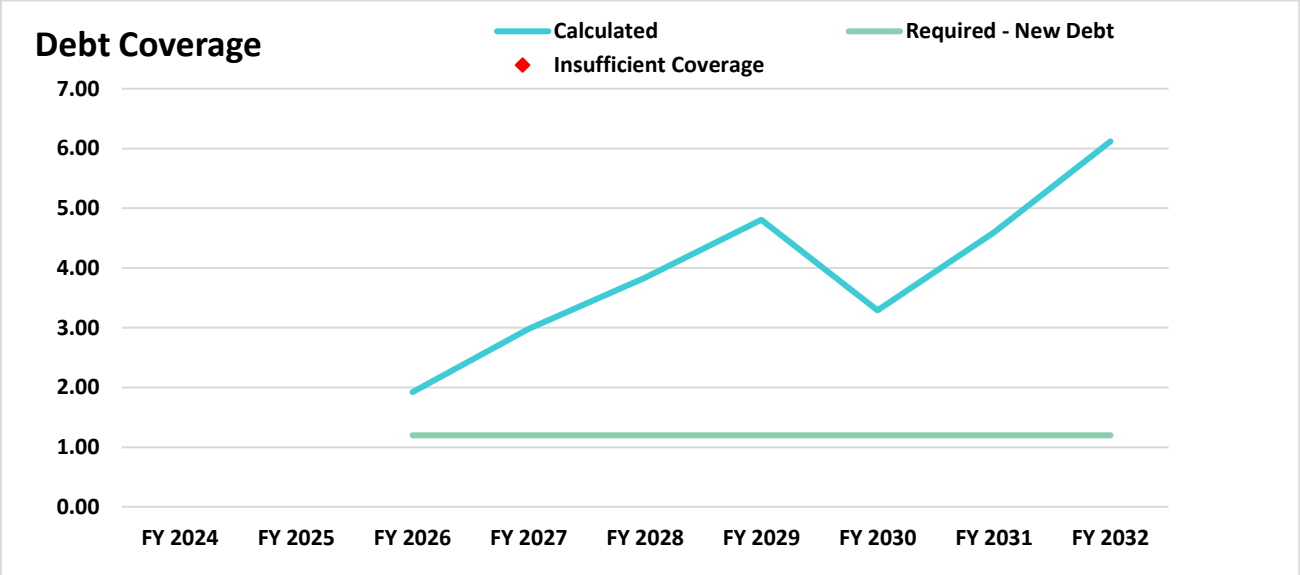


Figure 3-4~~Figure 3-4~~ displays the proposed operating financial plan. The black line displays the proposed revenues, and the blue line shows projected revenues under existing rates. The red bars show when funds are added to the ending balance (above the $0 line) or drawn down (below the $0 line).

Figure 3-4: Proposed Operating Financial Plan

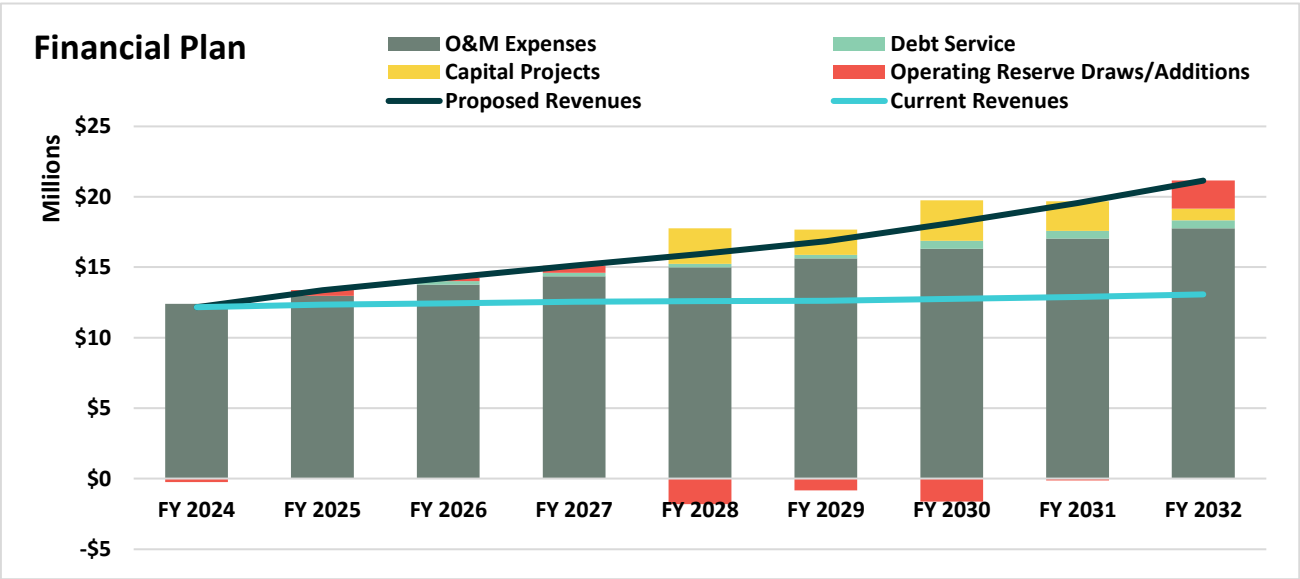


Figure 3-5~~Figure 3-5~~ displays the capital improvement plan through the study period as well as the sources of funding. The yellow bars display the amount of capital the District will expend per year that is cash funded. The teal bars display the amount of capital that will be debt funded. The bright blue bars show the projected grant funding.

Figure 3-5: Proposed Capital Expenditures

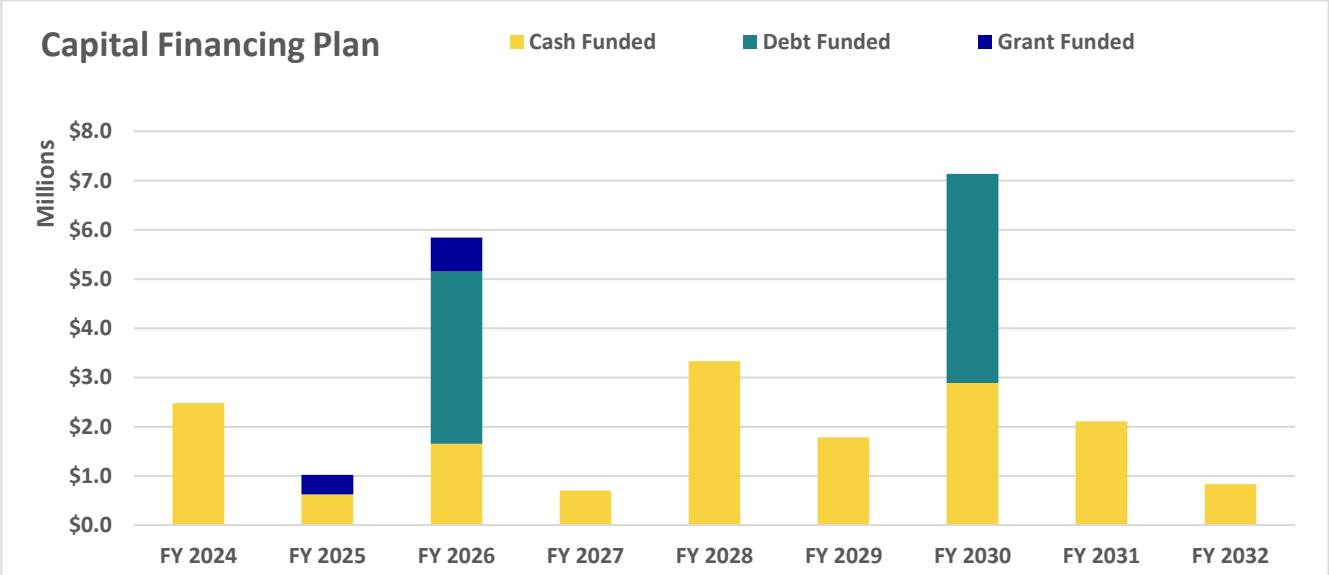


Figure 3-6~~Figure 3-6~~ displays the projected water fund balance (operating and capital combined). As a result of increasing revenues to the level shown on Figure 3-4~~Figure 3-4~~, the water fund balance is drawn down to near minimum levels by FY 2029, the end of the rate-setting period.

Figure 3-6: Proposed Water Fund Balance

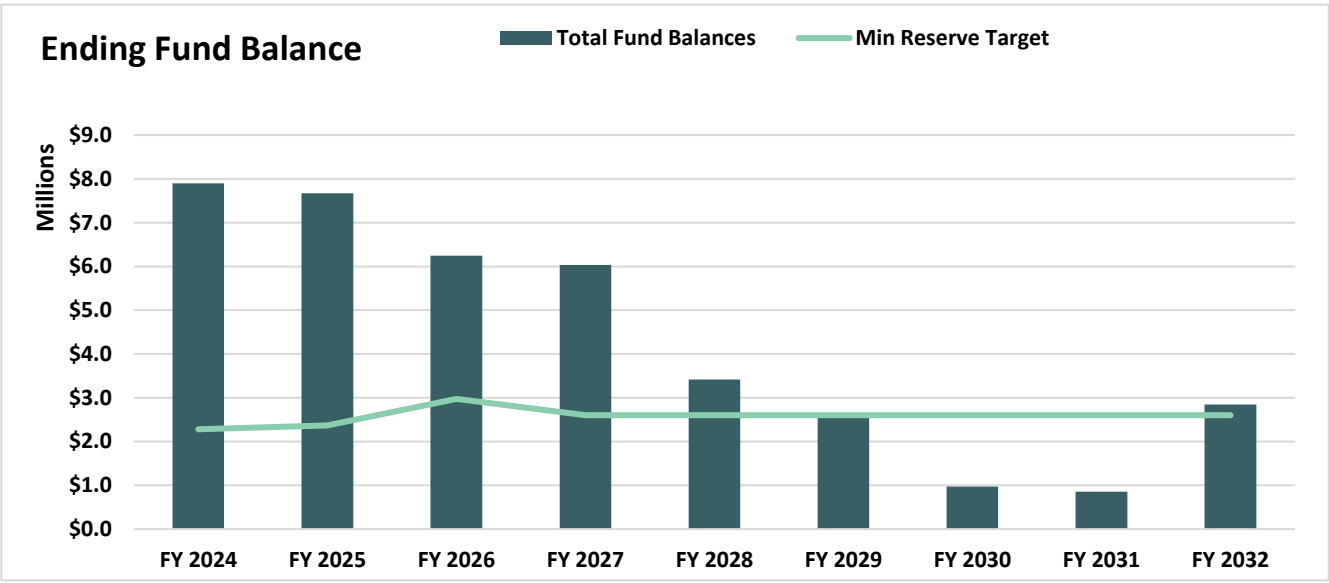


Table 3-11~~Table 3-11~~ displays the proposed financial plan scenario cashflow. The Net Revenues line shows that the projected revenue, including the proposed revenue adjustments, is more than sufficient to cover annual operating expenses after FY 2024. The Annual Surplus (Deficit) line shows the draws on or additions to the operating fund after debt service and capital expenditures.

Table 3-11: Proposed Operating Fund Cashflow

Line Item	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Beginning Operating Balance	$2,828,925	$2,588,670	$2,992,443	$3,222,167	$3,717,567	$1,909,395	$1,077,679	-$538,859	-$657,368
Revenues									
Under Existing Rates	$7,470,647	$7,470,647	$7,470,647	$7,470,647	$7,470,647	$7,470,647	$7,470,647	$7,470,647	$7,470,647
Proposed Revenue Adjustments	$0	$1,027,214	$1,807,896	$2,550,180	$3,351,846	$4,217,645	$5,386,475	$6,672,187	$8,086,470
WTP O&M Revenue	$4,261,000	$4,388,830	$4,520,495	$4,656,110	$4,795,793	$4,939,667	$5,087,857	$5,240,493	$5,397,707
Other Revenues	$180,820	$180,820	$180,820	$180,820	$180,820	$180,820	$180,820	$180,820	$180,820
Interest Income	$239,976	$303,412	$264,486	$245,589	$138,678	$21,079	$3,332	$0	$14,295
Total Revenue	$12,152,443	$13,370,923	$14,244,344	$15,103,345	$15,937,784	$16,829,858	$18,129,131	$19,564,146	$21,149,939
Operating Expenses									
Cost of Goods	$2,660,460	$2,819,233	$2,987,506	$3,165,849	$3,354,866	$3,555,196	$3,767,516	$3,992,546	$4,231,047
Raw Water-Related	$2,473,400	$2,640,106	$3,011,595	$3,159,855	$3,315,436	$3,478,700	$3,650,027	$3,829,815	$4,018,484
Operational Expenses	$7,279,837	$7,529,442	$7,787,784	$8,055,174	$8,331,936	$8,618,406	$8,914,930	$9,221,868	$9,539,594
Non-Operating Expenses	-$21,000	-$21,630	-$22,279	-$22,947	-$23,636	-$24,345	-$25,075	-$25,827	-$26,602
Total Operating	$12,392,697	$12,967,151	$13,764,605	$14,357,931	$14,978,603	$15,627,956	$16,307,397	$17,018,402	$17,762,524
Net Revenues	-$240,254	$403,772	$479,739	$745,414	$959,181	$1,201,902	$1,821,734	$2,545,744	$3,387,415
Debt Service									
Existing (Covered by Capacity Fees)	$0	$0	$0	$0	$0	$0	$0	$0	$0
Proposed	$0	$0	$250,014	$250,014	$250,014	$250,014	$553,602	$553,602	$553,602
Total Debt Service	$0	$0	$250,014	$250,014	$250,014	$250,014	$553,602	$553,602	$553,602
Rate Funded CIP	$0	$0	$0	$0	$2,517,339	$1,783,603	$2,884,669	$2,110,651	$836,240
Annual Surplus (Deficit)	-$240,254	$403,772	$229,725	$495,400	-$1,808,172	-$831,716	-$1,616,538	-$118,509	$1,997,573
Ending Operating Balance	$2,588,670	$2,992,443	$3,222,167	$3,717,567	$1,909,395	$1,077,679	-$538,859	-$657,368	$1,340,205
Minimum Operating Reserve Target	*$2,280,826*	*$2,366,867*	*$2,978,064*	*$2,604,666*	*$2,604,666*	*$2,604,666*	*$2,604,666*	*$2,604,666*	*$2,604,666*
Debt Coverage			1.92	2.98	3.84	4.81	3.29	4.60	6.12

Table 3-12 shows the proposed sources and uses of capital funds, which include a proposed bond/loan in FY 2026 to help fund the West Hills project and another in FY 2030 to help fund the ASR Pilot Project.

Table 3-12: Proposed Capital Sources & Uses of Funds

Line Item	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Beginning Capital Balance	$3,752,206	$5,306,106	$4,677,156	$3,021,590	$2,318,101	$1,506,168	$1,506,168	$1,506,168	$1,506,168
Sources of Funds									
Rate Funded	$0	$0	$0	$0	$2,517,339	$1,783,603	$2,884,669	$2,110,651	$836,240
Grant Funded	$0	$393,750	$689,063	$0	$0	$0	$0	$0	$0
Capacity Fees	$2,477,100	$0	$0	$0	$0	$0	$0	$0	$0
Debt Funded	$0	$0	$3,500,000	$0	$0	$0	$4,250,000	$0	$0
Total Sources	$2,477,100	$393,750	$4,189,063	$0	$2,517,339	$1,783,603	$7,134,669	$2,110,651	$836,240
Uses of Funds									
Capital	$923,200	$1,022,700	$5,844,628	$703,489	$3,329,272	$1,783,603	$7,134,669	$2,110,651	$836,240
Total Uses	$923,200	$1,022,700	$5,844,628	$703,489	$3,329,272	$1,783,603	$7,134,669	$2,110,651	$836,240
Ending Capital Balance	$5,306,106	$4,677,156	$3,021,590	$2,318,101	$1,506,168	$1,506,168	$1,506,168	$1,506,168	$1,506,168
Minimum Capital Reserve Target	*$1,182,329*	*$1,268,369*	*$1,879,566*	*$1,506,168*	*$1,506,168*	*$1,506,168*	*$1,506,168*	*$1,506,168*	*$1,506,168*

4. Water Cost-of-Service and Rate Design

A cost-of-service analysis distributes a utility's revenue requirement (costs) to each customer class. This section explains the details of the cost-of-service analysis conducted for the District for providing water services to customers.

After determining a utility's revenue requirement, the next step in a cost-of-service analysis is to functionalize its O&M costs to the following functions:

- Supply – cost of purchasing raw water and supplying groundwater
- Treatment – cost of treating water
- Transmission and Distribution (T&D) – cost associated with pipes, pumps, mains, etc
- Storage – cost associated with storing treated water
- Meter service – costs associated with meter maintenance and replacement
- Billing and collection – costs associated with meter reading, billing, and customer service
- Fire protection – costs associated with public fire hydrants

The functionalization of costs allows us to better allocate the costs to the rate components: monthly service charge, monthly CIP component charge, and volumetric charge.

4.1. Revenue Requirement Determination

Table 4-1 shows the net revenue requirement from rates for FY 2025, the test year. The total revenue requirement shown in Line 3 is equal to operating expenses (Table 3-5) and Capital-related expenses (Table 3-12). Other operating revenues, totaled in Line 8, comprise WTP O&M Revenue, miscellaneous revenues, and interest income (Table 3-4) and reduce the total revenue required from rates. The adjustment for operating cash (Line 9) is added to account for the addition to reserves. Line 10 shows the adjustment in the capital fund to cover capital-related costs. The mid-year increase (Line 11) reflects that the FY 2025 revenue adjustment occurs part way through the fiscal year. The revenue required from rates (Line 13) is equal to the total revenue requirements (Line 3) plus total revenue offsets (Line 8) and total adjustments (Line 12).

Table 4-1: Net Revenue Requirements

No.	Revenue Requirement - FY 2025	Operating	Capital-Related	Total
	Revenue Requirements			
1	O&M Expenses	$12,967,151		$12,967,151
2	Capital Reserve Funded CIP		$1,022,700	$1,022,700
3	**Total - Revenue Requirements**	**$12,967,151**	**$1,022,700**	**$13,989,851**
	Revenue Offsets			
4	Other Operating Revenue	-$76,000		-$76,000
5	WTP O&M Revenue	-$4,388,830		-$4,388,830
6	Other Revenue	-$104,820		-$104,820
7	Interest Income	-$303,412		-$303,412
8	**Total - Revenue Offsets**	**-$4,873,062**	**$0**	**-$4,873,062**
	Adjustments			
9	Adjustment for Cash Balance	$403,772		$403,772
10	Adjustment for Capital Cash Balance		-$1,022,700	-$1,022,700
11	Adjustment to Annualize Rate Increase	$93,383		$93,383
12	**Total - Adjustments**	**$497,155**	**-$1,022,700**	**-$525,545**
13	**Total Costs to be Recovered from Rates**	**$8,591,244**	**$0**	**$8,591,244**

4.2. Functionalization of Net Revenue Requirement

Functionalizing expenses allows Raftelis to follow the principles of rate setting theory in which the end goal is to allocate the City's revenue requirements to cost causation components. Table 4-2 shows the resulting functionalization of the City's operating expenses (Line 3, Table 4-1). The functionalization of O&M costs is shown in Appendix B. No costs were directly associated with outside Zone 3 customers.

Table 4-2: Functionalization of O&M Requirements

Function	Amount	Percentage
Supply	$3,802,962	29%
Treatment	$6,885,592	53%
T&D	$1,309,502	10%
Storage	$0	0%
Meters	$436,501	3%
Billing	$532,595	4%
Public Fire	$0	0%
Total	$12,967,151	100%

Table 4-3 shows the functionalization basis for the Operating offsets (Lines 6-9, Table 4-1). Since WTP O&M revenue is specific to the operating and maintenance costs of the two water treatment plants, that offset is allocated like the total allocation of the water treatment plant O&M (see Appendix B).

Table 4-3: Functionalization Basis for Operating Offsets

Line Item	Basis
Other Operating Revenue	Like O&M (Table 4-2)
WTP O&M Revenue	Like WTP O&M
Other Revenue	Like O&M (Table 4-2)
Interest Income	Like O&M (Table 4-2)

4.3. Allocation of Functionalized Net Revenue Requirements to Cost Components

After functionalizing the net revenue requirements, the next step is to allocate the functionalized net revenue requirements to the following cost components.

- Base – fixed costs associated with providing service under average demand conditions
- Peaking (Max Day and Peak Hour) – costs associated with meeting demand in excess of average use
- Customer Service – the costs associated with meter reading, billing, and customer service
- Equivalent Meters – costs associated with meter maintenance and replacement and capacity
- Fire Protection – costs associated with providing and maintaining hydrants

4.3.1. Peaking Factors

Peaking costs are computed for a maximum day and peak hour. The maximum day (max day) demand is the maximum amount of water used in a single day in a year. The peak hour demand is the maximum amount of water used in a single hour on the maximum day. Different facilities, such as distribution and treatment facilities (and the O&M costs associated with those facilities), are designed to meet peak hour and max day demands, respectively. Therefore, extra capacity[1] costs include the O&M and capital costs associated with meeting peak customer demand. This method is consistent with the AWWA Manual M1 and is widely used in the water industry to perform cost-of-service analyses.

Table 4-4 shows the system-wide peaking factors used to derive the cost component allocation bases for base and peaking costs. Base costs represent average daily demand during the year, which is normalized to a factor of 1.00 (Column B, Line 1). The max day demand factor (Column B, Line 2) was provided by City staff. The peak hour demand factor (Column B, Line 3) was estimated based on the City of Hollister's peak hour factor. The allocation bases (Columns C, D, and E) are calculated using the equations outlined below the table.

Table 4-4: Water System Peaking Factors

No.	Cost Component (A)	Demand Factor (B)	Base (C)	Max Day (D)	Peak Hour (E)
1	Base	1.00	100.0%		
2	Max Day	2.00	50.0%	50.0%	
3	Peak Hour	3.50	28.6%	28.6%	42.9%

The max day allocations are calculated as follows:

- Base Delivery: B1 / B2 x 100% = C2
- Max Day: 100% - C2 = D2

[1] The terms extra capacity, peaking and capacity costs are used interchangeably.

The peak hour allocations are calculated as follows:

- Base Delivery: B1 / B3 x 100% = C3
- Max Day: (B2 – B1) / B3 x 100% = D3
- Peak Hour: 100% - C3 – D3 = E3

Table 4-5 shows the customer-specific peaking factors based on the maximum monthly usage divided by average monthly usage for each class and tier. The maximum month peaking factor is used as a proxy for the class and tier specific max day peaking factors. The peaking factors for Single Family customers are based on the tiers. All other customers have a uniform rate; and therefore, have a class-specific peaking factor.

Table 4-5: Customer-Specific Peaking Factors

Class/Tier	Peaking Factor
Single Family	1.39
Tier 1: 0 - 10 hcf	1.15
Tier 2: 11 - 20 hcf	1.76
Tier 3: > 20 hcf	2.13
Non-Single Family	1.55

4.3.2. Operating and Capital Allocation

Table 4-6 shows the system functions, the rationale for allocating each function to the various cost components, and the percentage allocation to each component. Most functions have a one-to-one relationship with a cost component. Supply costs are allocated to the base and max day cost components based on historical weighted average costs of well supply (which are allocated 50/50 base and max day) and water treatment plant supply costs (which are allocated all to base). WTP O&M is comprised of both supply and treatment costs. These costs are allocated using the supply and treatment allocations in the table below to calculate a weighted average allocation of WTP costs to base and max day.

Table 4-6: Allocation of Functions to Cost Components

Functional Allocation	Rationale	Base	Max Day	Max Hour	Meters	Fire Protection	Billing	Total
Supply	Prorated	76.5%	23.5%					100%
Treatment	Max Day	50.0%	50.0%					100%
T&D	Max Hour	28.6%	28.6%	42.9%				100%
Storage	Max Day	50.0%	50.0%					100%
Meters	Meters				80.0%		20.0%	100%
CS/Billing	Billing						100.0%	100%
Public Fire	Fire					100.0%		100%
WTP O&M	Proportional*	58.0%	42.0%					100%

*Proportional to supply and treatment

Table 4-7 shows the detailed, net operating costs by cost component (Table 4-2) allocated to the cost components using the allocations shown in Table 4-6.

Table 4-7: Allocation of Net Operation & Maintenance to Cost Components

Operating Expenses	Base	Max Day	Max Hour	Meters	Fire Protection	Billing	Total
Supply	$2,909,266	$893,696	$0	$0	$0	$0	$3,802,962
Treatment	$3,442,796	$3,442,796	$0	$0	$0	$0	$6,885,592
T&D	$374,143	$374,143	$561,215	$0	$0	$0	$1,309,502
Storage	$0	$0	$0	$0	$0	$0	$0
Meters	$0	$0	$0	$349,200	$0	$87,300	$436,501
CS/Billing	$0	$0	$0	$0	$0	$532,595	$532,595
Public Fire	$0	$0	$0	$0	$0	$0	$0
Total	$6,726,205	$4,710,635	$561,215	$349,200	$0	$619,895	$12,967,151
Allocation %	52%	36%	4%	3%	0%	5%	100%

Table 4-8 shows the allocation of operating offsets (Table 4-1) to the cost components. All lines except WTP O&M Revenue are allocated per the percentages shown at the bottom of Table 4-7. The WTP O&M Revenue offsets are allocated as identified in Table 4-6.

Table 4-8: Allocation of Operating Offsets to Cost Components

Operating Offsets	Base	Max Day	Max Hour	Meters	Billing	Total
Other Operating Revenue	-$39,422	-$27,609	-$3,289	-$2,047	-$3,633	-$76,000
WTP O&M Revenue	-$2,543,754	-$1,845,076	$0	$0	$0	-$4,388,830
Other Revenue	-$54,371	-$38,078	-$4,537	-$2,823	-$5,011	-$104,820
Interest Income	-$25,211	-$17,656	-$2,103	-$1,309	-$2,323	-$48,602
Adjustment for Cash Balance	$77,268	$54,114	$6,447	$4,011	$7,121	$148,962
Adjustment to Annualize Rate Increase	$48,439	$33,924	$4,042	$2,515	$4,464	$93,383
Total Operating Offsets	-$2,537,051	-$1,840,381	$559	$348	$618	-$4,375,907

4.4. Derivation of Units of Service

4.4.1. Equivalent Meters

Equivalent meters (EMs) are used to allocate meter-related costs. Larger meters can impose greater demands on the system and are more expensive to install, maintain, and replace than smaller meters. This study uses a hydraulic capacity (capacity) ratio to calculate equivalent meters. The capacity ratio is based on meter hydraulic capacity and is calculated to represent the potential demand on the water system compared to the base meter size. A ratio of hydraulic capacity is calculated by dividing the capacity of a meter at a given size by the base meter capacity using the maximum safe operating flow rates in gallons per minute (gpm). The base meter used in the study is the 1" meter.

Table 4-9 shows the meter capacity and capacity ratio for each meter size. The capacity in gpm is based on the safe operating flow rates provided in the AWWA Manual M1, except that 5/8" and 3/4" meters are treated like 1" meters as the District installs 1" meters as the minimum size. This is consistent with the methodology used in the last rate study. The capacity ratios (Column C) are calculated by dividing the capacity in gpm (Column B) for each meter size (Column A) by the capacity in gpm for the 1" meter (Column B, Line 3)[2].

[2] Except for meters smaller than 1", which are assigned the same capacity ratio as the 1" meter.

Meter counts (Column D) at each size are multiplied by the capacity ratio (Column C) to arrive at the total number of equivalent meters, shown in Column E.

Table 4-9: Equivalent Meters

No.	Meter Size (A)	Capacity (gpm) (B)	AWWA Ratio (C)	No. of Meters (D)	Equivalent Meters (E)
1	5/8"	20	1.00	5,579	5,579
2	3/4"	30	1.00	3	3
3	1"	50	1.00	2,235	2,235
4	1 1/2"	100	2.00	38	76
5	2"	160	3.20	47	150
6	3"	350	7.00	46	322
7	4"	630	12.60	7	88
8	6"	1,300	26.00	0	0
9	8"	2,800	56.00	0	0
10	Total			7,955	8,454

4.4.2. Allocation of Public and Private Fire Protection Costs

Water systems provide two types of fire protection: public fire protection for firefighting (i.e., fire hydrants) and private fire protection (i.e., fire lines for private structures with sprinkler systems for fire suppression and private fire hydrants). Raftelis performed a fire demand analysis to determine the share of fire protection costs allocated to public versus private fire protection.

Table 4-10 shows the calculation of equivalent fire demand associated with public hydrants and private fire lines. Each connection size has a fire flow demand factor similar to the hydraulic capacity factor of a water meter. The diameter of the connection (in inches) is raised to the 2.63 power to determine the fire demand factor (Column B).[3] Hydrants are presumed to have one 4-inch and two 2-inch openings. The equivalent demand ratio (Column C) takes the relative flow capacity factor at each fire line size (Column A) divided by the 1-inch line flow capacity (Line 1, Column B) to establish each connection on an equivalent basis. The equivalent demand ratio is multiplied by the number of hydrants (Column D) or connections (Column E) at each size and summed to calculate the equivalent number of hydrants (Column D, Line 9) and connections (Column E, Line 9). Line 11 shows the proportional share of equivalent fire connections between public (Column D) and private (Column C).

[3] Hazen-Williams equation and AWWA Manual M1

Table 4-10: Equivalent Fire Connections

No.	Fire Line Size (A)	Relative Flow Capacity Factor (B)	Equivalent Demand Ratio (C)	Public Fire Hydrants (D)	Private Fire Connections (E)
1	1"	1.00	1.00		2
2	1 1/2"	2.90	2.90		0
3	2"	6.19	6.19		1
4	3"	17.98	17.98		0
5	4"	38.32	38.32		0
6	Hydrants	50.70	50.70	965	0
7	6"	111.31	111.31		0
8	8"	237.21	237.21		1
9	Total			965	4
10	Equivalent No. of Connections			48,925	245
11	Proportional Share			99.5%	0.5%

Table 4-11 shows the max day and peak hour extra capacity requirements based on generic fire flow assumptions. The flow rate (Column A) and duration (Column B) are converted to hcf per day to determine max day and peak hour requirements[4]. The max day and peak hour requirements are allocated between public and private using the proportional share shown in Table 4-10.

Table 4-11: Fire Service Share of Peaking Requirements

Line Item	Max Fire Flow (gpm) (A)	Duration (hrs) (B)	Max Day Fire Flow (hcf/day) (C)	Peak Hour Fire Flow (hcf/day) (D)
Total	2,500	2	401	4,813
Public			399	4,789
Private			2	24

4.4.3. Unit Costs of Service

Raftelis calculated unit costs for each cost component by assessing the total water demand, peak demand, meter count, or equivalent meters. Table 4-12 shows the units of service for the water system. The Max Day Capacity Factor (Column C) matches the demand factors shown in Table 4-5, Column B. The Peak Hour Capacity Factor (Column F) is the Max Day Capacity Factor (Column C) multiplied by the ratio of system peak hour and system max day from Table 4-4. Max Day Total Capacity (Column D) is the Average Daily Use (Column B) multiplied by the Max Day Capacity Factor (Column C). Max Day Extra Capacity (Column E) is the difference between the Max Day Total Capacity (Column D) and the Average Daily Use (Column B). Peak Hour Total Capacity (Column G) is the Average Daily Use (Column B) multiplied by the Peak Hour Capacity Factor (Column F). Peak Hour Extra Capacity (Column H) is the difference between the Peak Hour Total Capacity (Column G) and the Max Day Total Capacity (Column D).

[4] For example, max day fire flow = Column A * 60 min/hr * Column B * 1hcf/748gal and the peak hour fire flow = Column A * 60 min/hr * 24hr/day * 1hcf/748gal.

Table 4-12: Units of Service

Customer Class	Annual Use (hcf) (A)	Average Daily Use (hcf/day) (B)	Max Day Peaking Factor (C)	Max Day Total Capacity (hcf/day) (D)	Max Day Extra Capacity (hcf/day) (E)	Peak Hour Peaking Factor (F)	Peak Hour Total Capacity (hcf/day) (G)	Peak Hour Extra Capacity (hcf/day) (H)	Number of Equiv. Meters (I)	Number of Equiv. Fire Lines (J)	Number of Customers (K)	Number of Bills (L)
Single Family	892,328	2,445	1.39	3,402	957	2.43	5,953	2,551	7,567		7,556	90,672
Tier 1: 0 - 10 hcf	598,839	1,641	1.15	1,887	246	2.01	3,302	1,415				
Tier 2: 11 - 20 hcf	195,039	534	1.76	940	406	3.08	1,646	705				
Tier 3: > 20 hcf	98,450	270	2.13	575	305	3.73	1,005	431				
Non-SF	173,712	476	1.55	738	262	2.71	1,291	553	887		399	4,788
Subtotal	1,066,040	2,921		4,139	1,219		7,244	3,105	8,454		7,955	95,460
Private Fire				2	2		24	22		245	4	48
Public Fire				399	399		4789	4390				
Total	1,066,040	2,921			1,620			7,516	8,454	245	7,959	95,508

Table 4-13 shows the total adjusted cost of service and resulting unit costs of service. The totals shown in Line 4 and Line 10 both match the total from the net revenue requirements, Table 4-1. Line 5 reallocates public fire max day and max hour costs to meters because it is common to recover public fire protection costs through a fixed charge in proportion to meter size. This allocation is based on the percent of public fire's proportion of total max day extra capacity and total max hour extra capacity. Line 6 does a similar reallocation as Line 5 for private fire service, moving those extra capacity costs to the private fire protection component. Since a large portion of the District's costs are fixed, a portion of base costs are allocated to meter. Part of the peaking costs are also reallocated to meters as these costs are related to capacity of the water system and bring the percentage of rate-based revenue from fixed charges back to historic levels. The portion of the max day and peak hour costs allocated to the meter component are shown in Lines 8 and 9. Line 10 shows the adjusted cost of service. Line 13 is the adjusted cost of service (Line 10) for each component divided by that component's units of service (Line 11).

Table 4-13: Total Adjusted Cost-of-Service and Units of Service

No.	Revenue Requirement	Base	Max Day	Max Hour	Meters	Private FP	Billing	Total
1	Operating Revenue Requirement	$6,726,205	$4,710,635	$561,215	$349,200	$0	$619,895	$12,967,151
2	Revenue Offsets & Adjustments	-$2,537,051	-$1,840,381	$559	$348	$0	$618	-$4,375,907
3	Capital Revenue Requirement	$0	$0	$0	$0	$0	$0	$0
4	**Total - Cost of Service**	**$4,189,154**	**$2,870,254**	**$561,774**	**$349,548**	**$0**	**$620,512**	**$8,591,244**
5	Allocation of Capacity for Public Fire	$0	-$707,130	-$328,092	$1,035,223	$0	$0	$0
6	Allocation of Capacity for Private Fire	$0	-$3,547	-$1,646	$0	$5,192	$0	$0
7	Reallocation of Base to Meter	-$837,831			$837,831			$0
8	Reallocation of Max Day to Meter		-$755,852		$755,852			$0
9	Reallocation of Peak Hour to Meter			-$34,805	$34,805			$0
10	**Total - Adjusted Cost of Service**	**$3,351,323**	**$1,403,725**	**$197,231**	**$3,013,259**	**$5,192**	**$620,512**	**$8,591,244**
11	Units	1,066,040	1,219	3,105	101,443	2,945	95,508	
12		hcf/yr	hcf/day	hcf/day	EM-yr	Firelines-yr	Annual Bills	
13	Unit Cost, $/unit	$3.14	$1,151.77	$63.53	$29.70	$1.76	$6.50	

5. Proposed Water Rates

5.1. Monthly Service Charge Derivation, Test Year

Using the unit costs in Table 4-13, the proposed fixed monthly service charges are determined for each meter size. Table 5-1 shows the derivation of the monthly service charge. The Meter component (Column C) is the Equivalent Meters unit rate shown in Line 13, Table 4-13. For meters larger than 1", this unit rate is multiplied by the meter ratio (Column B) to derive the meter capacity cost associated with those larger meter sizes. The Billing component (Column D) is equal to the unit rate for the Billing component (Line 13, Table 4-13). As the cost of issuing a bill does not vary by meter size, it remains constant for all meter sizes. The total proposed monthly service charge (Column E) is the sum of Columns C and D rounded up to the nearest cent. The current charge is shown in Column F for comparison.

Table 5-1: Monthly Service Charge Derivation, Test Year

No.	Meter Size (A)	Capacity Ratio (B)	Meter, $/mtr/mo (C)	Billing, $/bill (D)	Proposed Monthly Charge (E)	Current Monthly Charge (F)
1	5/8"	1.00	$29.70	$6.50	$36.21	$32.54
2	3/4"	1.00	$29.70	$6.50	$36.21	$32.54
3	1"	1.00	$29.70	$6.50	$36.21	$32.54
4	1 1/2"	2.00	$59.41	$6.50	$65.91	$53.22
5	2"	3.20	$95.05	$6.50	$101.55	$78.02
6	3"	7.00	$207.93	$6.50	$214.43	$156.60
7	4"	12.60	$374.27	$6.50	$380.77	$272.39
8	6"	26.00	$772.30	$6.50	$778.80	$549.45
9	8"	56.00	$1,663.42	$6.50	$1,669.92	$1,004.35

5.2. Private Fire Service Charge Derivation, Test Year

The derivation of the private fire service charge is shown in Table 5-2. The charge shown for the 1" connection size comes from Line 13 of Table 4-13. For connections larger than 1", this charge is multiplied by the fire ratio (Column B) to derive the cost associated with those larger connections. The fire ratios are used to derive fire service costs by connection size because larger connections are more expensive to install, maintain, and replace than smaller fire lines and have greater potential capacity on the water system. The proposed charge (Column E) is the sum of Columns C and D, rounded up to the nearest cent.

Table 5-2: Monthly Private Fire Service Derivation, Test Year

No.	Fire Connection Size (A)	Capacity Ratio (B)	Fireline, $/line/mo (C)	Billing, $/bill (D)	Proposed Monthly Charge (E)	Current Monthly Charge (F)
1	1"	1.00	$1.76	$6.50	$8.27	$8.73
2	1 1/2"	2.90	$5.12	$6.50	$11.62	--
3	2"	6.19	$10.92	$6.50	$17.42	$18.09
4	3"	17.98	$31.71	$6.50	$38.21	--
5	4"	38.32	$67.57	$6.50	$74.07	$87.33
6	6"	111.31	$196.27	$6.50	$202.77	$130.98
7	8"	237.21	$418.26	$6.50	$424.76	$180.90

5.3. Volumetric Rate Derivation, Test Year

Since costs were not identified specific to serving customers located outside SBCWD Zone 3, the proposed commodity charges are condensed into a single set of charges. The water volumetric rates include the base, max day, and max hour costs from Table 4-13. Since the base cost captures average usage, each customer class is assessed the base unit rate shown in Line 13 of Table 4-13. The max day and max hour unit rates shown in Line 13 of Table 4-13 are applied to the customer classes based on each class's max day and max hour extra capacity (Table 4-12 Column E and Column H, respectively), to derive the max day and peak hour costs for each class shown in Columns D and F of Table 5-3. The max day peaking cost total in Line 6, Column D matches the total shown in Table 4-13, Line 10 for Max Day. The max hour peaking cost total in Line 6, Column F matches the total shown in Table 4-13, Line 10 for Peak Hour. The total peaking cost (Column G) is the sum of Columns D and F. The peaking unit rate, Column H, is the peaking cost in Column G divided by the annual use in Column B for each class or tier.

Table 5-3: Peaking Component of Volumetric Charge

No.	Customer Class (A)	Annual Use (hcf) (B)	Max Day Extra Capacity (C)	Max Day Peaking Cost (D)	Peak Hour Extra Capacity (E)	Peak Hour Cost (F)	Total Peaking Cost (G)	Peaking Unit Cost ($/hcf) (H)
1	SFR							
2	Tier 1	598,839	246	$283,449	1,415	$89,898	$373,347	$0.62
3	Tier 2	195,039	406	$467,744	705	$44,810	$512,554	$2.63
4	Tier 3	98,450	305	$351,047	431	$27,374	$378,421	$3.84
5	Non-SFR	173,712	262	$301,486	553	$35,148	$336,634	$1.94
6	Total	1,066,040		$1,403,725		$197,231	$1,600,956	

Table 5-4 shows the components of the volumetric charge added together to derive the proposed charge. The current charges are also shown for reference. The proposed charge has been rounded up to the nearest cent for revenue sufficiency.

Table 5-4: Commodity Rate Calculation

Customer Class	Base, $/hcf	Peaking, $/hcf	Proposed Charge, $/ccf	Current Charge Inside, $/ccf	Current Charge Outside, $/ccf
SFR					
Tier 1	$3.14	$0.62	$3.77	$3.17	$3.23
Tier 2	$3.14	$2.63	$5.78	$4.70	$4.76
Tier 3	$3.14	$3.84	$6.99	$6.97	$7.03
Non-SFR	$3.14	$1.94	$5.09	$4.22	$4.28

5.4. Proposed 5-Year Water Rate Schedule

Table 5-5, Table 5-6, and Table 5-7 show the proposed 5-year schedule of water rates. FY 2025 reflects the cost-of-service analysis. Rates for FY 2026 and beyond equal the prior year rates multiplied by the revenue adjustment. Rates are rounded up to the nearest penny to ensure revenue sufficiency.

Table 5-5: Proposed 5-Year Monthly Water Service Charge Schedule

Monthly Service Charge	Current FY 2024	Proposed FY 2025	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029
5/8"	$32.54	$36.21	$41.65	$44.99	$48.59	$52.48
3/4"	$32.54	$36.21	$41.65	$44.99	$48.59	$52.48
1"	$32.54	$36.21	$41.65	$44.99	$48.59	$52.48
1 1/2"	$53.22	$65.91	$75.80	$81.87	$88.42	$95.50
2"	$78.02	$101.55	$116.79	$126.14	$136.24	$147.14
3"	$156.60	$214.43	$246.60	$266.33	$287.64	$310.66
4"	$272.39	$380.77	$437.89	$472.93	$510.77	$551.64
6"	$549.45	$778.80	$895.62	$967.27	$1,044.66	$1,128.24
8"	$1,004.35	$1,669.92	$1,920.41	$2,074.05	$2,239.98	$2,419.18

Table 5-6: Proposed 5-Year Monthly Private Fireline Charge Schedule

Private Fireline Charges	Current FY 2024	Proposed FY 2025	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029
1"	$8.73	$8.27	$9.52	$10.29	$11.12	$12.01
1 1/2"	--	$11.62	$13.37	$14.44	$15.60	$16.85
2"	$18.09	$17.42	$20.04	$21.65	$23.39	$25.27
3"	--	$38.21	$43.95	$47.47	$51.27	$55.38
4"	$87.33	$74.07	$85.19	$92.01	$99.38	$107.34
6"	$130.98	$202.77	$233.19	$251.85	$272.00	$293.76
8"	$180.90	$424.76	$488.48	$527.56	$569.77	$615.36

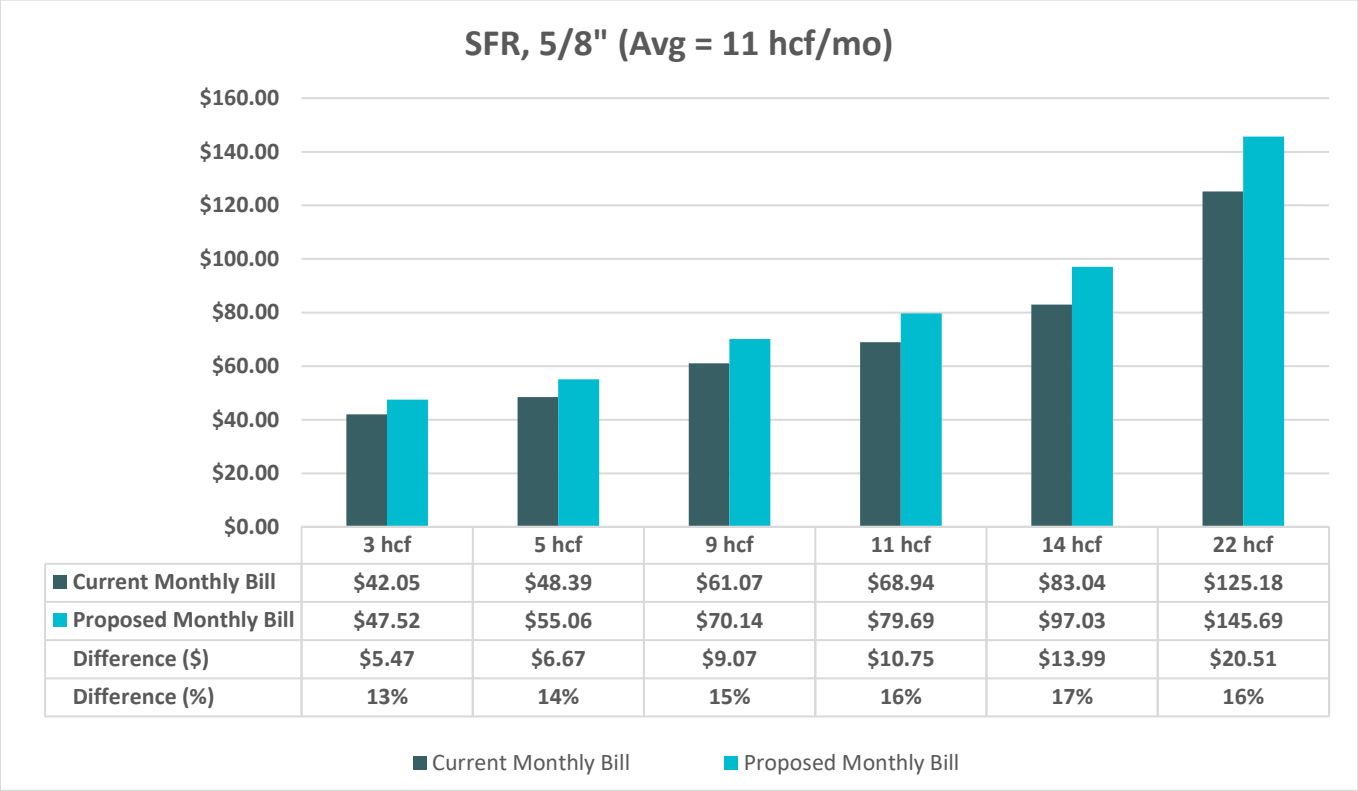
Table 5-7: Proposed 5-year Volume Charge Schedule, $/hcf

Volume Charges	Current FY 2024	Proposed FY 2025	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029
SFR						
Tier 1: First 1,000 cu ft	$3.17	$3.77	$4.34	$4.69	$5.07	$5.48
Tier 2: 1,100 - 2,000 cu ft	$4.70	$5.78	$6.65	$7.19	$7.77	$8.40
Tier 3: Over 2,100 cu ft	$6.97	$6.99	$8.04	$8.69	$9.39	$10.15
Non-SFR	$4.22	$5.09	$5.86	$6.33	$6.84	$7.39

5.5. Single Family Bill Impacts

Figure 5-1 compares the monthly water bill for a single family customer at the current rates and the proposed FY 2025 rates at different usage levels.

Figure 5-1: Single Family Typical Bill, 5/8" Meter



	3 hcf	5 hcf	9 hcf	11 hcf	14 hcf	22 hcf
Current Monthly Bill	$42.05	$48.39	$61.07	$68.94	$83.04	$125.18
Proposed Monthly Bill	$47.52	$55.06	$70.14	$79.69	$97.03	$145.69
Difference ($)	$5.47	$6.67	$9.07	$10.75	$13.99	$20.51
Difference (%)	13%	14%	15%	16%	17%	16%

6. Wastewater Financial Plan

6.1. Wastewater Assumptions

As with the Water enterprise, various types of assumptions and inputs were incorporated into this study. These assumptions were based on discussion with and/or direction from District staff, including projected accounts and annual growth rates in accounts, inflationary assumptions, and other miscellaneous assumptions. Table 6-1 presents the inflationary assumptions. The inflation factors for FY 2030 – FY 2032 are the same as shown for FY 2029. These inflationary assumptions are the same as for the water system. Additionally, the District has locked in higher interest rates on reserves. Therefore the financial plan uses 4 percent per year for interest through FY 2028, then drops to a conservative 1 percent per year.

Table 6-1: Inflation Factor Assumptions

Line Item	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029+
General	3%	3%	3%	3%	3%
Salary	6%	6%	6%	6%	6%
Benefits	6%	6%	6%	6%	6%
Utilities	4%	4%	4%	4%	4%
Capital	3%	3%	3%	3%	3%
Chemicals	4%	4%	4%	4%	4%

Table 6-2 shows the growth rate and water demand factor assumptions that were applied to the FY 2022 billing data. The single family growth rate is based on District staff information on planned additions to the sewer customer base. Water demand in FY 2023 decreased from FY 2022 and is expected to return to a level similar to FY 2022 in FY 2024 and then is held constant except for growth in demand due to new accounts.

Table 6-2: Account Growth Rate Assumptions

Line Item	FY 2023	FY 2024	FY 2025	FY 2026+
Single Family Residential	3.7%	9.5%	5.4%	0.0%
Mutli-Family Residential	0.0%	0.0%	0.0%	0.0%
Cottages, Motels, Trailer Park	0.0%	0.0%	0.0%	0.0%
Commercial and Industrial	0.0%	0.0%	0.0%	0.0%
Demand - Residential	90%	102%	100%	100%

6.2. Wastewater Financial Plan

6.2.1. Projected Revenue

The District's wastewater rates and charges comprise a fixed monthly charge per dwelling unit (du) for residential customers and a consumption charge for all customer types, as shown in Table 6-3. The consumption rate for residential customers is applied to each customers' average winter water consumption. The consumption rate for non-residential customers is applied to the billed water consumption.

Table 6-3: Current Wastewater Charges

Customer Class	Fixed Charge, $/mo/du	Consumption, $/hcf
Single Family Residential	$95.93	$5.64*
Multifamily Residential	$72.98	$5.64*
Cottages, Motels, Trailer Parks, Laundries, etc.	--	$9.20
Commercial and Industrial	--	$12.14

* applied to average winter consumption

Table 6-4 presents the projected revenues under the existing rates plus other revenue and interest income.

Table 6-4: Projected Revenues Under Existing Rates

Line Item	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenue from Current Rates	$2,332,934	$2,457,434	$2,457,434	$2,457,434	$2,457,434
Other Revenue	$231,880	$175,000	$175,000	$175,000	$175,000
Interest Income	$155,093	$161,155	$179,694	$189,254	$165,431
Total Revenues	$2,719,907	$2,793,589	$2,812,128	$2,821,688	$2,797,865

Line Item	FY 2029	FY 2030	FY 2031	FY 2032
Revenue from Current Rates	$2,457,434	$2,457,434	$2,457,434	$2,457,434
Other Revenue	$175,000	$175,000	$175,000	$175,000
Interest Income	$37,351	$32,917	$20,899	$15,153
Total Revenues	$2,669,785	$2,665,351	$2,653,333	$2,647,587

6.2.2. Projected Operating and Maintenance Expense

Table 6-8 displays total projected expenses for the study period. Increases in expenses are projected to average about 4 percent per year over the rate-setting period.

Table 6-5: O&M Expenses for FY 2024 – FY 2032

Line Item	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Cost of Goods(1)	$669,740	$709,870	$752,407	$797,494	$845,285
Operational Expenses	$472,275	$486,965	$502,117	$517,746	$533,865
Non-Operating Expenses	-$9,000	-$9,270	-$9,548	-$9,835	-$10,130
Total	$1,133,015	$1,187,566	$1,244,976	$1,305,405	$1,369,021

Line Item	FY 2029	FY 2030	FY 2031	FY 2032
Cost of Goods(1)	$895,941	$949,635	$1,006,549	$1,066,875
Operational Expenses	$550,493	$567,643	$585,334	$603,582
Non-Operating Expenses	-$10,433	-$10,746	-$11,069	-$11,401
Total	$1,436,000	$1,506,532	$1,580,813	$1,659,056

(1) Includes salaries and benefits.

6.2.3. Projected Capital Improvement Program

Table 6-6 presents the District's wastewater capital improvement program. The program averages $855,000 per year over the study period. Detailed projects are shown in Appendix C.

Table 6-6: Capital Expenses for FY 2023 – FY 2032

Line Item	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Wastewater Treatment	$222,500	$39,375	$0	$497,779	$1,215,506
Wastewater Collection	$650,000	$420,000	$253,575	$300,983	$510,513
Admin Capital - WW Portion	$34,300	$3,675	$9,647	$23,500	$68,068
Total	$906,800	$463,050	$263,222	$822,261	$1,794,087
Line Item	**FY 2029**	**FY 2030**	**FY 2031**	**FY 2032**	
Wastewater Treatment	$0	$1,031,874	$0	$110,809	
Wastewater Collection	$82,958	$549,439	$1,505,597	$73,873	
Admin Capital - WW Portion	$67,005	$28,142	$0	$0	
Total	$149,963	$1,609,455	$1,505,597	$184,682	

6.2.4. Existing and Proposed Debt Service

The District currently has a State Revolving Fund loan with annual debt service during the study period, as shown in Table 6-7

Table 6-7: Existing Debt Service

Line Item	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Principal	$573,031	$587,930	$603,216	$618,900	$634,991
Interest	$115,042	$105,874	$96,467	$86,815	$76,913
Service Charge	$71,901	$66,171	$60,292	$54,260	$48,071
Total	$759,975	$759,975	$759,975	$759,975	$759,975
Line Item	**FY 2029**	**FY 2030**	**FY 2031**	**FY 2032**	
Principal	$651,501	$668,440	$685,819	$703,650	
Interest	$66,753	$56,329	$45,634	$34,661	
Service Charge	$41,721	$35,206	$28,521	$21,663	
Total	$759,975	$759,975	$759,975	$759,975	

Raftelis does not propose any new debt service for the wastewater enterprise during the study period.

6.2.5. Reserve Targets

The District has several reserve funds, which are shown in Table 6-8 along with the minimum combined target level. This list does not include restricted debt service reserves, capacity fund reserves, and CalPERS reserves. The operating-related (i.e., not capital improvement) minimum targets are presumed to be split 65 percent to the water enterprise and 35 percent to the wastewater enterprise based on input from District staff.

Table 6-8: Reserve Funds and Combined Minimum Targets

Fund	Target
Capital Improvement (1)	50% of the 5-year average CIP
Rate Stabilization	No minimum, but presuming current balance ($250,000) is the minimum.
Drought Contingency	Intitally funded at 10% of budgeted revenue, presume current balance ($500,000) is minimum.
Emergency	Initially funded at $250,000.
Vehicle	Depreciation plus Board authorized additions. Presume balance (~$394,000) is current minimum.
Office & Misc. Equip	Depreciation plus Board authorized additions. Presume balance (~$421,000) is current minimum.

(1) Based on discussions with District staff. Board policy minimum is currently 2 years of CIP.

6.2.6. Status Quo Financial Plan

Figure 6-1 displays the status quo operating financial plan. The colored stacked bars represent the District's operating and non-operating expenses. The blue line represents revenues at current rates. Since the status quo plan does not include revenue adjustments, the black line (proposed revenues) is hidden by the blue line. The red bar displays the revenues added to the fund balance (above $0 line) or draws from reserves (below $0 line). In most years, projected revenues are sufficient to meet projected operating and capital costs.

Figure 6-1: Status Quo Operating Financial Plan

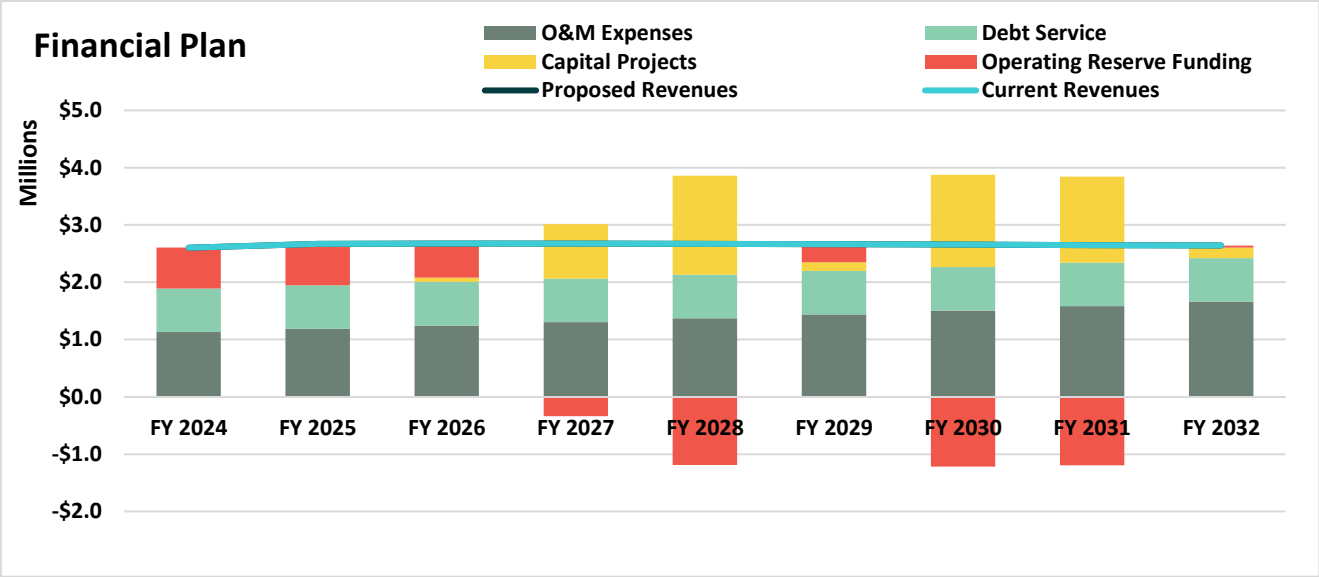
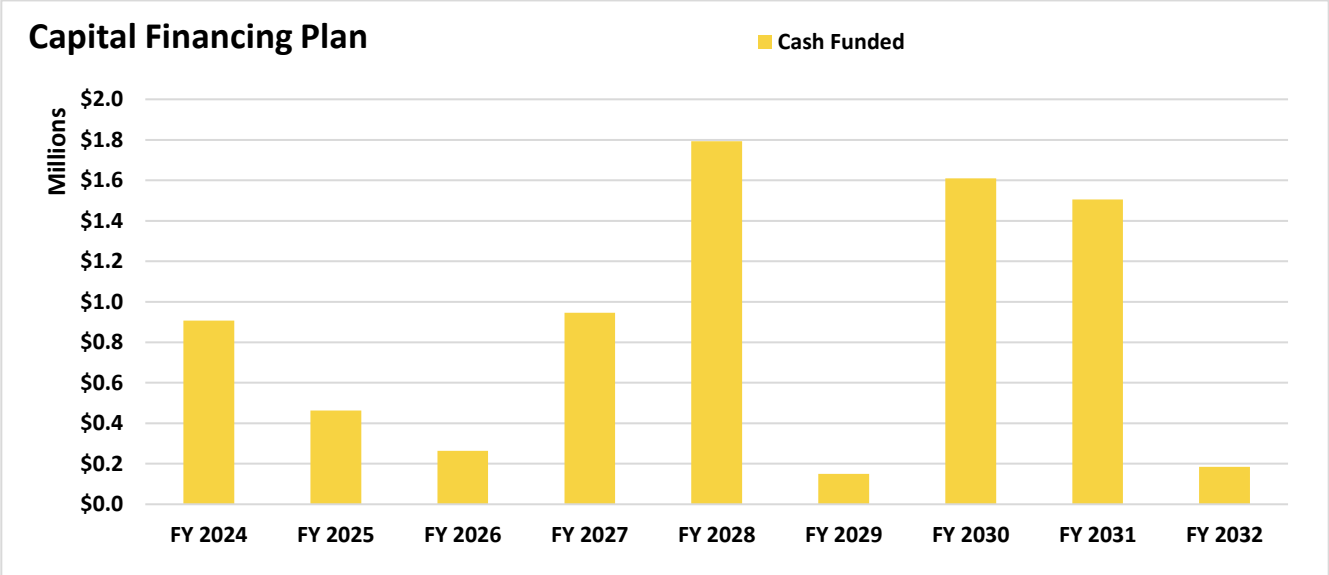


Figure 6-2 displays the capital improvement schedule through the study period. The yellow bars display the amount of capital the District will expend per year that is cash funded. The District does not plan on issuing any debt to finance future capital projects.

Figure 6-2: Status Quo CIP Expenditure



While the District does not expect to add additional debt, it does have existing debt. Figure 6-3 shows the projected debt coverage versus the required debt coverage over the study period under the Status Quo case.

Figure 6-3: Debt Coverage, Wastewater

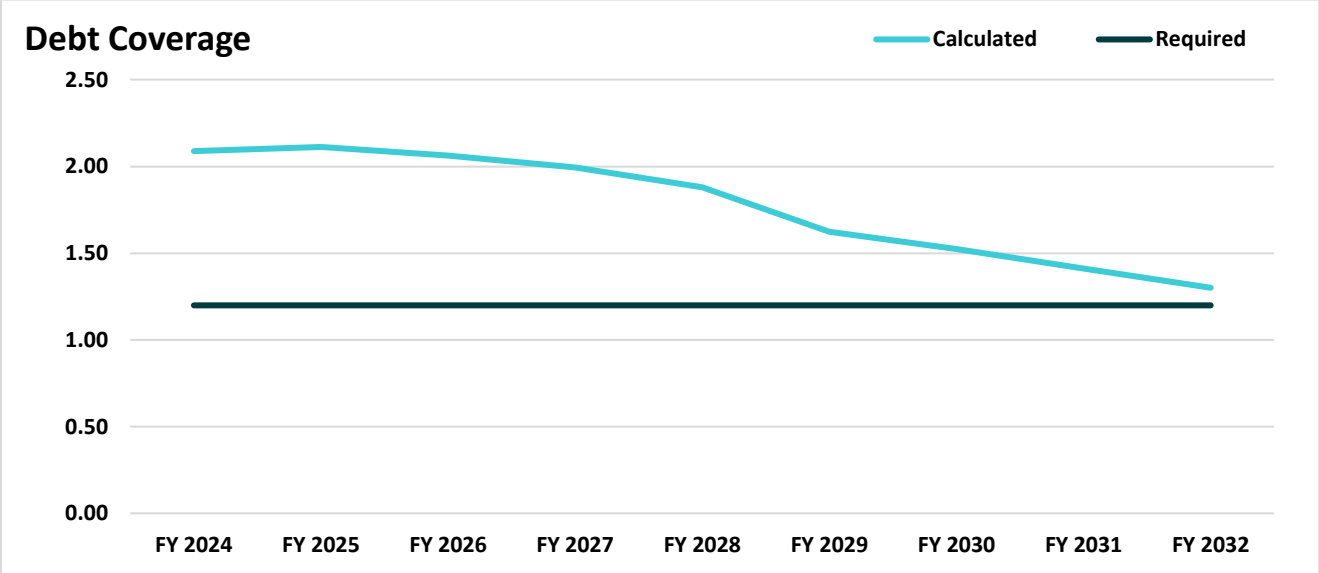
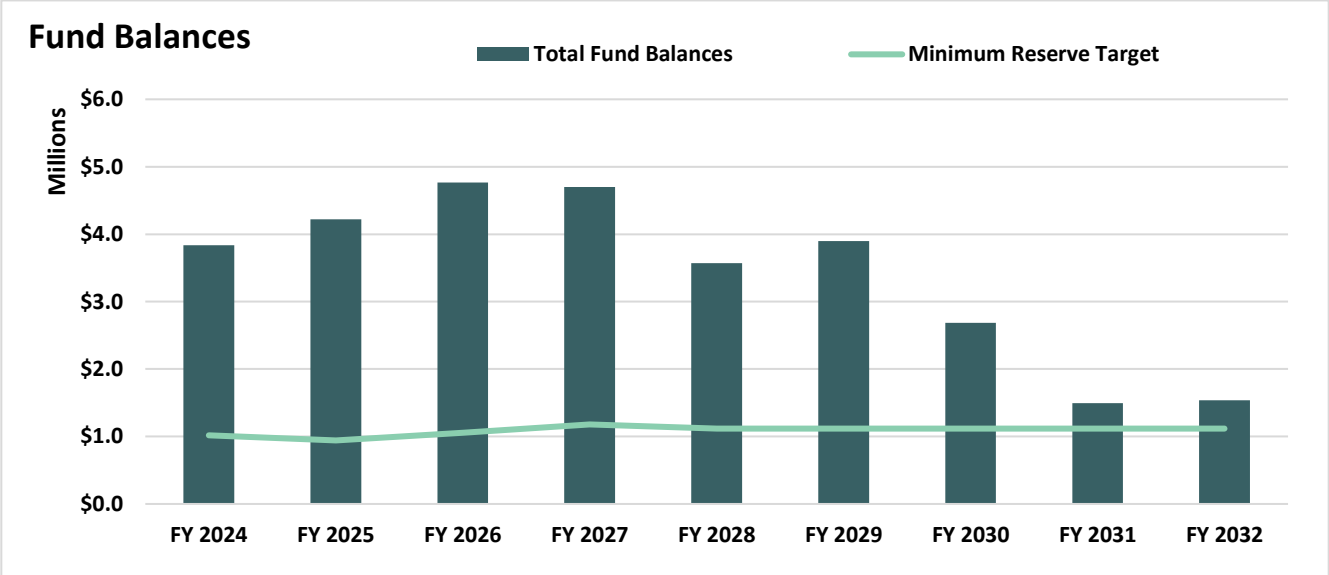


Figure 6-4 displays the combined operating and capital wastewater fund balances. This figure shows the amount of cash that the District has available for the Wastewater Enterprise. The green line indicates the minimum balance the District should have in its Wastewater Fund. Under Status Quo, the wastewater fund is expected to exceed the minimum wastewater reserve targets.

Figure 6-4: Status Quo Wastewater Fund Balance



While the Wastewater enterprise financials are projected to be above minimum reserve levels and meet coverage requirements, coverage ratios drop quickly in the out years. To minimize the need for larger increases later, Raftelis recommends small, regular revenue adjustments starting in FY 2028 as shown in Table 6-9. The adjustments for FY 2030 – FY 2032 are for planning purposes only.

Table 6-9: Proposed Wastewater Revenue Adjustments

Effective Date	Revenue Adjustment
1-Aug-24	0.0%
1-Jul-25	0.0%
1-Jul-26	0.0%
1-Jul-27	3.0%
1-Jul-28	3.0%
1-Jul-29	*3.0%*
1-Jul-30	*3.0%*
1-Jul-31	*3.0%*

6.2.7. Proposed Financial Plan

To prepare for future capital outside the rate-setting period and to make sure debt coverage does not fall below minimum requirements, the revenue adjustments as shown in Table 6-9 will help minimize larger increases later. The next four figures graphically display the effects of the proposed revenue adjustments on the District's financial position.

Figure 6-5~~Figure 6-5~~ displays the debt service coverage for the existing loan under proposed revenue adjustments. The proposed revenue adjustments level out the coverage in later years and are sufficient to satisfy debt coverage requirements.

Figure 6-5: Proposed Debt Coverage

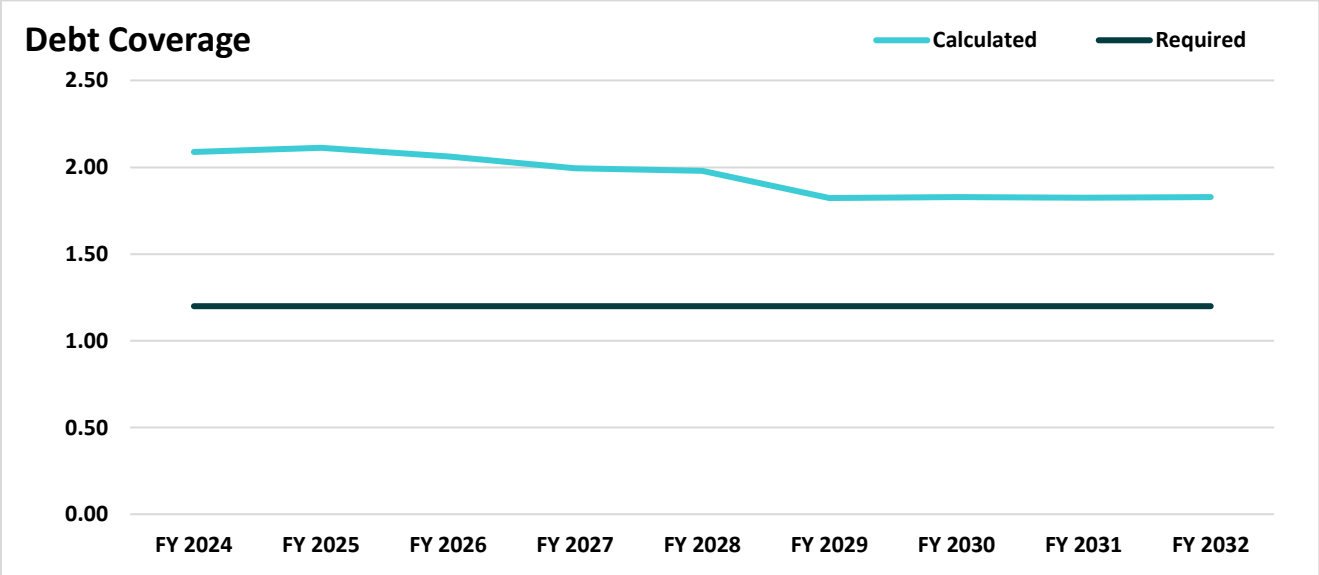


Figure 6-6~~Figure 6-6~~ displays the proposed operating financial plan. The black line displays the proposed revenues, and the blue line shows projected revenues under existing rates. The red bars show when funds are added to the ending balance (above the $0 line) or reserves are drawn down (below the $0 line).

Figure 6-6: Proposed Operating Financial Plan

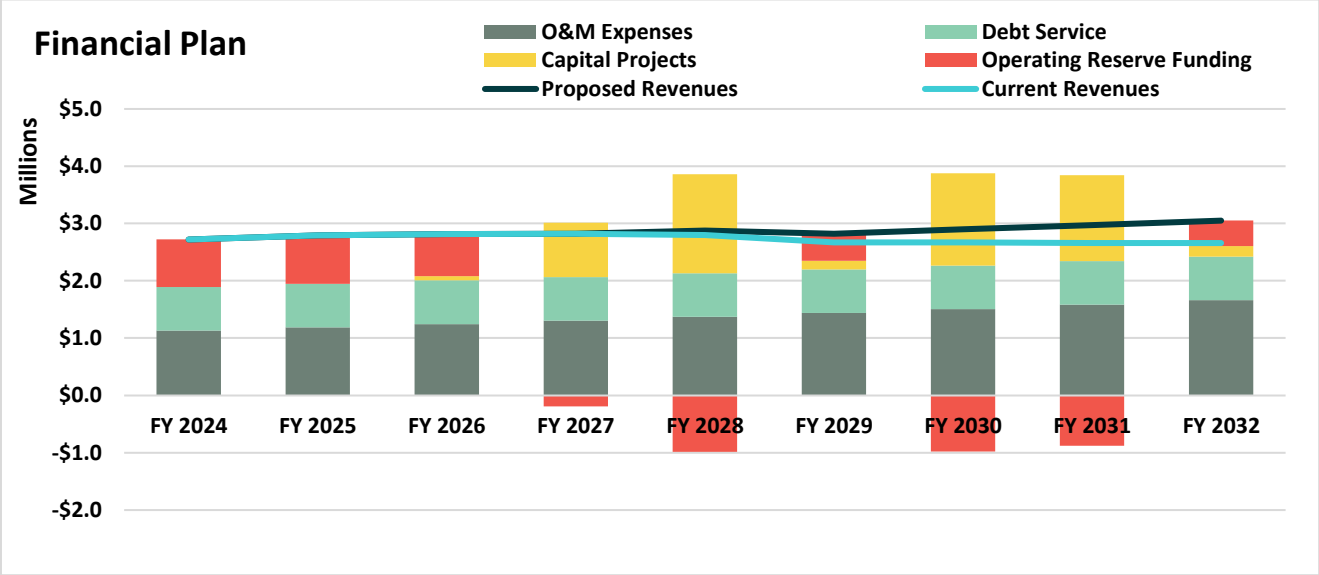


Figure 6-7~~Figure 6-7~~ displays the capital improvement plan through the study period as well as the sources of funding. The yellow bars display the amount of capital the District will expend per year, which is all cash-funded.

Figure 6-7: Proposed Capital Expenditures

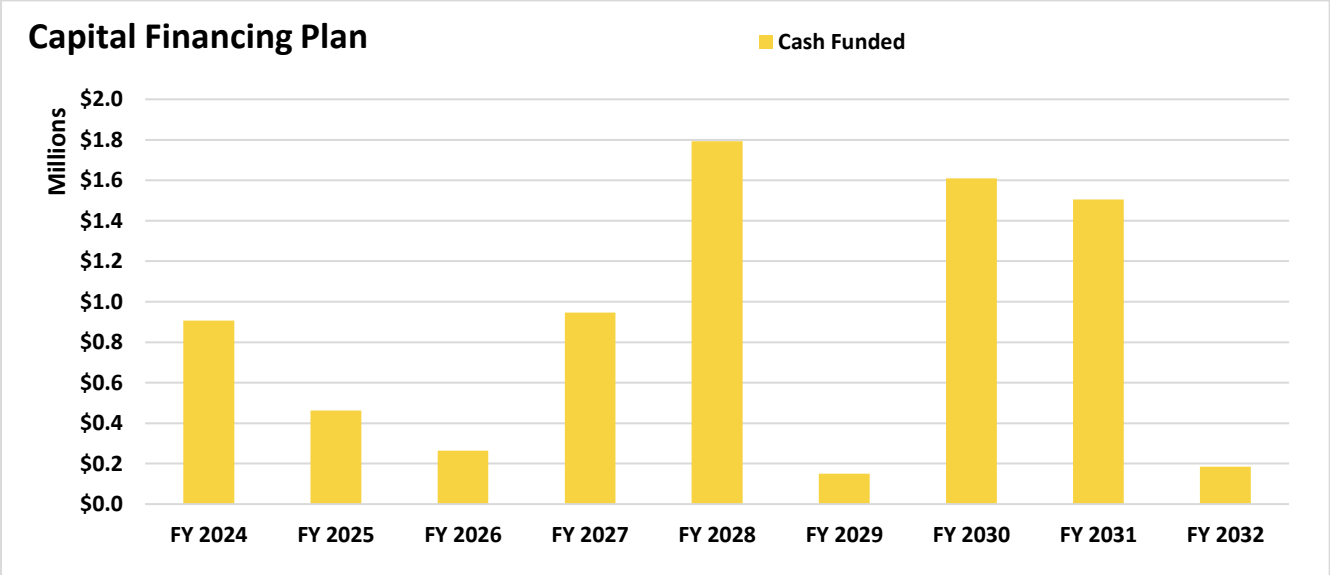


Figure 6-8~~Figure 6-8~~ displays the projected wastewater fund balance (operating and capital combined). As a result of increasing revenues to the level shown on Figure 6-6~~Figure 6-6~~, the wastewater fund balance remains above minimum levels through the planning period.

Figure 6-8: Proposed Wastewater Fund Balance

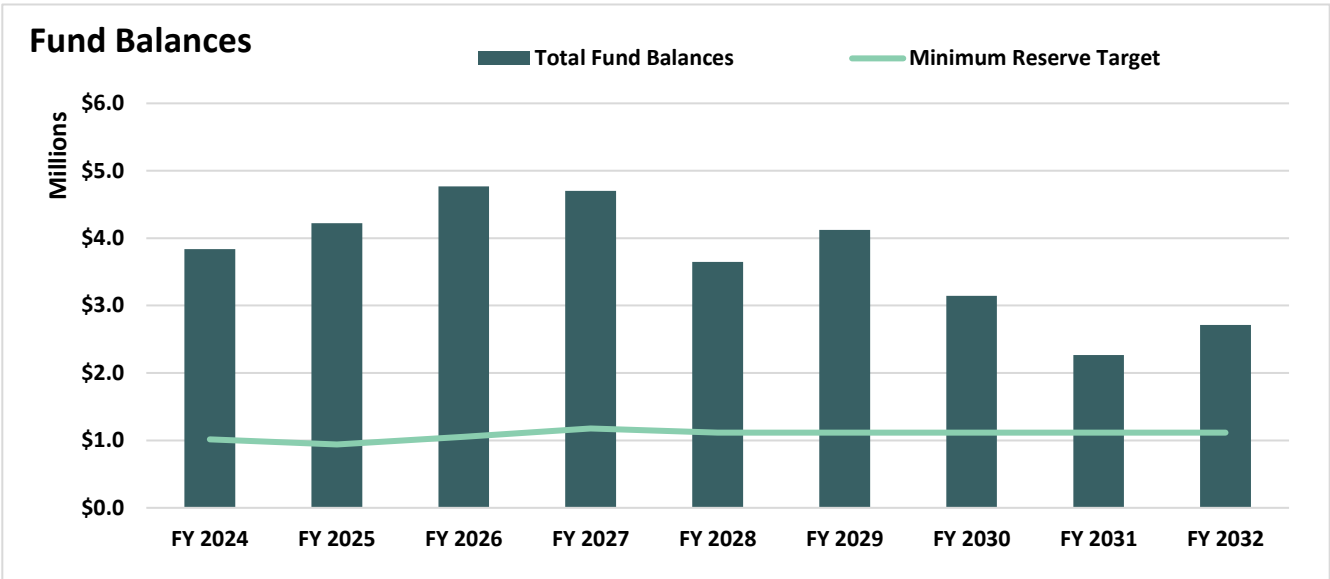


Table 6-10 below displays the projected pro forma cashflow for the wastewater enterprise. The Net Revenues line shows that the proposed revenue, including the proposed revenue adjustments, is sufficient to cover annual operating expenses through the financial planning period. The Annual Surplus (Deficit) line shows the draws on or additions to the operating fund after debt service and capital expenditures.

Table 6-10: Proposed Wastewater Proforma

Line Item	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Beginning Operating Balance	$1,896,838	$2,723,755	$3,569,804	$4,300,430	$4,110,240	$3,124,008	$3,599,021	$2,619,703	$1,741,230
Revenues									
Under Existing Rates	$2,332,934	$2,457,434	$2,457,434	$2,457,434	$2,457,434	$2,457,434	$2,457,434	$2,457,434	$2,457,434
Proposed Revenue Adjustments	$0	$0	$0	$0	$73,723	$149,658	$227,871	$308,430	$391,406
Other Revenues	$231,880	$175,000	$175,000	$175,000	$175,000	$175,000	$175,000	$175,000	$175,000
Interest Income	$155,093	$161,155	$179,694	$189,254	$166,935	$38,859	$36,337	$27,048	$24,881
Total Revenue	$2,719,907	$2,793,589	$2,812,128	$2,821,688	$2,873,093	$2,820,951	$2,896,642	$2,967,913	$3,048,721
Operating Expenses									
Cost of Goods	$669,740	$709,870	$752,407	$797,494	$845,285	$895,941	$949,635	$1,006,549	$1,066,875
Operational Expenses	$472,275	$486,965	$502,117	$517,746	$533,865	$550,493	$567,643	$585,334	$603,582
Non-Operating Expenses	-$9,000	-$9,270	-$9,548	-$9,835	-$10,130	-$10,433	-$10,746	-$11,069	-$11,401
Total Operating	$1,133,015	$1,187,566	$1,244,976	$1,305,405	$1,369,021	$1,436,000	$1,506,532	$1,580,813	$1,659,056
Net Revenues	$1,586,892	$1,606,024	$1,567,152	$1,516,283	$1,504,072	$1,384,951	$1,390,111	$1,387,099	$1,389,665
Debt Service									
Existing	$759,975	$759,975	$759,975	$759,975	$759,975	$759,975	$759,975	$759,975	$759,975
Proposed	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Debt Service	$759,975	$759,975	$759,975	$759,975	$759,975	$759,975	$759,975	$759,975	$759,975
Rate Funded CIP	$0	$0	$76,552	$946,499	$1,730,329	$149,963	$1,609,455	$1,505,597	$184,682
Annual Surplus (Deficit)	$826,917	$846,049	$730,625	-$190,190	-$986,232	$475,013	-$979,319	-$878,473	$445,009
Ending Operating Balance	$2,723,755	$3,569,804	$4,300,430	$4,110,240	$3,124,008	$3,599,021	$2,619,703	$1,741,230	$2,186,239
Minimum Operating Reserve Target	*$591,499*	*$591,499*	*$591,499*	*$591,499*	*$591,499*	*$591,499*	*$591,499*	*$591,499*	*$591,499*
Debt Coverage	2.09	2.11	2.06	2.00	1.98	1.82	1.83	1.83	1.83

Table 6-11 shows the proposed sources and uses of capital funds for the wastewater enterprise.

Table 6-11: Proposed Wastewater Capital Sources & Uses of Funds

Line Item	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Beginning Capital Balance	$2,020,418	$1,113,618	$650,568	$463,899	$588,136	$524,378	$524,378	$524,378	$524,378
Sources of Funds									
Rate Funded	$0	$0	$76,552	$946,499	$1,730,329	$149,963	$1,609,455	$1,505,597	$184,682
Debt Funded	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Sources	$0	$0	$76,552	$946,499	$1,730,329	$149,963	$1,609,455	$1,505,597	$184,682
Uses of Funds									
Capital	$906,800	$463,050	$263,222	$822,261	$1,794,087	$149,963	$1,609,455	$1,505,597	$184,682
Total Uses	$906,800	$463,050	$263,222	$822,261	$1,794,087	$149,963	$1,609,455	$1,505,597	$184,682
Ending Capital Balance	$1,113,618	$650,568	$463,899	$588,136	$524,378	$524,378	$524,378	$524,378	$524,378
Minimum Capital Reserve Target	*$424,942*	*$349,258*	*$463,899*	*$588,136*	*$524,378*	*$524,378*	*$524,378*	*$524,378*	*$524,378*

7. Wastewater Cost-of-Service and Proposed Wastewater Rates

The total revenue requirement is, by definition, the net cost of providing service. This cost-of-service is then used as the basis to develop unit rates for the wastewater parameters and to allocate costs to the various user classes. The concept of proportionate allocation to user classes implies that allocations should take into consideration the quantity of wastewater a user contributes as well as the strength (i.e., treatment requirements) of the wastewater.

The cost-of-service analysis and rate calculations consist of the following steps:

1. Determination of the total costs to be recovered from rates (cost-of-service)
2. Determination of the wastewater loadings for each customer class, to ensure costs are allocated to each class proportionately
3. Allocation of the cost-of-service to the loading parameters- Flow, Biochemical Oxygen Demand (BOD) and Total Suspended Solids (TSS)
4. Calculation of unit costs for the three parameters and the costs to serve the various user classes based on their loadings
5. Calculation of rates for each user class

This section of the report discusses the allocation of operating and capital costs to the Flow, BOD, and TSS parameters, the determination of unit rates, and the calculation of user class cost responsibility.

In this study, wastewater rates were calculated for FY 2025, and accordingly FY 2025 revenue requirements are used in the cost allocation process.

7.1. Costs-of-Service to be Allocated

The annual cost-of-service to be recovered from wastewater rates (i.e., revenue requirement) includes O&M expenses (Table 6-5), capital improvement projects covered through reserves (Table 6-11), and debt service (Table 6-7). O&M expenses include costs directly related to the collection, treatment, and disposal of wastewater and maintenance of system facilities.

The total FY 2025 net cost-of-service to be recovered from the City's wastewater users, is shown Line 11 of Table 7-1. The cost-of-service analysis is based on the need to generate revenues adequate to meet this estimated revenue requirement. As part of the cost-of-service analysis, revenues from sources other than wastewater rates and charges are deducted from the appropriate cost elements (Line 7). Adjustments are also made for transfers to/from reserves (Line 8 and Line 9).

Table 7-1: Allocation of Wastewater Revenue Requirements, Test Year

No.	Line Item	Operating	Capital-Related	Total
	Revenue Requirements			
1	O&M Expenses	$1,187,566		$1,187,566
2	Debt Service		$759,975	$759,975
3	Capital Reserve Funded CIP		$463,050	$463,050
4	Total - Revenue Requirements	$1,187,566	$1,223,025	$2,410,590
	Revenue Offsets			
5	Other Revenue	-$175,000		-$175,000
6	Interest Income	-$161,155		-$161,155
7	Total - Revenue Offsets	-$336,155	$0	-$336,155
	Adjustments			
8	Adjustment for Cash Balance	$846,049		$846,049
9	Adjustment for Cash Balance-Capital		-$463,050	-$463,050
10	Total - Adjustments	$846,049	-$463,050	$382,999
11	Total Revenue to be Recovered from Rates	$1,697,460	$759,975	$2,457,434

To allocate the cost-of-service to the various user classes in proportion to their flow and strength contributions, costs first need to be allocated to selected wastewater cost causation parameters. The following subsection describes the allocation of the operating and capital cost-of-service amounts to the parameters of Flow, BOD, and TSS.

7.2. Cost Allocation to Wastewater Cost Causation Parameters

The cost-of-service allocations in this study are based on Raftelis' experience with wastewater treatment plants and are consistent with the revenue program guidelines of the Water Environment Federation (WEF).

The three main cost causation parameters are Flow, BOD (biological oxygen demand), and TSS (total suspended solids). BOD and TSS constitute the strength components of the wastewater discharge. Additional parameters include infiltration and inflow, customers, and laterals. Costs are assigned based on the parameters that dictate the design of each process. The allocation of costs to the three main parameters involves:

1. Detailed breakdown and functionalization of O&M costs.
2. Itemization of the capital costs by functions such as collection, treatment, outfall, etc.
3. Allocation of the functional costs to the wastewater cost causation parameters.

In the absence of a detailed breakdown of fixed assets by process, the WWTP treatment costs are allocated to flow, BOD, and TSS at 50 percent, 25 percent, and 25 percent, respectively. This allocation is representative of other similar treatment plants. Costs that could not be specifically identified were categorized as general costs. The allocation of O&M functions to cost components is shown in Table 7-2. The allocation of wastewater assets is shown in Table 7-3.

Table 7-2: O&M Cost Category Allocations

Functional Allocation	Rationale	Flow	BOD	TSS	Billing	General	Total
Collection	Flow	100.0%					100.0%
Treatment	Flow & Strength	50.0%	25.0%	25.0%			100.0%
CS/Billing	CS/Billing				100.0%		100.0%
G&A						100.0%	100.0%

Note: CS = customer service

Table 7-3: Asset Allocations

Functional Allocation	Rationale	Flow	BOD	TSS	Billing	General	Total
Buildings	G&A	$0	$0	$0	$0	$714,091	$714,091
Collection	Collection	$718,989	$0	$0	$0	$0	$718,989
Treatment	Treatment	$7,347,253	$3,673,626	$3,673,626	$0	$0	$14,694,506
Land	General	$0	$0	$0	$0	$531,577	$531,577
Mach&Equip	General	$0	$0	$0	$0	$38,551	$38,551
CS/Billing	Billing	$0	$0	$0	$47,741	$0	$47,741
ForceMain/LiftStation	Flow	$226,898	$0	$0	$0	$0	$226,898
G&A	General	$0	$0	$0	$0	$49,048	$49,048
Total		$8,293,140	$3,673,626	$3,673,626	$47,741	$1,333,268	$17,021,402
Percent Allocation		48.7%	21.6%	21.6%	0.3%	7.8%	100.0%

7.3. Unit Cost-of-Service

The next step of the cost-of-service analysis is to calculate unit costs for Flow, BOD, and TSS. The unit costs of service are developed by dividing the total annual costs allocated to each parameter by the total annual loadings for each parameter. Raftelis determined the total billed residential wastewater flow based on District data for the average winter month billed water use. The non-residential flow is presumed to be the billed water times a return-to-sewer factor. Raftelis has used 85 percent for cottages, motels, etc., and 90 percent for commercial and industrial. Inflow and infiltration has been estimated at 1 percent. The plant loadings provide a basis for determining unit costs.

The strength of different types of non-residential customers is based on data from Los Angeles Sanitation. Table 7-4 shows the calculation of the units of service for residential and non-residential customers using the method described above for calendar year 2020.

Table 7-4: Mass Balance Calendar Year 2020

Line Item	WW Flow (hcf/yr)	BOD (lbs/yr)	TSS (lbs/yr)
Total Plant Influent	78,476	119,048	117,088
Estimated I/I	785	980	980
Net Plant	77,691	118,068	116,108
Non-Residential			
Cottages, Motels, Trailer Parks, Laundries, etc.	162	403	338
Commercial and Industrial	989	4,014	3,180
Total Non-Residential	1,151	4,417	3,518
Residential			
Single Family	76,037	112,903	111,850
Multi-Family	504	748	741
Total Residential	76,541	113,651	112,591

The residential and non-residential wastewater loadings are used in Table 7-5 to develop the FY 2025 units of service based on estimated test year flows.

Table 7-5: Units of Service, Test Year

Customer Class	Water Use (hcf)	WW Flow (hcf)	BOD (lb/yr)	TSS (lb/yr)	Accounts or dwelling units	Bills
Residential WW						
Single Family Residential		131,329	194,991	193,171	1,463	17,556
Multi-Family Residential (dwelling units)		703	1,044	1,034	12	12
Cottages, Motels, Trailer Parks, Laundries, etc.	284	241	603	505	2	24
Commercial and Industrial	1,277	1,149	4,663	3,695	8	96

These units of service are then used in Table 7-6 to determine the unit costs (Line 9) for each of the wastewater parameters. These unit costs are then used along with the loadings to develop the cost to be collected from the different customer classes. Note that general costs are reallocated based on the proportions of the other costs.

Table 7-6: Development of Unit Costs

No.	Revenue Requirement	WW Flow	BOD	TSS	Billing	General	Total
1	Net Operating Revenue Requirement	$1,179,022	$209,148	$209,148	$100,141	$0	$1,697,460
2	Net Capital Revenue Requirement	$370,274	$164,021	$164,021	$2,132	$59,528	$759,975
3	**Total - Cost of Service**	**$1,549,295**	**$373,169**	**$373,169**	**$102,273**	**$59,528**	**$2,457,434**
4	Allocation of General Costs - Operating	$0	$0	$0	$0	$0	$0
5	Allocation of General Costs - Capital	$31,468	$13,939	$13,939	$181	-$59,528	$0
6	**Total - Adjusted Cost of Service**	**$1,580,763**	**$387,109**	**$387,109**	**$102,454**	**$0**	**$2,457,434**
7	Units of Service	133,423	201,301	198,405	17,688		
8	Units	hcf/yr	lb/yr	lb/yr	bills/yr		
9	Unit Cost	$11.85	$1.92	$1.95	$5.79		
10		per hcf	per lb	per lb	per bill		

8. Wastewater Rate Derivation

8.1. Proposed Rates

Based on District staff direction, Raftelis has developed a new flat, monthly rate structure for residential customers. Non-residential customers will continue to be charged based on billed water consumption, subject to a minimum monthly charge equal to the Multifamily charge for one dwelling unit.

Table 8-1~~Table 8-1~~ shows the derivation of each of the customer-class charges. The total costs allocated to single family and multifamily residential customer classes are divided by the number of dwelling units and adjusted by the equivalent dwelling unit factor to determine the monthly charge per dwelling unit. Based on the 2011 American Community Survey 5-Year data for the Sunnyslope census designated place, multifamily density is about 65 percent of single family density. The non-residential customer rates are based on the total allocated cost divided by the total billed water use.

Table 8-1: Wastewater Rate Derivation, Test Year

Customer Class	Flow	Strength	Customer	Total	Dwelling Units	EDU Ratio	$/EDU/mo	Water Use, hcf	$/hcf
Single Family	$1,555,957	$751,872	$101,689	$2,409,518	1,463	1.00	$137.25		
Multifamily	$8,329	$4,025	$70	$12,424	12	0.65	$89.58		
Cottages, Motels, Trailer Parks, Laundries, etc. (1)	$2,860	$2,144	$139	$5,143				190	$27.07
Commercial and Industrial (1)	$13,617	$16,177	$556	$30,349				1,099	$27.62

(1) Subject to a minimum charge equal to $89.58

Table 8-2~~Table 8-2~~ shows the proposed wastewater rates for the next five years. Rates are adjusted by the cost-of-service for FY 2025 and then by the revenue adjustments (starting in FY 2028) on July 1 of each fiscal year through the rate-setting period.

Table 8-2: Proposed Wastewater Rates

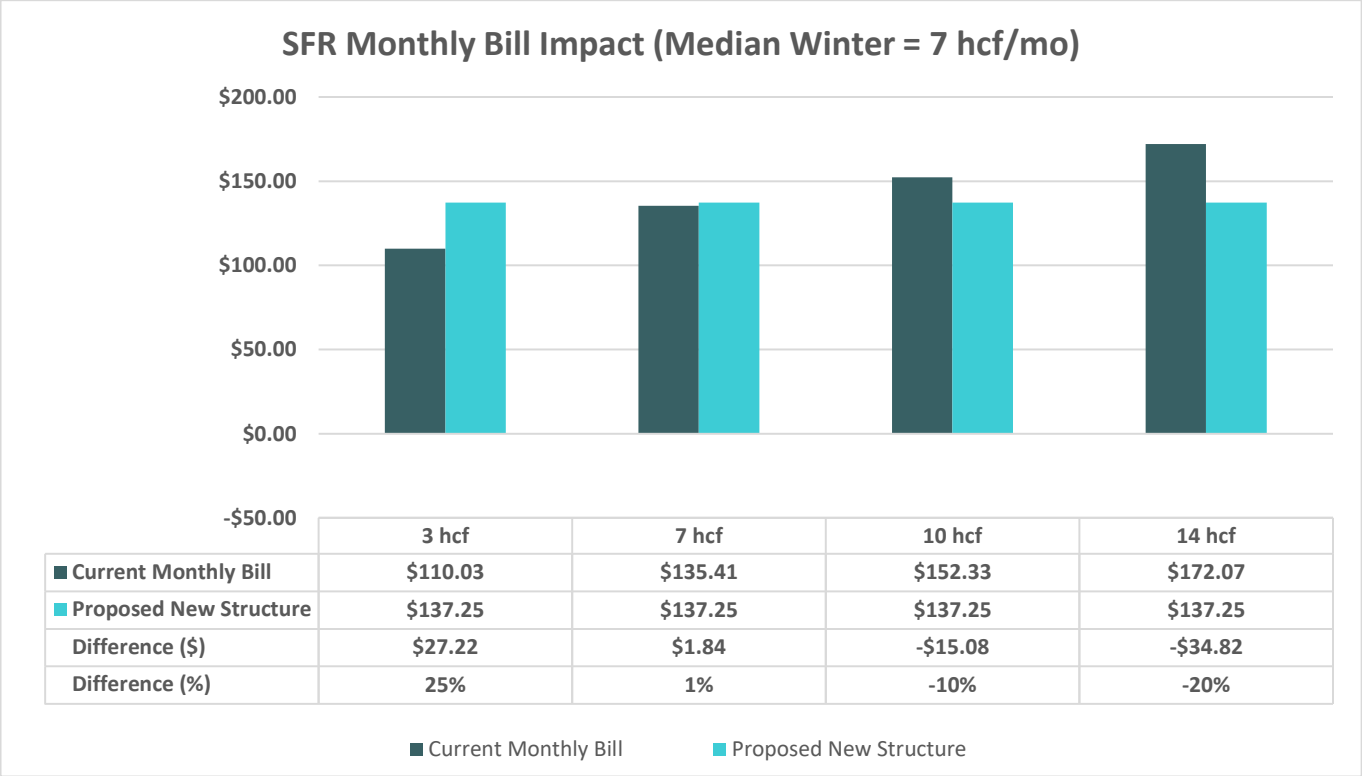
Customer Class	Current	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Effective Date		8/1/2024	7/1/2025	7/1/2026	7/1/2027	7/1/2028
Monthly Fixed, $/mo/du						
Single Family	$95.93/mo/du + $5.64/hcf	$137.25	$137.25	$137.25	$141.37	$145.62
Multifamily	$72.98/mo/du + $5.64/hcf	$89.58	$89.58	$89.58	$92.27	$95.04
Volume Charge (1)						
Cottages, Motels, Trailer Parks, Laundries, etc.	$9.20/hcf	$27.07/hcf	$27.07/hcf	$27.07/hcf	$27.89/hcf	$28.73/hcf
Commercial and Industrial	$12.14/hcf	$27.62/hcf	$27.62/hcf	$27.62/hcf	$28.45/hcf	$29.31/hcf
Minimum Charge	--	$89.58	$89.58	$89.58	$92.27	$95.04

(1) Proposed rates include a minimum charge.

8.2. Wastewater Bill Impacts

Figure 8-1 shows the monthly bill impact of the proposed rates on a residential customer.

Figure 8-1: Residential Wastewater Monthly Rate Impacts at Different Average Winter Usage Amounts



	3 hcf	7 hcf	10 hcf	14 hcf
Current Monthly Bill	$110.03	$135.41	$152.33	$172.07
Proposed New Structure	$137.25	$137.25	$137.25	$137.25
Difference ($)	$27.22	$1.84	-$15.08	-$34.82
Difference (%)	25%	1%	-10%	-20%

APPENDIX A:

Water Capital Improvement Plan

Capital Improvement Plan - Uninflated	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Water Supply & Treatment									
Hollister Urban Area Master Plan Update				$50,000	$25,000				$50,000
West Hills WTP Expansion			$3,000,000						
*Cross Town Pipeline Inspection							$150,000		
Well 2 - Pump Rehabiliation				$35,000					
Well 7 - Pump Rehabilitation			$35,000						
Well 8 - Pump Rehabilitation			$35,000						
Well 12 - Development				$80,000		$1,000,000	$500,000		
Well 12 - Water Quality Treatment					$80,000		$500,000	$1,000,000	
Facility Fencing					$20,000				
ASR Pilot Project							$3,000,000		
Water Distribution									
Union Road Pressure Reducing Station SCADA		$30,000		$75,000					
New Enterprise Booster Station		$100,000	$335,000						
Enterprise Road Garage Facility @ Well #7					$320,000				
Upgrade Airline Highway Booster Station SCADA	$50,000				$100,000				
Rehabilitate 2.0 MG Fairview Tank					$1,500,000				
Rehabilitate 3.5 MG Fairview Tank (painting)							$300,000		
Well 8 Irrigation System Supply			$500,000						
Replace 12" Pipe from Ridgemark Tanks to Georges								$150,000	
Upsize water main from Well 2 to Airline Hwy									$166,000
Water Meter AMI Radio Network and Upgrades (Itron)	$412,000								
Well 2 VFD Electrical Rewiring			$40,000						
Update Water System Model for Fire Flows					$40,000				
Water Main Upgrades for Fire Flows							$300,000	$300,000	
Convert Water Distribution SCADA	$37,500	$37,500							
Replace Cathodic Protection Annodes in Water Tanks							$30,000		
Well 7 - Maintenance and Materials Facility			$450,000						
Tank Asphalt Chip Sealing				$100,000					
Well Head Asphalt Chip Sealing						$150,000			
Properly Abandon and Seal Well 1				$30,000					
Properly Abandon and Seal Well 6				$30,000					
ACP Water Main Replacement							$300,000		
Gate Valve Replacement		$50,000		$50,000		$50,000		$50,000	
Pressure Reducing Valve Replacement					$50,000		$50,000		$50,000
Fire Hydrant Replacement						$100,000			
Ridgemark Tanks Rehabilitation									$300,000
Electric Truck							$75,000		
Electric Truck							$80,000		
Crane Truck, Diesel				$120,000					
Water Irrigation System									
Well 5 Irrigation System Supply		$750,000	$750,000						
Irrigation Line - Fairview Road Extension	$300,000								
Pipe Repair and Replacement			$100,000						
Well 8 Intertie Design and Construction			$40,000		$500,000				
Promontory Landscape Pipeline	$60,000								
Admin Capital - Water Portion									
Replace floor electrical and re-carpet District Office	$44,200			$31,200					
Paint District Office Inside & Outside							$39,000		
Vehicle Replacement					$104,000				
Backhoe						$97,500			
Roof Repair/Gutter Replacement	$9,750		$9,750						
Replacement Electronic Devices/Desktop Computers	$9,750	$6,500	$6,500	$6,500					
Total Project Costs - Uninflated	**$923,200**	**$974,000**	**$5,301,250**	**$607,700**	**$2,739,000**	**$1,397,500**	**$5,324,000**	**$1,500,000**	**$566,000**
Total Project Costs - Inflated	**$923,200**	**$1,022,700**	**$5,844,628**	**$703,489**	**$3,329,272**	**$1,783,603**	**$7,134,669**	**$2,110,651**	**$836,240**

APPENDIX BA:

Water O&M Allocation

O&M Functionalization

O&M Line Item	Test Year	Supply	Treatment	T&D	Storage	Meters	CS/Billing
Water Distribution							
Cost of Goods	$1,472,240			60%		20%	20%
Operating Expenses							
Quality Testing	$42,230		100%				
All Other Operating Expenses	$723,906			60%		20%	20%
Other	$0			60%		20%	20%
Water Production	$968,666	90%					10%
Lessalt TP							
Cost of Goods	$502,380	29%	71%				
Operating Expenses							
Cost of Raw Water	$805,710	100%					
Cost of Raw Water - Power	$139,360	100%					
True-Up Annual Raw Water Cost & Power	$0	100%					
All Other Operating Expenes	$2,355,236		100%				
West Hills TP							
Cost of Goods	$498,416	31%	69%				
Operating Expenses							
Cost of Raw Water	$1,611,420	100%					
Cost of Raw Water - Power	$83,616	100%					
True-Up Annual Raw Water Cost & Power	$0	100%					
All Other Operating Expenes	$3,785,602		100%				
Non-Operating Expenses							
Non-Op Allocation - Water Distribution	-$13,905		2%	59%		20%	20%
Non-Op Allocation - Water Production	-$7,725	90%					10%
Total	$12,967,151	$3,802,962	$6,885,592	$1,309,502	$0	$436,501	$532,595
Allocation		29%	53%	10%	0%	3%	4%

Allocation of WTP O&M Revenue

Treatment Plant O&M	Supply	Treatment
Lessalt TP	$1,088,931	$2,713,755
West Hills TP	$1,849,185	$4,129,869
Total	$2,938,115	$6,843,624
Allocation	30%	70%

Function	WTP O&M Rev	Base	Max Day
Supply	$1,318,261	$1,008,470	$309,791
Treatment	$3,070,569	$1,535,284	$1,535,284
WTP O&M Revenue	$4,388,830	$2,543,754	$1,845,076
Allocation		58%	42%

APPENDIX C:

Wastewater Capital Improvement Plan

Capital Improvement Plan - Uninflated	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Wastewater Treatment									
Pond 6 Lift Station Wet Well, Pump, Electrical	$50,000								
Dredge and Remove Sludge from RM I Pond 1							$750,000		
Replace SBR Monitoring Wells	$50,000								
Facility Fencing							$20,000		
Undesignated Future									$75,000
Wastewater Collection									
New Enterprise Lift Station (replace Oak Canyon)	$100,000								
New Airline/Ridgemark Dr. Lift Station (replace Paullus)		$150,000							
New Force Main Sewer from Main Lift to Vista del Calabria				$150,000					
New Gravity Sewer Everest toward Main Lift				$80,000					
Connection to City Sewer via Lico North				$30,000	$420,000				
Ridgemark Golf Course Sewer Upsizing						$65,000			
Upsizing City Sewer Mains Union/Southside to City WWTP							$60,000	$1,000,000	
Manhole and Sewer Main Repair/Replace from CCTV Inspection	$50,000	$50,000					$50,000	$50,000	$50,000
VCP Sewer Main Replacement							$300,000		
Facility Fencing								$20,000	
SCADA System Upgrade			$80,000						
Vista Del Calabria Pumpstation Cost Share	$200,000								
Pump Station Control Panels	$300,000	$200,000	$150,000						
Admin Capital - WW Portion									
Replace floor electrical and re-carpet District Office	$23,800			$16,800					
Paint District Office Inside & Outside							$21,000		
Vehicle Replacement					$56,000				
Backhoe						$52,500			
Roof Repair/Gutter Replacement	$5,250		$5,250						
Replacement Electronic Devices/Desktop Computers	$5,250	$3,500	$3,500	$3,500					
Total Project Costs - Uninflated	**$906,800**	**$441,000**	**$238,750**	**$710,300**	**$1,476,000**	**$117,500**	**$1,201,000**	**$1,070,000**	**$125,000**
Total Project Costs - Inflated	**$906,800**	**$463,050**	**$263,222**	**$822,261**	**$1,794,087**	**$149,963**	**$1,609,455**	**$1,505,597**	**$184,682**

Water & Wastewater Rate Study

Board Meeting:
May 28, 2024

RAFTELIS

Sunnyslope Water District

1

Data-backed rate study process

05 Rate Adoption
Send notice to customers and host a public hearing

04 Study Documentation
Provide documentation and study report; Review of rates by legal counsel

03 Rate Design
Conduct cost of service and evaluate rate alternatives; conduct rate calculations and customer impact analyses

02 Financial Plan
Evaluate operating and capital costs; conduct cash flow and scenario analysis

01 Rate Setting Framework
Identify financial goals, pricing objectives, and alternative rate structures for evaluation

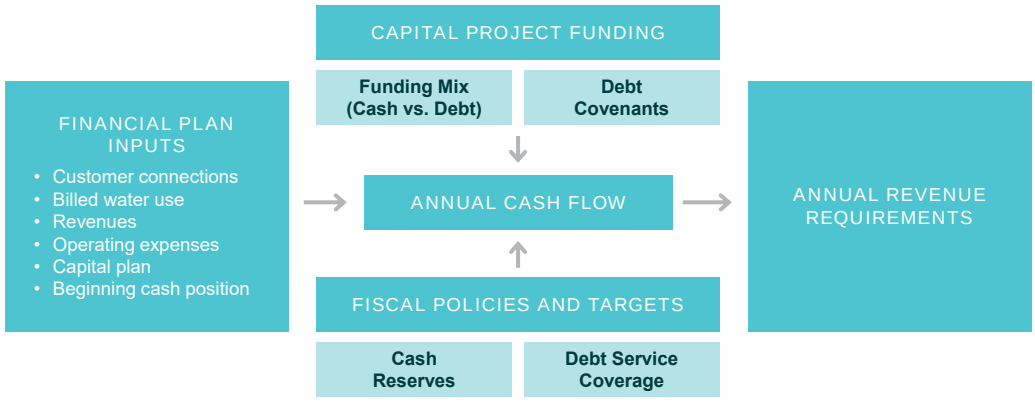
2

Financial Plans

3

3

Financial Plan Elements



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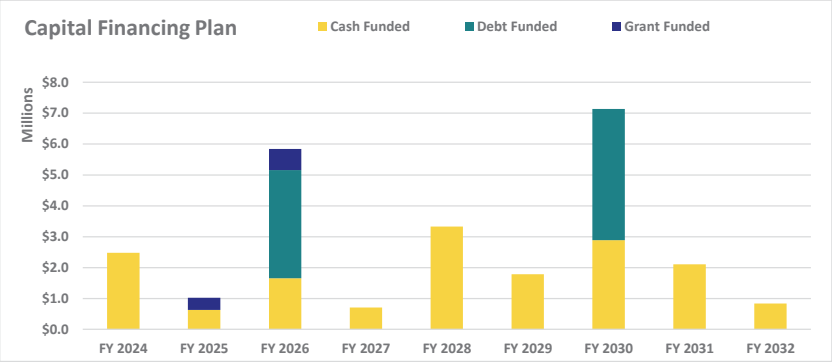
CIP Inflated - Water

- Total CIP FY2025-FY2029 is $12.7M
- Bond or Loan for West Hills WTP Expansion & ASR Pilot Project total $7.75M
- 50% Grant for Wells 5 & 8 Irrigation System Supply



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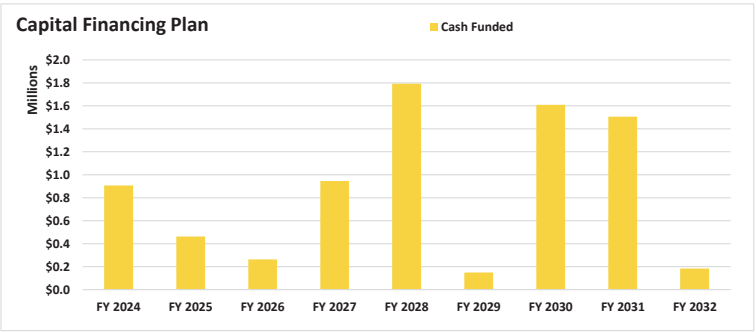
CIP Inflated - Wastewater

- Total CIP FY2025-FY2029 is $3.5M
- FY2028 includes Main Lift Pump Station Project
- FY2030 includes Dredge/ Sludge Removal Project
- FY2031 includes Upsizing City Sewer Mains



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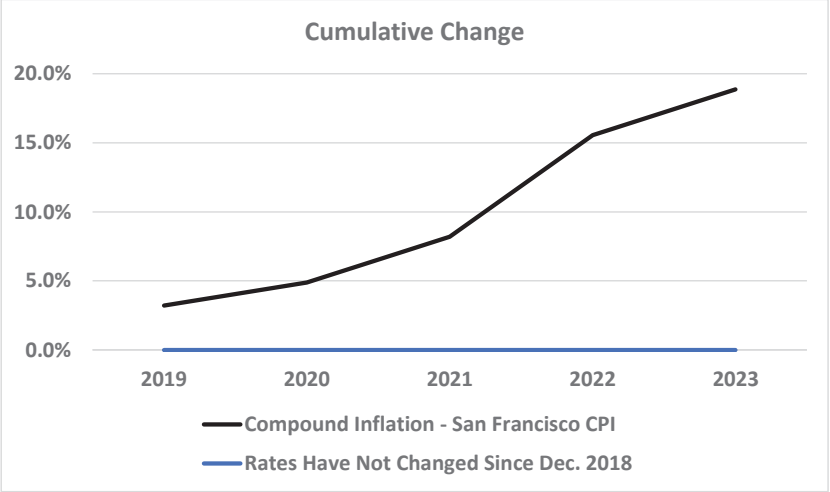
Cumulative Change in San Francisco CPI



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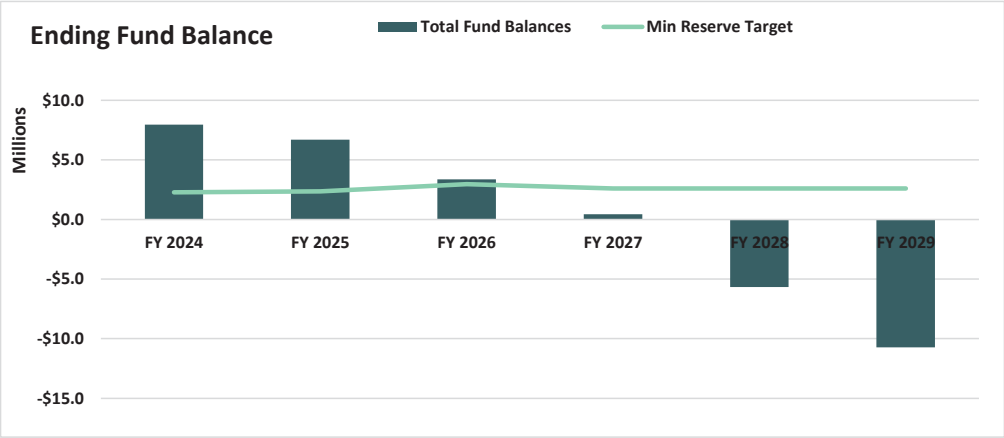
Water Scenario 1: Do Nothing



Draw down reserves each year because annual projected expenditures > projected revenues.

Eventually have no reserves left.

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Water Scenario 2: Combination of Revenue Adjustments and Loans

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Mxo|#4/#5358	;(
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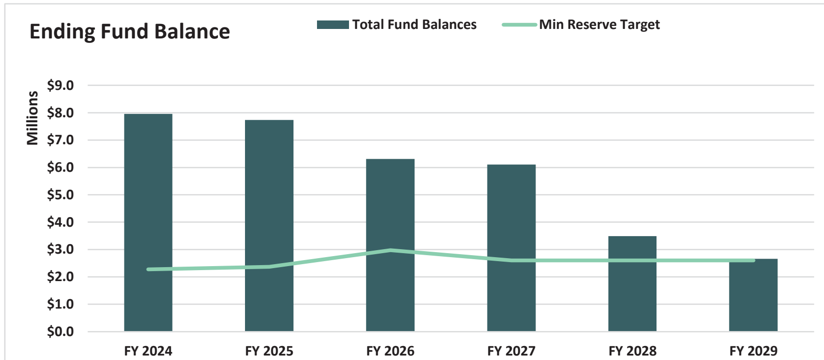


-$3.5M Bond in FY2026 for West Hills

- Bond terms: 3.5%, 20 years, 1.5% issuance cost

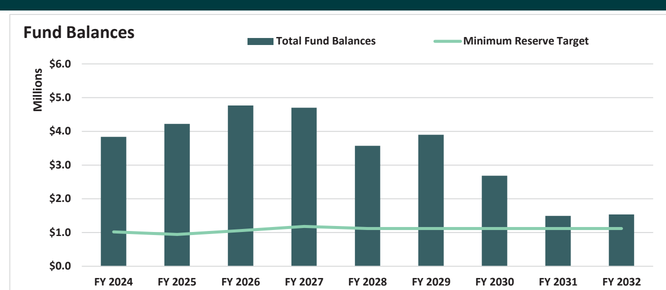
9 - May be able to get low interest loans.

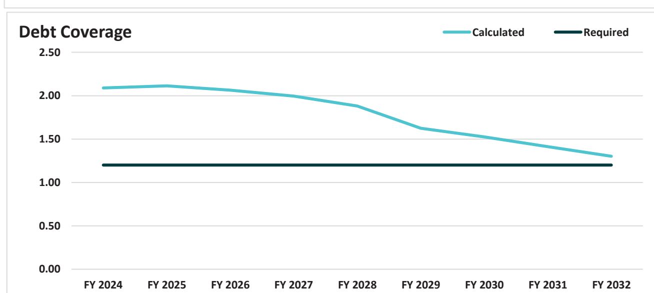
9

Wastewater Scenario 1: No Revenue Adjustment

Wastewater enterprise projections look to stay above fund balance.

However, Debt coverage trending towards minimum reserve. If go below reserve requirement, would be in technical default on loan.





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Wastewater Scenario 2: Revenue Adjustments

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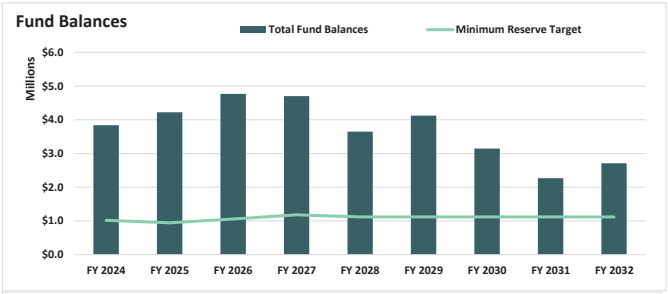
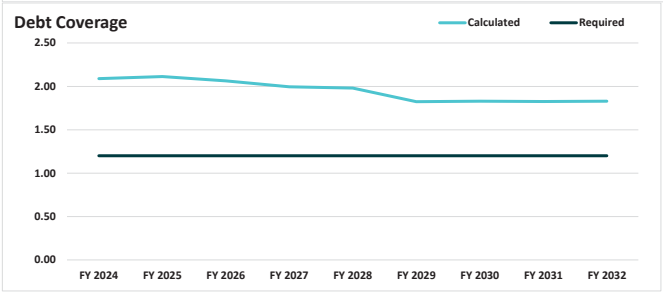
-Start revenue adjustments in last 2 years of rate-setting period to minimize chance of larger increases if delay adjustments.

- Debt coverage projected to level out in later years.





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Cost of Service and Rate Design - Water

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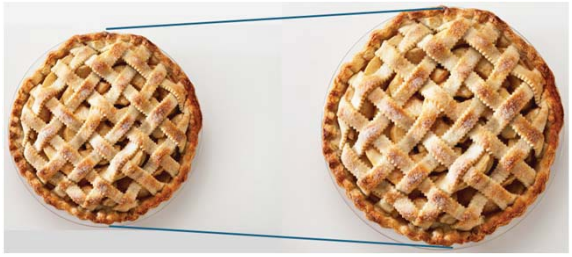
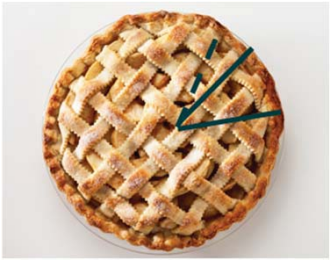
Financial Plan vs. Cost of Service

Financial Plan



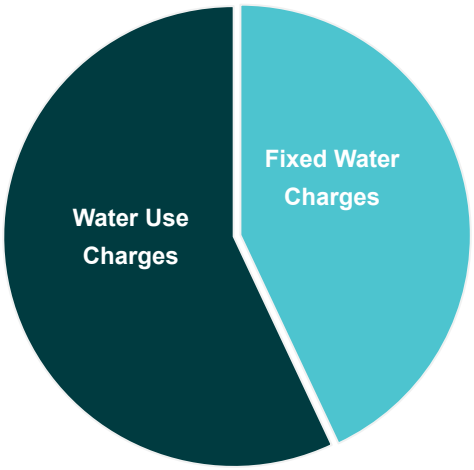
Cost of Service



13

Fixed & Variable Revenue Recovery - Water

Current Share of Water Rate Revenues



- Currently 43% fixed and 57% variable
- No proposed changes to fixed revenue recovery to ensure revenue stability
  - Rates designed to keep the percentage of revenue from fixed charges the same

14

Proposed 5-Yr Rate Schedule – Water (Fixed)

Retain the current fixed charge rate structure

Monthly Service Charge	Current FY 2024	Proposed FY 2025	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029
5/8"	$32.54	$36.21	$41.65	$44.99	$48.59	$52.48
3/4"	$32.54	$36.21	$41.65	$44.99	$48.59	$52.48
1"	$32.54	$36.21	$41.65	$44.99	$48.59	$52.48
1 1/2"	$53.22	$65.91	$75.80	$81.87	$88.42	$95.50
2"	$78.02	$101.55	$116.79	$126.14	$136.24	$147.14
3"	$156.60	$214.43	$246.60	$266.33	$287.64	$310.66
4"	$272.39	$380.77	$437.89	$472.93	$510.77	$551.64
6"	$549.45	$778.80	$895.62	$967.27	$1,044.66	$1,128.24
8"	$1,004.35	$1,669.92	$1,920.41	$2,074.05	$2,239.98	$2,419.18

Private Fireline Charges	Current FY 2024	Proposed FY 2025	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029
1"	$8.73	$8.27	$9.52	$10.29	$11.12	$12.01
1 1/2"	--	$11.62	$13.37	$14.44	$15.60	$16.85
2"	$18.09	$17.42	$20.04	$21.65	$23.39	$25.27
3"	--	$38.21	$43.95	$47.47	$51.27	$55.38
4"	$87.33	$74.07	$85.19	$92.01	$99.38	$107.34
6"	$130.98	$202.77	$233.19	$251.85	$272.00	$293.76
8"	$180.90	$424.76	$488.48	$527.56	$569.77	$615.36

15

15

Proposed 5-Yr Rate Schedule – Volume

Volume Charges	Current FY 2024	Proposed FY 2025	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029
SFR						
Tier 1: First 1,000 cu ft	$3.17	$3.77	$4.34	$4.69	$5.07	$5.48
Tier 2: 1,100 - 2,000 cu ft	$4.70	$5.78	$6.65	$7.19	$7.77	$8.40
Tier 3: Over 2,100 cu ft	$6.97	$6.99	$8.04	$8.69	$9.39	$10.15
Non-SFR	$4.22	$5.09	$5.86	$6.33	$6.84	$7.39

- Currently “Inside District but Outside Zone 3” is 6 cents more than inside.
- Insufficient information to allocate costs to “Inside District but Outside Zone 3”.
- Recommend condensing volumetric rates to a single schedule.
- Outside District, but inside Zone 3 customers would also be charged these rates

16

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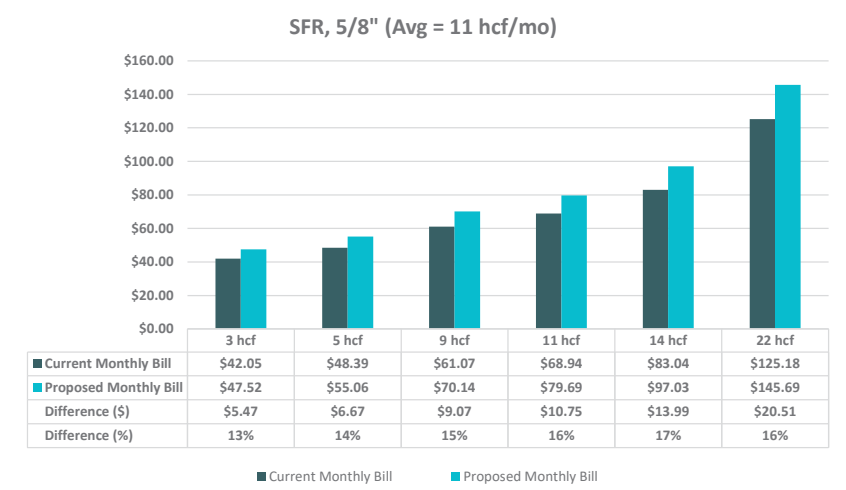
Water Bill Impacts Single Family, FY2025



	3 hcf	5 hcf	9 hcf	11 hcf	14 hcf	22 hcf
Current Monthly Bill	$42.05	$48.39	$61.07	$68.94	$83.04	$125.18
Proposed Monthly Bill	$47.52	$55.06	$70.14	$79.69	$97.03	$145.69
Difference ($)	$5.47	$6.67	$9.07	$10.75	$13.99	$20.51
Difference (%)	13%	14%	15%	16%	17%	16%

17

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Cost of Service and Rate Design - Wastewater

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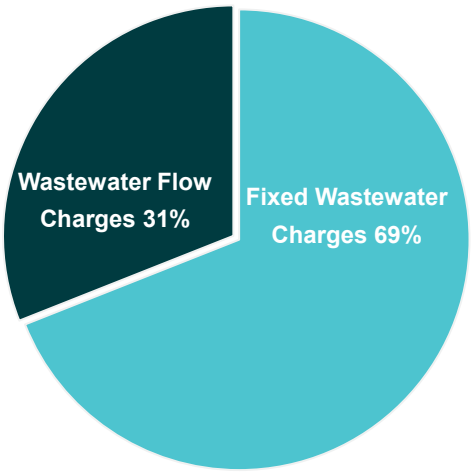
18

Fixed & Variable Revenue Recovery - Wastewater

Current Share of Wastewater Rate Revenues



- Proposed simplification of residential billing will increase the District's fixed rate-based revenue, increasing revenue stability.

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Proposed 5-yr Wastewater Rate Schedule

Customer Class	Current	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Effective Date		8/1/2024	7/1/2025	7/1/2026	7/1/2027	7/1/2028
Monthly Fixed, $/mo/du						
Single Family	$95.93/mo/du + $5.64/hcf	$137.25	$137.25	$137.25	$141.37	$145.62
Multifamily	$72.98/mo/du + $5.64/hcf	$89.58	$89.58	$89.58	$92.27	$95.04
Volume Charge (1)						
Cottages, Motels, Trailer Parks, Laundries, etc.	$9.20/hcf	$18.11/hcf	$18.11/hcf	$18.11/hcf	$18.66/hcf	$19.22/hcf
Commercial and Industrial	$12.14/hcf	$23.77/hcf	$23.77/hcf	$23.77/hcf	$24.49/hcf	$25.23/hcf
Minimum Charge	--	$89.58	$89.58	$89.58	$92.27	$95.04

(1) Proposed rates include a minimum charge.

- Current residential rates include fixed charge and winter use based flow charges and current non-residential charges are based on monthly use
- Recommended rate structure for single family and multi-family is a flat monthly fee, no volumetric component.

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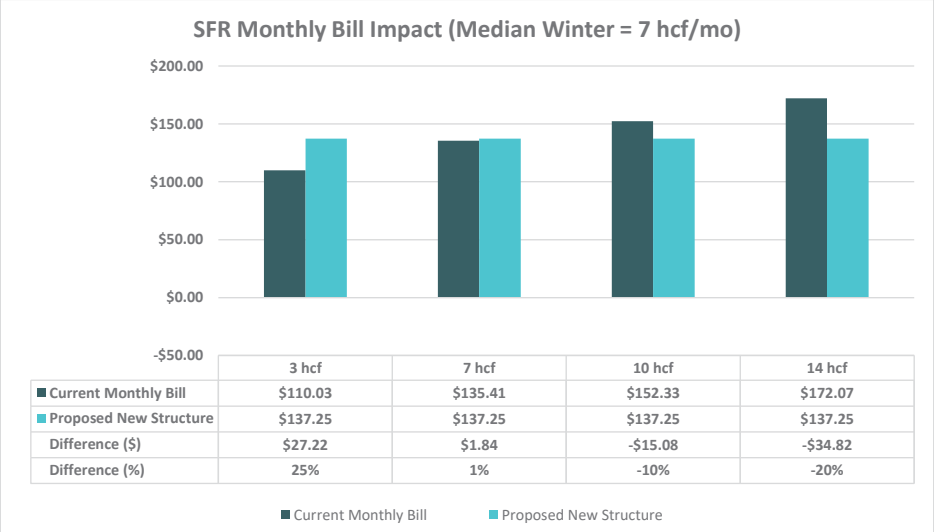
Wastewater Bill Impact Single Family, FY2025



	3 hcf	7 hcf	10 hcf	14 hcf
Current Monthly Bill	$110.03	$135.41	$152.33	$172.07
Proposed New Structure	$137.25	$137.25	$137.25	$137.25
Difference ($)	$27.22	$1.84	-$15.08	-$34.82
Difference (%)	25%	1%	-10%	-20%

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Next Steps

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Rate Study Next Steps

1. Request Board approve starting the Prop 218 process

   May 28 District Board Meeting

2. Notice Postmark date by

   June 7

3. 45 Day protest period

   June 7 through July 23

4. Hold Public Hearing to receive public comments, count protests, and consider adoption of water and wastewater rates

   July 23 District Board Meeting

5. Year One Rate Implementation

   August 1, 2024

23

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Suggested Motion

- Move to
  - Accept Staff recommended water financial plan and associated rates
  - Accept Staff recommended wastewater financial plan and associated rates
  - Direct Staff to proceed with Proposition 218 notification and rate implementation process
  - Schedule a public hearing for July 23, 2024

24

24

Thank you

25

RESOLUTION NO. 527

A RESOLUTION OF THE BOARD OF DIRECTORS OF SUNNYSLOPE COUNTY WATER DISTRICT

ADOPTING GUIDELINES FOR THE SUBMISSION AND TABULATION OF PROTESTS IN CONNECTION WITH FEE AND CHARGE HEARINGS CONDUCTED PURSUANT TO ARTICLE XIII D, SECTION 6 OF THE CALIFORNIA CONSTITUTION

FINDINGS

1. Article XIII D, Section 6 of the California Constitution requires the Board of the Sunnyslope County Water District (District) consider written protests prior to proposed imposition or increase to any water or wastewater fee or charge; and

2. This law does not offer specific guidance as to who is allowed to submit protests, how written protests are to be submitted, or how the District is to tabulate the protests.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Sunnyslope County Water District Board of Directors that the following procedures shall be used when imposing or increasing a fee or charge subject to Article XIIID of the California Constitution:

Section One. **Findings.** The Findings set forth above are incorporated into this Resolution as if set forth in full.

Section Two. **Definitions.** Unless the context plainly indicates another meaning was intended, the following definitions shall apply in construction of these guidelines.

A. "Parcel" means a County Assessor's parcel the owner or occupant of which is subject to the proposed fee or charge that is the subject of the hearing.

B. "Record owner," "owner of record," and "parcel owner" mean the person or persons whose name or names appear on the County Assessor's latest equalized secured property tax assessment roll as the owner of a parcel.

C. A "fee protest proceeding" is not an election, but the District Secretary shall maintain the confidentiality of protests as provided below and shall maintain the security and integrity of protests at all times.

D. All undefined terms shall be given the definitions set forth in the District Code, a codification of the General Resolutions of the Sunnyslope County Water District published by Book Publishing Company and supplemented by Matthew Bender Y Company, its successor in interest, as that Code may be amended from time to time.

E. All undefined terms shall further be construed in accord with the District Manual of Policies as approved by the Board.

Section Three. **Notice Delivery.** Notice of proposed fees or charges and public hearing shall be as follows:

A. The District shall give notice of proposed fees or charges via U.S. mail to all record owners and customers within the District boundary that receive water or are eligible to receive water as a customer of the Sunnyslope County Water District.

B. The District will post the notice of proposed fees or charges and public hearing at its official posting sites.

Section Four. **Protest Submittal.**

A. Any record owner who is subject to the proposed fee or charge which is the subject of the hearing may submit a written protest to the District Secretary, by:

- Personal delivery to the District Secretary at the District's Office, 3570 Airline Highway, Hollister, CA 95023-9702 during published business hours on or before the date of the public hearing, or

- Mail, by deposit in the U.S. Mail, postage pre-paid, to the District Secretary at Sunnyslope County Water District, 3570 Airline Highway, Hollister, CA 95023-9702. All mailed protests must be received on or before 5:00 p.m. on the date of the public hearing, or

- Personally submitting the protest at the public hearing, before the hearing is closed.

B. Protests must be received before the end of the public hearing, including those mailed to the District. No postmarks shall be accepted; therefore, any protest not actually received before the close of the hearing, whether or not mailed prior to the hearing, shall not be counted.

C. Emailed, faxed, and photocopied protests shall not be counted.

D. Oral comments at the public hearing will not qualify as a formal protest unless accompanied by a written protest. The District board nonetheless welcomes input from the community during the public hearing on the proposed charges.

Section Five. **Protest Requirements.**

A. A written protest must include:

(i) A statement that it is a protest against the proposed fee or charge, which is the subject of the hearing.

(ii) Name of the record owner who is submitting the protest;

(iii) Identity, by street address or assessor's parcel number (APN), of the parcel with respect to which the protest is made;

(iv) Original signature and legibly printed name of the record owner who is submitting the protest.

B. Protests shall not be counted if any of the required elements (i thru iv) outlined in the preceding subsection "A." are omitted.

C. Only one protest will be counted per parcel as provided by Government Code Section 53755(b).

D. A separate, written, and signed protest shall be required for each parcel.

Section Six. **Protest Withdrawal.** Any person who submits a protest may withdraw it by submitting to the District Secretary a written request that the protest be withdrawn. The withdrawal of a protest shall contain sufficient information to identify the affected parcel and the name of the record owner or customer of record who submitted both the protest and the request that it be withdrawn. Withdrawals must be received before the end of the public hearing.

Section Seven. **Transparency, Confidentiality, and Disclosure.**

A. To ensure transparency and accountability in the protest tabulation while protecting the privacy rights of record owners and customers of record, protests shall be maintained in confidence until tabulation begins following the public hearing.

B. Once a protest is opened during the tabulation, it becomes a disclosable public record, as required by state law.

Section Eight**: District Secretary.** The District Secretary shall not accept as valid any protest if he or she determines that any of the following is true:

A. The protest does not, clearly and unambiguously, state it is a protest in opposition to the proposed charges.

B. The protest does not name the record owner of the parcel identified in the protest as of the date of the public hearing.

C. The protest does not identify a parcel within the District, which is subject to the proposed charge.

D. The protest does not bear an original signature of the named record owner of the parcel identified on the protest. Whether a signature is valid shall be entrusted to the reasonable judgment of the District Secretary, who may consult signatures on file with the County Elections Official and/or the District.

E. The protest was altered in a way that raises a fair question as to whether the protest actually expresses the intent of a record owner to protest the charges.

F. The protest was not received by the District Secretary before the close of the public hearing on the proposed charges.

G. A request to withdraw the protest was received prior to the close of the public hearing on the proposed charges.

Section Nine. **District Secretary's Decisions Final**. The District Secretary's decision that a protest is or is not valid shall constitute a final action of the District and shall not be subject to any internal appeal.

Section Ten. **Majority Protest**.

A. A majority protest exists if timely written protests are submitted and not withdrawn by the record owners of a majority (50% plus one) of the parcels subject to the proposed charge.

B. While the District may inform the public of the number of parcels served by the District when a notice of proposed rates or fees is mailed, the number of parcels with active Sunnyslope customer accounts served by the District on the date of the hearing shall control in determining whether a majority protest exists.

Section Eleven. **Tabulation of Protests**. At the conclusion of the public hearing, the District Secretary shall tabulate all protests received, including those received during the public hearing, and shall report the results of the tabulation to the District Board. If the total number of protests received is insufficient to constitute a majority protest, the District Secretary may determine the absence of a majority protest without validating the protests received, but may instead deem them all valid without further examination. Further, if the number of protests received is obviously substantially fewer than the number required to constitute a majority protest, the District Secretary may determine the absence of a majority protest without opening the envelopes in which protests are returned.

Section Twelve. **Report of Tabulation**. If at the conclusion of the public hearing, the District Secretary determines that he or she will require additional time to tabulate the protests, he or she shall so advise the District Board, which may adjourn the meeting to allow the tabulation to be completed on another day or days. If so, the District Board shall declare the time and place of tabulation, which shall be conducted in a place where interested members of the public may observe the tabulation, and the District Board shall declare the time at which the meeting shall be resumed to receive and act on the tabulation report of the District Secretary.

Section Thirteen. **Delegation.** The General Manager is directed and authorized to execute all documents and to perform all necessary acts to implement the effect of this Resolution.

Section Fourteen. **Effective Date.** This Resolution shall take immediate effect.

Section Fifteen. **Severability.** If any subdivision, paragraph, sentence, clause or phrase

of this Resolution is, for any reason, held to be invalid or unenforceable by a court of competent jurisdiction, such invalidity shall not affect the validity or enforcement of the remaining portions of this Resolution. It is the District's express intent that each remaining portion would have been adopted irrespective of the fact that one or more subdivisions, paragraphs, sentences, clauses, or phrases be declared invalid or unenforceable.

THE FOREGOING RESOLUTION on a motion by Director Hill and second by Director Villalon is duly adopted this 5th day of June 2013, by the following votes.

AYES:	DIRECTORS	Clapham, Hill, Johnson, Meraz, and Villalon
NAYS:	DIRECTORS	None
ABSENT:	DIRECTORS	None

SUNNYSLOPE COUNTY WATER DISTRICT

By: _____
Dave Meraz, President

(SEAL)

ATTEST: _____
Donald G. Ridenhour, Secretary

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