



# Sunnyslope County Water District

## BOARD OF DIRECTORS

### REGULAR MEETING

District Office Board Room/Teleconference



3570 Airline Hwy., Hollister, CA

## NOTICE & AGENDA

NOVEMBER 15, 2022

Regular Board Meeting - 5:15PM

**Closed Session to Precede the Regular Session – 4:15PM**

AS AUTHORIZED BY THE STATE OF CALIFORNIA EXECUTIVE ORDER N-08-21 THE SSCWD UNANIMOUSLY APPROVED THE USE OF VIRTUAL MEETING ACCESS. PUBLIC ACCESS TO DISTRICT MEETINGS CAN BE OBTAINED THROUGH THE FOLLOWING ACCESS POINTS:

ZOOM MEETING ACCESS LINK

<https://us06web.zoom.us/j/89827012445>

Passcode not required

Or Telephone: Dial + 1 (669) 444-9171 and when prompted enter Meeting ID: 898 2701 2445

Passcode not required

### COVID PROTECTION GUIDELINES

Public access to this meeting is provided both in person and through electronic viewing. Virtual meeting access will continue to be provided until further notice by the District Board; 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 Buzzetta \_\_\_\_\_, Vice-President Brown \_\_\_\_\_,

Director Parker \_\_\_\_\_, Director Alcorn \_\_\_\_\_, and Director Mauro \_\_\_\_\_.

- 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** @ 4:15PM

**C. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTIONS:**

**1. Conference with Legal Counsel – Pending Litigation (§ 54956.9):**

1. *County of San Benito vs. SSCWD*, San Benito County Superior Court  
Case No. CU-20-00068, Schedule Update

**2. Public Employee Performance Review (§ 54957) – Title: General Manager**

**REGULAR SESSION** @ 5:15PM

**D. PLEDGE OF ALLEGIANCE**

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

- 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<sup>1</sup> on any District business, not on the agenda, with a time limit of three minutes per speaker. No actions 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<sup>2</sup> on these items, not to exceed 3 minutes, when the Board reviews each pulled item.

1. Approve Minutes of the Regular Board Meeting of October 18, 2022 (page 1)
2. Receive and Accept Allowance of Claims for Disbursements from October 1, 2022 Through October 31, 2022. (page 7)
3. Receive and Accept Associate Engineer Monthly Status Report
4. Receive and Accept Finance Manager Monthly Status Reports:
  - a) Narrative Report (page 11)
  - b) Operation Summary (page 13)
  - c) Statement of Income (page 21)
  - d) Investment Summary (page 23)
  - e) Board Designated Reserves (page 26)
5. Receive and Accept Superintendent Monthly Status Reports:
  - a) Maintenance (page 27)
  - b) City Meter Reading (page 33)
  - c) Groundwater Level Measurement (page 34)
6. Receive and Accept General Manager Monthly Status Report. (page 36)
7. Approval of Resolution No. 582 of the Board of Directors of the Sunnyslope County Water District – Hollister California Proclaiming a Local Emergency, Ratifying the State of Emergency Proclaimed on March 4, 2020, and Authorizing Remote Teleconference Meetings of all District Legislative Bodies for the Following 30 Days in Accord with the Ralph M. Brown Act. Resolution No. 581 attached. (Not a project under CEQA per Article 20, Section 15378) (page 37)

**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<sup>2</sup> on these items as the Board reviews each item when directed to do so.

1. Authorize the Board President to Sign Letter of Support for San Benito County Water District’s Accelerated Drought Response Project (ADRoP) application for grant funding through the United States Bipartisan Infrastructure Law (BIL) administered by the Bureau of Reclamation. Funding Opportunity R23AS00019, Small Surface Water and Groundwater Storage Projects (page 42)
2. SBCWD DRAFT - Zone 6 Water Rate and Capacity Fee Study (Not a project under CEQA per Article 20, Section 15378) For Discussion Only (page 46)
3. Approve Amendment 2 to the Agreement for Water and Sewer Facilities and Service for the Promontory at Ridgemark Development for a cost not to exceed \$110,000 (page 93)
4. Authorize execution of a 5 Year Employment Contract with Drew Lander, General Manager (page 98)

**J. STATUS REPORT**

1. Governance Committee (JP, MA) – (No Meeting)
2. Water / Wastewater Committee (JP, MA) – (No Meeting)
3. Finance Committee (JB, MA) – (No Meeting)
4. Policy and Procedure Committee (DB, EM)– (No Meeting)
5. Personnel Committee (JB, EM) – (No Meeting)
6. Water Resources Association of San Benito County (JP, Alt. MA) – (No Meeting)

**K. BOARD and STAFF REPORTS**

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

## L. FUTURE AGENDA ITEMS

- a. San Benito Urban Areas Water Supply and Treatment Management Plan Amendment Ratification
- b. FY2021-22 Audit Report

## M. ADJOURNMENT

*Upon request, Sunnyslope County Water District (SCWD) 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. SCWD 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 – December 20, 2022 @ 5:15 p.m., District Office**

**AGENDA DEADLINE: December 14, 2022 @ 12:00 p.m.**

## **Future Scheduled Committee Meetings**

Water Resources Association of San Benito County – December 1<sup>st</sup>, 2022 @ 4pm

<sup>1</sup> 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.

<sup>2</sup> 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**  
**October 18<sup>th</sup>, 2022**

**A. CALL TO ORDER:** The meeting was called to order at 4:30 p.m. by President Buzzetta, as authorized by the State of California Executive Order N-08-21 via teleconference, at the Sunnyslope County Water District office, 3570 Airline Highway, Hollister, California.

**ROLL CALL: Present in Person:** President Jerry Buzzetta (JB), Vice President Dee Brown (DB), Director Edward Mauro (EM), Director James Parker (JP), Director Mike 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 members of the public were identified in attendance present or virtually.

**C. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTIONS:**

**1. Conference with Legal Counsel- Pending Litigation (§54956.9)**

*County of San Benito vs. SSCWD, San Benito County Superior Court Case No. CU-20-00068*

**2. Public Employee Performance Review (§54957)- Title: General Manager**

President Buzzetta retired to closed session at 4:32 p.m. and upon returning to the regular session, moved to take a brief recess at 5:20 p.m. The meeting was reconvened to open session at 5:25 p.m.

\*\*Director Alcorn required an individual recess from 5:25 P.M. to 5:59 P.M. due to personal matters.

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

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

**1. Conference with Legal Counsel- Pending Litigation (§54956.9)**

i. A general counsel update was provided to the Board, no reportable actions taken.

**2. Public Employee Performance Review (§54957)- Title: General Manager**

i. General counsel was given, no reportable actions taken.

**F. APPROVAL OF AGENDA:** Upon a motion made to approve the agenda by Director Mauro, seconded by Director Brown, for which President Buzzetta then took a roll call vote as follows: (JP), yes; (DB), yes; (EM), yes; (JB), yes; the motion carried 4-0. 1 absence.

**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, Associate Engineer Rob Hillebrecht, Water/ Wastewater Superintendent Jose Rodriguez, Finance and HR Manager Barry Kelly.

**H. CONSENT AGENDA:**

1. Approval of Minutes of the Special Facilities Tour Meeting of September 13<sup>th</sup>, 2022; Regular Board Meeting of September 13<sup>h</sup>, 2022; and Special Closed Session Meeting of September 27<sup>th</sup>, 2022.
2. Allowance of Claims – The Board reviewed the Disbursement Summary (below) for the period of September 1, 2022 through September 30, 2022, totaling \$2,098,904.90 which includes \$325,355.90 for payments to vendors, \$256,527.39 for Payroll, \$402,295.84 paid to the City of Hollister for collection of City sewer billings (net of our fees), and \$0.00 for customer refunds.

<u>Date</u>	<u>Number</u>	<u>Name</u>	<u>Amount</u>
09/02/2022	50507	Petty Cash	\$307.00
09/06/2022	50508	Able Septic Tank Service	\$9,157.08
09/06/2022	50509	Ace Hardware (Johnson Lumber Co.)	\$277.72
09/06/2022	50510	AT&T	\$472.90
09/06/2022	50511	AT&T	\$444.80
09/06/2022	50512	AT&T	\$383.04
09/06/2022	50513	Calcon System, Inc.	\$3,094.81
09/06/2022	50514	Frisch Engineering Inc.	\$3,362.50
09/06/2022	50515	Hollister Auto Parts, Inc.	\$26.86
09/06/2022	50516	Kelly Roberts	\$100.00
09/06/2022	50517	Madison Koester	\$275.00
09/06/2022	50518	Mission Uniform Service	\$800.47
09/06/2022	50519	O'Reilly Auto Parts	\$244.63
09/06/2022	50520	Palace Business Solutions	\$29.79
09/06/2022	50521	Razzolink.com	\$76.95
09/06/2022	50522	Schaaf & Wheeler	\$9,750.00
09/06/2022	50523	TPO	\$682.50
09/06/2022	50524	True Value Hardware	\$43.69
09/06/2022	ACH 2353	Principal	\$3,279.46
09/07/2022	ACH 2354	BASIC Benefits LLC	\$40.00
09/07/2022	ACH 2355	iCloud	\$10,674.05
09/09/2022	ACH 2356	CalPERS - Retirement	\$23.08
09/09/2022	ACH 2357	CalPERS - Retirement	\$200.00
09/09/2022	ACH 2358	CalPERS - Retirement	\$240.17
09/09/2022	ACH 2359	CalPERS - Retirement	\$309.17
09/09/2022	ACH 2360	CalPERS - Retirement	\$3,997.58
09/09/2022	ACH 2361	CalPERS - Retirement	\$7,532.85
09/09/2022	ACH 2362	CalPERS - Retirement	\$7,707.30
09/12/2022	50525	ACC Business	\$1,323.29
09/12/2022	50526	Ace Hardware (Johnson Lumber Co.)	\$69.33
09/12/2022	50527	Assoc. of Calif. Water Agencies (ACWA)	\$775.00
09/12/2022	50528	Brenntag Pacific, Inc.	\$33,328.18
09/12/2022	50529	Castroville CSD	\$40.00
09/12/2022	50530	City of Hollister-Finance Dept	\$401,907.98
09/12/2022	50531	CM Analytical, Inc.	\$11,250.00
09/12/2022	50532	CWSRF Accounting Office	\$759,974.56
09/12/2022	50533	Edges Electrical Group, LLC	\$387.86

09/12/2022	50534	Fastenal Company	\$86.86
09/12/2022	50535	Grainger, Inc.	\$4,931.15
09/12/2022	50536	Hach Company	\$232.59
09/12/2022	50537	Hollister Auto Parts, Inc.	\$9.59
09/12/2022	50538	Inductive Automation	\$5,939.94
09/12/2022	50539	Mark Nicholson, Inc.	\$6,860.00
09/12/2022	50540	Mc Master-Carr	\$2,513.29
09/12/2022	50541	Meter, Valve & Control	\$18,053.08
09/12/2022	50542	Mission Uniform Service	\$283.92
09/12/2022	50543	Nationwide Retirements Solutions	\$17,031.38
09/12/2022	50544	Rain for Rent	\$6,933.52
09/12/2022	50545	Recology San Benito County	\$326.68
09/12/2022	50546	San Benito County Water District	\$442.00
09/12/2022	50547	Sharp Engineering and Construction, Inc.	\$23,262.00
09/12/2022	50548	Toro Petroleum Corp.	\$10,903.43
09/12/2022	50550	True Value Hardware	\$73.42
09/12/2022	50551	Tyler Technologies, Inc.	\$1,462.50
09/12/2022	50552	U.S. Bank Corporate Payment Systems	\$4,571.10
09/12/2022	50554	UWUA Local 820	\$807.80
09/12/2022	50555	Wright Bros. Welding & Sheet Metal, Inc.	\$350.75
09/13/2022	ACH 2363	BASIC Benefits LLC	\$277.00
09/13/2022	ACH 2364	P G & E	\$63,066.78
09/15/2022	ACH 2365	Colonial Life	\$2,174.18
09/16/2022	ACH 2366	BASIC Benefits LLC	\$50.00
09/16/2022	ACH 2367	ADP	\$2,163.80
09/19/2022	ACH 2368	BASIC Benefits LLC	\$5.00
09/19/2022	ACH 2369	BASIC Benefits LLC	\$115.00
09/20/2022	ACH 2370	BASIC Benefits LLC	\$183.69
09/22/2022	ACH 2371	BASIC Benefits LLC	\$122.00
09/23/2022	ACH 2372	BASIC Benefits LLC	\$100.00
09/27/2022	ACH 2373	BASIC Benefits LLC	\$379.76
09/29/2022	50556	A-1 Services	\$403.00
09/29/2022	50557	Abel Alvarez	\$58.75
09/29/2022	50558	Ace Hardware (Johnson Lumber Co.)	\$605.78
09/29/2022	50559	Auto Tech Service Center, Inc.	\$2,290.00
09/29/2022	50560	Bazilio Hernandez	\$163.74
09/29/2022	50561	Bracco's Towing	\$1,400.00
09/29/2022	50562	Brenntag Pacific, Inc.	\$38,787.52
09/29/2022	50563	Central Ag Supply LLC	\$71.42
09/29/2022	50564	De Lay & Laredo	\$6,296.00
09/29/2022	50565	Denise Duffy & Associates, Inc.	\$2,606.00
09/29/2022	50566	EBCO Pest Control	\$69.00
09/29/2022	50567	exceedio	\$3,334.91
09/29/2022	50568	Ferguson Enterprises, Inc.	\$87.53
09/29/2022	50569	First Trust Alarm Company	\$698.00
09/29/2022	50570	Hollister Auto Parts, Inc.	\$231.05
09/29/2022	50571	Interstate All Battery Center	\$190.09
09/29/2022	50572	John Smith Road Landfill	\$11.00
09/29/2022	50573	Konica Minolta Premier Finance	\$416.76
09/29/2022	50574	LDJ Manufacturing, Inc.	\$26,350.27
09/29/2022	50575	Mc Master-Carr	\$39.65
09/29/2022	50576	Metropolitan Compounds Inc	\$3,877.71
09/29/2022	50577	Mission Uniform Service	\$943.32
09/29/2022	50578	MuniQuip, LLC	\$2,925.16
09/29/2022	50579	O'Reilly Auto Parts	\$180.59



09/29/2022	50580	Petty Cash	\$35.00
09/29/2022	50581	Postmaster	\$2,263.91
09/29/2022	50582	Razzolink.com	\$76.95
09/29/2022	50583	RJR Recycling	\$250.00
09/29/2022	50584	San Benito County Water District	\$327,984.18
09/29/2022	50586	Schaaf & Wheeler	\$11,554.20
09/29/2022	50587	Toro Petroleum Corp.	\$4,525.43
09/29/2022	50588	Trans Union LLC	\$144.64
09/29/2022	50589	Underground Service Alert North 811	\$1,585.04
09/29/2022	50590	USA Blue Book	\$497.90
09/29/2022	50591	Verizon Wireless	\$1,102.17
09/29/2022	50593	William K Boltz	\$353.45
09/29/2022	ACH 2374	CalPERS - Retirement	\$23.08
09/29/2022	ACH 2375	CalPERS - Retirement	\$7,490.15
09/29/2022	ACH 2376	CalPERS - Retirement	\$7,645.20
09/29/2022	ACH 2377	CalPERS - Health Insurance	\$20,110.91
09/23/2022	JN00238	Net Pay	\$67,070.15
09/23/2022	JN00238	Total Tax	\$19,267.51
09/30/2022	JN00237	Net Pay	\$69,013.34
09/30/2022	JN00237	Total Tax	\$19,572.63

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-\$2,098,904.90

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3. Receive Finance Manager Monthly Status Reports: a. Narrative Report, b. Operation Summary, c. Statement of Income, d. Investment Summary, and e. Board Designated Reserves.
4. Receive Superintendent Monthly Status Reports: a. Maintenance, b. City Meter Reading, and c. Groundwater Level Measurement.
5. Receive General Manager Monthly Status Report.
6. Approval of Resolution #581 of the Board of Directors of the Sunnyslope County Water District- Hollister California Proclaiming a Local Emergency, Ratifying the state of Emergency Proclaimed on March 4, 2020, and Authorizing Remote Teleconference Meetings of all District Legislative Bodies for the Following 30 Days in Accord with the Ralph M. Brown Act. (Not a project under CEQA per Article 20, Section 15378).

President Buzzetta asked for public comment and upon receiving none, President Buzzetta requested a motion to approve the consent agenda. Upon a motion made by Director Brown to approve the Consent Agenda, seconded by Director Mauro, for which President Buzzetta then took a roll call vote as follows: (JP), yes; (DB), yes; (EM), yes; and (JB) yes; the motion carried 4-0. 1 absent.

#### I. NEW BUSINESS:

1. **Meet and congratulate Dana Sullivan (Billing/Public Relations Specialist) as the newest employee of the SSCWD. (No staff report provided)**

Dana Sullivan is the District's newest employee, she has taken the role of the Billing/Public Relations Specialist. General Manager Lander introduced Dana to the board members and asked that she introduce herself.

This item did not require a motion or approval.

**2. Approve the Capital Expenditure and Authorize the General Manager to Purchase 400 Replacement 5/8" Diameter Water Meters and Accompanying Electronic Read Transmitters for a Total Cost not to Exceed \$156,849. (Not a project under CEQA per Article 20, Section 15378)**

General Manager Lander spoke on this matter, informing the board that every year the District requests to purchase more water meters. This item is requesting the 5/8" meters to stock up with as the District replaces these accordingly. Additionally this item is one that was budgeted for.

President Buzzetta then asked for any public comment. Upon receiving no public comment, Director Parker made a motion to Approve the Capital Expenditure and Authorize the General Manager to Purchase 400 Replacement 5/8" Diameter Water Meters and Accompanying Electronic Read Transmitters for a Total Cost not to Exceed \$156,849. This motion was seconded by Director Brown for which President Buzzetta then took a roll call vote as follows: (EM), yes; (DB), yes; (JP) yes; and (JB) yes; the motion carried 4-0. 1 absence.

**3. ACWA 2022 Fall Conference General Session Membership Meeting, Delegate Assignment to represent SSCWD. (Not a project under CEQA per Article 20, Section 15378)**

This item was brought to the board in order to name one of the Directors as a representative of the District for the ACWA 2022 Fall Conference. This representative will vote on items on behalf of the District and maintain a professional demeanor whilst representing. Director Buzzetta commented that Director Dee Brown is the ACWA/JPIA Representative as she was appointed to be for this calendar year. Due to Director Brown not being able to attend though Director Alcorn will take her place at the fall meeting. Director Brown will still be the appointed ACWA representative and will be attending the Spring meeting.

President Buzzetta then asked for any public comment. Upon receiving no public comment, Director Parker made a motion to delegate the ACWA 2022 Fall Conference General Session Membership Meeting to Director Mike Alcorn. This motion was seconded by Director Mauro for which President Buzzetta then took a roll call vote as follows: (JP), yes; (DB), yes; (EM) yes; and (JB) yes; the motion carried 4-0. 1 absence.

**J. BOARD COMMITTEE and STATUS REPORTS**

1. **Governance Committee:** (No meeting)
2. **Water/Wastewater Committee:** (No meeting)
3. **Finance Committee:** (No meeting)
4. **Policy and Procedure Committee:** (No meeting)
5. **Personnel Committee:** (Meeting October 12<sup>th</sup>) Director Mauro gave a brief overview of the meeting that was held regarding the General Manager's Annual Review. He stated they followed the same prompt as last year and should have it ready to report to the board in November.
6. **Water Resources Association of San Benito County (WRA):** (Meeting October 6<sup>th</sup>) General Manager Lander reported that water conservation and the lawn removal program were the highlights of the meeting.

**K. BOARD and STAFF REPORTS**

1. **Directors:** No Report.

2. **District Counsel:** No Report.

3. **General Manager:** General Manager/Secretary Lander gave an update on the various projects and maintenance the district has been working on. This includes taking over inspections while Associate Engineer Robert Hillebrecht has been on family leave and taking steps towards developing a contract with the city. He also reported that the district continues to stay healthy, having no Covid transmission that have been spread through the office.

L. **FUTURE AGENDA ITEMS:** Urban Area Water Management Plan Amendment Ratification, General Manager Contract Renewal, FY 2021-2022 Audit Report, and a possible report about progress on a possible new California Reservoir Project.

M. **ADJOURNMENT:** President Buzzetta adjourned the meeting at 6:21 p.m.

**APPROVED BY THE BOARD:**

\_\_\_\_\_  
Jerry T. Buzzetta, President

**RESPECTFULLY SUBMITTED:**

\_\_\_\_\_  
Drew A. Lander, Secretary

# Sunnyslope County Water District

## Disbursement Summary

October 1, 2022 through October 31, 2022

Date	Num	Name	Amount
10/03/2022	JN00250	Customer Refund- Heather & Ryan Draeger	\$89.29
10/03/2022	JN00251	Customer Refund- Lulu Michelotti Irrevocabl	\$221.42
10/03/2022	JN00252	Customer Refund- Jamii & Stanley Pura	\$214.02
10/03/2022	JN00253	Customer Refund- Eric & Tiffany Stoke	\$22.71
10/04/2022	ACH 2378	BASIC Benefits LLC	\$586.13
10/05/2022	ACH 2379	BASIC Benefits LLC	\$44.32
10/05/2022	ACH 2380	Principal	\$3,231.41
10/06/2022	50594	Abel Alvarez	\$163.86
10/06/2022	50595	ACC Business	\$1,323.29
10/06/2022	50596	Ace Hardware (Johnson Lumber Co.)	\$355.43
10/06/2022	50597	Brenntag Pacific, Inc.	\$10,689.98
10/06/2022	50598	Brigantino Irrigation	\$82.87
10/06/2022	50599	Central Ag Supply LLC	\$1,217.09
10/06/2022	50600	City of Hollister-Finance Dept	\$445,535.33
10/06/2022	50600	City of Hollister-Finance Dept Reversal	-\$445,535.33
10/06/2022	50601	D & K Marquez Enterprises, Inc.	\$5,455.89
10/06/2022	50602	Eva Green Power	\$8,000.00
10/06/2022	50603	Ferguson Enterprises, Inc.	\$728.89
10/06/2022	50604	Greenwood Chevrolet	\$105.10
10/06/2022	50605	Hach Company	\$1,455.61
10/06/2022	50606	Hollister Auto Parts, Inc.	\$320.02
10/06/2022	50607	Iconix Waterworks (US) Inc.	\$2,555.66
10/06/2022	50608	J M Electric	\$80,093.49
10/06/2022	50609	Meter, Valve & Control	\$6,376.14
10/06/2022	50610	Mission Uniform Service	\$418.53
10/06/2022	50611	MuniQuip, LLC	\$2,898.96
10/06/2022	50612	Nationwide Retirements Solutions	\$8,442.81
10/06/2022	50613	Postmaster	\$19.20
10/06/2022	50614	Recology San Benito County	\$326.68
10/06/2022	50615	San Benito County Water District	\$398.25
10/06/2022	50616	State Water Resources Control Brd-WWOP	\$110.00
10/06/2022	50617	TPO	\$967.00
10/06/2022	50618	True Value Hardware	\$52.71
10/06/2022	50619	Tyler Technologies, Inc.	\$6,077.50
10/06/2022	50620	USA Blue Book	\$11,672.41
10/06/2022	50621	UWUA Local 820	\$738.56
10/06/2022	ACH 2381	BASIC Benefits LLC	\$21.06
10/06/2022	JN00267	Net Pay	\$69,858.95
10/06/2022	JN00267	Total Tax	\$19,205.98
10/11/2022	ACH 2382	iCloud	\$11,549.75
10/12/2022	ACH 2383	BASIC Benefits LLC	\$12.55
10/12/2022	ACH 2384	CalPERS - Retirement	\$23.08
10/12/2022	ACH 2385	BASIC Benefits LLC	\$107.00
10/12/2022	ACH 2386	CalPERS - Retirement	\$200.00

# Sunnyslope County Water District

## Disbursement Summary

10/12/2022	ACH 2387	CalPERS - Retirement	\$240.17
10/12/2022	ACH 2388	CalPERS - Retirement	\$3,997.58
10/12/2022	ACH 2389	CalPERS - Retirement	\$7,518.31
10/12/2022	ACH 2390	CalPERS - Retirement	\$7,605.14
10/13/2022	50622	AT&T	\$437.01
10/13/2022	50623	AT&T	\$377.20
10/13/2022	50624	Brenntag Pacific, Inc.	\$71,102.71
10/13/2022	50625	EBCO Pest Control	\$69.00
10/13/2022	50626	Employee Relations, Inc.	\$74.97
10/13/2022	50627	Frisch Engineering Inc.	\$13,390.00
10/13/2022	50628	Grainger, Inc.	\$1,100.88
10/13/2022	50629	Hach Company	\$394.90
10/13/2022	50630	Pinnacle HealthCare	\$40.00
10/13/2022	50631	Rain for Rent	\$12,386.96
10/13/2022	50632	Simplot Grower Solutions	\$1,824.68
10/13/2022	50633	Toro Petroleum Corp.	\$5,138.21
10/13/2022	50634	U.S. Bank Corporate Payment Systems	\$520.00
10/14/2022	ACH 2391	ADP	\$2,153.50
10/17/2022	ACH 2392	BASIC Benefits LLC	\$442.80
10/18/2022	ACH 2393	BASIC Benefits LLC	\$61.49
10/18/2022	ACH 2394	BASIC Benefits LLC	\$86.24
10/20/2022	50635	A-1 Services	\$403.00
10/20/2022	50636	Ace Hardware (Johnson Lumber Co.)	\$221.43
10/20/2022	50637	ACWA/JPIA	\$13,755.80
10/20/2022	50638	Baker Supplies and Repairs	\$8.19
10/20/2022	50639	Brigantino Irrigation	\$54.23
10/20/2022	50640	Bryan Mailey Electric, Inc	\$5,946.24
10/20/2022	50641	CM Analytical, Inc.	\$21,075.00
10/20/2022	50642	CWEA Membership- TCP	\$202.00
10/20/2022	50643	De Lay & Laredo	\$2,671.00
10/20/2022	50644	DXP Enterprises, Inc.	\$4,520.51
10/20/2022	50645	Greenwood Chevrolet	\$166.56
10/20/2022	50646	Hollister Auto Parts, Inc.	\$60.65
10/20/2022	50647	Kevin Castro	\$262.00
10/20/2022	50647	Kevin Castro Reversal	-\$262.00
10/20/2022	50648	LDJ Manufacturing, Inc.	\$2,584.72
10/20/2022	50649	Mission Uniform Service	\$720.64
10/20/2022	50650	Nationwide Retirements Solutions	\$8,747.37
10/20/2022	50651	Quinn Company	\$1,290.41
10/20/2022	50652	Raftelis Financial Consultants, Inc.	\$2,312.50
10/20/2022	50653	San Benito County Water District	\$338,793.66
10/20/2022	50655	San Benito County Water District-Pumping	\$42,382.61
10/20/2022	50656	Trans Union LLC	\$181.87
10/20/2022	50657	True Value Hardware	\$52.40
10/20/2022	50658	Tyler Technologies, Inc.	\$24,812.81
10/20/2022	50659	U.S. Bank Corporate Payment Systems	\$1,212.11

# Sunnyslope County Water District

## Disbursement Summary

10/20/2022	50660	Unified Truck Services	\$991.30
10/20/2022	50661	USA Blue Book	\$3,338.14
10/20/2022	50662	Wright Bros. Indust. Supply	\$96.10
10/20/2022	ACH 2395	BASIC Benefits LLC	\$83.00
10/20/2022	JN00268	Net Pay	\$67,811.53
10/20/2022	JN00268	Total Tax	\$18,722.86
10/21/2022	ACH 2396	BASIC Benefits LLC	\$35.00
10/21/2022	ACH 2402	Nationwide Retirements Solutions	\$8,587.01
10/21/2022	JN00254	Customer Refund- Urvshi & Pragnesh Amin	\$20.25
10/21/2022	JN00255	Customer Refund- Breckenridge Property FT	\$187.44
10/21/2022	JN00256	Customer Refund- T S Burnham	\$90.00
10/21/2022	JN00257	Customer Refund- Jennifer & Andrew F Dud	\$39.49
10/21/2022	JN00258	Customer Refund- Shelby & Derek Hansen	\$33.91
10/24/2022	ACH 2397	BASIC Benefits LLC	\$100.00
10/25/2022	ACH 2398	CalPERS - Retirement	\$23.08
10/25/2022	ACH 2399	BASIC Benefits LLC	\$101.30
10/25/2022	ACH 2400	CalPERS - Retirement	\$7,501.57
10/25/2022	ACH 2401	CalPERS - Retirement	\$7,691.73
10/25/2022	ACH 2403	CalPERS - Health Insurance	\$21,171.41
10/27/2022	50663	ACC Business	\$1,323.29
10/27/2022	50664	Ace Hardware (Johnson Lumber Co.)	\$25.12
10/27/2022	50665	Auto Tech Service Center, Inc.	\$850.00
10/27/2022	50666	Brenntag Pacific, Inc.	\$40,196.15
10/27/2022	50667	Brigantino Irrigation	\$19.93
10/27/2022	50668	City of Hollister-Finance Dept	\$417,275.33
10/27/2022	50669	exceedio	\$3,194.51
10/27/2022	50670	Hach Company	\$164.20
10/27/2022	50671	John Smith Road Landfill	\$1,180.38
10/27/2022	50672	Kevin Castro	\$262.00
10/27/2022	50673	Konica Minolta Premier Finance	\$416.76
10/27/2022	50674	Mid Valley Supply	\$75.69
10/27/2022	50675	Mission Uniform Service	\$370.91
10/27/2022	50676	O'Reilly Auto Parts	\$6.33
10/27/2022	50677	Palace Business Solutions	\$142.87
10/27/2022	50678	Postmaster	\$2,253.49
10/27/2022	50679	Razzolink.com	\$76.95
10/27/2022	50680	Toro Petroleum Corp.	\$2,955.83
10/27/2022	50681	UWUA Local 820	\$761.64
10/27/2022	50682	Veolia Water Technologies	\$6,799.18
10/27/2022	50683	Verizon Wireless	\$384.99
10/27/2022	50684	William K Boltz	\$98.14
10/27/2022	ACH 2404	P G & E	\$91,005.70
10/27/2022	ACH 2405	BASIC Benefits LLC	\$115.00
			<b>\$1,564,150.57</b>

# Sunnyslope County Water District

## Disbursement Summary

**SUMMARY:**

Accounts Payable Paid to:	
Vendors	\$403,554.10
Payroll - Employee	\$360,663.89
San Benito County	\$381,738.72
City of Hollister for City Billing Collected, Net of Fees	\$417,275.33
Customer Refunds & Returned Checks/ACH	\$918.53
Debt & Finance	\$0.00
<b>Total Disbursements</b>	<b>\$1,564,150.57</b>

# Staff Report

Agenda Item: **H-3**

**DATE:** November 8, 2022 (November 15, 2022 Meeting)  
**TO:** Board of Directors  
**FROM:** Associate Engineer, Rob Hillebrecht  
**SUBJECT:** Associate Engineer Monthly Status Report

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## **Baby Boy is Born!**

Adan Lucas Lopez-Hillebrecht was born on October 8, 2022, to Rob and Adriana Hillebrecht. Rob took a couple weeks off for baby bonding and to support Adriana through her recovery. In his absence, Sunnyslope staff took on additional duties to cover for Rob, especially with the various active developments. They coordinated with contractors and developers for tie-ins to the system, inspection of new facilities getting installed, and resolving utility conflicts in the field.

## **Marks Drive Sewer Replacement**

Teichert has been making steady progress on the replacement of the sewer pipeline in Marks Dr as is required for the Promontory at Ridgemark development. Sunnyslope has a full-time inspector, Chuck Littlejohn with MNS, who represents the District on site and has been key in the success thus far. Teichert estimates that at least 3 more weeks of work are needed to finish the installation of the new sewer and abandonment of the existing sewer. The pipe bridge has been fully installed and would be ready to serve Promontory once the Marks Dr. work is completed.

## **Best Road Mutual Consolidation**

Sunnyslope has applied for a grant on behalf of Best Road Mutual for emergency connection due to the ongoing drought. BRM has significant supply and redundancy issues. Multiple meetings have been held to work through the intricacies of this project.

## **Fire Extinguisher and Emergency Response Training**

The Hollister Fire department came and provided Sunnyslope staff with training on the proper use and safety of fire extinguishers. Staff participated in live exercises extinguishing fires. Afterwards, the operations staff had the annual Emergency Response Training.

## **Industrial Wastewater Treatment Plant**

The San Benito Foods cannery ended its production season in late September. Under contract with Sunnyslope, Greenline hydro-flushed and began cleaning the transmission pipeline from the



cannery to the IWTP as is required by SBF's contract with the City of Hollister. Sunnyslope is working on draining the treatment basins to allow for the removal of the accumulated sludge and sediment. AESC is also analyzing the electrical power usage from the 2022 season to evaluate the effectiveness and efficiency of the operational changes implemented this year.

## **Water Loss Audit**

The annual water loss audit for FY 2021/2022 was conducted. The audit along with all the required supporting documentation was then provided to a third-party validator for their review as required by the California Water Code Section 10631.

## **Active Developments**

1. The Promontory at Ridgemark had several sewer lateral connection inspections for new homes as they tie into the sewer system. However, the sewer system will not be active until sewer main in Marks Dr is fully replaced with a new 12" PVC line.
2. Vista del Calabria returned the alignment of Sunnyslope's 14" pipeline along Enterprise Road back to its original location after temporarily rerouting it to install a 72" storm drain across Enterprise. They are installing the new 6" force main that will run from the new lift station up into Sunnyslope's gravity sewer system on Georges Dr. The design of the lift station is progressing. Lead times on brass saddles and fittings is forcing the developer to wait to install water services until January 2023.
3. Twin Oaks Phase 3 passed all their system testing and then tied into Sunnyslope's water distribution system. They have raised iron on all the valves and are setting the meter boxes.
4. Roberts Ranch and West of Fairview Phase 1A completed the last of their punch list items and was issued a Notice of Acceptance and Completion.
5. West of Fairview Phase 2 has installed the water system (minus angle stops) in the western portion of the development. They also fully installed the Irrigation Pipeline that runs in Fairview Road from their development north to Santana Ranch. This pipeline is critical for the Best Road Mutual Consolidation project and for the Landscape Irrigation project.
6. Santana Ranch is addressing some punch list items for the expansion of Fairview Road and the improved intersection at Hillcrest. This includes raising hydrants, stubbing the Irrigation pipeline east across the intersection, replacing a water service, and installing a new hydrant. Santana Ranch also wrote a letter requesting Sunnyslope consider a reimbursement agreement for a Pressure Reducing Station they had to install on the Irrigation system for future growth.
7. Santana Ranch Apartments Phase 2 has installed the water system. It still needs to be chlorinated and tested before it will be tied into Sunnyslope's distribution system.

# Staff Report

Agenda Item: **H – 4a**

**DATE:** November 10, 2022 (November 15, 2022 Meeting)

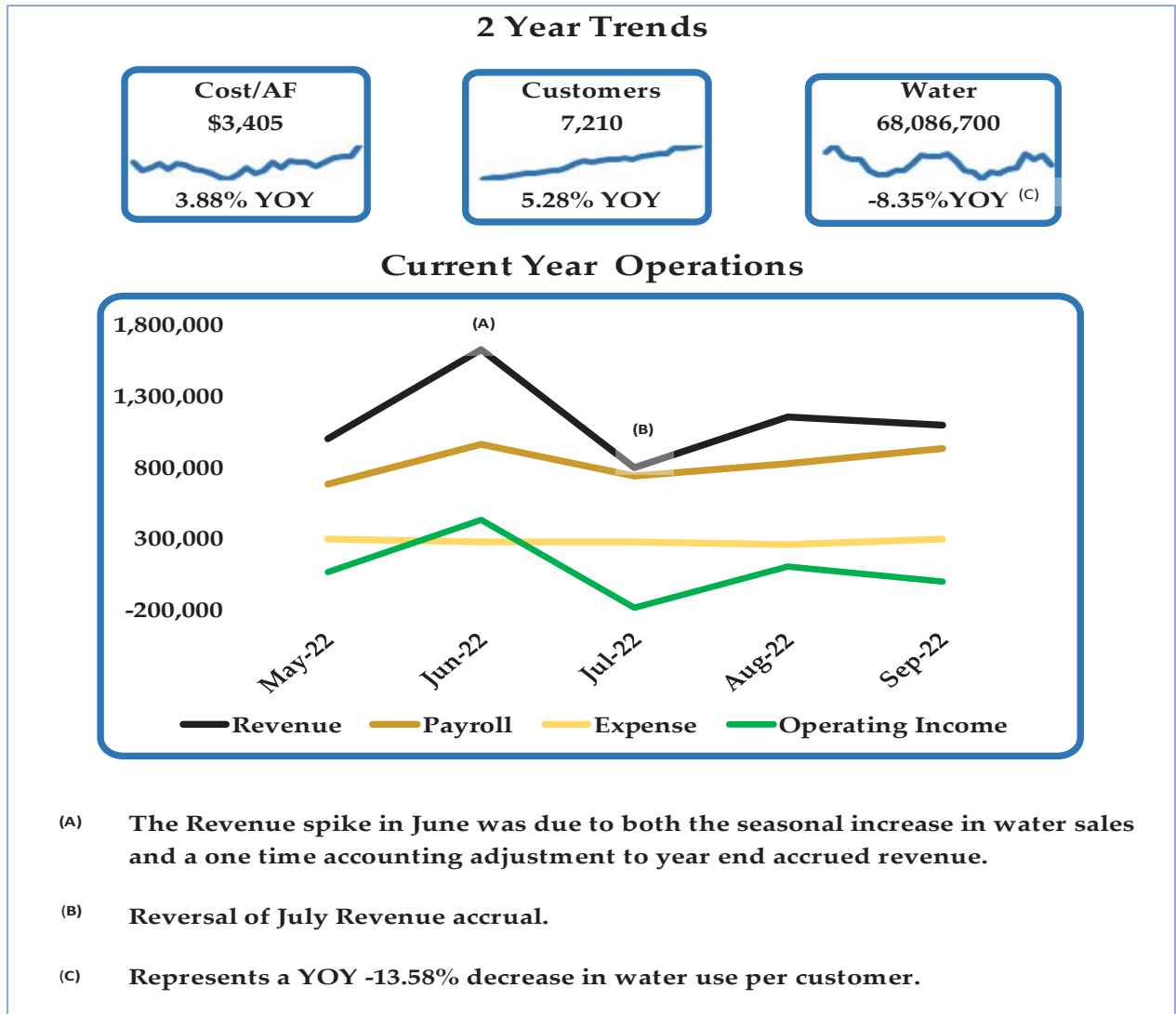
**TO:** Board of Directors

**FROM:** Finance & Human Resource Manager, Barry Kelly

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

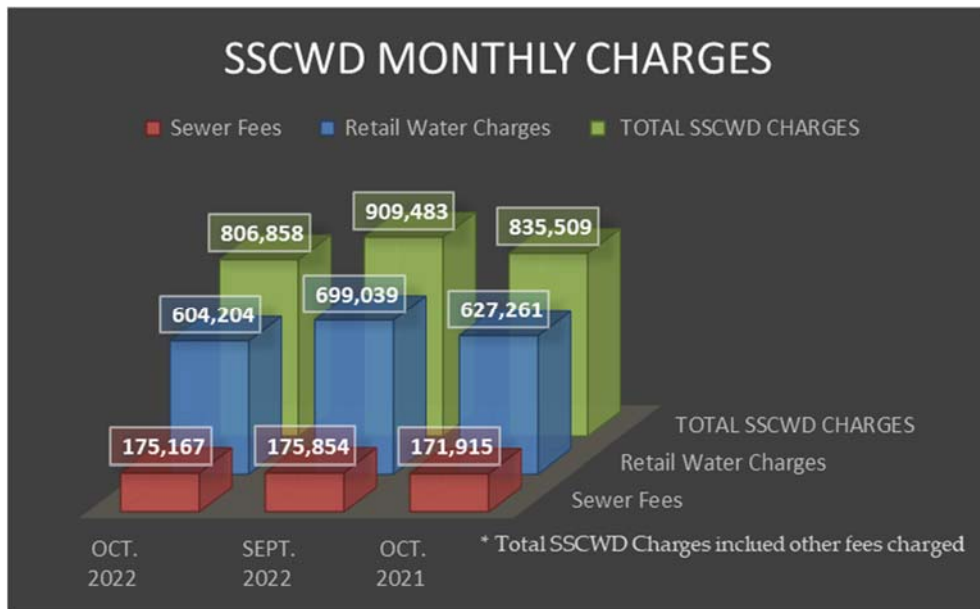
## OPERATION SUMMARY

(September 2022)



Connections increased by 19 accounts in FY23 thus far. Due to the high number of prepaid connection fees made in June, the total for the current year is estimated to be 150. We now serve 7,210 customers and 5,115 accounts utilized online services and electronic payments.

September Revenue decreased 3% YOY. The budget for FY23 is flat. The assumption is that water conservation efforts wash with the growth in accounts. Year to date the results are running slightly lower than forecast excluding the effect from the year end Revenue accrual. Metered water in September was 68.1 MM gallons vs 76.7 MM in the prior year.



The percentage of past due accounts receivable through October increased another 5.9% to 20.35%. This increase in past due accounts is attributable to the increase in overall living costs associated with recent inflation trends. Additionally, COVID rental protections were lifted in July which could also have impacted priority of customer cashflows.

## STATEMENT OF INCOME

(September 22)

For the month, we show an overall Net Operating loss of \$49k vs a budgeted loss of \$512k. The positive variance is attributed to seasonality in water consumption. The Water department continues to drive the operating shortfall. The growth in costs is modest which is reflected in the Acre Foot per cost statistic. The persistent shortfall reflects the need for the rate study. The last rate increase occurred July 2018. The cost per Acre Foot of SSCWD water in September was \$3,115 vs

\$2,250 the previous year.

## INVESTMENT SUMMARY

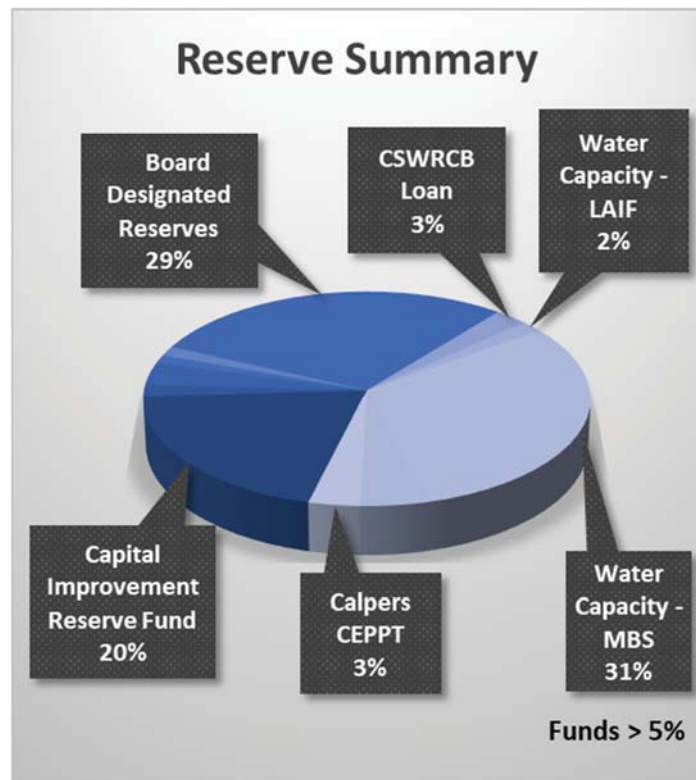
(September 2022)

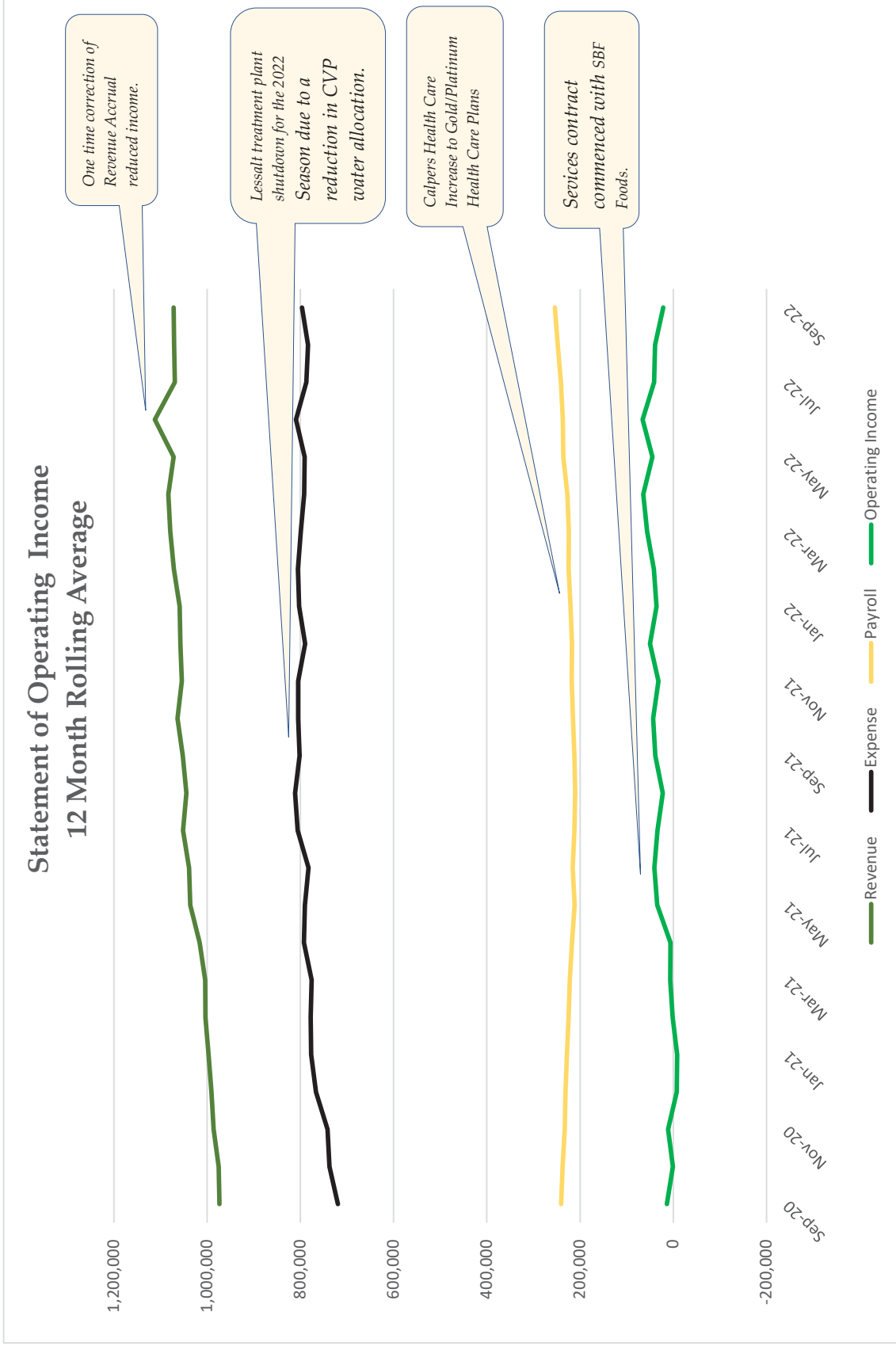
Cash and invested capital funds total \$23.3 million, a decrease of 401k for the month. The decrease is because San Benito County has been withholding O&M reimbursement payments subject to the Districts reporting of current year to date reporting of payroll. This has now been completed and should be finalized shortly.

## RESERVES

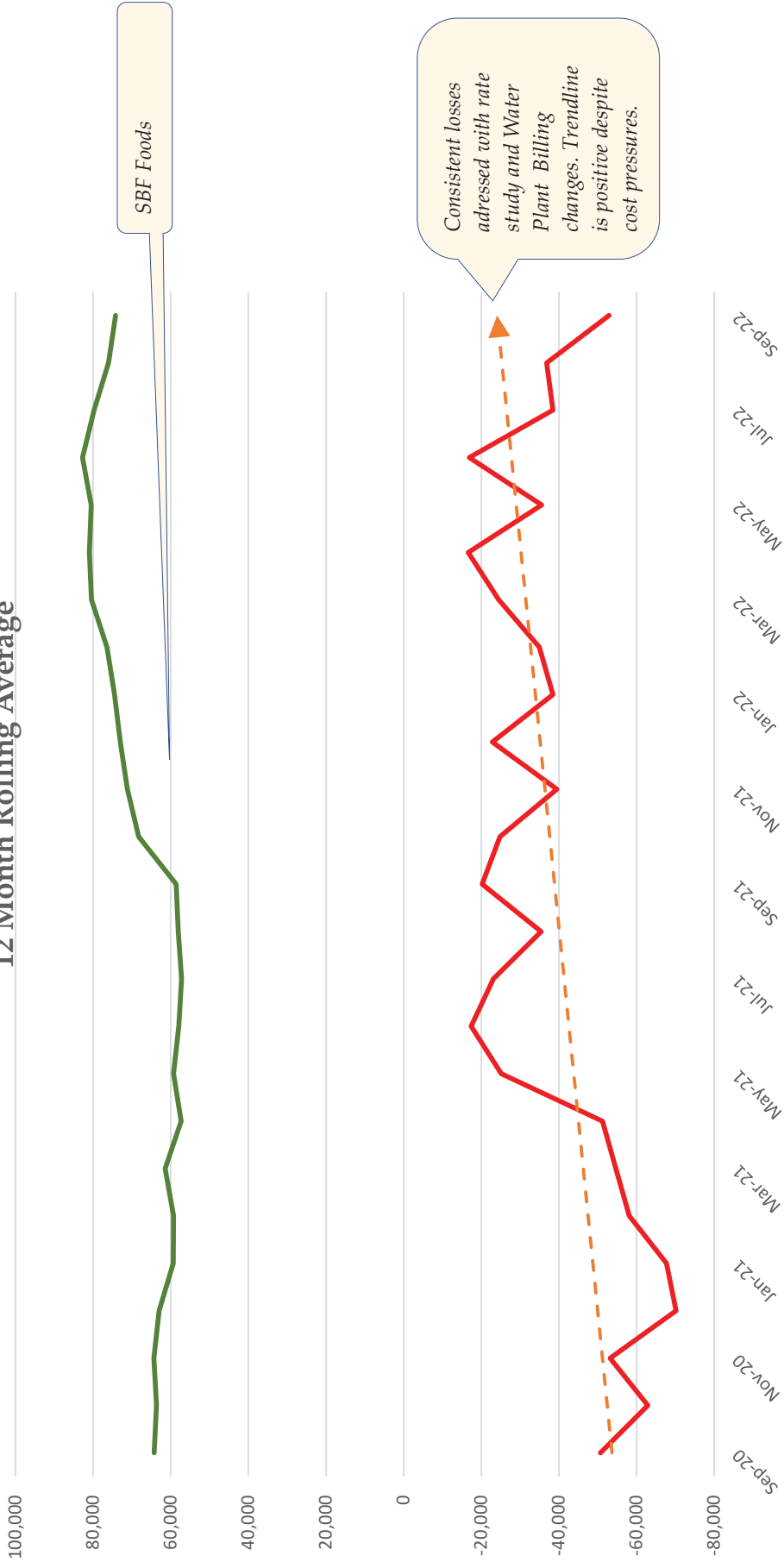
(September 2022)

Reserves in September total \$20.9 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.

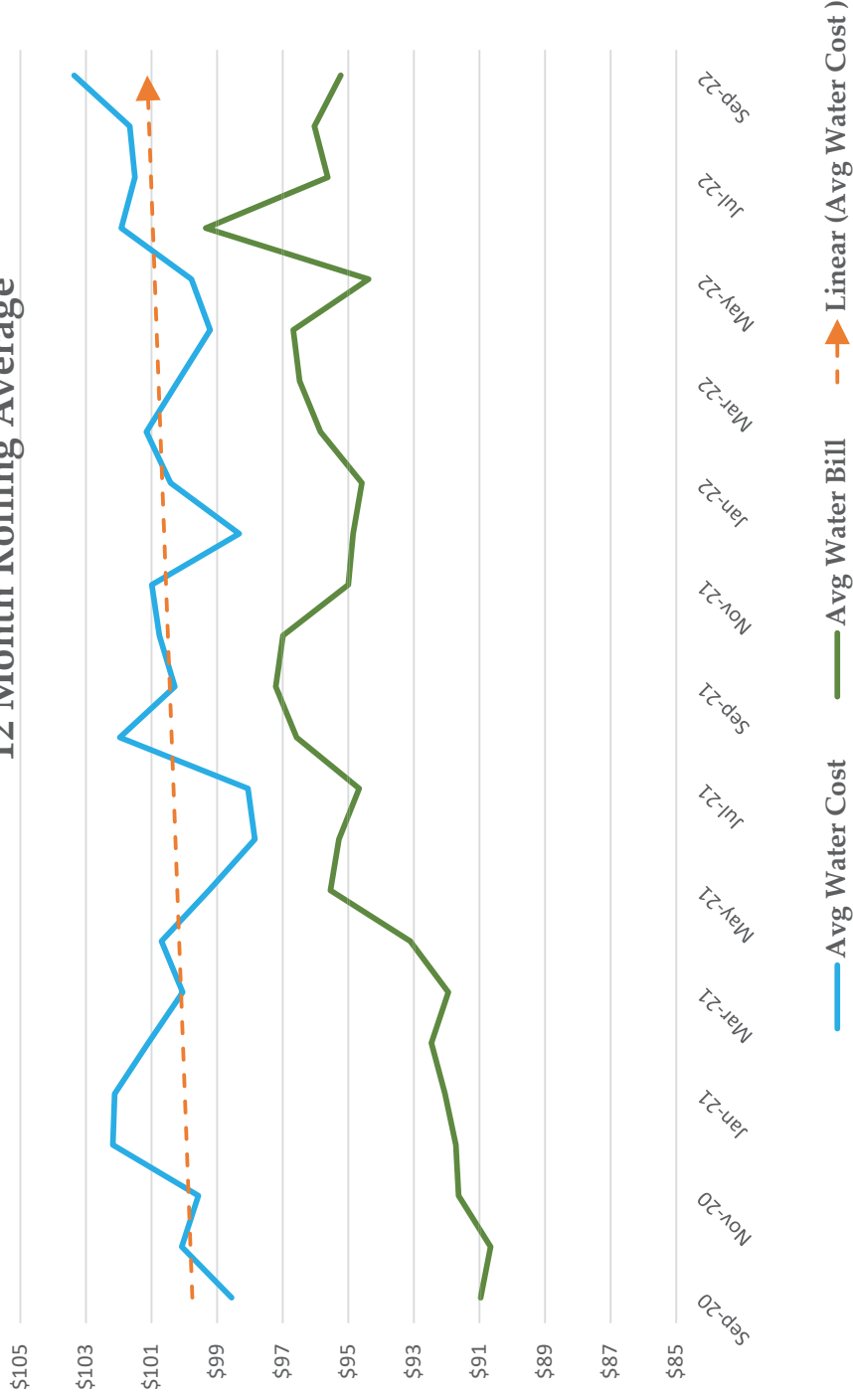




### Operating Income by Segment 12 Month Rolling Average



### Per Customer Water Charges 12 Month Rolling Average



### Cost Per Acre Foot 12 Month Rolling Average

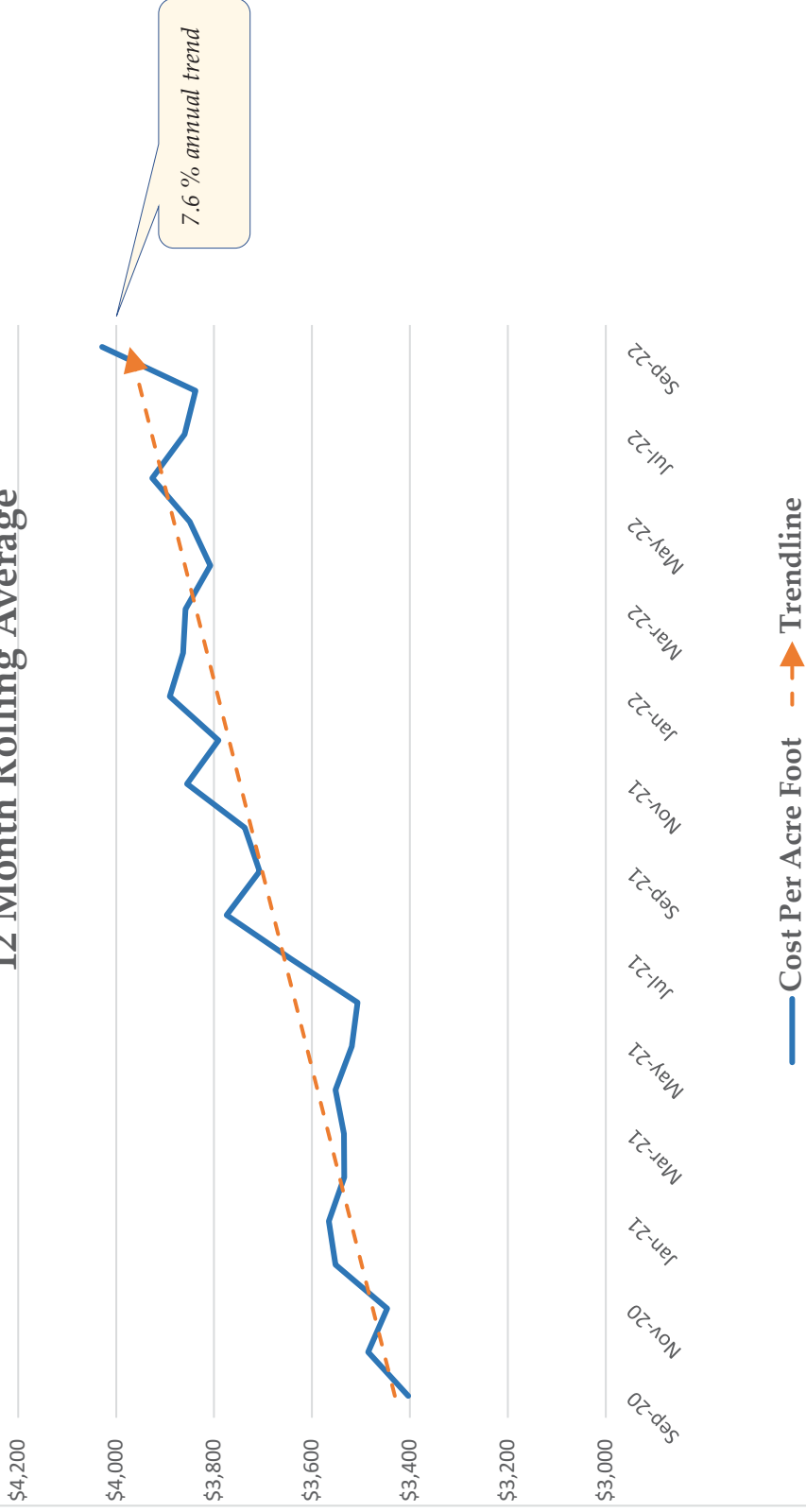
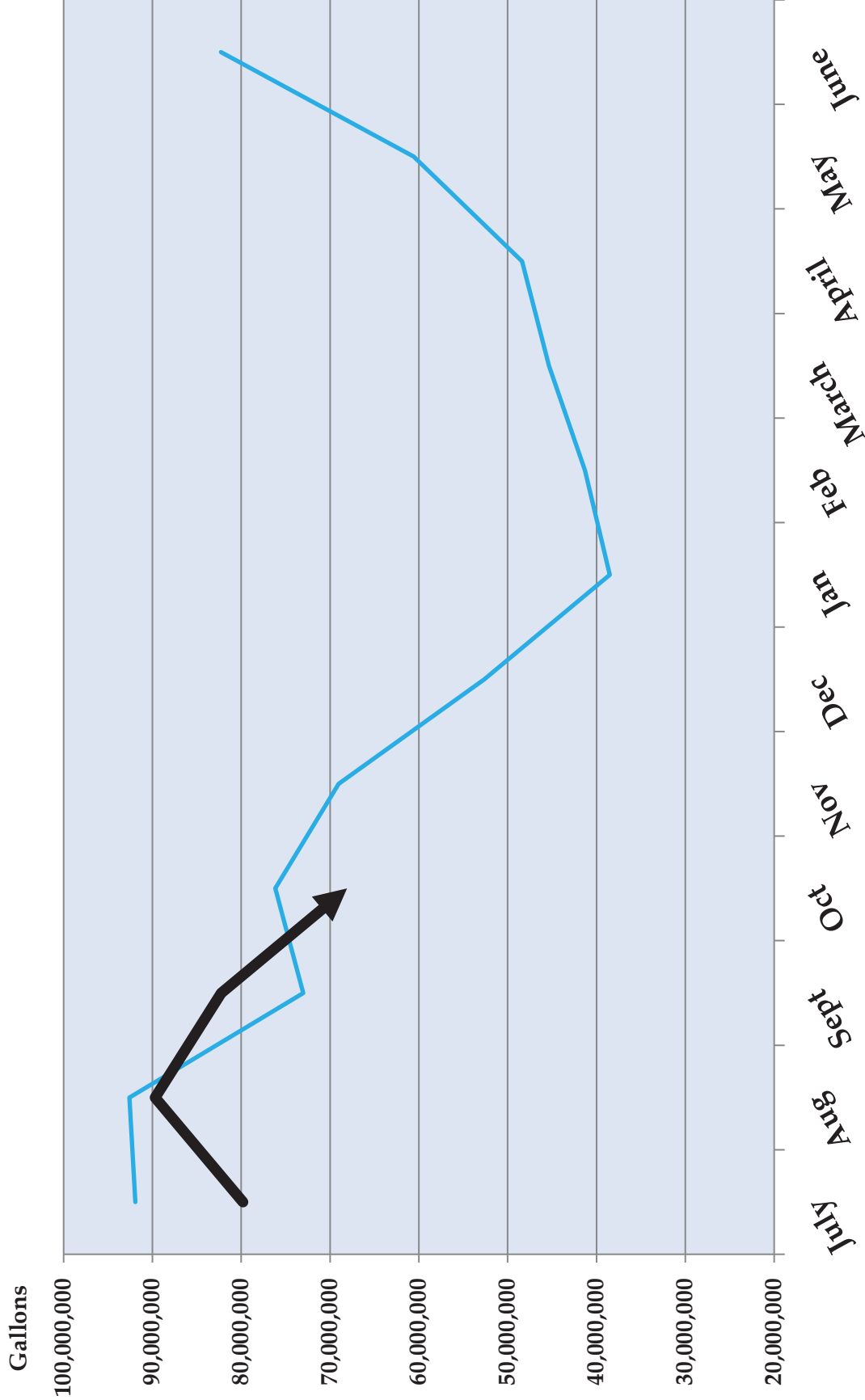




Chart Includes: Only Water Metered to SSCWD Customers,  
Chart Does Not Include: COH Interties Wholesale Water Flow

# Total Water Metered to SSCWD Customers



**Sunnyslope County Water District**  
2022 / 2023  
OPERATION SUMMARY (This Year)

ITEMS	JULY 2022	AUG. 2022	SEPT. 2022	OCT. 2022	NOV. 2022	DEC. 2022	JAN. 2023	FEB. 2023	MAR. 2023	APR. 2023	MAY 2023	JUNE 2023	TOTALS
NO. WATER CAPACITY FEE RECD	-	5	14	-	-	-	-	-	-	-	-	-	19
NO. MW CAPACITY FEE RECD	-	-	-	-	-	-	-	-	-	-	-	-	-
NO. WATER ACCOUNTS	7136	7171	7184	7210	-	-	-	-	-	-	-	-	-
NO. SSCWD SEWER ACCTS	1234	1236	1240	1240	-	-	-	-	-	-	-	-	-
NO. COH SEWER ACCTS	4638	4673	4692	4709	-	-	-	-	-	-	-	-	-
Total WaterSmart / Invoice Cloud	5,616	5,274	5,264	5,115	-	-	-	-	-	-	-	-	-
NO. E-BILL Invoice Cloud (Paperless)	1,711	1,774	1,792	1,837	-	-	-	-	-	-	-	-	-
<b>MONTHLY CHARGES</b>													
Retail Water Charges	\$ 453,214.18	\$ 752,415.08	\$ 699,038.85	\$ 604,203.62	-	-	-	-	-	-	-	-	\$ 2,508,871.73
Sewer Fees	116,635.17	175,778.36	175,854.39	175,167.28	-	-	-	-	-	-	-	-	643,435.20
Installation Fees	-	40,500	7,290.00	-	-	-	-	-	-	-	-	-	7,695.00
Late Fees	8,935.54	11,140.54	12,190.06	12,659.14	-	-	-	-	-	-	-	-	44,925.28
Admin. Collection Fees, net	13,989.00	14,091.00	14,130.00	14,178.00	-	-	-	-	-	-	-	-	56,388.00
COH Billing Fees	690.00	810.00	980.00	650.00	-	-	-	-	-	-	-	-	3,150.00
Other Misc. Fees	593,463.89	954,632.98	909,483.30	806,852.37	-	-	-	-	-	-	-	-	3,264,442.21
<b>TOTAL MONTHLY CHARGES</b>	\$ 1,416,964.67	\$ 2,429,582.82	\$ 2,249,886.53	\$ 1,832,852.37	-	-	-	-	-	-	-	-	\$ 5,489,302.47
<b>CITY OF HOLLISTER CHARGES</b>													
COH Sewer Fees	416,964.67	420,086.18	421,288.49	423,329.93	-	-	-	-	-	-	-	-	\$ 1,681,669.27
COH Street Sweeping	10,683.28	10,783.04	10,809.92	10,849.04	-	-	-	-	-	-	-	-	43,125.28
COH Senior Discount	(1,246.20)	(1,286.40)	(1,306.50)	(1,326.60)	-	-	-	-	-	-	-	-	(5,165.70)
Total COH Charges	426,401.75	429,582.82	430,791.91	432,852.37	-	-	-	-	-	-	-	-	1,719,628.85
Late Fees **	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL COH CHARGES</b>	\$ 426,401.75	\$ 429,582.82	\$ 430,791.91	\$ 432,852.37	-	-	-	-	-	-	-	-	\$ 1,719,628.85
<b>ACCOUNTS RECEIVABLE - Aged</b>													
A/R for Sunnyslope Water **	\$ 948,794.59	\$ 1,011,469.90	\$ 975,756.28	\$ 975,438.28	-	-	-	-	-	-	-	-	-
A/R for City of Hollister **	458,304.45	471,888.29	471,274.87	515,020.33	-	-	-	-	-	-	-	-	-
Outstanding Bills Owed	\$ 1,407,099.04	\$ 1,483,358.19	\$ 1,447,031.15	\$ 1,490,458.61	-	-	-	-	-	-	-	-	-
% Past Due	13.42%	12.75%	14.47%	20.57%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Sunnyslope County Water District**  
2022 / 2023  
OPERATION SUMMARY (This Year)

ITEMS	JULY 2022	AUG. 2022	SEPT. 2022	OCT. 2022	NOV. 2022	DEC. 2022	JAN. 2023	FEB. 2023	MAR. 2023	APR. 2023	MAY 2023	JUNE 2023	TOTALS
<b>WATER METERED</b>													
Cubic Feet	10,668,300	11,991,600	10,996,600	9,102,500	-	-	-	-	-	-	-	-	42,759,000
SSCWD Gallons	79,798,884	89,697,168	82,254,568	68,086,700	-	-	-	-	-	-	-	-	319,837,320
Well Flow to COH Gallons	9,983,400	12,467,500	10,469,400	10,240,500	-	-	-	-	-	-	-	-	43,170,800
Surface Flow to COH Gallons	4,672,919	6,053,117	2,849,503	3,281,157	-	-	-	-	-	-	-	-	16,856,696
<b>TOTAL METERED</b>	<b>94,465,203</b>	<b>108,217,785</b>	<b>95,573,471</b>	<b>81,608,357</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>379,864,816</b>
<b>WATER SOURCE</b>													
Well #2 (Southside Road)	14,620,800	16,109,000	17,999,800	12,772,800	-	-	-	-	-	-	-	-	61,502,400
Well #5 (Ray Cir/Enterprise)	4,426,629	2,873,649	5,474,117	12,491,741	-	-	-	-	-	-	-	-	25,266,136
Well #7 (Enterprise Rd)	13,104,944	14,774,745	14,101,175	6,192,146	-	-	-	-	-	-	-	-	48,173,010
Well #8 (Ridgemark)	16,505,000	15,396,000	10,433,000	10,553,000	-	-	-	-	-	-	-	-	52,887,000
Well #11 (Southside Road)	25,913,000	28,949,000	24,492,000	18,279,000	-	-	-	-	-	-	-	-	97,633,000
TOTAL from Wells	72,270,373	78,102,394	72,500,092	60,286,687	-	-	-	-	-	-	-	-	282,961,546
Lessalt W.T.P. 1 (High Zone)	-	-	-	-	-	-	-	-	-	-	-	-	-
Lessalt W.T.P. 1 (Middle Zone)	-	-	360,000	-	-	-	-	-	-	-	-	-	360,000
West Hills W.T.P. (@ Well #2)	12,203,000	15,694,000	12,456,000	11,640,000	-	-	-	-	-	-	-	-	51,993,000
West Hills W.T.P. (@ Well #11)	19,908,000	25,536,000	20,356,000	18,911,000	-	-	-	-	-	-	-	-	84,711,000
TOTAL from Surface Water	32,111,000	41,230,000	33,172,000	30,551,000	-	-	-	-	-	-	-	-	137,064,000
City Well Flow to SSCWD Gallons	190,200	163,000	143,200	79,000	-	-	-	-	-	-	-	-	575,400
City Surface Flow to SSCWD Gallons	11,200	14,400	8,900	10,200	-	-	-	-	-	-	-	-	44,700
TOTAL from City Interties	201,400	177,400	152,100	89,200	-	-	-	-	-	-	-	-	620,100
<b>TOTAL PUMPED</b>	<b>104,582,773</b>	<b>119,509,794</b>	<b>105,624,192</b>	<b>90,928,887</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>420,665,646</b>
Cost of Water Produced (Per Acre Foot)	2,666	2,445	3,115	3,210	3,909	3,262	6,078	3,955	4,210	3,903	3,312	2,865	2,658
Prior YTD Cost	2,652	2,588	2,250	3,210	3,909	3,262	6,078	3,955	4,210	3,903	3,312	2,865	3,277

**Sunnyslope County Water District**  
STATEMENT OF INCOME  
FOR THE FISCAL YEAR ENDING JUNE 30, 2023 (This Year)  
UN-AUDITED 11/7/2022

*** WATER ***	Jul-22		Aug-22		Sep-22		Variance Over / (Under) Prior Month	Jul-21	Aug-21	PRIOR YEAR-TO DATE	PROJECTED 22/23 ACTUAL	FY 22/23 BUDGET
	Jul-22	Aug-22	Aug-22	Sep-22	Jul-21	Aug-21						
<b>OPERATING REVENUES</b>												
Water Sales	443,836	740,856	710,228	(30,629)	746,145	729,112				2,239,899	7,579,680	7,387,000
Contracted Services	228,312	228,312	173,947	(54,365)	228,312	228,312				684,935	2,522,283	2,518,770
Installation Fees		405	7,290	6,885	7,765	4,050				17,485	30,780	
Late Fees	6,255	8,912	9,832	919	7,328	7,049				22,260	99,996	
Other Revenue	11,947	10,145	10,465	321	10,851	11,606				33,625	119,490	140,000
<b>TOTAL OPERATING REVENUES</b>	<b>690,350</b>	<b>988,631</b>	<b>911,762</b>	<b>(76,869)</b>	<b>1,000,400</b>	<b>980,129</b>				<b>2,998,204</b>	<b>10,352,229</b>	<b>10,045,770</b>
<b>OPERATING EXPENSES</b>												
Salaries and Benefits	(227,779)	(219,036)	(245,704)	(26,667)	(190,276)	(146,885)				(524,649)	(2,770,073)	(3,315,612)
Operating Expenses	(633,491)	(682,251)	(714,564)	(32,314)	(760,887)	(784,042)				(2,230,873)	(8,201,226)	(8,344,748)
<b>TOTAL OPERATING EXPENSES</b>	<b>(861,270)</b>	<b>(901,287)</b>	<b>(960,268)</b>	<b>(58,981)</b>	<b>(951,163)</b>	<b>(930,927)</b>				<b>(2,755,522)</b>	<b>(10,971,299)</b>	<b>(11,660,360)</b>
<b>NET OPERATING INCOME</b>	<b>(190,920)</b>	<b>87,344</b>	<b>(48,506)</b>	<b>(135,850)</b>	<b>49,237</b>	<b>49,202</b>				<b>242,682</b>	<b>(619,070)</b>	<b>(1,614,590)</b>
<b>NON OPERATING INCOME &amp; (EXPENSES)</b>												
Capacity Fees		13,800	248,400	234,600	242,475	120,000				530,475	262,200	-
Donated Asset				-						-	-	-
Miscellaneous Income (Farm Labor Camp)				-						-	-	-
Adjust LAIF Investment to Fair Value				-						-	-	-
Interest Income	16,674	5,870	5,539	(331)		3,580				6,190	112,332	48,000
Allocated from G & A (Interest & Sale of Assets)	(129)	5,716	5,716	5,716		(318)				(551)	22,350	-
Other Non-Operational		(113)	(1,321)	(1,208)						-	(5,739)	-
<b>TOTAL NON OPERATING INCOME &amp; (EXPENSES)</b>	<b>16,545</b>	<b>19,557</b>	<b>258,334</b>	<b>238,777</b>	<b>242,475</b>	<b>123,262</b>				<b>536,114</b>	<b>391,143</b>	<b>48,000</b>
<b>NET WATER INCOME (LOSS)</b>	<b>\$ (174,374)</b>	<b>\$ 106,900</b>	<b>\$ 209,828</b>	<b>102,927</b>	<b>\$ 291,712</b>	<b>\$ 172,464</b>				<b>\$ 778,796</b>	<b>\$ (227,927)</b>	<b>\$ (1,566,590)</b>
<b>NET WATER INCOME (LOSS) Adjusted for Non Budgeted Items</b>	<b>\$ (190,920)</b>	<b>\$ 87,231</b>	<b>\$ (49,828)</b>	<b>(137,058)</b>	<b>\$ 49,237</b>	<b>\$ 49,202</b>				<b>\$ 242,682</b>	<b>\$ (624,809)</b>	<b>\$ (1,614,590)</b>

**Sunnyslope County Water District**

STATEMENT OF INCOME  
FOR THE FISCAL YEAR ENDING JUNE 30, 2023 (This Year)  
UN-AUDITED 11/7/2022

YEAR-TO-DATE	PRIOR YEAR-TO DATE	PROJECTED ACTUAL	FY 22/23 BUDGET
468,268	516,447	1,873,072	2,149,000
207,804	205,930	421,848	421,848
-	-	-	-
7,366	5,565	29,465	35,000
10,785	8,405	43,138	2,605,848
694,223	736,348	2,367,523	
(141,249)	(104,257)	(564,998)	(784,542)
(447,450)	(424,065)	(1,687,801)	(1,225,103)
(588,700)	(528,322)	(2,252,799)	(2,009,645)
105,523	208,026	114,724	596,203
-	-	-	-
-	-	-	-
-	-	-	-
1,153	2,913	4,612	12,000
(46)	(138)	(183)	-
(564)	(50,259)	(2,256)	-
543	(47,483)	2,173	12,000
106,067	160,543	116,897	608,203
\$ 104,959	\$ 157,768	\$ 112,468	\$ 596,203

YEAR-TO-DATE	PRIOR YEAR-TO-DATE	PROJECTED ACTUAL	FY 22/23 BUDGET
248,420	939,338	(111,030)	(958,387)
\$ (48,558)	\$ 400,450	\$ (512,341)	\$ (1,018,387)

	Jul-22	Aug-22	Sep-22	Variance Over / (Under) Prior Month	Jul-21	Aug-21
<b>*** WASTEWATER ***</b>						
<b>OPERATING REVENUES</b>						
Sewer Sales	116,635	175,778	175,854	76	172,054	171,881
Contracted Services	35,154	35,154	137,497	102,343	165,181	16,504
Installation Fees				-		
Late Fees	2,680	2,228	2,458	230	1,832	1,762
Other Revenue	2,667	4,053	4,065	11	2,710	2,877
<b>TOTAL OPERATING REVENUES</b>	<b>157,136</b>	<b>217,214</b>	<b>319,874</b>	<b>102,660</b>	<b>341,778</b>	<b>193,024</b>
<b>OPERATING EXPENSES</b>						
Salaries and Benefits	(50,776)	(38,941)	(51,532)	(12,591)	(37,727)	(31,077)
Operating Expenses	(85,054)	(143,331)	(219,065)	(75,735)	(247,158)	(82,298)
<b>TOTAL OPERATING EXPENSES</b>	<b>(135,830)</b>	<b>(182,272)</b>	<b>(270,598)</b>	<b>(88,326)</b>	<b>(284,884)</b>	<b>(113,375)</b>
<b>NET OPERATING INCOME</b>	<b>21,306</b>	<b>34,941</b>	<b>49,276</b>	<b>14,335</b>	<b>56,894</b>	<b>79,649</b>
<b>NON OPERATING INCOME &amp; (EXPENSES)</b>						
Capacity Fees				-	-	-
Miscellaneous Income				-	-	-
Adjust LAIF Investment to Fair Value				-	-	-
Interest Income	363	414	376	(38)		1,685
Allocated from G & A (Interest & Sale of Assets)	(30)	(46)	(534)	46		(80)
Other Non-Operational	333	368	(158)	(525)		1,605
<b>TOTAL NON OPERATING INCOME &amp; (EXPENSES)</b>	<b>366</b>	<b>730</b>	<b>(316)</b>	<b>(138)</b>	<b>56,894</b>	<b>1,605</b>
<b>NET WASTEWATER INCOME (LOSS)</b>	<b>21,639</b>	<b>35,309</b>	<b>49,118</b>	<b>13,809</b>	<b>56,894</b>	<b>81,254</b>
<b>NET WASTEWATER INCOME (LOSS)</b>	<b>\$ 21,276</b>	<b>\$ 34,941</b>	<b>\$ 48,742</b>	<b>13,809</b>	<b>\$ 56,894</b>	<b>\$ 79,649</b>
<i>Adjusted for Non Budgeted Items</i>						
<b>*** WATER &amp; WASTEWATER ***</b>				<i>Variance Over / (Under) Prior Year</i>		
<b>*** COMBINED INCOME (LOSS) WATER &amp; WASTEWATER ***</b>	<b>(152,735)</b>	<b>142,210</b>	<b>258,946</b>	<b>116,736</b>	<b>348,606</b>	<b>253,718</b>
<b>*** COMBINED INCOME (LOSS) WATER &amp; WASTEWATER Adjusted for Non - Budgeted Items</b>	<b>\$ (169,644)</b>	<b>\$ 122,172</b>	<b>\$ (1,085)</b>	<b>\$ (123,257)</b>	<b>\$ 106,131</b>	<b>\$ 128,852</b>

**Sunnyslope County Water District**  
Investment Summary  
2022 / 2023 (This Year)

BANK ACCOUNT	INTEREST RATE	JULY 2022	AUGUST 2022	SEPTEMBER 2022	JUNE 2022
<b><u>Heritage Bank of Commerce</u></b>					
CHECKING ACCOUNT Operating - General Fund	0	6,474,985	6,595,525	8,198,265	6,296,579
<b>CHECKING SUBTOTAL</b>		6,474,985	6,595,525	8,198,265	6,296,579
<b>MONEY MARKET ACCT (MIMA)</b>					
Invested - General Fund	0.35%	4,082,888	4,085,316	4,086,491	4,082,888
<b>MMA SUBTOTAL</b>		4,082,888	4,085,316	4,086,491	4,082,888
<b><u>L.A.I.F.</u></b>					
<b>(Local Agency Investment Fund)</b>					
As of: Jul 2022					
General Fund	1.09%	-10,115,844	-9,993,451	-9,898,728	-10,115,844
Water Connect. Fee	1.09%	4,705,166	4,576,720	477,998	4,705,166
Sewer Connect. Fee	1.09%	1,320,135	1,320,135	1,320,135	1,320,135
SRF Loan Reserve	1.09%	760,000	760,000	760,000	760,000
Board Designated Reserves	1.09%	8,380,859	8,386,912	8,390,912	8,380,859
<b>L.A.I.F. SUBTOTAL</b>		5,050,316	5,050,316	1,050,316	5,050,316
<b><u>CEPPT</u></b>					
<b>(CA Employee Pension Plan Trust)</b>					
Employee Pension Reserve	0	1,000,000	1,000,000	1,000,000	640,401
<b>CEPPT SUBTOTAL</b>		1,000,000	1,000,000	1,000,000	640,401
<b><u>MBS Securities</u></b>					
<b>(CD Brokerage - Water Capacity Funds)</b>					
Employee Pension Reserve	2.80%	6,971,574	6,976,565	8,971,305	6,704,841
<b>MBS SUBTOTAL</b>		6,971,574	6,976,565	8,971,305	6,704,841
<b>GRAND TOTAL</b>		23,579,763	23,707,721	23,306,377	22,775,024
<b>YTD Total</b>					
<b>* TOTAL INTEREST RECORDED</b>	29,236	17,038	6,283	5,915	44,848

## Sunnyslope County Water District

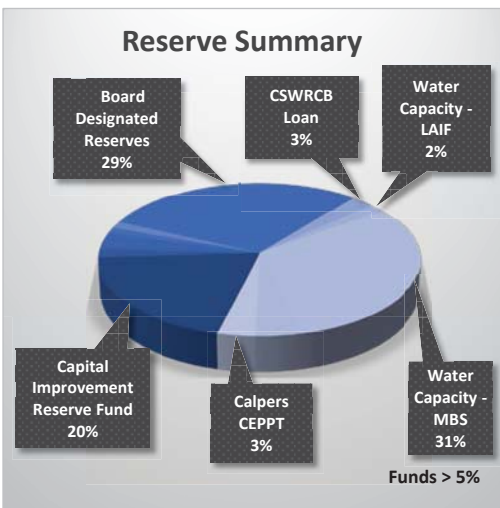
### Reserve Summary

As of September 30, 2022  
 (Policy #8600)

	<u>9/30/2022</u>	<u>Increase</u>	<u>Decrease</u>	<u>6/30/2022</u>	<u>6/30/2022</u>	<u>Change</u>
1 Capital Improvement Reserve Fund	\$ 5,863,936			\$ 5,863,936	\$ 1,709,419	\$ 4,154,517
2 Rate Stabilization Fund	250,000		-	250,000	-	\$ 250,000
3 Drought Contingency Reserve	500,000			500,000	400,000	100,000
4 Emergency Fund	1,000,000			1,000,000	100,000	900,000
5 Vehicle Replacement Fund	358,131	10,053		348,078	197,549	150,529
6 Office and Misc. Equipment Replacement Fund	418,845			418,845	266,754	152,091
Board Designated Reserves	8,390,911	10,053	-	8,380,859	2,673,722	5,707,137
7 CSWRCB Loan	760,000			760,000	760,000	-
8 Water Capacity - LAIF	477,997	69,000	4,296,168	4,705,165	6,732,709	(2,027,543)
8a Water Capacity - MBS	8,981,304	2,025,632	(250,831)	6,704,841		6,704,841
9 Wastewater Capacity	1,320,135			1,320,135	21,125	1,299,010
10 Calpers CEPPT	1,000,000		(359,599)	640,401	-	640,401
Legally Restricted Reserves	12,539,436	2,094,632	3,685,738	14,130,542	7,513,834	6,616,708
<b>TOTAL</b>	<b>\$ 20,930,348</b>	<b>\$ 2,104,684</b>	<b>\$ 3,685,738</b>	<b>\$ 22,511,401</b>	<b>\$ 10,187,556</b>	<b>\$ 12,323,845</b>
Unreserved Cash & Invested Funds	\$2,376,029.43					
Percentage of Total Capital Assets	43.89%					

**Detailed Transactions:**

Depr. Expense	\$ 10,053		\$ 461,194
Board Authorized Changes to Policy #8600	\$ -		\$ 5,729,257
LAIF Interest Income	\$ -		\$ 20,013
MBS Interest	\$ 25,633		\$ 5,672
Debt Amortization		(1,703,831)	\$ (1,184,682)
Water Capacity Fees	69,000	1,999,999	\$ (862,875)
Sewer Capacity Fees			\$ 1,299,000
CEPPT Funding			\$ 1,000,000
Transfers	1,999,999	4,000,000	\$ 6,950,000
Fixed asset Additions	-	-	\$ (483,314)
Fair Market Value & Misc Adj		(610,430)	\$ (610,420)
	<b>\$ 2,104,684</b>	<b>\$ 3,685,738</b>	<b>\$ 12,323,845</b>



Board Approved Disbursement Analysis					
Date:	Description:	Vendor	Resolution	Actual	
1/19/2021	Audit (FY21, FY22 & FY 23)	MRBK	76,160	27,870	
2/16/2021	Outsource Invoicing	Info Send	25,000	0	
11/16/2021	Temetra	Meter Valve & Cc	30,000	10,640	
2/15/2022	District Election	SBC	60,000	0	
2/15/2022	Rate Study	Raftelis	84,502	3,605	
2/15/2022	Ignition SCADA part 2	Frisch & Calcon	127,000	146,959	
8/16/2022	Fuel Trailer	LDJ Mfg	30,000	28,935	
10/18/2022	Itron Meters	Meter Valve & Cc	156,849	23,845	

# Staff Report

Agenda Item: **H – 5a**

**DATE:** November 10, 2022 (November 15, 2022, 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.

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## NARRATIVE

1. All three water reports were completed and submitted on time by October 10, 2022.
2. Sunnyslope staff encountered multiple watermain leaks in the month of October. One particular leak was reported to the district during work hours and continued thru the night until 5:00 am the following morning. SSCWD staff worked diligently thru the night to repair the service saddle and return normal water service to our customers.
3. Sunnyslope staff received a water leak report on Fairview Road. The leak was determined to be a 12-inch water main which began leaking at the bell of the pipe. The leak was a 12-inch ACP pipe which took several days to repair.
4. KJ Woods Construction was installing new storm drains on Hillcrest Road when an excavator struck our marked 8" water main. Sunnyslope staff was able to stop the water main supplying Villa Luna Apartments and complete the repair. SSCWD agreed to supply the materials to repair the broken water main and would have crew assist with cutting the main line and installing the new section of pipe. The repair was complete by 4:00 pm and water service was restored to the Luna Villa Apartment property.
5. J.L. Wingert provided onsite training on the district chlorination pumps (LMI). Over the past few months, staff have been receiving multiple alarms due to the chlorine pumps and its accessories. J.L. Wingert answered questions from staff and provided hands on instruction on instrumentation. The training was very valuable.
6. Primex replaced PLC2 communication terminals. PLC2 at the WHTP had been faulting multiple times causing the plant to automatically shut down. Staff responded multiple times to restart plant. The issue has been resolved since the terminal was replaced.
7. Industrial Wastewater Treatment Plant operations began offseason shutdown. Primary Pond 1 aerators have been shutdown as they are no longer essential to maintain dissolved oxygen. Basins 1 & 2 are being drained to expose sludge in preparation for removal.
8. All meter information in the summary report are N/A due to the implementation to Tyler. Next month's report will be updated.



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

**WATER (12) October 2022**

1. Emergency service line saddle replacement at 491 Marks Drive.
2. KJ Woods Construction was installing new storm drains on Hillcrest Rd when an excavator struck our marked 8" water main. Sunnyslope staff quickly isolated water break and assisted with water main repair. Service to the Villa Luna Apartments was restored within a few hours.
3. Repaired service leak at 1581 Bella Vista Court.
4. Repaired 12" water main leak on Fairview Road near Hillcrest Intersection.
5. Replaced leaking water service lines at 450 & 460 Ridgemark Drive.
6. Replaced curb stop on Scenic Circle.
7. Completed LMI training from J.L. Wingert.
8. Repaired 2" Pressure Regulation Valve (PRV) in Quail Hollow.
9. Took Vac Truck to Peterson Truck to have repaired because of broken fan belt.
10. Cleaned inside of well buildings.
11. Hauled cement and asphalt from Well #6 to Don Chapin.
12. Installed screen on City Well #4 surface water discharge line.



<b>Project Location</b>	<b>: Sunnyslope County Water District – 491 Marks Drive</b>
<b>Project</b>	<b>: 6" saddle break. Replaced</b>
<b>Department</b>	<b>: Water Department</b>
<b>Description</b>	<b>: During Work hours Sunnyslope staff received an emergency water leak call. Staff was dispatched for an emergency service line repair. Sunnyslope staff worked into the early morning to remove and replace service line. Water service was not interrupted while work was performed.</b>

### LESSALT Water Treatment Plant (4)

1. Suez performed semi-annual PM service on Total Organic analyzer.
2. Peroxide cleaned Total Organic Carbon analyzer.
3. Calibrated new handheld for district office.
4. Back washed Green Sand Filters (GRF) 1 & 2.

## **WEST HILLS Water Treatment Plant (6)**

1. Primex replaced PLC2 communication terminals.
2. Suez performed semi-annual PM service on Total Organic analyzer.
3. Hung bird netting at sand pump and sulfuric skid.
4. Replaced salt bridge and calibrated sulfuric dose PH probe.
5. Rebuilt sodium permanganate pump #1.
6. Replaced rollers and tubing on peristaltic sampler pump.

## **WASTEWATER (4)**

1. Replaced low level float at Main Lift Station.
2. Replaced low level float at RMII Lift Station.
3. Started pumping effluent water from Pond #3 to Pond #6 at SBR Wastewater Plant.
4. Trimmed back perimeter trees at SBR Wastewater Plant.

## **INDUSTRIAL PLANT (5)**

1. Started pumping down basins to expose sludge.
2. Continued cutting and clearing weeds around ponds.
3. Sharp Engineering removed aerators from basin #1.
4. Greenline jetted system to Industrial Plant and jetted effluent line from basin #2 to pond #1.
5. Sprayed weeds around pond #1.





<b>Project Location</b>	<b>: Industrial Wastewater Treatment Plant</b>
<b>Project</b>	<b>: Pumping down Basin #1 &amp; #2</b>
<b>Department</b>	<b>: Sanitation Department</b>
<b>Description</b>	<b>: Sunnyslope staff began pumping down inlet basin so sludge can be dried and removed in preparation for the off-season.</b>

Completed This Month	Job Descriptions	Completed YTD 2022 – 2023 July 1 to June 30	Completed 2021 – 2022 July 1 to June 30	Completed 2020 – 2021 July 1 to June 30	Completed 2019 – 2020 July 1 to June 30
167	Work Orders	868	2520	2469	2715
N/A	Temporary Manual Read Water Meters Installed in New Construction Accounts	70	292	368	256
N/A	Radio Read Meters & ERTs Installed in New Construction Accounts	0	1	21	0
N/A	Total: Manual Read Meters Replaced with Radio Read Meters & ERT's, including Radio Meters Installed in New Construction Accounts	90 (Total = 7013)	300	282	191
N/A	Existing Radio Read Meters & ERTs Replaced with New Radio Read Meters & ERTs	85	309	322	304
74	Valves Exercised (Approx. 2674 in SSCWD System 3/2021)	236	487	721	319
94	Fire Hydrants Flushed (Approx. 938 in SSCWD System 3/2021)	245	342	749	281
26	Meters on Repair List	112	335	326	449
16	Emergency Calls	74	161	174	156
148	Locates on our Water/Sewer Lines	585	1816	1732	1037
0	Sewer Inspections	0	0	0	0
0	Shutoff Notices	0	0	0	112
2	Water Services Replaced	8 (Total = 942)	39	12	15

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



## Hollister/Sunnyslope Intertie Water Balance

Report Date: November 1, 2022		to		October 12, 2022	
Current Consumption Period: September 14, 2022					
Intertie Location	Groundwater Flow to COH	Surface Flow to COH	Groundwater Flow to SSCWD	Surface Flow to SSCWD	to
	i n G a l l o n s				
Southside Road Intertie Water Total Flow	0	767,557			
Sunset & Memorial Water Total Flow	6,497,300	1,685,500	0		0
Sunnyslope & Memorial Water Total Flow	2,348,000	466,900	75,200		8,400
Hillcrest and Memorial Water Total Flow	4,500	1,600	3,800		1,800
Santa Ana & La Baig Water Total Flow	1,390,700	359,600			
<b>Intertie Sub-Total Water Flow</b>	<b>10,240,500</b>	<b>3,281,157</b>	<b>79,000</b>		<b>10,200</b>
<i>Total Combined Surface and Ground Water Intertie Flow</i>	<b>13,521,657</b>		<b>89,200</b>		
City of Hollister Well 2 Surface Water Total Flow (West Hills)		9,931,000			
City of Hollister Well 4 Surface Water Total Flow (West Hills)		14,188,000			
City of Hollister Well 5 Surface Water Total Flow (West Hills)		11,801,000			
Sunnyslope Well 2 Surface Water Total Flow (West Hills)				11,640,000	
Sunnyslope Well 11 Surface Water Total Flow (West Hills)				18,911,000	
Sunnyslope Surface Water Total Flow (LESSALT)					0
<b>Surface Water Flow Sub-Totals</b>		<b>35,920,000</b>			<b>30,551,000</b>
<b>Ground Water and Surface Water Flow Totals</b>	<b>10,240,500</b>	<b>39,201,157</b>	<b>79,000</b>		<b>30,561,200</b>
Current Period:	COH half of Surface Water Flow to Distribution (LESSALT & WH)		33,235,500		
	Net Ground/Surface Water Balance Owed to SSCWD (to COH)	10,161,500	5,955,457		
	Beginning Water Balance Owed to SSCWD (to COH)	755,238,575	-340,834,977		
	Gallons Billed to COH thru Report Date September 14, 2022	0		Informational Last Month Net Total	414,403,598
	Sub-total Ending Water Balance Owed to SSCWD (to COH)	765,400,075	-334,879,520	Net Sub Total	430,520,555
	Half of Total Gallons LESSALT Discharge to City of Hollister Wastewater Treatment Plant during the current consumption period			-	
	Exchange Factor; Half of the total gallons discharged to COH WWTP from LESSALT multiplied by a factor of 4				-
	<b>Ending Water Balance Owed to SSCWD (to COH)</b>	<b>765,400,075</b>	<b>-334,879,520</b>	<b>Net Total</b>	<b>430,520,555</b>

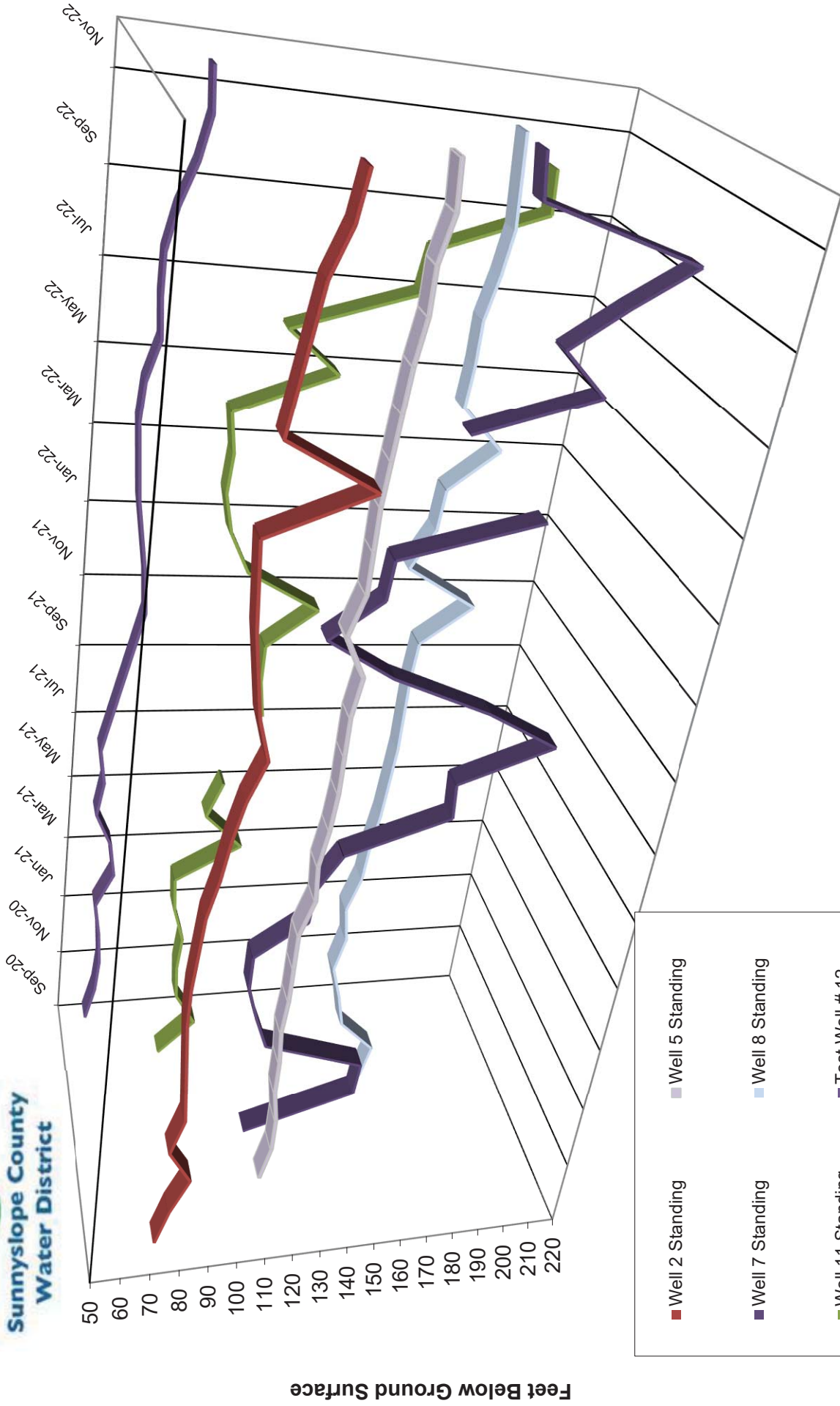
Current:	West Hills WTP Total Flow to Distribution	66,471,000			
	Percent of Surface Water Received	<b>COH</b>	<b>54.0%</b>	<b>SSCWD</b>	<b>46.0%</b>
Current:	COH half of West Hills WTP Total Flow to Distribution	33,235,500			
	West Hills WTP Surface Water Total Flow to COH	35,920,000			

From April 1, 2021 to Present					
YTD	LESSALT WTP Total Flow to Distribution	129,596,000			
	West Hills WTP Total Flow to Distribution	854,152,500			
	Surface WTPs Total Flow to Distribution	983,748,500			
	Total YTD Surface Flow to COH/SSCWD	<b>COH</b>	<b>526,579,395</b>	<b>SSCWD</b>	<b>457,169,105</b>
	Percent of Surface Water Received	<b>COH</b>	<b>53.5%</b>	<b>SSCWD</b>	<b>46.5%</b>

### Depth to Standing Water Level Below Ground Surface



Month/Year



Well 2 Standing	Well 5 Standing
Well 7 Standing	Well 8 Standing
Well 11 Standing	Test Well # 12

Ground Elevation in Feet Above Sea Level  
 Well 2 = 325  
 Well 5 = 438  
 Well 7 = 361  
 Well 8 = 481

Well 11 = 330  
 Test Well 12 = 308

# Staff Report

Agenda Item: **H-6**

**DATE:** November 10, 2022 (November 15, 2022 Meeting)  
**TO:** Board of Directors  
**FROM:** General Manager, Drew Lander P.E.  
**SUBJECT:** General Manager Monthly Status Report

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## ACTIVE TASKS:

- Solar Field Design** – The solar project design work is moving quickly. The geotechnical engineering consultant has conducted a site visit at the Ridgemark Wastewater Treatment Plant this month. A full design is expected to be presented in January for Board consideration. Additionally, the Lessalt treatment plant is being evaluated for solar on the roof of the building. This additional solar would be helpful to cover the standing power costs of the facility for when the building is offline. Staff noted that while Lessalt has been offline this year the power cost to maintain the facility could potentially be offset by solar.
- West Hills Treatment Plant Accident** – On Saturday the 5<sup>th</sup> in the evening a vehicle accident on Union Road resulted in a powerline crossing high voltage over lower voltage lines, ultimately sending a high voltage spike into the treatment plant. This accident has caused hundreds of thousands of dollars in damage to plant electronics and is expected to take 6 to 12 months to repair. The treatment plant is offline and will remain offline while the treatment plant is inspected, and insurance claims are processed. The City has been notified and SBCWD is working together with SSCWD staff to restore the treatment plant to operation.

In the meantime, the Lessalt treatment plant will be returned to service but this is expected to take two to three weeks as the plant is turned back on. Both the City and Sunnyslope customers will be relying solely on well water over the following weeks and months.

This accident is a significant blow to the water treatment operations. Staff will be directed to use the plant down time to perform significant major services on equipment which require the plant to be shut down. Staff will take advantage of this time to make sure the plant is serviced and ready to come back on line once the electronic components have been replaced.



3. **Office Technology and Public Access** – Tyler ERP Billing software conversion has been a challenge to implement but I am very proud of the staff dedication to ensuring the transition is successful. Due to a hiccup in the account transitions at the start of the month, staff mailed all October bills out in our usual way to make sure bills were received on time. Watersmart and Invoice cloud were taken offline so all software could be updated and the new system is now operational. The Temetra meter reading handheld equipment upgrade will be postponed until the end of December so each new process can be vetted properly prior to changing into another new program.
4. **IWTP Update** – Recent rain hampered the drying out of the treatment basins. A significant City water main ruptured at the end of October sending a significant flow of water down through the storm drain system for several days. This extra flow of water did help with the cleaning and vacuuming work by Greenline who was cleaning the storm drain system. Staff are reviewing operational data for the IWTP to see if this additional water flow occurred throughout the months of operation. The electrical consumption report is nearly complete and it appears that the power reduction goals were nearly all achieved for the season.
5. **Sewer Treatment Contract Negotiations** – Negotiations with the City Manager have begun. More information will be forthcoming in the near future as more discussions are able to continue.
6. **Permit Compliance** – Monthly water reports have been completed on time and no violations were reported.

# Staff Report

Agenda Item: H-7

DATE: November 9, 2022 (November 15, 2022 Meeting)

TO: Board of Directors

FROM: Drew A. Lander, General Manager

SUBJECT: Approval of Resolution No. 582 of the Board of Directors of the Sunnyslope County Water District – Hollister California Proclaiming a Local Emergency, Ratifying the State of Emergency Proclaimed on March 4, 2020, and Authorizing Remote Teleconference Meetings of all District Legislative Bodies for the Following 30 Days in Accord with the Ralph M. Brown Act (Not a project under CEQA per Article 20, Section 15378).

---

## RECOMMENDATION:

Approve by consent that the findings required by AB 361 are still current and relevant and authorize the President to sign a Resolution of the Board authorizing remote teleconference meetings of all district legislative bodies for the following 30 days as provided by law.

## BACKGROUND:

At the October 5<sup>th</sup>, 2021 special meeting the Board discussed and approved Resolution #562 to allow the use of remote meeting access for the following 30 days. This item appeared as a consent agenda item since November and was extended through Resolutions #563, #564, #567, #569, #571, #573, #575, #577, #578, #580, #581 and again having concluded the findings remain current, Resolution #581 extends the used of remote meeting access throughout October for another 30 days.

In September 2021 Governor Newsom signed into effect AB 361, allowing public agencies to hold public meetings through teleconferencing as long as there is a state-proclaimed state of emergency.

AB 361 amends the Brown Act to allow SSCWD to continue using teleconferencing and virtual meeting technology as long as:

- There is a “Proclaimed State of Emergency;”
- State or local officials impose or recommend measures that promote social distancing; or
- SSCWD’s Board finds that, by a majority vote, meeting in person would present an imminent safety risk to attendees.

The March 4, 2020 Proclamation of State of Emergency is still in effect. An Emergency Proclamation is not terminated until the Governor, or Legislature, proclaims it to be terminated. (GC 8629.) Accordingly, the current State of Emergency will remain until it is terminated with a Proclamation Terminating the State of Emergency.

**AB 361 Remote Meeting Findings Required:**

SSCWD must make the following findings by majority vote:

- SSCWD has reconsidered the circumstances of the state of emergency; and
- Any of the following circumstances exist:
  - The state of emergency continues to directly impact the ability of the members to meet safely in person; or
  - State or local officials continue to impose or recommend measures to promote social distancing.

These findings must be made no later than 30 days after meeting remotely for the first time and every 30 days thereafter.

AB 361 will sunset on January 1, 2024.

**FISCAL IMPACT:**

No change in the fiscal impact is anticipated with the continuation of remote access for District public meetings. The cost of online access software is paid through June 2023.

**ENVIRONMENTAL IMPACT:**

The proposed action is not a project as defined by the California Environmental Quality Act per Article 20, Section 15378.

Attached: Resolution #582

## RESOLUTION No. 582

### **A Resolution of the Board of Directors of the Sunnyslope County Water District – Hollister California Proclaiming a Local Emergency, Ratifying the State of Emergency Proclaimed on March 4, 2020, and Authorizing Remote Teleconference Meetings of all District Legislative Bodies for the Following 30 Days In Accord with the Ralph M. Brown Act**

#### FACTS

1. The Board of Directors is committed to preserving and nurturing public access and participation in meetings of the Boards; and
2. All meetings of District's legislative bodies are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend, participate, and observe District legislative bodies conduct business; and
3. The Brown Act, Government Code section 54953(e), enables remote teleconferencing participation in meetings by members of a legislative body, without strict compliance with requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions; and
4. One required condition is that a state of emergency has been declared by the Governor of the State of California pursuant to Government Code section 8625, proclaiming existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and
5. A proclamation is made that there is an actual incident, threat of disaster, or extreme peril to the safety of persons and property within the District's jurisdiction, caused by natural, technological, or human-caused disasters; and
6. State or local officials have imposed or recommended measures to promote social distancing, or, that having the legislative body meet in person would present imminent risks to the health and safety of attendees; and
7. The Board of Director's affirms these conditions now exist in its jurisdiction. Specifically, on March 4, 2020, the Governor proclaimed a State of Emergency to exist as a result of the threat of COVID-19. That Proclamation has not been terminated by either the Governor or the Legislature pursuant to Government Code section 8629; and
8. Despite sustained efforts to remedy this circumstance, the District determines that meeting in person poses an imminent risk to health and safety of attendees due to the COVID-19 virus and its variants; and
9. The Board of Directors finds the emergency created by the COVID-19 virus and its variants has caused, and will continue to cause, conditions of peril to the safety of persons within the District that are likely to be beyond the control of services, personnel, equipment, and facilities of the District, and desires to proclaim a local emergency and ratify the proclamation of state of emergency by the Governor and similar local health orders that require social distancing; and
10. As a consequence of the local emergency, the Board of Directors determines that all legislative bodies of the District are required to conduct their meetings without full

compliance with paragraph (3) of subdivision (b) of Government Code section 54953, as authorized by subdivision (e) of section 54953, and that those District legislative bodies shall comply with the requirements to provide public access to the meetings as prescribed in paragraph (2) of subdivision (e) of section 54953; and

11. Each District legislative body shall continue to conduct meetings with public access available via call-in or internet-based service options and the public shall be allowed to address the legislative body directly in real time; and
12. This Resolution shall authorize the General Manager to establish and maintain platforms necessary for each District legislative body to hold teleconference meetings and provide an avenue for real-time public comments for such meetings; and
13. The Board of Directors finds the introduction and adoption of this resolution is not subject to the California Environmental Quality Act (CEQA) as the activity is not a project as defined in Section 15378) of the CEQA Guidelines.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SUNNYSLOPE COUNTY WATER DISTRICT:**

SECTION 1. RECITALS. The foregoing Findings are true and correct and are adopted by the Board of Directors as though set forth in full.

SECTION 2. PROCLAMATION OF LOCAL EMERGENCY. The Board of Directors hereby proclaims that a local emergency now exists throughout the District, and meeting in person would present imminent risk as a result of the COVID-19 virus and its variants.

SECTION 3. RATIFICATION OF PROCLAMATION OF A STATE OF EMERGENCY. The Board of Directors hereby ratifies the Governor of the State of California's Proclamation of State of Emergency, effective as of its issuance date of March 4, 2020.

SECTION 4. REMOTE TELECONFERENCE MEETINGS. The General Manager and legislative bodies of Sunnyslope County Water District are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, conducting open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.

SECTION 5. EFFECTIVE DATE OF RESOLUTION. This Resolution shall take effect immediately upon its adoption and shall remain in effect for a period of 30 days, or until such time the Board of Directors adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which District legislative bodies may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953.

PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF THE SUNNYSLOPE  
COUNTY WATER DISTRICT this 15<sup>th</sup> day of November 2022, by the following  
vote:

AYES: Directors –  
NAYS:  
ABSENT:

SUNNYSLOPE COUNTY WATER DISTRICT:

Signed: \_\_\_\_\_

*Jerry Buzzetta, President*

*(seal)*

ATTEST:

By: \_\_\_\_\_

*Drew A. Lander, Secretary of the Board of Directors*

# Staff Report

Agenda Item: I-1

**DATE:** November 9, 2022 (November 15, 2022 Meeting)

**TO:** Board of Directors

**FROM:** General Manager, Drew Lander

**SUBJECT:** Authorize the Board President to Sign Letter of Support for San Benito County Water District's Accelerated Drought Response Project (ADRoP) application for grant funding through the United States Bipartisan Infrastructure Law (BIL) administered by the Bureau of Reclamation. Funding Opportunity R23AS00019, Small Surface Water and Groundwater Storage Projects.

---

## **RECOMMENDATION:**

Approve a Motion Authorizing the Board President to Sign Letter of Support for San Benito County Water District's Accelerated Drought Response Project (ADRoP) application for grant funding through the United States Bipartisan Infrastructure Law (BIL) administered by the Bureau of Reclamation. Funding Opportunity R23AS00019, Small Surface Water and Groundwater Storage Projects.

## **BACKGROUND:**

The San Benito County Water District (SBCWD) will be submitting an application to the United States Bureau of Reclamation (USBR) for grant funding for the Aquifer Storage and Recovery (ASR) project. The ASR project is the water supply project which scored highest under the criteria developed in the San Benito Urban Areas Water Supply and Treatment Master Plan Update which has recently been completed June 30, 2022. As noted in the report prepared by HDR, the ASR project has an estimated \$75M capital expense but is estimated to provide 6000 Acre Feet of water storage. Any grant funding obtained now reduces cost to the community. The application deadline is December 9. As part of the required submissions, letters of support from agency stakeholders that would benefit or support the project are required.

The wording of the attached letter has been proposed by SBCWD and the SSCWD board of directors is asked to support this grant effort by authorizing the President of the Board to sign the letter.

**FINANCIAL IMPACT:**

Grant applications do not commit the district to fund a future project expenses. The award of a grant toward the design and development of the ASR wells would offset future proposed expenses that will be incurred. Any award would reduce future capital development costs.

**ENVIRONMENTAL IMPACT:**

The proposed action is not a project as defined by Article 20, Section 15378 of the CEQA guidelines.

**ATTACHMENTS:**

Example letter addressed to Carrie Diroll, Bureau of Reclamation





# Sunnyslope Water District

3570 Airline Highway Hollister, CA 95023 \* (831) 637-4670 \* Fax (831) 637-1377

**Board of Directors**

Jerry Buzzetta  
James Parker  
Mike Alcorn  
Dee Brown  
Edward Mauro

**General Manager**

Drew A. Lander  
Superintendent  
Jose Rodriguez  
Legal Counsel  
Dave Laredo

November 15, 2022

Carrie Diroll  
Bureau of Reclamation  
Reclamation Law Administration Division  
Mail Code: 84-55000  
P.O. Box 25007  
Denver, Colorado 80225

**Re:** Letter of Support for San Benito County Water District's Accelerated Drought Response Project (ADRoP) application for grant funding through the United States Bipartisan Infrastructure Law (BIL) administered by the Bureau of Reclamation. Funding Opportunity R23AS00019, Small Surface Water and Groundwater Storage Projects

Dear Carrie Diroll,

This letter is to express support for the Accelerated Drought Response Project (ADRoP) for funding through the Small Surface Water and Groundwater Storage Program administered by the Bureau of Reclamation (USBR). The project is a collaborative effort of San Benito County Water District, City of Hollister, Sunnyslope County Water District, and other local agencies in the North San Benito Groundwater Basin.

The Sunnyslope County Water District (SSCWD) relies on groundwater and treated Central Valley Project (CVP) water for Municipal and Industrial water supplies. These sources are managed conjunctively and accompanied by effective water conservation. While local collaborative management has been effective in reversing historical groundwater overdraft and providing sustainable supply, local communities face challenges of increasing water demand, limitations on imported water supply, climate change, and marginal groundwater quality.

The ADRoP is an aquifer storage and recovery project which will be capable of recharging up to 6,000 AFY of high-quality CVP water in wet years for subsequent recovery in dry years. It is the foremost approach to help meet future water demand, especially during drought and water shortages, and to

help achieve water quality goals for total dissolved solids, Nitrate and hexavalent chromium. The SSCWD will benefit directly from increased water supply reliability and improved water quality.

The District is in full support of the ADRoP and USBR grant proposal and intends to make full use of stored CVP water available during drought and water shortage.

Sincerely,

---

Jerry Buzzetta  
President, Board of Directors

---

Drew A. Lander P.E.  
General Manager

# Staff Report

Agenda Item: I-2

**DATE:** November 9, 2022 (November 15, 2022 Meeting)  
**TO:** Board of Directors  
**FROM:** General Manager, Drew Lander  
**SUBJECT:** SBCWD DRAFT - Zone 6 Water Rate and Capacity Fee Study

---

## **RECOMMENDATION:**

The SBCWD Draft rate study is provided for board discussion so that the SSCWD board stays informed regarding the proposed rate increases for M&I water.

## **BACKGROUND:**

The San Benito County Water District (SBCWD) recently completed a draft water rate study which is under review. This study includes proposed rate increases for municipal and industrial M&I water distribution as well as proposed water supply-reliability charges.

The full document is provided, however of specific interest are two sections. Please refer to Section 1.3.2 M&I Water Rates, and Section 1.3.3 Water Supply-Reliability Charges. The proposed increases are reasonable considering increasing operational costs and inflation projections but they will impact the per/acre cost of treated water. These increases will impact SSCWD raw water costs and section 1.3.3 proposes a new fee for future water source development.

## **FINANCIAL IMPACT:**

The rates proposed appear to propose a 6% combined increase in 2023 and a 4% increase in 2024 and a 3.5% 2025 for the per/acre wholesale purchase of water.

The Water Supply-Reliability Charge will be charged to develop funding reserves for new water supply projects as proposed in the San Benito Urban Areas Water Supply and Treatment Master Plan.

## **ENVIRONMENTAL IMPACT:**

No action is proposed

# **SAN BENITO COUNTY WATER DISTRICT**

## **Zone 6 Water Rate and Capacity Fee Study**



**San Benito County** DRAFT REPORT / OCTOBER 19, 2022  
**Water District**



**Water Resources  
Economics**

PROMOTING THE VALUE AND PRICE OF  
WATER SERVICE

**R** RAFTELIS





October 19, 2022

Mr. Jeff Cattaneo  
General Manager  
San Benito County Water District  
P.O. Box 899  
Hollister, CA 95024

**Subject: Zone 6 Water Financial Plan, Cost-of-Service, Rate Study, and Capacity Fee Report - DRAFT**

Dear Mr. Cattaneo:

Raftelis and Water Resources Economics are pleased to provide this Zone 6 Water Financial Plan, Cost-of-Service, Rate Study, and Capacity Fee Report for the San Benito County Water District (SBCWD) to help SBCWD maintain its strong financial position as it addresses water quality, supply, and reliability issues, as well as to establish water rates that are equitable and align with Proposition 218 and Proposition 26.

The major objectives of the study include the following:

- Develop financial plans for the water enterprise to ensure financial sufficiency, meet operation and maintenance (O&M) costs, ensure sufficient funding for capital needs, and maintain required reserve levels
- Conduct a current water cost-of-service that aligns with Prop. 218 and Prop. 26
- Propose water and power rates for Water Years (WY) starting March 1, 2023, March 1, 2024, and March 1, 2025
- Develop a capacity fee for new water supply capacity projects

The report summarizes the key findings and recommendations related to the development of the financial plan and the development of the updated water and power rates.

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

Sincerely,

A handwritten signature in black ink that reads "Theresa M. Jurotich".

**Theresa Jurotich, P.E., PMP**  
*Manager, Raftelis*

A handwritten signature in black ink that reads "Sanjay Gaur".

**Sanjay Gaur**  
*Principal Consultant, Water Resources Economics*

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# 1. Executive Summary

The San Benito County Water District (SBCWD) engaged Raftelis Financial Consultants, Inc. and Water Resources Economics (Raftelis Team) to conduct a comprehensive water rates and fees study that could be utilized to evaluate and optimize user charges for SBCWD's water service while ensuring a proportionate recovery of costs from the various user classes. This report documents the resultant findings, analyses, and recommendations.

SBCWD manages the water resources within San Benito County and is the Groundwater Sustainability Agency for the county. SBCWD provides retail and wholesale potable water services as well as groundwater and recycled water. SBCWD owns two surface water treatment plants and manages local and imported surface water through the San Benito River System and the San Felipe Distribution System. The drinking water delivered to the Sunnyslope County Water District and City of Hollister becomes recycled water (from the City of Hollister's reclamation plant) that is used for irrigation. The imported water improves overall water quality as the groundwater pumped from local aquifers has varying levels of salts and high mineral content.

The major objectives of this study include the following:

- Develop a 10-year financial plan to ensure financial sufficiency and funding for operation and maintenance, capital improvement, and capital replacement expenses.
- Conduct a cost-of-service analysis for water services and proportionately allocate the costs of providing services.
- Develop proposed water rates and capacity fees.
- Develop a report that demonstrates the nexus between SBCWD costs and rates, to align with the requirements of Proposition 218 and Proposition 26.

This report summarizes the water rate study's financial plan and rate development key findings and recommendations.

## 1.1. Methodology

The Raftelis Team and SBCWD developed the proposed water rates and charges using cost-of-service principles set forth by the American Water Works Association M1 Manual titled *Principles of Water Rates, Fees and Charges, Seventh Edition* (AWWA M1 Manual) and any modifications, as applicable, to align with the requirements of California's Proposition 218 and related California law. Cost-of-service principles endeavor to distribute costs to customer classes in proportion to the way each class uses or places demand on the water system.

## 1.2. Proposed Financial Plan and Revenue Adjustments

The financial planning model enables SBCWD to set rates and charges to generate sufficient revenue to meet its short-term and long-term obligations, including reserve fund requirements. Table 1-1 shows the proposed revenue adjustments for the rate setting period (FY 2023 – FY 2025) as well as potential future revenue adjustments for planning purposes. While no revenue adjustment is planned for FY 2023, the cost-of-service analysis may result in a change to rates. Revenue adjustments occur on March 1 for each year. The proposed

financial plan implements a new water supply-reliability charge and a new capacity fee. This proposed scenario allows SBCWD to maintain reserves, build a more reliable water supply, and meet growing demand.

**Table 1-1: Annual Revenue Adjustments**

Effective Date	Increase
3/1/2023	0%
3/1/2024	2%
3/1/2025	2%
3/1/2026	2%
3/1/2027	2%
3/1/2028	3%
3/1/2029	3%
3/1/2030	3%
3/1/2032	3%

Table 1-2 shows the proposed financial plan incorporating the proposed revenue adjustments, water supply-reliability projected revenue, and projected capacity fee revenue.

**Table 1-2: Proposed Financial Plan Cashflow**

Line Item	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
<b>Revenues</b>											
1 Water Sales and Power Charges	\$4,730,078	\$4,750,068	\$4,769,634	\$4,789,494	\$4,809,652	\$4,830,112	\$4,850,879	\$4,871,958	\$4,893,353	\$4,915,068	\$4,937,110
2 Total Adjustments	\$0	\$0	\$31,798	\$128,358	\$227,670	\$329,813	\$452,376	\$614,131	\$782,133	\$956,624	\$1,137,855
3 Water Supply-Reliability	\$0	\$114,919	\$647,483	\$1,082,291	\$1,618,801	\$2,358,619	\$2,502,291	\$2,625,766	\$2,755,375	\$2,891,426	\$3,034,240
4 Capacity Fee Revenue	\$0	\$1,148,776	\$3,462,681	\$3,511,739	\$3,560,797	\$3,613,943	\$3,671,177	\$3,724,324	\$3,781,558	\$3,834,704	\$3,896,027
<b>Other Revenue</b>											
5 Other Operating Revenue	\$28,400	\$28,826	\$29,258	\$29,697	\$30,143	\$30,595	\$31,054	\$31,520	\$31,992	\$32,472	\$32,959
6 Finished Water	\$6,970,039	\$7,430,379	\$7,540,239	\$7,652,759	\$7,768,008	\$7,886,058	\$8,006,982	\$8,130,856	\$8,257,755	\$8,387,760	\$8,518,238
7 Cost of Stored & Acquired Water [1]	\$1,698,747	\$1,698,747	\$1,698,747	\$1,698,747	\$1,698,747	\$1,698,747	\$1,698,747	\$1,698,747	\$1,698,747	\$1,698,747	\$1,698,747
8 Taxes and Assessments	\$8,785,000	\$9,036,925	\$9,213,730	\$9,394,013	\$9,577,841	\$9,765,285	\$9,956,416	\$10,151,308	\$10,350,033	\$10,552,669	\$10,759,291
9 Other Non-Operating Revenues	\$344,250	\$349,414	\$354,655	\$359,975	\$365,374	\$370,855	\$376,418	\$382,064	\$387,795	\$393,612	\$399,516
10 Grants	\$87,400	\$87,400	\$87,400	\$87,400	\$87,400	\$87,400	\$87,400	\$87,400	\$87,400	\$87,400	\$87,400
11 Interest Income	\$184,392	\$210,892	\$239,042	\$266,329	\$289,771	\$309,314	\$312,815	\$294,181	\$269,521	\$249,532	\$232,489
<b>12 Total Revenue</b>	<b>\$22,828,306</b>	<b>\$24,856,345</b>	<b>\$28,074,667</b>	<b>\$29,000,801</b>	<b>\$30,034,204</b>	<b>\$31,280,742</b>	<b>\$31,946,556</b>	<b>\$32,612,252</b>	<b>\$33,295,662</b>	<b>\$34,000,015</b>	<b>\$34,393,872</b>
<b>Expenses</b>											
13 O&M	\$14,465,333	\$14,968,056	\$15,417,165	\$15,890,543	\$16,411,314	\$19,480,188	\$22,346,269	\$23,299,084	\$23,887,950	\$24,636,280	\$25,191,903
14 Existing Debt Service	\$974,347	\$932,534	\$932,218	\$932,695	\$931,946	\$931,990	\$932,793	\$932,354	\$932,674	\$816,958	\$469,428
15 Proposed Debt Service	\$0	\$0	\$0	\$0	\$0	\$3,136,802	\$5,735,886	\$5,735,886	\$6,371,720	\$6,371,720	\$6,371,720
16 Capital Projects - Cash Funded [2]	\$2,163,280	\$8,742,674	\$3,837,456	\$7,301,445	\$8,299,780	\$3,192,148	\$7,615,596	\$8,577,803	\$8,277,489	\$2,355,573	\$5,229,882
<b>17 Total Expenses</b>	<b>\$17,602,960</b>	<b>\$24,643,264</b>	<b>\$20,186,839</b>	<b>\$24,124,683</b>	<b>\$25,643,040</b>	<b>\$26,741,128</b>	<b>\$36,630,544</b>	<b>\$38,545,127</b>	<b>\$39,469,833</b>	<b>\$34,180,531</b>	<b>\$37,262,934</b>
<b>18 Net Cash Flow (Annual Surplus/(Deficit))</b>	<b>\$5,225,346</b>	<b>\$213,082</b>	<b>\$7,887,828</b>	<b>\$4,876,118</b>	<b>\$4,391,164</b>	<b>\$4,539,614</b>	<b>(\$4,683,988)</b>	<b>(\$5,932,874)</b>	<b>(\$6,174,171)</b>	<b>(\$180,516)</b>	<b>(\$2,869,062)</b>
19 Beginning Balance	\$45,707,129	\$50,932,475	\$51,145,557	\$59,033,385	\$63,909,503	\$68,300,667	\$72,840,281	\$68,156,293	\$62,223,418	\$56,049,248	\$55,868,732
<b>20 Ending Balance</b>	<b>\$50,932,475</b>	<b>\$51,145,557</b>	<b>\$59,033,385</b>	<b>\$63,909,503</b>	<b>\$68,300,667</b>	<b>\$72,840,281</b>	<b>\$68,156,293</b>	<b>\$62,223,418</b>	<b>\$56,049,248</b>	<b>\$55,868,732</b>	<b>\$52,999,670</b>
21 Target Reserve	\$22,465,806	\$24,309,147	\$26,386,383	\$28,780,880	\$33,954,691	\$43,556,730	\$47,416,530	\$45,914,881	\$46,263,614	\$48,440,717	\$47,621,470
<b>Debt Coverage</b>											
22 Calculated	8.49	11.74	17.20	17.73	18.34	3.77	1.98	1.94	1.79	1.82	1.90
23 Required	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20

[1] Cost of Stored and Acquired Water not already captured within Finished Water.

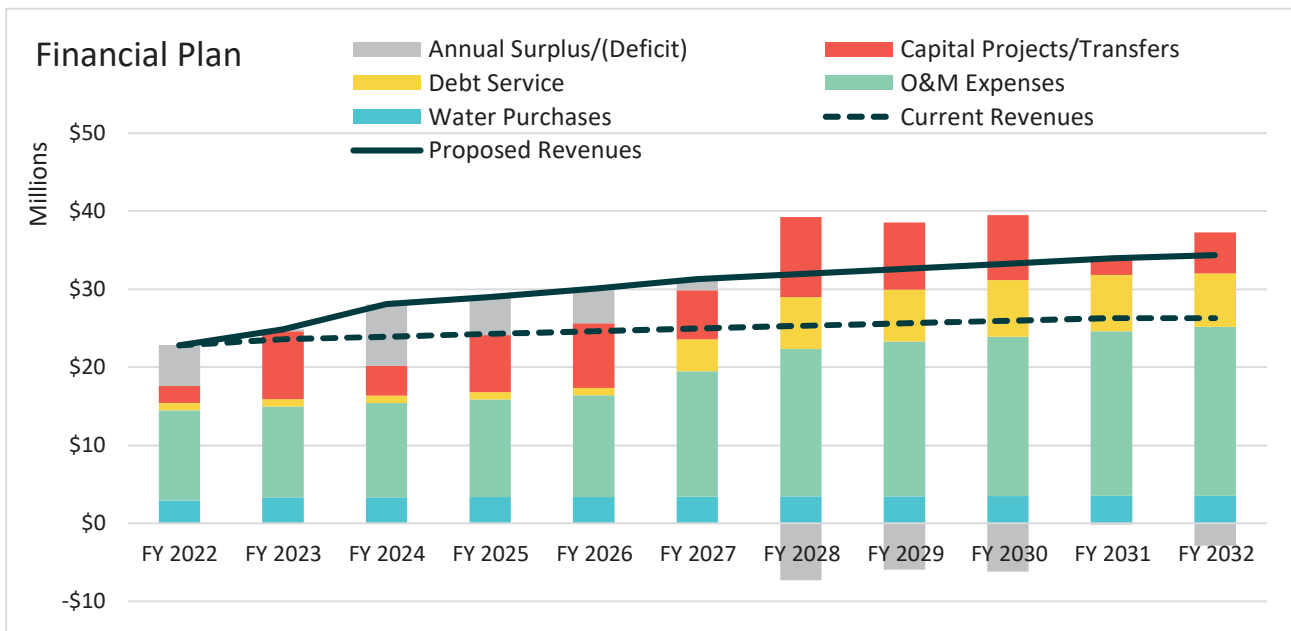
[2] Cash from rate based revenues, tax revenue, and capacity fees.

Line 1 shows revenue from current rates, assuming no increase in rates only increased demand at the water treatment plants. Revenue from current rates includes surface water, groundwater, recycled water, and power. Line 2 shows the additional revenue received from the revenue adjustments proposed in Table 1-1. Lines 3 and 4 show two new proposed revenue streams, the water supply-reliability rate and the capacity fee. Lines 5-11 show the other revenue line items including Finished Water and Taxes and Assessments. Interest revenues

(Line 11) decrease in FY 2029 through FY 2032 due to declining reserve balances caused by funding major capital projects. Line 12 shows the projected revenues. Lines 13 – 16 summarize the O&M expense projections, debt-related expenses, and capital outlays. Line 18 shows the annual surplus/deficit. Lines 19 and 20 show the beginning and ending Zone 6 fund balance, respectively. Line 21 shows the target reserves for Zone 6. Lines 22 and 23 show the calculated and required debt service coverage ratio. The proposed financial plan supports financial sufficiency and solvency for SBCWD to meet projected expenditures and financial obligations, including debt service, debt coverage, and reserve targets.

Figure 1-1 graphically illustrates the operating Financial Plan – it compares existing (current) and proposed revenues with projected expenses. The stacked bars show expenses, including O&M expenses, debt service, and cash-funded CIP. Total revenues at existing and proposed rates are shown by horizontal black dashed and black solid lines, respectively. Current revenue from existing rates does not meet future total expenses and shows the nexus to the proposed revenue adjustments.

**Figure 1-1: Proposed Zone 6 Financial Plan**



### 1.3. Proposed Three-Year Rates

#### 1.3.1. Agricultural Water Rates

The current and proposed agricultural water rates through FY 2025 are shown in Table 1-3. The March 1, 2023 Cost of Stored & Acquired Water component rates were provided by SBCWD. The other rate components (SLDMWA, SCVWD, and SBCWD) are based on cost-of-service.

**Table 1-3: Current and Proposed Agricultural Rates, \$/AF**

San Felipe: Agricultural	Current	March 1, 2023	March 1, 2024	March 1, 2025
Cost of Stored & Acquired Water [1]	\$100.84	\$115.00	\$117.30	\$119.65
SLDMWA (Other) [2]	\$13.00	\$11.49	\$11.72	\$11.96
SCVWD [2]	\$61.45	\$53.70	\$54.78	\$55.87
SBCWD	\$98.71	\$105.39	\$107.50	\$109.65
<b>Total</b>	<b>\$274.00</b>	<b>\$285.59</b>	<b>\$291.30</b>	<b>\$297.12</b>

San Felipe: Agricultural Full Cost (RRA Section 205(a)(3))	Current	March 1, 2023	March 1, 2024	March 1, 2025
Cost of Stored & Acquired Water [1]	\$224.38	\$115.00	\$117.30	\$119.65
SLDMWA (Other) [2]	\$15.65	\$11.49	\$11.72	\$11.96
SCVWD [2]	\$74.03	\$53.70	\$54.78	\$55.87
SBCWD	\$118.94	\$105.39	\$107.50	\$109.65
<b>Total</b>	<b>\$433.00</b>	<b>\$285.59</b>	<b>\$291.30</b>	<b>\$297.12</b>

San Felipe: Agricultural Full Cost (RRA Section 202(3))	Current	March 1, 2023	March 1, 2024	March 1, 2025
Cost of Stored & Acquired Water [1]	\$202.38	\$115.00	\$117.30	\$119.65
SLDMWA (Other) [2]	\$15.65	\$11.49	\$11.72	\$11.96
SCVWD [2]	\$74.03	\$53.70	\$54.78	\$55.87
SBCWD	\$118.94	\$105.39	\$107.50	\$109.65
<b>Total</b>	<b>\$411.00</b>	<b>\$285.59</b>	<b>\$291.30</b>	<b>\$297.12</b>

[1] Cost of Stored & Acquired Water for March 1, 2023 provided by SBCWD. Other years escalated.

[2] Subject to pass-through if actual costs higher than projected.

### 1.3.2. M&I Water Rates

Current and proposed M&I rates are shown in Table 1-4. Since the wholesale rates were adjusted in March 1, 2022, different current rates are shown for the WTP than for the small parcel service / Non-Agricultural (M&I). However, on March 1, 2023 the rates are proposed to be the same for all M&I customers. As noted above, SBCWD calculates the Cost of Stored & Acquired Water component of the San Felipe rate in a separate model and provided the M&I rates for March 1, 2023 through March 1, 2025. The other rate components (SLDMWA, SCVWD, and SBCWD) are based on cost-of-service.

**Table 1-4: Current and Proposed M&I Water Rates, \$/AF**

San Felipe: Non-Agricultural (M&I) Wholesale	Current	March 1, 2023	March 1, 2024	March 1, 2025
Cost of Stored & Acquired Water [1]	\$315.00	\$330.00	\$350.00	\$367.00
SLDMWA (Other) [2]	\$13.00	\$11.49	\$11.72	\$11.96
SCVWD [2]	\$61.45	\$53.70	\$54.78	\$55.87
SBCWD	\$123.71	\$149.55	\$152.54	\$155.59
<b>Total</b>	<b>\$513.16</b>	<b>\$544.75</b>	<b>\$569.04</b>	<b>\$590.42</b>

San Felipe: Small Parcel Service, Non-Agricultural (M&I)	Current	March 1, 2023	March 1, 2024	March 1, 2025
Cost of Stored & Acquired Water [1]	\$225.84	\$330.00	\$350.00	\$367.00
SLDMWA (Other) [2]	\$13.00	\$11.49	\$11.72	\$11.96
SCVWD [2]	\$61.45	\$53.70	\$54.78	\$55.87
SBCWD	\$123.71	\$149.55	\$152.54	\$155.59
<b>Total</b>	<b>\$424.00</b>	<b>\$544.75</b>	<b>\$569.04</b>	<b>\$590.42</b>

[1] Cost of Stored & Acquired Water provided by SBCWD.

[2] Subject to pass-through if actual costs higher than projected.

### 1.3.3. Water Supply-Reliability Charge

M&I customers will also see a new water supply-reliability charge. This charge is designed to recover a portion of the costs associated with developing additional water supply and enhancing reliability of the water supply for M&I customers. SBCWD plans to phase in the charge over four years, drawing upon reserves in the early years.

**Table 1-5: Proposed Water Supply-Reliability Charge, \$/AF**

Water Supply-Reliability Charge	Current	March 1, 2023	March 1, 2024	March 1, 2025
All M&I Customers	\$0.00	\$100.00	\$175.00	\$250.00

### 1.3.4. Groundwater Rates

Table 1-6 shows the current and proposed groundwater rates, which are based on the cost-of-service analysis.

**Table 1-6: Current and Proposed Groundwater Rates, \$/AF**

Groundwater Charges (Well customers)	Current	March 1, 2023	March 1, 2024	March 1, 2025
Ag	\$13.55	\$13.75	\$14.03	\$14.31
M&I	\$40.55	\$13.75	\$14.03	\$14.31

### 1.3.5. Recycled Water Rates

Table 1-7 shows the current and proposed recycled water rates and power charges related to pumping recycled water. The rates are based on the cost-of-service. The recycled water power charge is subject to additional pass-through increases if actual costs are higher than projected.



**Table 1-7: Current and Proposed Recycled Water & Power Rates, \$/AF**

Recycled Water Rates	Current	March 1, 2023	March 1, 2024	March 1, 2025
Recycled Water	\$211.00	\$285.60	\$291.31	\$297.14
Power Charge*	\$63.09	\$100.87	\$104.41	\$108.08

\* Subject to pass-through if actual costs higher than projected.

### 1.3.6. Power Charge

Table 1-8 shows the current and proposed power charges. SBCWD has consolidated the power charge into those outside subsystem 9 and those within subsystem 9. Subsystem 9 is unique due to additional pumping requirements. The rates are based on the cost-of-service rates. If the pass-through portion of the power charges increases, these charges are subject to those pass-throughs.

**Table 1-8: Current and Proposed Power Charges, \$/AF**

Power Charge	Current	March 1, 2023	March 1, 2024	March 1, 2025
Subsystem 2*	\$85.35	\$39.40	\$40.79	\$42.22
Subsystem 6H*	\$41.50	\$39.40	\$40.79	\$42.22
Subsystem 9L*	\$93.55	\$93.89	\$97.19	\$100.60
Subsystem 9H*	\$138.25	\$93.89	\$97.19	\$100.60
All other subsystems*	\$35.75	\$39.40	\$40.79	\$42.22

\* Subject to pass-through if actual costs higher than projected.

Note that tables may not add due to rounding.

## 2. Introduction

### 2.1. Study Background

The San Benito County Water District (SBCWD) engaged Raftelis Financial Consultants, Inc. and Water Resources Economics (Raftelis Team) to conduct a comprehensive water rates and fees study that could be utilized to evaluate and optimize user charges for SBCWD's water service while ensuring a proportionate recovery of costs from the various user classes. This report documents the resultant findings, analyses, and recommendations.

SBCWD manages the water resources within San Benito County and is the Groundwater Sustainability Agency for the county. SBCWD provides retail and wholesale potable water services as well as groundwater and recycled water. SBCWD owns two surface water treatment plants and manages local and imported surface water through the San Benito River System and the San Felipe Distribution System. The drinking water delivered to the Sunnyslope County Water District and City of Hollister becomes recycled water (from the City of Hollister's reclamation plant) that is used for irrigation. The imported water improves overall water quality as the groundwater pumped from local aquifers has varying levels of salts and high mineral content.

### 2.2. Scope of the Study

The scope of this study includes the development of cost-based water rates through a comprehensive cost-of-service analysis and rate-design study process. The three major processes are as follows:

- **Financial Planning:** User information and two-year average water usage data are compiled. Operating and capital costs are compiled and revenue requirements are projected for a ten-year period from Fiscal Year (FY) 2023 through FY 2032. Financial planning involves estimation and projection of annual O&M and capital expenditures, annual debt service and reserve requirements, operating and capital revenue sources, and the determination of required revenues from rates and charges.
- **Cost-of-Service Analysis:** The cost-of-service analysis apportions annual revenue requirements to the different user classes, demonstrating the nexus between the cost of providing water service to the various user classes and the revenue collected from each class. This approach is based on standard industry practice and commensurate with the legal requirements of Proposition 218.
- **Rate Design:** Rate design involves the development of a schedule of rates for each of the different user classes, to proportionately recover the costs attributable to them while considering the pricing objectives of SBCWD.

# 3. Legal Framework and Rate Setting Methodology

## 3.1. California Constitution – Article XIII D, Section 6 (Prop 218)

Proposition 218, reflected in the California Constitution as Article XIII D, was enacted in 1996 to ensure that rates and fees are proportional to the cost of providing service. The principal requirements for fairness of the fees, as they relate to public water service, are as follows:

1. A property-related charge (such as water and recycled water rates) imposed by a public agency on a parcel shall not exceed the costs required to provide the property-related service.
2. Revenues derived by the charge shall not be used for any purpose other than that for which the charge was imposed.
3. The amount of the charge imposed upon any parcel shall not exceed the proportional cost of service attributable to the parcel.
4. No charge may be imposed for a service unless that service is actually used or immediately available to the owner of the property.
5. A written notice of the proposed charge shall be mailed to the record owner of each parcel at least 45 days prior to the public hearing when the agency considers all written protests against the charge.

As stated in American Water Works Association M1 Manual titled *Principles of Water Rates, Fees and Charges, Seventh Edition* (AWWA M1 Manual), “water rates and charges should be recovered from classes of customers in proportion to the cost of serving those customers.” Proposition 218 requires that water rates cannot be “arbitrary and capricious,” meaning that the rate setting methodology must be sound and that there must be a nexus between the costs and the rates charged. This study follows industry-standard rate setting methodologies set forth by the AWWA M1 Manual, adhering to Proposition 218 requirements by developing rates that do not exceed the proportionate cost of providing water services.

## 3.2. California Constitution – Article X, Section 2

Article X, Section 2 of the California Constitution (established in 1976) states the following:

It is hereby declared that because of the conditions prevailing in this State the general welfare requires that the water resources of the State be put to beneficial use to the fullest extent of which they are capable, and that the waste or unreasonable use or unreasonable method of use of water be prevented, and that the conservation of such waters is to be exercised with a view to the reasonable and beneficial use thereof in the interest of the people and for the public welfare.

Article X, Section 2 of the State Constitution institutes the need to preserve the State’s water supplies and to discourage the wasteful or unreasonable use of water by encouraging conservation. As such, public agencies are constitutionally mandated to maximize the beneficial use of water, prevent waste, and encourage conservation.

### **3.3. Cost-Based Rate Setting Methodology**

As stated in the AWWA M1 Manual, “the costs of water rates and charges should be recovered from classes of customers in proportion to the cost of serving those customers.” The four major steps to develop utility rates that comply with Proposition 218 and industry standards while meeting other emerging goals and objectives of the utility are discussed below.

#### **3.3.1. Calculate Revenue Requirement**

The rate-making process starts by determining the test year (rate setting year) revenue requirement. The revenue requirement should sufficiently fund the utility’s O&M, debt service, capital expenses, and other identified costs with funding to reserves (positive cash) or using reserves (negative cash), all based on a long-term financial plan.

#### **3.3.2. Cost-of-Service Analysis**

The annual cost of providing water service is distributed among customer classes commensurate with their service requirements. A cost-of-service analysis involves allocating costs to customer classes in proportion to their burden on the water system.

#### **3.3.3. Rate Design and Calculations**

Rates do more than simply recover costs. Within the legal framework and industry standards, properly designed rates should support and optimize a blend of various utility objectives, such as promoting water conservation, affordability for essential needs, and revenue stability, among other objectives. Rates may also act as a public information tool in communicating these objectives to customers.

#### **3.3.4. Rate Adoption**

Rate adoption is the last step of the rate-making process and is part of the procedural requirements of Proposition 218. The Raftelis Team documents the rate study results in this report to serve as the utility’s administrative record and a public education tool about the proposed changes, the rationale and justifications behind the changes, and their anticipated financial impacts.

Government Code §54999.7(c) requires that water and wastewater agencies must conduct a cost-of-service study a minimum of every ten years. The Raftelis Team conducted a comprehensive cost-of-service rate study for SBCWD in Section 5 and documented the results and findings in this report. This study focuses on developing a financial plan and cost projections for the next ten years. The proposed revenue adjustments resulting from the financial plan will be applied to calculate the proposed rates for FY 2023, FY 2024, and FY 2025.

# 4. Financial Plan

Reviewing a utility’s revenue requirement is a key first step in the rate study process. The Raftelis Team analyzed annual operating revenue under the status quo, operation and maintenance (O&M) expenses, transfers between funds, and reserve requirements. This section of the report provides a discussion of the projected revenues, O&M expenses, reserve funding requirements, and the revenue adjustments needed to support fiscal sustainability and solvency.

## 4.1. Projected Revenue at Existing Rates

SBCWD receives revenues through the sale of raw and treated water as well as tax revenues and other income. All rate-based revenue is based on \$/acre-feet (\$/AF); the SBCWD does not collect a customer or monthly meter charge.

### 4.1.1. Current Water and Power Rates

The SBCWD generally sets rates effective at the start of each water year (WY), March 1. Table 4-1 shows surface water, groundwater, recycled water, and power charges in effect as of March 1, 2022. All charges are uniform rates based on water use in acre-feet (AF).

**Table 4-1: Current Water and Power Rates**

Surface Water Rates Effective March 1, 2022, \$/AF		Other Rates Effective March 1, 2022, \$/AF	
<b>Surface/ San Felipe Water Charges (Water Supply)</b>		<b>Power Charges</b>	
Agricultural		Subsystem 2	
Cost of Stored & Acquired Water	\$100.84	Subsystem 6H	
SLDMWA (Other)	\$13.00	Subsystem 9L	
SCVWD	\$61.45	Subsystem 9H	
SBCWD	\$98.71	All Other Subsystems	
Agricultural	\$274.00		
<hr/>		<b>Groundwater Charges</b>	
Agricultural Full Cost (RRA Section 205(a)(3))		Metered	
Cost of Stored & Acquired Water	\$224.38	Water Primarily for Municipal & Industrial Purposes	
SLDMWA (Other)	\$15.65	Water Primarily for Agricultural Purposes	
SCVWD	\$74.03		
SBCWD	\$118.94		
Agricultural Full Cost (RRA Section 205(a)(3))	\$433.00		
<hr/>		<b>Recycled Water Charges</b>	
Agricultural Full Cost (RRA Section 202(3))		Recycled Water Charge	
Cost of Stored & Acquired Water	\$202.38	Power Charge	
SLDMWA (Other)	\$15.65	Minimum Annual Purchase of Water for Each Parcel	
SCVWD	\$74.03	(applied to water charge)	
SBCWD	\$118.94		
Agricultural Full Cost (RRA Section 202(3))	\$411.00		
<hr/>			
Non-Agricultural (Municipal & Industrial) - Wholesale			
Cost of Stored & Acquired Water	\$315.00		
SLDMWA (Other)	\$13.00		
SCVWD	\$61.45		
SBCWD	\$123.71		
Non-Agricultural (Municipal & Industrial) - Wholesale	\$513.16		
<hr/>			
Non-Agricultural/ Small Parcel (Municipal & Industrial)			
Cost of Stored & Acquired Water	\$225.84		
SLDMWA (Other)	\$13.00		
SCVWD	\$61.45		
SBCWD	\$123.71		
Non-Agricultural/ Small Parcel (Municipal & Industrial)	\$424.00		

## 4.1.2. Projected Water and Power Use

Based on discussions with SBCWD staff, the assumption is that growth will occur with respect to the water treatment plants (Finished Water). The SBCWD’s engineer, HDR, has estimated growth to be about 3 percent per year in the final draft water supply and treatment master plan report<sup>1</sup>. To be conservative from a rate-setting perspective, the Raftelis Team has presumed that growth in usage by the water treatment plants (M&I WTP Plants) will increase at 1.5 percent per year and no growth occurs in the other customer classes. Table 4-2 summarizes the projected water usage.

**Table 4-2: Projected Customer Usage, AF**

Customer Usage Data	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Surface / San Felipe Water											
Ag	11,003	11,003	11,003	11,003	11,003	11,003	11,003	11,003	11,003	11,003	11,003
Ag Full Cost	2,173	2,173	2,173	2,173	2,173	2,173	2,173	2,173	2,173	2,173	2,173
M&I	226	226	226	226	226	226	226	226	226	226	226
M&I Small Parcel	224	224	224	224	224	224	224	224	224	224	224
M&I (WTP Plants)	5,000	5,075	5,151	5,228	5,307	5,386	5,467	5,549	5,632	5,717	5,803
<b>Total Surface Water (AF)</b>	<b>18,626</b>	<b>18,701</b>	<b>18,777</b>	<b>18,854</b>	<b>18,933</b>	<b>19,012</b>	<b>19,093</b>	<b>19,175</b>	<b>19,258</b>	<b>19,343</b>	<b>19,429</b>
Recycled Water	496	496	496	496	496	496	496	496	496	496	496
Groundwater - Wells											
Ag	15,740	15,740	15,740	15,740	15,740	15,740	15,740	15,740	15,740	15,740	15,740
M&I	3,036	3,036	3,036	3,036	3,036	3,036	3,036	3,036	3,036	3,036	3,036
<b>Total Groundwater</b>	<b>18,776</b>	<b>18,776</b>	<b>18,776</b>	<b>18,776</b>	<b>18,776</b>	<b>18,776</b>	<b>18,776</b>	<b>18,776</b>	<b>18,776</b>	<b>18,776</b>	<b>18,776</b>
<b>Total Water Usage (AF)</b>	<b>37,402</b>	<b>37,477</b>	<b>37,553</b>	<b>37,630</b>	<b>37,709</b>	<b>37,788</b>	<b>37,869</b>	<b>37,951</b>	<b>38,035</b>	<b>38,119</b>	<b>38,205</b>

Table 4-3 shows the projected power usage. All power usage remains flat except for Subsystem 9L, which includes the Lessalt water treatment plant, and All Other Subsystems, which includes the West Hills water treatment plant.

**Table 4-3: Projected Power-Related Usage, AF**

Power System	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Subsystem 2	126	126	126	126	126	126	126	126	126	126	126
Subsystem 6H	35	35	35	35	35	35	35	35	35	35	35
Subsystem 9L	2,062	2,092	2,123	2,154	2,185	2,217	2,249	2,282	2,315	2,349	2,383
Subsystem 9H	275	275	275	275	275	275	275	275	275	275	275
All Other Subsystems	16,132	16,177	16,223	16,269	16,316	16,364	16,412	16,462	16,512	16,562	16,614
Recycled Power Charge	496	496	496	496	496	496	496	496	496	496	496
<b>Total Power-Related Usage</b>	<b>19,126</b>	<b>19,201</b>	<b>19,277</b>	<b>19,354</b>	<b>19,433</b>	<b>19,512</b>	<b>19,593</b>	<b>19,675</b>	<b>19,758</b>	<b>19,843</b>	<b>19,929</b>

## 4.1.3. Revenue Projections

### 4.1.3.1. Rate Revenue

Table 4-4 shows the projected rate revenue based on current rates and projected water use. Surface water revenues exclude the cost of stored and acquired component of the surface water rate as that rate is projected and provided by SBCWD.

<sup>1</sup> Kennedy, Holly, et al., “Final Draft San Benito Urban Areas Water Supply and Treatment Master Plan Update”, HDR, Folsom, California, June 2022.

**Table 4-4: Rate Revenue Under Existing Rates**

Line Item	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Surface Water*	\$3,438,580	\$3,453,442	\$3,468,527	\$3,483,838	\$3,499,379	\$3,515,153	\$3,531,163	\$3,547,414	\$3,563,909	\$3,580,651	\$3,597,644
Power Charges	\$819,834	\$824,249	\$828,731	\$833,280	\$837,896	\$842,583	\$847,339	\$852,167	\$857,067	\$862,041	\$867,089
Groundwater	\$336,390	\$336,390	\$336,390	\$336,390	\$336,390	\$336,390	\$336,390	\$336,390	\$336,390	\$336,390	\$336,390
Recycled Water & Power	\$135,275	\$135,987	\$135,987	\$135,987	\$135,987	\$135,987	\$135,987	\$135,987	\$135,987	\$135,987	\$135,987
<b>Total Revenue</b>	<b>\$4,730,078</b>	<b>\$4,750,068</b>	<b>\$4,769,634</b>	<b>\$4,789,494</b>	<b>\$4,809,652</b>	<b>\$4,830,112</b>	<b>\$4,850,879</b>	<b>\$4,871,958</b>	<b>\$4,893,353</b>	<b>\$4,915,068</b>	<b>\$4,937,110</b>

\* Excluding the Cost of Stored & Acquired Water component.

### 4.1.3.2. Other Revenues

Table 4-5 shows the projected other revenues. Finished Water includes the cost of stored and acquired water component of the surface water rates plus other pass-through of costs that are recovered under Finished Water. Cost of Stored & Acquired Water revenue includes projected revenue from this component of the Surface Water rate excluding the amount captured within Finished Water. Other operating and non-operating revenue, as well as general tax revenue, increases at 1.5 percent per year. Land tax increases at 3 percent per year for FY 2023 then at 2 percent per year thereafter.

**Table 4-5: Other Revenues**

Line Item	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Finished Water*	\$6,970,039	\$7,430,379	\$7,540,239	\$7,652,759	\$7,768,008	\$7,886,058	\$8,006,982	\$8,130,856	\$8,257,755	\$8,387,760	\$8,178,238
Cost of Stored & Acquired Water**	\$1,698,747	\$1,698,747	\$1,698,747	\$1,698,747	\$1,698,747	\$1,698,747	\$1,698,747	\$1,698,747	\$1,698,747	\$1,698,747	\$1,698,747
Other Operating Revenue	\$28,400	\$28,826	\$29,258	\$29,697	\$30,143	\$30,595	\$31,054	\$31,520	\$31,992	\$32,472	\$32,959
Taxes and Assessments	\$8,785,000	\$9,036,925	\$9,213,730	\$9,394,013	\$9,577,841	\$9,765,285	\$9,956,416	\$10,151,308	\$10,350,033	\$10,552,669	\$10,759,291
Other Non-Operating Revenues	\$344,250	\$349,414	\$354,655	\$359,975	\$365,374	\$370,855	\$376,418	\$382,064	\$387,795	\$393,612	\$399,516
Grants	\$87,400	\$87,400	\$87,400	\$87,400	\$87,400	\$87,400	\$87,400	\$87,400	\$87,400	\$87,400	\$87,400
Interest Income	\$184,392	\$210,892	\$239,042	\$266,329	\$289,771	\$301,453	\$290,538	\$265,278	\$240,474	\$220,340	\$203,149
<b>Total Revenue</b>	<b>\$18,098,228</b>	<b>\$18,842,583</b>	<b>\$19,163,071</b>	<b>\$19,488,919</b>	<b>\$19,817,284</b>	<b>\$20,140,393</b>	<b>\$20,447,555</b>	<b>\$20,747,172</b>	<b>\$21,054,196</b>	<b>\$21,373,000</b>	<b>\$21,359,301</b>

\* Excluding revenue captured under Surface Water.

\*\* Excluding Cost of Stored & Acquired Water revenues captured within Finished Water.

## 4.2. Operating and Maintenance Expenses

Table 4-6 shows SBCWD's budget and projected O&M expenses for the study period. General and salary-related costs escalate at 2.5 percent per year. Benefits escalate at 6 percent per year. Utilities escalate at 3.5 percent per year. The largest contributors to O&M expenses are contract services, wages and related expenses, the cost of raw water, and the USBR contract payments.

**Table 4-6: O&M Expenses**

Line Item	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Cost Of Water	\$2,920,673	\$3,297,372	\$3,321,351	\$3,345,690	\$3,370,395	\$3,395,469	\$3,420,920	\$3,446,753	\$3,472,973	\$3,499,586	\$3,526,599
Direct Power & Other Power (Raw Water)	\$116,200	\$120,519	\$125,002	\$129,655	\$134,484	\$139,497	\$144,701	\$150,104	\$155,712	\$161,534	\$167,578
USBR Mandatory Contract	\$1,942,152	\$1,942,152	\$1,942,152	\$1,942,152	\$1,942,152	\$1,942,152	\$1,942,152	\$1,942,152	\$1,942,152	\$1,942,152	\$1,942,152
Contract Services	\$4,614,350	\$4,276,882	\$4,370,282	\$4,479,539	\$4,643,410	\$4,837,559	\$4,823,974	\$4,959,872	\$5,068,188	\$5,237,519	\$5,489,729
General and Administrative	\$319,250	\$327,231	\$335,412	\$343,797	\$352,392	\$361,202	\$370,232	\$379,488	\$388,975	\$398,700	\$408,667
Materials and Equipment	\$387,750	\$398,076	\$408,028	\$418,229	\$428,685	\$439,402	\$450,387	\$461,646	\$473,188	\$485,017	\$497,143
Utilities	\$551,600	\$572,102	\$593,382	\$615,469	\$638,395	\$662,193	\$686,896	\$712,540	\$739,161	\$766,799	\$795,492
Wages and Employee Related Expenses	\$2,924,167	\$3,166,176	\$3,270,109	\$3,378,126	\$3,490,420	\$3,607,191	\$3,728,652	\$3,855,027	\$3,986,551	\$4,123,472	\$4,266,051
Spot Purchases Until ASR Phase I online	\$27,241	\$187,204	\$352,188	\$519,170	\$672,254	\$814,983	\$955,415	\$735,330	\$962,188	\$0	\$0
Costs Associated with Santa Clara Valley WD	\$414,450	\$424,811	\$435,432	\$446,317	\$457,475	\$468,912	\$480,635	\$492,651	\$504,967	\$517,591	\$530,531
Costs Associated with San Luis Delta Mendota (Other)	\$247,500	\$255,531	\$263,827	\$272,398	\$281,253	\$290,401	\$299,851	\$309,615	\$319,703	\$330,125	\$340,893
New Supply & Reliability Project O&M	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$811,453	\$831,739	\$2,131,332	\$2,184,616
<b>Total Expenses</b>	<b>\$14,465,333</b>	<b>\$14,968,056</b>	<b>\$15,417,165</b>	<b>\$15,890,543</b>	<b>\$16,411,314</b>	<b>\$16,948,188</b>	<b>\$17,498,269</b>	<b>\$18,239,084</b>	<b>\$19,087,950</b>	<b>\$19,948,280</b>	<b>\$20,919,903</b>

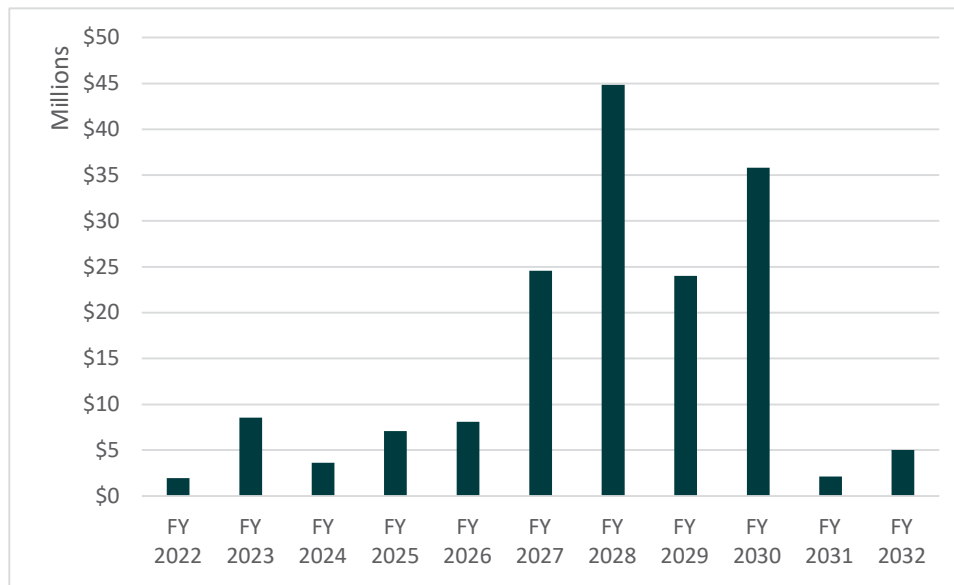
## 4.3. Capital Improvement Program and Funding

### 4.3.1. Capital Improvement Plan

SBCWD has developed a capital improvement program to address current and future needs of the water system. Near-term capital costs are escalated at 5 percent per year and then by FY 2025 escalate at the long-term historical average of 3 percent per year. Anticipated capital improvements are summarized in Figure 4-1

and costs at the project category level are shown in Table 4-7. The large increase in the capital plan between FY 2027 and FY 2030 is due to the new supply-reliability projects and the canal subsidence project. The new supply and reliability project line item in Table 4-7 includes about \$69 million in growth-related projects. The remaining expense is for projects to enhance water supply reliability. The detailed capital improvement plan is shown in Appendix A.

**Figure 4-1: Capital Improvement Program**



**Table 4-7: Budgeted and Proposed Capital Improvement Program**

Project Category	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Turnout Projects	\$395,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Pumping System Evaluation & Rebuild	\$47,847	\$50,239	\$52,751	\$54,334	\$55,964	\$57,643	\$59,372	\$61,153	\$62,988	\$64,877	\$66,824
WTP Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Pacheco Pump Replacement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$725,449	\$747,213	\$769,629	\$792,718
Old Office bldg at Mansfield Rd	\$0	\$21,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Storage Bldg	\$0	\$0	\$96,579	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PLC Project	\$500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Lateral Rehabs	\$0	\$912,327	\$227,258	\$159,849	\$787,815	\$501,559	\$503,850	\$579,934	\$1,013,288	\$1,008,925	\$257,783
SBCWD Share of SCVWD Projects	\$0	\$437,976	\$21,492	\$215,836	\$23,151	\$196,550	\$3,150,193	\$3,255,939	\$2,441,438	\$281,138	\$3,881,553
SLDM: Canal Subsidence Estimate	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,518,873	\$0	\$0
New Supply & Reliability Projects	\$989,430	\$7,090,128	\$3,208,372	\$6,640,422	\$7,201,847	\$23,837,303	\$41,130,553	\$19,415,177	\$19,997,633	\$0	\$0
<b>Total CIP</b>	<b>\$1,932,277</b>	<b>\$8,511,670</b>	<b>\$3,606,453</b>	<b>\$7,070,441</b>	<b>\$8,068,777</b>	<b>\$24,593,054</b>	<b>\$44,843,969</b>	<b>\$24,037,653</b>	<b>\$35,781,433</b>	<b>\$2,124,569</b>	<b>\$4,998,878</b>

### 4.3.2. Capital Sources and Uses of Funds

These projects are paid for through a mix of cash and debt as shown in Table 4-8. Sources of cash include rate-based revenue, the proposed water-supply reliability charge, withdrawals from the Reach 1 Major R&R fund, property taxes, the proposed capacity fees<sup>2</sup>, and draws on undesignated reserves as needed.

<sup>2</sup> Capacity fees are discussed in more detail in Section 7.



**Table 4-8: Sources and Uses of Capital Funds**

Line Item	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
<b>Sources</b>											
Rate/Reserve Funded	\$1,173,850	\$1,214,570	\$607,592	\$445,187	\$1,074,782	\$790,205	\$794,226	\$1,597,540	\$2,054,492	\$2,074,435	\$1,348,328
Reach 1 Major R&R Fund	\$0	\$437,976	\$21,492	\$215,836	\$23,151	\$196,550	\$3,150,193	\$3,255,939	\$2,441,438	\$281,138	\$3,881,553
Supply-Reliability Charge	\$0	\$114,919	\$647,483	\$1,082,291	\$1,618,801	\$2,358,619	\$2,502,291	\$2,625,766	\$2,755,375	\$2,891,426	\$3,034,240
Property Taxes	\$0	\$0	\$0	\$0	\$0	\$1,560,352	\$3,178,263	\$3,088,747	\$2,996,097	\$2,900,204	\$2,800,955
Capacity Fees	\$0	\$1,148,776	\$3,462,681	\$3,511,739	\$3,560,797	\$3,613,943	\$3,671,177	\$3,724,324	\$3,781,558	\$3,834,704	\$3,896,027
Bond Proceeds	\$0	\$0	\$0	\$0	\$0	\$21,631,909	\$37,459,376	\$15,690,854	\$27,734,948	\$0	\$0
Reserves (Draws/(Replenish))	\$989,430	\$5,826,433	(\$901,792)	\$2,046,393	\$2,022,249	(\$2,190,719)	(\$3,081,470)	(\$5,714,512)	(\$5,751,472)	(\$9,626,334)	(\$9,731,222)
<b>Total Sources</b>	<b>\$2,163,280</b>	<b>\$8,742,674</b>	<b>\$3,837,456</b>	<b>\$7,301,445</b>	<b>\$8,299,780</b>	<b>\$27,960,860</b>	<b>\$47,674,057</b>	<b>\$24,268,656</b>	<b>\$36,012,437</b>	<b>\$2,355,573</b>	<b>\$5,229,882</b>
<b>Uses</b>											
Capital	\$1,932,277	\$8,511,670	\$3,606,453	\$7,070,441	\$8,068,777	\$24,593,054	\$44,843,969	\$24,037,653	\$35,781,433	\$2,124,569	\$4,998,878
RW Repayment	\$231,003	\$231,003	\$231,003	\$231,003	\$231,003	\$231,003	\$231,003	\$231,003	\$231,003	\$231,003	\$231,003
Debt Reserve	\$0	\$0	\$0	\$0	\$0	\$3,136,802	\$2,599,084	\$0	\$0	\$0	\$0
<b>Total Uses</b>	<b>\$2,163,280</b>	<b>\$8,742,674</b>	<b>\$3,837,456</b>	<b>\$7,301,445</b>	<b>\$8,299,780</b>	<b>\$27,960,860</b>	<b>\$47,674,057</b>	<b>\$24,268,656</b>	<b>\$36,012,437</b>	<b>\$2,355,573</b>	<b>\$5,229,882</b>

### 4.3.3. Debt Service

Debt service requirements include principal and interest payments being made on bonds and loans previously issued, as well as forecasted payments for projected future bonds and loans.

#### 4.3.3.1. Existing Debt Service

SBCWD has three outstanding loans, not including the USBR loan, which is captured within O&M expenses. The annual existing debt service over the financial planning period is summarized in Table 4-9.

**Table 4-9: Existing Debt Service**

Line Item	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
WIIN CBT	\$225,932	\$226,227	\$225,773	\$226,258	\$225,662	\$226,006	\$226,269	\$226,451	\$226,553	\$226,573	\$226,513
Citi National	\$463,117	\$463,117	\$463,117	\$463,117	\$463,117	\$463,117	\$463,117	\$463,117	\$463,117	\$347,338	\$0
UAL	\$285,298	\$243,190	\$243,329	\$243,321	\$243,167	\$242,867	\$243,407	\$242,786	\$243,004	\$243,047	\$242,915
<b>Total</b>	<b>\$974,347</b>	<b>\$932,534</b>	<b>\$932,218</b>	<b>\$932,695</b>	<b>\$931,946</b>	<b>\$931,990</b>	<b>\$932,793</b>	<b>\$932,354</b>	<b>\$932,674</b>	<b>\$816,958</b>	<b>\$469,428</b>

#### 4.3.3.2. Projected New Debt Service

The financial plan presumes three new bonds are issued over the financial planning period to help cover the cost of the canal subsidence project and two water supply-reliability projects. The water supply-reliability projects comprise a growth-related project and a reliability-related project. The Raftelis Team encourages SBCWD to work with its municipal financial advisor as the time to bid the projects gets closer to reflect capital pricing at that time as well as bond market terms and conditions. For long-range modeling purposes, the Raftelis Team, in conjunction with SBCWD, has presumed a bond term of 20 years with a 3.5 percent interest rate for the reliability project and a 30-year term with an interest rate of 3.5 percent for the new supply and subsidence projects. Gross bond issues presume 1.5 percent issuance cost. Table 4-10 shows the proposed debt service included in the financial plan.

**Table 4-10: Proposed Debt Service**

Line Item	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Canal Subsidence	\$0	\$0	\$0	\$635,834	\$635,834	\$635,834
Water Supply-Reliability	\$3,136,802	\$5,735,886	\$5,735,886	\$5,735,886	\$5,735,886	\$5,735,886
<b>Total</b>	<b>\$3,136,802</b>	<b>\$5,735,886</b>	<b>\$5,735,886</b>	<b>\$6,371,720</b>	<b>\$6,371,720</b>	<b>\$6,371,720</b>

## 4.4. Proposed Financial Plan and Revenue Adjustments

The proposed financial plan enables SBCWD to set rates to generate sufficient revenues to meet its short-term and long-term obligations and avoid significant future rate fluctuations. The plan shows the revenues that will be used to maintain appropriate reserves and provide adequate debt coverage while maintaining a sensitivity to rate increases.

To meet projected revenue requirements and to maintain desired reserve levels, the revenue adjustments shown in Table 4-11 are proposed to the existing water rates. Revenue adjustments are shown outside the rate setting period (FY 2023 – FY 2025) *for planning purposes only* and are subject to the Board’s approval in future years. While no revenue adjustment is planned for FY 2023, the cost-of-service analysis may result in a change to rates.

**Table 4-11: Annual Revenue Adjustments**

Effective Date	Increase
3/1/2023	0%
3/1/2024	2%
3/1/2025	2%
3/1/2026	2%
3/1/2027	2%
3/1/2028	3%
3/1/2029	3%
3/1/2030	3%
3/1/2032	3%

The Zone 6 financial plan shown in Table 4-12 provides a basis for evaluating the timing and level of water revenue adjustments needed to meet the revenue requirements over the study period. The financial plan shows an annual adjustment starting in FY 2024. To help cover the costs of the new water supply and reliability projects, SBCWD is adding a new Water Supply-Reliability charge (discussed in Section 4.5) and a new capacity fee (discussed in Section 7).

Table 4-12: Zone 6 Financial Plan

Line Item	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
<b>Revenues</b>											
1 Water Sales and Power Charges	\$4,730,078	\$4,750,068	\$4,769,634	\$4,789,494	\$4,809,652	\$4,830,112	\$4,850,879	\$4,871,958	\$4,893,353	\$4,915,068	\$4,937,110
2 Total Adjustments	\$0	\$0	\$31,798	\$128,358	\$227,670	\$329,813	\$452,376	\$614,131	\$782,133	\$956,624	\$1,137,855
3 Water Supply-Reliability	\$0	\$114,919	\$647,483	\$1,082,291	\$1,618,801	\$2,358,619	\$2,502,291	\$2,625,766	\$2,755,375	\$2,891,426	\$3,034,240
4 Capacity Fee Revenue	\$0	\$1,148,776	\$3,462,681	\$3,511,739	\$3,560,797	\$3,613,943	\$3,671,177	\$3,724,324	\$3,781,558	\$3,834,704	\$3,896,027
<b>Other Revenue</b>											
5 Other Operating Revenue	\$28,400	\$28,826	\$29,258	\$29,697	\$30,143	\$30,595	\$31,054	\$31,520	\$31,992	\$32,472	\$32,959
6 Finished Water	\$6,970,039	\$7,430,379	\$7,540,239	\$7,652,759	\$7,768,008	\$7,886,058	\$8,006,982	\$8,130,856	\$8,257,755	\$8,387,760	\$8,178,238
7 Cost of Stored & Acquired Water [1]	\$1,698,747	\$1,698,747	\$1,698,747	\$1,698,747	\$1,698,747	\$1,698,747	\$1,698,747	\$1,698,747	\$1,698,747	\$1,698,747	\$1,698,747
8 Taxes and Assessments	\$8,785,000	\$9,036,925	\$9,213,730	\$9,394,013	\$9,577,841	\$9,765,285	\$9,956,416	\$10,151,308	\$10,350,033	\$10,552,669	\$10,759,291
9 Other Non-Operating Revenues	\$344,250	\$349,414	\$354,655	\$359,975	\$365,374	\$370,855	\$376,418	\$382,064	\$387,795	\$393,612	\$399,516
10 Grants	\$87,400	\$87,400	\$87,400	\$87,400	\$87,400	\$87,400	\$87,400	\$87,400	\$87,400	\$87,400	\$87,400
11 Interest Income	\$184,392	\$210,892	\$239,042	\$266,329	\$289,771	\$309,314	\$312,815	\$294,181	\$269,521	\$249,532	\$232,489
12 <b>Total Revenue</b>	<b>\$22,828,306</b>	<b>\$24,856,345</b>	<b>\$28,074,667</b>	<b>\$29,000,801</b>	<b>\$30,034,204</b>	<b>\$31,280,742</b>	<b>\$31,946,556</b>	<b>\$32,612,252</b>	<b>\$33,295,662</b>	<b>\$34,000,015</b>	<b>\$34,393,872</b>
<b>Expenses</b>											
13 O&M	\$14,465,333	\$14,968,056	\$15,417,165	\$15,890,543	\$16,411,314	\$19,480,188	\$22,346,269	\$23,299,084	\$23,887,950	\$24,636,280	\$25,191,903
14 Existing Debt Service	\$974,347	\$932,534	\$932,218	\$932,695	\$931,946	\$931,990	\$932,793	\$932,354	\$932,674	\$816,958	\$469,428
15 Proposed Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$3,136,802	\$5,735,886	\$5,735,886	\$6,371,720	\$6,371,720
16 Capital Projects - Cash Funded [2]	\$2,163,280	\$8,742,674	\$3,837,456	\$7,301,445	\$8,299,780	\$3,192,148	\$7,615,596	\$8,577,803	\$8,277,489	\$2,355,573	\$5,229,882
17 <b>Total Expenses</b>	<b>\$17,602,960</b>	<b>\$24,643,264</b>	<b>\$20,186,839</b>	<b>\$24,124,683</b>	<b>\$25,643,040</b>	<b>\$26,741,128</b>	<b>\$36,630,544</b>	<b>\$38,545,127</b>	<b>\$39,469,833</b>	<b>\$34,180,531</b>	<b>\$37,262,934</b>
18 <b>Net Cash Flow (Annual Surplus/(Deficit))</b>	<b>\$5,225,346</b>	<b>\$213,082</b>	<b>\$7,887,828</b>	<b>\$4,876,118</b>	<b>\$4,391,164</b>	<b>\$4,539,614</b>	<b>(\$4,683,988)</b>	<b>(\$5,932,874)</b>	<b>(\$6,174,171)</b>	<b>(\$180,516)</b>	<b>(\$2,869,062)</b>
19 Beginning Balance	\$45,707,129	\$50,932,475	\$51,145,557	\$59,033,385	\$63,909,503	\$68,300,667	\$72,840,281	\$68,156,293	\$62,223,418	\$56,049,248	\$55,868,732
20 <b>Ending Balance</b>	<b>\$50,932,475</b>	<b>\$51,145,557</b>	<b>\$59,033,385</b>	<b>\$63,909,503</b>	<b>\$68,300,667</b>	<b>\$72,840,281</b>	<b>\$68,156,293</b>	<b>\$62,223,418</b>	<b>\$56,049,248</b>	<b>\$55,868,732</b>	<b>\$52,999,670</b>
21 Target Reserve	\$22,465,806	\$24,309,147	\$26,386,383	\$28,780,880	\$33,954,691	\$43,556,730	\$47,416,530	\$45,914,881	\$46,263,614	\$48,440,717	\$47,621,470
<b>Debt Coverage</b>											
22 Calculated	8.49	11.74	17.20	17.73	18.34	3.77	1.98	1.94	1.79	1.82	1.90
23 Required	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20

[1] Cost of Stored and Acquired Water not already captured within Finished Water.  
 [2] Cash from rate based revenues, tax revenue, and capacity fees.

Figure 4-2 shows the projected fund balance for Zone 6. With the mix of rates, charges, and bond issues, the fund balances are projected to stay above target over the planning horizon.

Figure 4-2: Zone 6 Projected Fund Balance

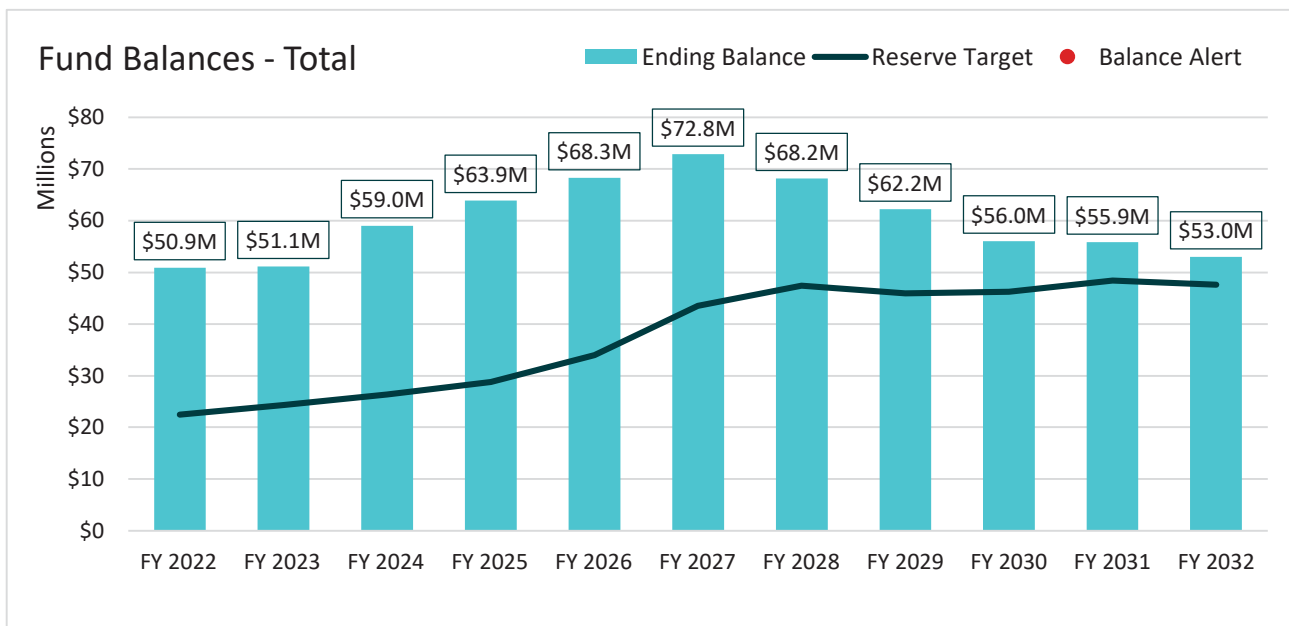
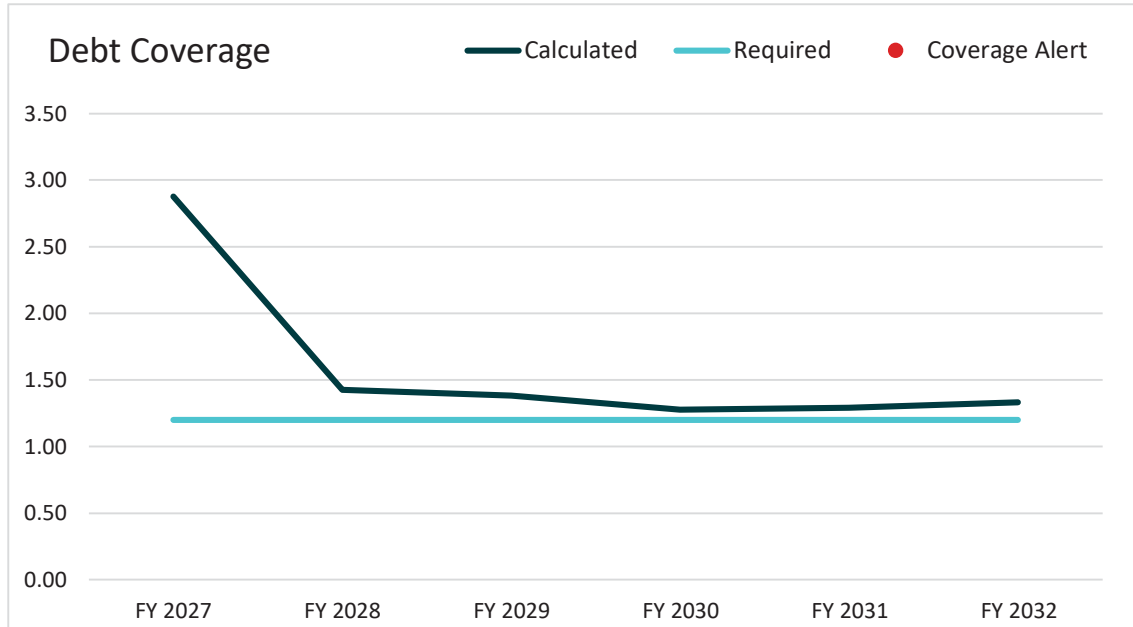


Figure 4-3 graphically displays the projected debt service coverage from FY 2027, when the first bond is expected to be issued, through the end of the study period, FY 2032. Given the assumptions made for this

study, SBCWD is expected to stay above its target debt service coverage ratio. Debt coverage prior to these new issues is well above the required coverage ratio.

**Figure 4-3: Projected Debt Service Coverage**



### 4.5. Water Supply-Reliability Projects Funding

SBCWD has planned two water supply-reliability projects to help meet water quality needs, supply reliability, and projected growth. SBCWD plans to fund these projects through a mix of bonds and cash. SBCWD plans to cover the interest associated with the new bond issues with property tax revenue and to pay the principal portion of debt through rate revenue and capacity fees. Rate revenue will also be used to fund the contributions to the debt reserve for the new issues, O&M, and replenish reserves. Draws on reserves are needed, particularly in the early years, to balance the immediate need to fund capital expenditures with minimizing the rate increase. These draws on reserves allow SBCWD to phase-in the new water supply-reliability charge. The water supply-reliability charge is designed to eventually replenish those reserves and bring the cashflow associated with these projects back to \$0 by the end of the modeled debt service period, which is FY 2057 (presuming a 30-year loan). For a detailed projected cashflow, please see Appendix B.

# 5. Cost-of-Service Analysis

The overall goal of the cost-of-service analysis is to allocate the revenue requirement to the customer classes: Groundwater, Surface Water, Recycled Water, and Power. Cost-of-service analyses are based on a single year, the “test year”. The allocation of revenue requirements is based on direct assignments or by usage. The allocation process ultimately determines the costs on a unit basis (e.g., usage). The unit rates then help guide the process for setting rates. This process follows the guidelines set out in the AWWA M1 Manual, modified, as applicable, to align with the Proposition 218 requirements.

## 5.1. Revenue Requirements (Costs-of-Service) to be Allocated

The annual cost-of-service, or revenue requirement, to be recovered from water rates includes O&M expenses (Table 4-6), capital costs (Table 4-7), debt service (Table 4-9 and Table 4-10), and maintaining target reserve balances (Table 4-12). The total FY 2023 net cost-of-service to be recovered by SBCWD customers is shown in Table 5-1, row 23. 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 water rates are deducted from the appropriate cost elements. Additional deductions are made for interest income and other non-operating income during FY 2023. Adjustments are also made for additions to reserves.

**Table 5-1: Projected Net Revenue Requirement, FY 2023**

No. Line Item	Operating	Capital-Related	Total
<b>Total Revenue Requirements</b>			
1 O&M	\$14,968,056		\$14,968,056
Debt Service			
2 WIIN Debt Service		\$226,227	\$226,227
3 Citi National DS		\$463,117	\$463,117
4 UAL Sterling		\$243,190	\$243,190
Capital			
5 RW Repayment		\$231,003	\$231,003
6 Cash Funded Capital		\$983,567	\$983,567
7 Reach 1 Major R&R		\$437,976	\$437,976
8 Transfer of Taxes to Water Supply-Reliability		\$0	\$0
9 Supply-Reliability Capital		\$5,941,352	\$5,941,352
10 Subtotal	\$14,968,056	\$8,526,432	\$23,494,488
<b>Less Revenue Offsets</b>			
11 Other Operating Revenue	\$28,826		\$28,826
12 Finished Water	\$4,878,042	\$2,552,337	\$7,430,379
13 Cost of Stored & Acquired Water [1]	\$1,698,747		\$1,698,747
14 Taxes and Assessments	\$4,586,365	\$4,450,560	\$9,036,925
15 Other Non-Operating Revenues	\$349,414		\$349,414
16 Grants	\$87,400		\$87,400
17 Interest Income	\$0	\$210,892	\$210,892
18 Supply-Reliability Charge		\$114,919	\$114,919
19 Subtotal	\$11,628,794	\$7,328,707	\$18,957,501
<b>Adjustments</b>			
20 Change in Funds Available	\$328,916	-\$115,835	\$213,082
21 Annualized Rate Adjustment		\$0	\$0
22 Subtotal	\$328,916	-\$115,835	\$213,082
23 <b>Costs to be Recovered from Rates</b>	<b>\$3,668,178</b>	<b>\$1,081,890</b>	<b>\$4,750,068</b>

[1] Cost of Stored and Acquired Water not already captured within Finished Water.

## 5.2. Allocation of Revenue Requirements to Cost Components

Once the costs to be recovered from rate-based revenue are determined, the costs are allocated to cost components, in this case SBCWD's customer classes. Net O&M expense, shown in the "Operating" column of Table 5-1, is allocated to customer classes as shown in Table 5-2. O&M line item expenses are allocated based on input and review by SBCWD. For example, O&M costs associated with finished water are allocated 100 percent to finished water. O&M costs solely for groundwater are allocated 100 percent to groundwater. Source of supply costs are allocated based on flows. More than 50 percent of costs are allocated to San Felipe cost components. Allocation of O&M line items is shown in Appendix C. Revenue offsets are allocated based on discussions with SBCWD, are a direct pass-through offset, or are allocated like O&M excluding pass-through costs.

Net Capital-Related costs are allocated as shown in Table 5-3. Most costs are directly assigned. Those that are not, are allocated like net plant investment. The allocation of net plant investment is shown in Appendix D.

Table 5-2: Net O&M Allocation

Line Item	Test Year	Ground		San Felipe				Power Charge		Finished		Recycled	
		All	Ag Only	SLDMWA	SCVWD	SBCWD	SBCWD Ag Only	SBCWD M&I Only	All	Sub9	Water	Sub9	Water
O&M	\$14,968,056	\$784,265	\$1,698,747	\$218,524	\$575,673	\$5,424,974	\$0	\$351,859	\$651,405	\$131,113	\$4,878,042	\$202,581	\$50,873
<b>Revenue Offsets</b>													
Other Operating Revenue	-\$28,826	-\$2,694	\$0	-\$751	-\$1,978	-\$18,636	\$0	-\$1,209	-\$2,238	-\$450	\$0	-\$696	-\$175
Finished Water	-\$4,878,042	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$4,878,042	\$0	\$0	\$0
COW	-\$1,698,747	-\$1,698,747	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes & Assessment	-\$4,586,365	-\$513,316	\$0	\$0	\$0	-\$3,873,769	\$0	\$0	\$0	\$0	\$0	-\$199,280	\$0
Other Non-Operating	-\$349,414	-\$32,657	\$0	-\$9,099	-\$23,971	-\$225,897	\$0	-\$14,651	-\$27,125	-\$5,460	\$0	-\$8,436	-\$2,118
Grants	-\$87,400	-\$8,169	\$0	-\$2,276	-\$5,996	-\$56,504	\$0	-\$3,665	-\$6,785	-\$1,366	\$0	-\$2,110	-\$530
Change in Funds Available	\$328,916	\$30,741	\$0	\$8,566	\$22,565	\$212,645	\$0	\$13,792	\$25,533	\$5,139	\$0	\$7,941	\$1,994
Net O&M Rev. Req.	\$3,668,178	\$258,171	\$0	\$214,963	\$566,293	\$1,462,813	\$0	\$346,126	\$640,791	\$128,977	\$0	\$0	\$50,044

Table 5-3: Net Capital-Related Allocation

Line Item	Test Year	Ground Water		San Felipe				Power Charge		Finished		Recycled	
		Ag Only	M&I Only	Stored & Acquired	SLDMWA	SCVWD	SBCWD	SBCWD Ag Only	SBCWD M&I Only	All	Sub9	Water	Water
WIIN Debt Service	\$226,227	\$0	\$0	\$0	\$0	\$0	\$0	\$183,244	\$42,983	\$0	\$0	\$0	\$0
Citi National DS	\$463,117	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$336,812	\$126,305	\$0
UAL Sterling	\$243,190	\$993	\$198	\$0	\$0	\$0	\$0	\$47,213	\$1,349	\$26,011	\$160,791	\$6,634	\$0
RW Repayment	\$231,003	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$231,003	\$0
Cash Funded Capital	\$983,567	\$4,017	\$802	\$0	\$0	\$0	\$0	\$190,951	\$5,455	\$105,199	\$650,310	\$26,832	\$0
Reach 1 Major R&R	\$437,976	\$0	\$0	\$0	\$0	\$437,976	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Supply-Reliability Capital	\$5,941,352	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,941,352	\$0	\$0	\$0	\$0
<b>Revenue Offsets</b>													
Finished Water	-\$2,552,337	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$1,620,447	\$0	-\$931,890	\$0	\$0
Taxes & Assessments	-\$4,450,560	-\$3,676	-\$734	\$0	\$0	\$0	\$0	\$0	-\$4,205,986	\$0	\$0	-\$240,163	\$0
Interest Income	-\$210,892	-\$861	-\$172	\$0	\$0	\$0	\$0	-\$40,943	-\$1,170	-\$22,556	-\$139,436	-\$5,753	\$0
Supply-Reliability Charge	-\$114,919	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$114,919	\$0	\$0	\$0	\$0
Change in Funds Available	-\$115,835	-\$473	-\$95	\$0	\$0	\$0	\$0	-\$22,488	-\$642	-\$12,389	-\$76,587	-\$3,160	\$0
Net Capital-Related Rev. Req.	\$1,081,890	\$0	\$0	\$0	\$437,976	\$0	\$0	\$357,977	\$47,975	\$96,264	\$0	\$141,698	\$0

### 5.3. Unit Cost Derivation

The next step of the cost-of-service analysis is to calculate the unit cost. The unit cost is determined for each customer class based on the amount of flow projected for the test year (Table 4-2 and Table 4-3) and the net revenue requirements from Table 5-2 and Table 5-3. Table 5-4 shows the development of the unit costs. The bold unit rates shown in the last row of Table 5-4 are the FY 2023 costs-of-service based rates for each charge (or component of a charge). For example, the SBCWD component of the San Felipe Ag rate is the sum of the SBCWD and SBCWD Ag Only unit rates. The SBCWD component of the San Felipe M&I rate is the sum of the SBCWD unit rate and SBCWD M&I Only unit rate. The total Subsystem 9 power charge is the sum of the All power unit rate and the Subsystem 9 unit rate.

**Table 5-4: Unit Cost-of-Service, FY 2023**

Line Item	Test Year	Groundwater				San Felipe					Power Charge			Recycled		
		All	Ag Only	M&I Only	Stored & Acquired	SLDMWA	SCVWD	SBCWD	SBCWD Ag Only	SBCWD M&I Only	All	Subsystem 9	Water	Power		
															SBCWD	SBCWD Ag Only
Units, AF		18,776	15,740	3,036		18,701	18,701	18,701	13,176	5,525	18,705	2,367	496	496		
Net O&M Rev. Req.	\$3,668,178	\$258,171	\$0	\$0	\$0	\$214,963	\$566,293	\$1,462,813	\$0	\$346,126	\$640,791	\$128,977	\$0	\$50,044	\$0	\$0
Net Capital-Related Rev. Req.	\$1,081,890	\$0	\$0	\$0	\$0	\$0	\$437,976	\$0	\$357,977	\$47,975	\$96,264	\$0	\$0	\$141,698	\$0	\$0
Total	\$4,750,068	\$258,171	\$0	\$0	\$0	\$214,963	\$1,004,269	\$1,462,813	\$357,977	\$394,101	\$737,055	\$128,977	\$141,698	\$50,044	\$0	\$0
Unit Cost, \$/AF		\$13.75	\$0.00	\$0.00	\$0.00	\$11.49	\$53.70	\$78.22	\$27.17	\$71.33	\$39.40	\$54.48	\$285.60	\$100.87	\$0.00	\$0.00
<b>Total Unit Cost, \$/AF</b>			<b>\$13.75</b>	<b>\$13.75</b>		<b>\$11.49</b>	<b>\$53.70</b>		<b>\$105.39</b>	<b>\$149.55</b>	<b>\$39.40</b>	<b>\$93.89</b>	<b>\$285.60</b>	<b>\$100.87</b>		



# 6. Proposed Zone 6 Water and Power Rates

The test year unit costs-of-service presented in Table 5-4 are used to develop the proposed rate schedules shown in this section.

## 6.1. Agricultural Water Rates

The current and proposed agricultural water rates through FY 2025 are shown in Table 6-1. The March 1, 2023 Cost of Stored & Acquired Water component rates were provided by SBCWD. The other rate components (SLDMWA, SCVWD, and SBCWD) come from the unit rates shown in the last row of Table 5-4. All rate components for March 1, 2024 and March 1, 2025 are escalated at 2 percent per year in accordance with Table 4-11.

**Table 6-1: Current and Proposed Agricultural Rates, \$/AF**

San Felipe: Agricultural	Current	March 1, 2023	March 1, 2024	March 1, 2025
Cost of Stored & Acquired Water [1]	\$100.84	\$115.00	\$117.30	\$119.65
SLDMWA (Other) [2]	\$13.00	\$11.49	\$11.72	\$11.96
SCVWD [2]	\$61.45	\$53.70	\$54.78	\$55.87
SBCWD	\$98.71	\$105.39	\$107.50	\$109.65
<b>Total</b>	<b>\$274.00</b>	<b>\$285.59</b>	<b>\$291.30</b>	<b>\$297.12</b>

San Felipe: Agricultural Full Cost (RRA Section 205(a)(3))	Current	March 1, 2023	March 1, 2024	March 1, 2025
Cost of Stored & Acquired Water [1]	\$224.38	\$115.00	\$117.30	\$119.65
SLDMWA (Other) [2]	\$15.65	\$11.49	\$11.72	\$11.96
SCVWD [2]	\$74.03	\$53.70	\$54.78	\$55.87
SBCWD	\$118.94	\$105.39	\$107.50	\$109.65
<b>Total</b>	<b>\$433.00</b>	<b>\$285.59</b>	<b>\$291.30</b>	<b>\$297.12</b>

San Felipe: Agricultural Full Cost (RRA Section 202(3))	Current	March 1, 2023	March 1, 2024	March 1, 2025
Cost of Stored & Acquired Water [1]	\$202.38	\$115.00	\$117.30	\$119.65
SLDMWA (Other) [2]	\$15.65	\$11.49	\$11.72	\$11.96
SCVWD [2]	\$74.03	\$53.70	\$54.78	\$55.87
SBCWD	\$118.94	\$105.39	\$107.50	\$109.65
<b>Total</b>	<b>\$411.00</b>	<b>\$285.59</b>	<b>\$291.30</b>	<b>\$297.12</b>

[1] Cost of Stored & Acquired Water for March 1, 2023 provided by SBCWD. Other years escalated.

[2] Subject to pass-through if actual costs higher than projected.

## 6.2. M&I Water Rates

Current and proposed M&I rates are shown in Table 6-2. Since the wholesale rates were adjusted in March 1, 2022, different current rates are shown for the WTP than for the small parcel service / Non-Agricultural (M&I). However, on March 1, 2023 the rates are proposed to be the same for all M&I customers. As noted above, SBCWD calculates the Cost of Stored & Acquired Water component of the San Felipe rate in a

separate model and provided the M&I rates for March 1, 2023 through March 1, 2025. The other rate components (SLDMWA, SCVWD, and SBCWD) come from the unit rates shown in the last row of Table 5-4 for March 1, 2023. The future years for these three rate components are escalated at 2 percent per year in accordance with Table 4-11.

**Table 6-2: Current and Proposed M&I Water Rates, \$/AF**

San Felipe: Non-Agricultural (M&I) Wholesale	Current	March 1, 2023	March 1, 2024	March 1, 2025
Cost of Stored & Acquired Water [1]	\$315.00	\$330.00	\$350.00	\$367.00
SLDMWA (Other) [2]	\$13.00	\$11.49	\$11.72	\$11.96
SCVWD [2]	\$61.45	\$53.70	\$54.78	\$55.87
SBCWD	\$123.71	\$149.55	\$152.54	\$155.59
<b>Total</b>	<b>\$513.16</b>	<b>\$544.75</b>	<b>\$569.04</b>	<b>\$590.42</b>

San Felipe: Small Parcel Service, Non-Agricultural (M&I)	Current	March 1, 2023	March 1, 2024	March 1, 2025
Cost of Stored & Acquired Water [1]	\$225.84	\$330.00	\$350.00	\$367.00
SLDMWA (Other) [2]	\$13.00	\$11.49	\$11.72	\$11.96
SCVWD [2]	\$61.45	\$53.70	\$54.78	\$55.87
SBCWD	\$123.71	\$149.55	\$152.54	\$155.59
<b>Total</b>	<b>\$424.00</b>	<b>\$544.75</b>	<b>\$569.04</b>	<b>\$590.42</b>

[1] Cost of Stored & Acquired Water provided by SBCWD.

[2] Subject to pass-through if actual costs higher than projected.

### 6.3. Water Supply-Reliability Charge

M&I customers will also see a new water supply-reliability charge. As discussed in Section 4.5, this charge is designed to recover a portion of the costs associated with developing additional water supply and enhancing reliability of the water supply for M&I customers. SBCWD plans to phase in the charge over four years, drawing upon reserves in the early years.

**Table 6-3: Proposed Water Supply-Reliability Charge, \$/AF**

Water Supply-Reliability Charge	Current	March 1, 2023	March 1, 2024	March 1, 2025
All M&I Customers	\$0.00	\$100.00	\$175.00	\$250.00

### 6.4. Groundwater Rates

Table 6-4 shows the current and proposed groundwater rates. The March 1, 2023 rate is the cost-of-service rate and the subsequent years are escalated at 2 percent per year in accordance with Table 4-11.

**Table 6-4: Current and Proposed Groundwater Rates, \$/AF**

Groundwater Charges (Well customers)	Current	March 1, 2023	March 1, 2024	March 1, 2025
Ag	\$13.55	\$13.75	\$14.03	\$14.31
M&I	\$40.55	\$13.75	\$14.03	\$14.31

## 6.5. Recycled Water Rates

Table 6-5 shows the current and proposed recycled water rates and power charges related to pumping recycled water. The March 1, 2023 rates are the cost-of-service rate. The recycled water rate in subsequent years is escalated at 2 percent per year in accordance with Table 4-11. The recycled water power rate in subsequent years is escalated at 3.5 percent per year consistent with the escalation used for utility-related costs. The recycled water power charge is subject to additional pass-through increases if actual costs are higher than projected.

**Table 6-5: Current and Proposed Recycled Water and Power Rates, \$/AF**

Recycled Water Rates	Current	March 1, 2023	March 1, 2024	March 1, 2025
Recycled Water	\$211.00	\$285.60	\$291.31	\$297.14
Power Charge*	\$63.09	\$100.87	\$104.41	\$108.08

\* Subject to pass-through if actual costs higher than projected.

## 6.6. Power Charge

Table 6-6 shows the current and proposed power charges. SBCWD has consolidated the power charge into those outside subsystem 9 and those within subsystem 9. Subsystem 9 is unique due to additional pumping requirements. The March 1, 2023 rates are the cost-of-service rates and the subsequent years are escalated at 3.5 percent per year consistent with the escalation used for utility-related costs. If the pass-through portion of the power charges increases, these charges are subject to those pass-throughs.

**Table 6-6: Current and Proposed Power Charges, \$/AF**

Power Charge	Current	March 1, 2023	March 1, 2024	March 1, 2025
Subsystem 2*	\$85.35	\$39.40	\$40.79	\$42.22
Subsystem 6H*	\$41.50	\$39.40	\$40.79	\$42.22
Subsystem 9L*	\$93.55	\$93.89	\$97.19	\$100.60
Subsystem 9H*	\$138.25	\$93.89	\$97.19	\$100.60
All other subsystems*	\$35.75	\$39.40	\$40.79	\$42.22

\* Subject to pass-through if actual costs higher than projected.

# 7. Capacity Fee

Capital facility fees are also commonly known as developer fees, development impact fees, connection fees, tap fees, and system development charges, among others. All are one-time capital charges, assessed against a new development, to recover the proportional share of capital facility investment, previously constructed by a utility (or will be constructed), to accommodate growth. Capital facility fees are codified in the California Government Code Sections 66000-60025. Capital facility fees must reflect the link between the fee imposed on, and the benefit received by, a new connection to the system. The fee charged may not exceed the reasonable share of costs associated with providing the service.

## 7.1. Methodology Options

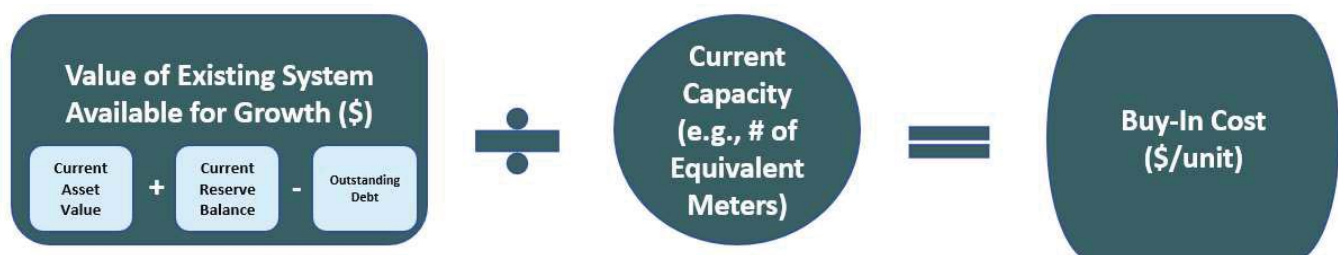
Broadly, modelers use one of three different methodologies to calculate capacity fees: Buy-In, Incremental, and Hybrid; with variations of each dictated by local community and system characteristics, as well as policy objectives. Utilities have broad latitude in the method and approach used to calculate fees, provided the fees reflect the benefit and do not exceed the costs for providing service to the connection. These fees are designed to be proportional to the burden placed on the system by new connections.

### 7.1.1. Buy-In Method

The Buy-In Method is based on the premise that new customers are entitled to service at the same price as existing customers. Under this approach, new customers pay only an amount equal to the current system value, either using the original cost or replacement cost as the valuation basis and either netting the value of depreciation or not. This net investment, or value of the system, is then divided by the current capacity of the system to determine the Buy-In cost per unit.

For example, if the existing system has 100 units of average usage and the new connector uses an equivalent unit, then the new customer would pay 1/100 of the total value of the existing system. By contributing this capacity fee, the new connector has bought into the existing system. The user has effectively acquired a financial position on par with existing customers and will face future capital re-investment on equal financial footing with those customers. This approach is suitable when: (1) agencies have built most of their facilities and only a small portion of future facilities are needed for build-out, (2) agencies do not have a detailed adopted long-term capital improvement plan, or (3) the “build-out” date is so far out in the future that it is difficult to accurately project growth and required facilities with precision. Figure 7-1 shows the framework for calculating the Buy-In capacity fee.

Figure 7-1: Formula for Buy-In Approach



### 7.1.2. Incremental Cost Method

The Incremental Cost Method states that new development (new users) should pay for the additional capacity and expansions necessary to accommodate them. This method is typically used when there are specific capital improvements needed to furnish growth for development. Under the Incremental Cost Method, growth-related capital improvements are allocated to new development based on their estimated usage or capacity requirements, irrespective of the value of past investments made by existing customers.

For instance, if it costs X dollars (\$X) to provide 100 additional equivalent units of capacity for average usage and a new connector uses one of those equivalent units, then the new user would pay  $\$X/100$  to connect to the system. In other words, new customers pay the incremental cost of capacity. Incorporating the use of this method is generally included when detailed facilities are identified for the capacity required to serve new customers. Figure 7-2 shows the framework for calculating the incremental cost capacity fee.

Figure 7-2: Formula for Incremental Cost Approach



While California Code 66013 (b)(3) does not define a specific period over which to include future projects, these periods can be as long as a master planning period.

### 7.1.3. Hybrid Method

The hybrid method is typically used where some capacity is available to serve new growth, but additional expansion is still necessary to accommodate new development. Under the hybrid method, the capital facility fee is based on the summation of the existing capacity and any necessary expansions.

Capital improvements that expand system capacity to serve future customers may be included proportionally to the percentage of the cost specifically required for expansion of the system. Figure 7-3 summarizes the framework for calculating the Hybrid capacity fee.

Figure 7-3: Formula for Hybrid Method



### 7.1.4. Recommended Methodology

Since SBCWD is capacity constrained, the Raffelis Team recommends using the incremental method.

## 7.2. Fee Calculation

The incremental method capacity fee is based on the cost of the growth-related projects and the additional capacity provided by those projects. The BF Sisk project has been identified as a 100% growth project by SBCWD’s engineering consultants, HDR<sup>3</sup>. The capital cost associated with this project is approximately \$69 million, escalated. This represents a portion of the New Supply & Reliability project costs shown in Table 4-7.

Table 7-1 shows the steps to determining the estimated number of single-family residential (SFR) dwelling units that can be served by the new capacity. Per HDR, the average annual yield of the growth project is 1,500 AF<sup>4</sup>. Due to mixing of water sources to meet quality requirements, each unit of new demand will be met with an 81/19 percent mix of new water source to current water source. This in effect increases the average annual yield to 1,852 AF. The presumed average demand per single-family residential dwelling unit is 0.33 AF<sup>5</sup>. Dividing 1,852 AF of capacity by 0.33 AF of demand per unit results in an estimated 5,612 single-family equivalent units that can be served by the new capacity.

**Table 7-1: Estimated New Units Served by Growth Projects**

Line Item	Average Annual		Unit
	Yield, AF	Growth	
BF Sisk growth-related capacity, AF	1,500	100%	1,500
Total additional capacity, AF			1,500
% of New Demand met through New Sources			0.81
Adjusted additional capacity, AF			1,852
Demand (AF)/SFR unit			0.33
Estimated new units			5,612

Table 7-2 shows the calculation of the new water supply capacity fee. The fess is the capital cost divided by the estimated single family residential units that can be served by that capacity.

**Table 7-2: Water Supply Capacity Fee**

Basis of Proposed Water Supply Capacity Fees	
Growth Capital Projects	\$68,824,425
Estimated SFR Units	5,612
<b>Total, \$/unit</b>	<b>\$12,265</b>

<sup>3</sup> Kennedy, Holly, et al., “Final Draft San Benito Urban Areas Water Supply and Treatment Master Plan Update”, HDR, Folsom, California, June 2022.

<sup>4</sup> ibid.

<sup>5</sup> “Water Demand Projections Technical Memorandum Master Plan Update”, HDR, Folsom, California, January 2022.

**APPENDIX: A**

**Capital Improvement  
Program, Inflated**



Project Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
Turnout Painting Project	\$245,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Turnout Pressure Regulating Valve Replacement Project	\$150,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Pumping System Evaluation and Rebuild Program	\$47,847	\$50,239	\$52,751	\$54,334	\$55,964	\$57,643	\$59,372	\$61,153	\$62,988	\$64,877	\$66,824	\$66,824
Lessalt Water Treatment Plant Asset Management Project	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
West Hills Water Treatment Plant Asset Management Project	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Hollister Conduit Rehabilitation & Inspection Project	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Pacheco Pump Replacement Project	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$725,449	\$747,213	\$769,629	\$792,718	\$792,718
Old Office Building at Mansfield Rd. Roof Project	\$0	\$21,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Storage Building	\$0	\$0	\$96,579	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PLC Project	\$500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
San Justo Gate Chamber Access	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Recycled Water Future Booster Pump Station	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Pump Station Electrical Power Project	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Lateral 1 Rehab Project	\$0	\$912,327	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Lateral 2 Rehab Project	\$0	\$0	\$227,258	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Lateral 3 Rehab Project	\$0	\$0	\$0	\$159,849	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Lateral 4 Rehab Project	\$0	\$0	\$0	\$0	\$787,815	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Lateral 5 Rehab Project	\$0	\$0	\$0	\$0	\$0	\$501,559	\$0	\$0	\$0	\$0	\$0	\$0
Lateral 6 Rehab Project	\$0	\$0	\$0	\$0	\$0	\$0	\$503,850	\$0	\$0	\$0	\$0	\$0
Lateral 7 Rehab Project	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$579,934	\$0	\$0	\$0	\$0
Lateral 9 Rehab Project	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,013,288	\$0	\$0	\$0
Lateral 10 Rehab Project	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,008,925	\$0	\$0
Lateral 11 Rehab Project	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$257,783	\$0
Santa Clara Valley WD - SBCWD Share	\$0	\$437,976	\$21,492	\$215,836	\$23,151	\$196,550	\$3,150,193	\$3,255,939	\$2,441,438	\$281,138	\$3,881,553	\$0
SCVWD Reimburse for uncommitted Reach 1 Capacity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SLDM: Canal Subsidence Estimate	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,518,873	\$0	\$0	\$0
New Supply & Reliability: ASR	\$989,430	\$5,072,284	\$1,089,636	\$4,561,627	\$5,060,688	\$21,631,909	\$22,280,867	\$0	\$0	\$0	\$0	\$0
New Supply & Reliability: BF Sisk Dam Raise	\$0	\$2,017,844	\$2,118,736	\$2,078,795	\$2,141,159	\$2,205,394	\$18,849,687	\$19,415,177	\$19,997,633	\$0	\$0	\$0
<b>Total Project Costs - Inflated</b>	<b>\$1,932,277</b>	<b>\$8,511,670</b>	<b>\$3,606,453</b>	<b>\$7,070,441</b>	<b>\$8,068,777</b>	<b>\$24,593,054</b>	<b>\$44,843,969</b>	<b>\$24,037,653</b>	<b>\$35,781,433</b>	<b>\$2,124,569</b>	<b>\$4,998,878</b>	<b>\$0</b>



**APPENDIX: B**

**Water Supply-Reliability  
Cashflow Projection**

Water Supply-Reliability Cashflow Projection

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Beginning Balance	\$0	(\$989,430)	(\$6,815,863)	(\$5,914,071)	(\$7,960,464)	(\$9,982,712)	(\$10,928,796)	(\$13,583,212)	(\$14,416,039)
Revenues									
Capacity Fee	\$0	\$1,148,776	\$3,462,681	\$3,511,739	\$3,560,797	\$3,613,943	\$3,671,177	\$3,724,324	\$3,781,558
Taxes	\$0	\$0	\$0	\$0	\$0	\$1,560,352	\$3,178,263	\$3,088,747	\$2,996,097
Water Supply-Reliability Charge	\$0	\$114,919	\$647,483	\$1,082,291	\$1,618,801	\$2,358,619	\$2,502,291	\$2,625,766	\$2,755,375
Total Sources	\$0	\$1,263,695	\$4,110,164	\$4,594,029	\$5,179,598	\$7,532,915	\$9,351,732	\$9,438,836	\$9,533,030
Expenses									
O&M	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$811,453	\$831,739
Cash Funded Capital	\$989,430	\$7,090,128	\$3,208,372	\$6,640,422	\$7,201,847	\$2,205,394	\$3,671,177	\$3,724,324	\$3,781,558
Debt Service - Principal	\$0	\$0	\$0	\$0	\$0	\$1,576,450	\$2,557,623	\$2,647,140	\$2,739,790
Debt Service - Interest	\$0	\$0	\$0	\$0	\$0	\$1,560,352	\$3,178,263	\$3,088,747	\$2,996,097
Contribution to Debt Reserve	\$0	\$0	\$0	\$0	\$0	\$3,136,802	\$2,599,084	\$0	\$0
Total Uses	\$989,430	\$7,090,128	\$3,208,372	\$6,640,422	\$7,201,847	\$8,478,998	\$12,006,148	\$10,271,663	\$10,349,184
Ending Balance	(\$989,430)	(\$6,815,863)	(\$5,914,071)	(\$7,960,464)	(\$9,982,712)	(\$10,928,796)	(\$13,583,212)	(\$14,416,039)	(\$15,232,194)

	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036	FY 2037	FY 2038	FY 2039
Beginning Balance	(\$15,232,194)	(\$13,473,078)	(\$11,662,358)	(\$9,797,738)	(\$7,876,724)	(\$5,900,695)	(\$3,866,718)	(\$1,759,354)	\$360,715
Revenues									
Capacity Fee	\$3,834,704	\$3,896,027	\$3,957,349	\$4,018,672	\$4,075,906	\$4,133,141	\$4,202,640	\$4,263,962	\$4,325,285
Taxes	\$2,900,204	\$2,800,955	\$2,698,232	\$2,591,915	\$2,481,876	\$2,367,985	\$2,250,109	\$2,128,106	\$2,001,834
Water Supply-Reliability Charge	\$2,891,426	\$3,034,240	\$3,184,155	\$3,341,526	\$3,506,726	\$3,680,144	\$3,862,194	\$3,997,371	\$4,137,279
Total Sources	\$9,626,334	\$9,731,222	\$9,839,737	\$9,952,113	\$10,064,507	\$10,181,270	\$10,314,942	\$10,389,439	\$10,464,398
Expenses									
O&M	\$2,131,332	\$2,184,616	\$2,239,231	\$2,295,212	\$2,352,592	\$2,411,407	\$2,471,692	\$2,533,484	\$2,596,821
Cash Funded Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service - Principal	\$2,835,682	\$2,934,931	\$3,037,654	\$3,143,972	\$3,254,011	\$3,367,901	\$3,485,778	\$3,607,780	\$3,734,052
Debt Service - Interest	\$2,900,204	\$2,800,955	\$2,698,232	\$2,591,915	\$2,481,876	\$2,367,985	\$2,250,109	\$2,128,106	\$2,001,834
Contribution to Debt Reserve	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Uses	\$7,867,219	\$7,920,502	\$7,975,117	\$8,031,098	\$8,088,478	\$8,147,293	\$8,207,578	\$8,269,371	\$8,332,708
Ending Balance	(\$13,473,078)	(\$11,662,358)	(\$9,797,738)	(\$7,876,724)	(\$5,900,695)	(\$3,866,718)	(\$1,759,354)	\$360,715	\$2,492,405



**APPENDIX: C**

**O&M Allocation, Test Year**





Test Year	Ground Water		San Felipe				Power Charge		Finished Water		Recycled Water		Per Direct Assignment	
	All	Ag Only	Ag Only	SCMWA	SCVWD	SBGWD	All	Subsystem 9	Water	Power	O&M - excluding USBR, FW & RW Pwr	Wages	Maintenance	
600-6865-0000-562-06 Advertising/Public Info	\$5,125												100%	
Insurance													100%	
600-6871-0000-564-06 Insurance	\$58,374												100%	
600-6871-0602-564-01 Insurance-Lessalt TP	\$7,278												100%	
600-6871-0603-564-01 Insurance-Westhills TP	\$11,121												100%	
<b>Total General and Administrative</b>	<b>\$327,231</b>													
<b>Materials and Equipment</b>														
Chemicals														
600-6310-0000-511-02 Chemicals-SSO	\$410	100%												
600-6310-0000-542-03 Chemicals-TM	\$2,306													
600-6310-0604-542-02/03 Chemicals-Recycled Water	\$41,000													
Supplies														
600-6320-0000-511-02 Supplies-SSO	\$308	100%												
600-6320-0000-522-03 Supplies-PM	\$2,050													
600-6320-0000-541-02 Supplies-TO	\$1,230													
600-6320-0000-541-03 Supplies-TO	\$1,025													
600-6320-0000-542-02 Supplies-TM	\$2,101													
600-6320-0000-542-03 Supplies-TM	\$40,488													
600-6320-0000-562-03 Supplies-TM	\$3,075													
600-6320-0000-562-06 Supplies-TM	\$10,968													
600-6320-0604-541-02 Supplies-RWP-TO	\$769													
600-6320-0604-562-06 Supplies-GA	\$256													
600-6320-0820-542-03 Supplies-TM-Subsystem Breaks	\$56,478													
600-6320-0820-542-03 Supplies-TM-Subsystem Breaks	\$1,250													
600-6320-0820-542-02 Supplies-Blue Valve Paint Project	\$22,038													
600-6321-0000-522-02 Supplies-Structure Equipment PM	\$205													
600-6321-0000-542-02 Supplies-Structure Equip-TDM	\$4,049													
600-6321-0000-542-03 Supplies-Structure Equip-TDM	\$11,993													
Tools Purchase														
600-6330-0000-511-02 Tools Purchase-SSO	\$718	100%												
600-6330-0000-542-02 Tools Purchase-TM	\$769													
600-6330-0000-542-03 Tools Purchase-TM	\$2,050													
600-6330-0000-562-06 Tools Purchase-GA	\$461													
Equipment/Office Furn Purchase														
600-6440-0000-511-02 Equipment Purchase-SSO	\$923	100%												
600-6440-0000-542-03 Equipment Purchase-TM	\$2,768													
600-6440-0000-562-06 Office Furniture/Equip Purchase-GA	\$19,116													
Tools and Equipment Rental														
600-6450-0000-542-03 Tool & Equipment Rental-TM	\$1,538													
600-6450-0000-562-06 Tool & Equipment Rental-GA	\$5,945													
600-6450-0604-542-03 Tool & Equipment Rental-TM	\$308													
Meters														
600-6337-0604-551-03 Meters & Valves	\$17,175													
600-6337-0915-551-03 Meters (New)-CA	\$17,323													
600-6337-0916-551-03 Chemigation Valves-- (New)-CA	\$13,889													
600-6337-0918-551-03 Meters-Downsizing parts/supply	\$8,098													
600-6340-0000-551-02 Groundwater Hour Meters & Supply	\$316	100%												
600-6340-0000-551-04 Groundwater Hour Meters & Supply	\$316	100%												
Vehicle Maintenance	\$10,353													
Vehicle Fuel	\$37,823													
Equipment Maintenance	\$16,195													
<b>Total Materials &amp; Equipment</b>	<b>\$398,076</b>													
Utilities														
600-6860-0000-523-02/04 Utilities PO	\$135,039													
600-6860-0000-541-02/04 Utilities-TO	\$43,769													
600-6860-0000-542-03 Utilities-Disposal Fees	\$519													
600-6860-0000-562-02/04 Utilities	\$17,839													
600-6860-0000-562-06 Utilities-GA	\$4,719													
600-6860-0602-531/532-01 Utilities-WTP-Lessalt	\$156,820													
600-6860-0603-531/532-01 Utilities-WTP-West Hills	\$162,524													
600-6860-0604-541-02 Utilities-Recycled Water Pumping	\$50,873													
<b>Total Utilities</b>	<b>\$572,102</b>													
Wages and Employee Related Expenses														
Wages														
600-6110-0000-522-00 Wages-Supervision-PM	\$2,726													
600-6110-0000-541-00 Wages-Supervision-TO	\$21,807													
600-6110-0000-542-00 Wages-Supervision-TM	\$193,527													
600-6110-0000-551-00 Wages-Supervision-CA	\$114,642													
600-6111-0000-561-00 Wages-Managerial-GA	\$1,047,435													
600-6112-0000-561-00 Wages-Office-GA	\$267,608													
<b>Total Wages and Employee Related Expenses</b>	<b>\$1,657,645</b>													

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**APPENDIX: D**

**Net Plant Investment Allocation,  
Test Year**





Description	Ending Balance		Ground Water				San Felipe						Power Charge	Finished Water	Recycled Water	
	June 30, 2021	All	Ag Only	M&I Only	Stored & Acquired	SLDMWA	SCVWD	SBCWD	SBCWD Ag Only	SBCWD M&I Only	SBCWD	SBCWD				
Source of Supply	\$374,943		83%	17%												
Pumping	\$10,229,446															
Transmission Distribution System	\$19,098,316															
Transmission Distribution System	\$2,087,259															
Treatment Plant	\$44,722,774															100%
<b>Total Directly Assigned</b>	<b>\$76,512,737</b>	<b>\$0</b>	<b>\$312,520</b>	<b>\$62,422</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$14,854,309</b>	<b>\$424,344</b>	<b>\$8,183,557</b>	<b>\$50,588,326</b>	<b>\$2,087,259</b>			
General Plant Allocation [1]	\$1,431,260	0.0%	0.4%	0.1%	0.0%	0.0%	0.0%	0.0%	19.4%	0.6%	10.7%	66.1%	2.7%			
<b>Total Net Plant Investment</b>	<b>\$77,943,997</b>	<b>\$0</b>	<b>\$5,846</b>	<b>\$1,168</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$277,867</b>	<b>\$7,938</b>	<b>\$153,083</b>	<b>\$946,314</b>	<b>\$39,045</b>			
<b>Total Net Plant Investment Allocation</b>		<b>\$0</b>	<b>\$318,366</b>	<b>\$63,590</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$15,132,176</b>	<b>\$432,281</b>	<b>\$8,336,640</b>	<b>\$51,534,640</b>	<b>\$2,126,304</b>				
		<b>0.0%</b>	<b>0.4%</b>	<b>0.1%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>19.4%</b>	<b>0.6%</b>	<b>10.7%</b>	<b>66.1%</b>	<b>2.7%</b>			

[1] General Plant is allocated like the sum of directly assigned.

# Staff Report

Agenda Item: I - 3

**DATE:** November 10, 2022 (Nov. 15, 2022 Meeting)

**TO:** Board of Directors

**FROM:** General Manager, Drew Lander  
Associate Engineer, Rob Hillebrecht

**SUBJECT:** Approve Amendment 2 to the Agreement for Water and Sewer Facilities and Service for the Promontory at Ridgemark Development for a cost not to exceed \$110,000

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## **RECOMMENDATION:**

Approve a motion to accept Amendment 2 to the Agreement for Water and Sewer Facilities and Service for the Promontory at Ridgemark Development.

## **BACKGROUND:**

The Board previously approved the Agreement for Water and Sewer Facilities and Service for the Promontory at Ridgemark Project on Sept. 21, 2021, and then approved Amendment 1 on Dec. 21, 2021. One of the requirements of this Agreement is that the developer replace the 8" sewer main in Marks Dr. with a new 12" sewer main. That sewer replacement is currently under construction, and as anticipated will require significant road repairs.

Due to multiple recent leaks on Marks Dr., Sunnyslope staff have discovered that the water services there are in very poor condition due to steel saddles that have corroded over 40 years. The installation of the new sewer pipeline and its associated road repairs present the opportunity for these water services to be replaced and improved while sharing some of the road repair cost and inconvenience with the sewer replacement project. Sunnyslope does not currently have the staff availability to conduct this project inhouse, so staff have requested that the developer (through their contractor Teichert) conduct this work on Sunnyslope's behalf.

Amendment 2 to the Development Agreement therefore expands the scope of the Agreement to dictate the terms and payment for the replacement of the 12 water services within the area needing road repair from the sewer replacement. Sunnyslope will provide all the parts and materials while Teichert would provide labor, equipment, and road restoration on a T&M basis.

By being proactive with this project, Sunnyslope will benefit financially by avoiding future emergencies here. We know that the water saddles are in terrible condition and have

experienced two costly emergency leaks in this area within the last month. The overhead costs for design, bidding, and construction management are reduced by adding this work to an existing agreement. In pairing the work with the ongoing sewer line replacement, we can also provide a newly repaved road and avoid needing to cut into the new asphalt to repair a water line in the future.

**FINANCIAL IMPACT:**

Sunnyslope would pay Century Communities on a Time and Materials basis for the work completed by Teichert plus reasonable administrative costs for managing the contract with Teichert. Century will not be allowed to add a profit margin or general overhead markup. Teichert estimates the cost to be \$73,720 for replacing the 12 water services and \$21,233 as the water service's share of repaving the street. Including a 15% contingency the cost of this amendment should not exceed \$110,000. Future capital outlay anticipates projects similar to this one however this expense is unbudgeted for this year, but there are sufficient Capital Improvement Fund Reserves to complete this project now.

**ENVIRONMENTAL IMPACT:**

The proposed action is categorically exempt from CEQA by Article 19, Section 15301(b) of the CEQA guidelines.

**ATTACHMENTS:**

1. Teichert's Cost estimate
2. Amendment 2 to Agreement for Water and Sewer Facilities for the Promontory at Ridgemark Development

## Promontory ROM For Water Services and Pave of Marks Drive

### **Work With 12 Water Service Installs**

12 Water Services Installed Marks Drive	\$55,320.00
Concrete Repair for Install of Water Services	<u>\$18,400.00</u>
<b>Total</b>	<b>\$73,720.00</b>

### **2" Grind and Pave Marks Drive**

2" Grind And Pave of 1050' on Makrs Drive	\$190,900.00
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### **Credit on the Pave back from Contract**

Trench Restoration	\$84,900.00
Slurry Seal and Restripe	<u>\$42,300.00</u>
Total Credit	<u>\$127,200.00</u>

Total ROM for 2" Grind and Pave Back	<b>\$63,700.00</b>
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1/3 the Paving ROM (Water Services)	\$21,233.33
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2/3 the Paving ROM (Sewer)	\$42,466.67
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## **AMENDMENT 2 TO AGREEMENT FOR WATER AND SEWER FACILITIES AND SERVICE FOR THE PROMONTORY AT RIDGEMARK DEVELOPMENT**

WHEREAS, Sunnyslope County Water District (District), a County Water District, and Century Communities of California, LLC (Developer) entered into the Agreement for Water and Sewer Facilities and Service for the Promontory at Ridgemark Development (Development Agreement); and

WHEREAS, Section 15 of the Development Agreement states “This Agreement shall not be modified except by an agreement in writing, signed by the Developer and the District”; and

WHEREAS, pursuant to the Development Agreement, the Developer is replacing the sewer pipeline in Marks Dr in accordance with the revised Section 23.g from Amendment 1, requiring repaving of the street; and

WHEREAS, the District has requested that the Development Agreement be amended to expand the scope of the work in Marks Dr to replace 12 existing water service as specified in this Amendment 2; and

WHEREAS, Developer is willing to implement the change in as dictated below;

NOW, THEREFORE, in consideration of the mutual promises and conditions in the Development Agreement and this Amendment to the Development Agreement, the District and Developer hereby covenant and agree as follows:

Section 23. of the Development Agreement is hereby amended as follows,

### **Add Section 23.m as follows:**

- Section 23.m Developer shall coordinate with District to replace twelve (12) existing water service laterals in the portion of Marks Drive in the area disturbed by the sewer replacement of Section 23.g. To implement this, the following is agreed to.
- i. District shall provide all parts and fittings for the work including but not limited to saddles, corporation stops, 1” poly tubing, tracer wire, and angle stops.
  - ii. Developer’s contractor Teichert shall provide labor, equipment, sand, base rock, and temporary and permanent asphalt paving on a Time & Material basis.
  - iii. District shall assist Teichert by cutting or drilling of any asbestos concrete pipe as necessary for the project.
  - iv. The water service replacement shall be responsible for one third (1/3) the cost of road repair of Marks Dr. The remaining 2/3 of the cost shall be attributed to the sewer replacement of Section 23.g and costs divided as indicated in that section.
  - v. Teichert shall invoice Developer on a Time & Materials basis. Developer shall pay Teichert and then invoice Sunnyslope for that amount plus reasonable administrative costs but may not add a profit markup. Sunnyslope shall then

provide cash payment to Developer. Separate invoices should be submitted for cost of replacing the water services and cost for paving.

Except as otherwise specifically set forth in this Amendment, all provisions and intentions of the Development Agreement shall remain in full force and effect. This Amendment shall not be construed to limit, restrict, or inhibit any of the terms or requirements of the Development Agreement. Additionally, all provisions and intentions of the Development Agreement shall apply to this Amendment except as explicitly noted.

IN WITNESS WHEREOF, the parties hereto have made and executed this Amendment on \_\_\_\_\_.

“District”

Sunnyslope County Water District

“Developer”

Century Communities of California LLC

\_\_\_\_\_  
Drew A. Lander

General Manager

\_\_\_\_\_  
Nicholas Arenson

Vice President

# Staff Report

Agenda Item: I - 4

**DATE:** November 11, 2022 (November 15, 2022)

**TO:** Board of Directors

**FROM:** General Council, Michael D. Laredo

**SUBJECT:** Agreement with Drew Lander, General Manager's Employment Contract

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**RECOMMENDATION:**

Authorize execution of a 5 Year Employment Contract with Drew Lander, General Manager.

**BACKGROUND:**

The Board held a Closed Session meeting on September 27, 2022, to appoint a Negotiating Team to meet with General Manager Drew Lander to review the General Manager Contract. After meeting with Mr. Lander, the Board held a subsequent Closed Session meeting on October 18, 2022, to determine the parameters for negotiating the draft contract. The Negotiating Team met with Mr. Lander on November 2, 2022, to exchange proposals and review actual costs to the District.

The Board met today in Closed Session to review the updated draft Contract. The Contract conforms to the direction of the Board, the various discussions between Mr. Lander and the Negotiating Team, and is ready for execution.

**DISCUSSION:**

The attached Employment Contract sets forth terms and conditions for the employment of Drew Lander as General Manager for the District. As General Manager, Mr. Lander shall provide continuity for the District. Functions, duties, and prerogatives of the General Manager are specified in the Water Code and District Policies. The General Manager serves at the pleasure of the Board and the Contract shall not be construed to suggest or provide guaranteed tenure. The Board may terminate Mr. Lander's service during this Contract in accord with the provisions of Section 4 of the Contract. If he voluntarily resigns, Mr. Lander shall give the District sixty (60) days prior written notice, unless the parties otherwise agree.

**ATTACHMENT:**

Draft Employment Agreement with Drew Lander.

## GENERAL MANAGER EMPLOYMENT CONTRACT BETWEEN DREW LANDER AND SUNNYSLOPE COUNTY WATER DISTRICT

This Contract is made and entered into, effective ~~November~~ December 30~~19~~, ~~2022~~19, by and between the Sunnyslope County Water District (“District”) and Drew Lander (“Lander” or “General Manager”), collectively, the parties to this Contract.

### FACTS

A. The District is a political subdivision of the State of California formed and existing pursuant to the County Water District Law, California Water Code sections 30000 and following.

B. Water Code section 30540 authorizes and requires the District to appoint a general manager and a secretary. Section 30542 provides the general manager and the secretary shall each receive the compensation determined by the District’s Board of Directors (“Board”) and shall serve at the Board’s pleasure. Section 30545 provides the general manager and the secretary each shall give a bond to the District conditioned for the faithful performance of his duties as the Board may provide. Pursuant to Section 30579, duties of the secretary are to countersign all contracts on behalf of the District and to perform other duties imposed by the Board. Pursuant to Sections 30580 and 30581, the duties of the general manager are to:

- 1) Have full charge and control of the maintenance, operation, and construction of the water and wastewater systems of the District.
- 2) Have full power and authority to employ and discharge all employees and assistants at pleasure, for positions approved by the Board.
- 3) Prescribe the duties of employees and assistants.
- 4) Fix and alter the compensation of employees and assistants subject to approval by the Board.
- 5) Perform other duties required by the Board.
- 6) Report to the Board in accordance with the rules and regulations as the Board adopts.

C. District desires continuity of management and adequate assurances the General Manager and Secretary will serve for a specified period of time.~~to employ Lander as the District’s General Manager and Secretary, on the terms and conditions contained in this Contract.~~

D. District further desires to be assured of the continued services of Lander as the General Manager and Secretary position.



~~D.E. Lander desires to be assured of his continued employment as General Manager of the District with adequate compensation that is competitive to positions with other comparable districts and agencies of similar scope and size, by reason of his education and experience, is qualified to fill the General Manager and Secretary position.~~

## **AGREEMENT**

In consideration of the mutual covenants and agreements set forth below, the parties agree as follows:

1. **Services.** General Manager will provide the District necessary professional, administrative, and managerial services to perform the duties and responsibilities of General Manager and Secretary for District, to the satisfaction of District's Board. Such services shall include, but not be limited to, the following:

1.1 To perform all functions and duties of the District's General Manager and Secretary, pursuant to applicable laws, and as set forth in the Facts referenced in this Contract and in the District's job description for "General Manager" in effect during the term of this Contract, as it may be amended from time to time. General Manager shall be authorized to engage consultants, either individually or in the aggregate, on terms approved by the Board.

1.2 To perform such services on an exclusive, full-time service basis for District, and to be available as needed to properly perform such services, including attendance at after-hour meetings as needed for conduct of District business.

1.3 To serve as the District's "District Engineer" and maintain a valid and current California professional engineer license in civil engineering during the term of this Contract.

2. **Compensation.**

2.1 District will provide, as total compensation to General Manager, the following:

2.1.1 **Base Compensation.** General Manager shall be paid at the rate ~~One Two~~ Hundred ~~Seventy and~~ Five Thousand Dollars (~~\$205,000~~~~175,000~~) annually, in monthly installments of ~~Fourteen Seventeen~~ Thousand ~~Five Hundred~~ Eighty-Three ~~Dollars~~ and Thirty-Three Cents (~~\$17,083.33~~~~14,583.33~~), in accord with payroll procedures and protocols in place within the District, as these may be amended from time to time, from which shall be deducted amounts agreed to by District and General Manager and as may be required by law.

2.1.2 **Relocation Incentive.** If the General Manager relocates to reside ~~in~~ within San Benito County~~Hollister within 18 months of the Effective Date of this Contract,~~ he shall be paid a single lump sum payment of Five Thousand Dollars (\$5,000) as relocation incentive pay. ~~The Board, in its discretion, may extend the time within which the General Manager must relocate to qualify for the incentive payment.~~

2.1.3 **Expense Reimbursement.** General Manager shall be entitled reimbursement for out-of-pocket expenses incurred on District business, on the same terms and conditions, as authorized for other District personnel. The General Manager may attend and be reimbursed for professional conferences, professional organizational memberships and professional

subscriptions to the extent those are authorized in the District's annual budget. Per diem reimbursement for travel expenses shall be on the same terms and conditions that apply to member of the District Board.

2.1.4 Health Care. The District shall pay all the annual costs to enroll the General Manager and the General Manager's dependents in the CalPERS ~~Choice-Platinum~~ Health Plan, 80/20, or an equivalent plan if plans change, for medical, and ~~the Principal Benefit Plan Premier Access Plan (8/224)~~, or an equivalent plan if plans change, for dental and ~~Vision Service Plan (Signature B25)~~ for vision care.

2.1.5 Monthly Allowance. The District will pay for the benefit of the General Manager Five Hundred Dollars (\$500.00) per month, which the General Manager may in his sole discretion apply toward upgrading his health plan to a CalPERS 90/10 plan or as an additional contribution to his deferred compensation plan.

2.1.6 Accidental Death or Dismemberment. The District shall purchase and pay the cost of a policy insuring against the accidental death or dismemberment of the General Manager in the amount of ~~Fifty-One-Hundred~~ Thousand Dollars (~~\$10~~50,000).

2.1.7 Sick Leave. The General Manager shall accrue sick leave at the rate of one (1) day per month, with no cap. The General Manager shall be reimbursed for unused sick leave at the rate of ½ pay upon separation from service.

2.1.8 Management Leave. Upon the date of hire, the General Manager shall be credited with five (5) days of Management Leave; thereafter, the General Manager will be credited with ten (10) days of Management Leave each year on July 1. Management Leave will not accrue from year to year and will be lost to the extent it is not used on or before midnight, June 30 of the year it has been credited.

2.1.9 Vacation. The General Manager shall accrue vacation at the rate of fifteen (15) days annually, at 1.25 days (10 hours) monthly; the maximum accrual shall be two hundred forty (240) hours. No vacation shall accrue at any time the vacation balance equals the maximum allowed for accrual. The District's Vacation Cash-out Policy shall apply to the General Manager Position.

2.1.10 Holidays. The General Manager shall be entitled to take the same holidays authorized for other District personnel, which as of the date of this Contract are as follows: One-half day before New Year's Day, New Year's Day, Presidents Day, Memorial Day, July 4<sup>th</sup>, Labor Day, Veteran's Day, one-half day before Thanksgiving Day, Thanksgiving Day, one-half day before Christmas Day, Christmas Day, and three floating days. Floating holidays shall be credited on July 1 of each year, must be used in whole day increments, but shall not accrue from year to year will be lost if not used fully before June 30 of the year in which they are credited.

2.1.11 PERS Contributions. General Manager will be a PEPRA member, and shall receive and make contributions to CalPERS 2% at 62 retirement program as specified for District employees and in compliance with PEPRA requirements. CalPERS plan contributions and benefits shall be adjusted if required by PEPRA. The General Manager shall pay any increase of the employee share of the PERS contribution, as adjusted at the same time and at the rate adjusted for other District

management personnel.

2.1.12 Vehicle Allowance. ~~District will provide the General Manager a vehicle for business use without geographical restriction. He may use this vehicle for personal use within San Benito County. Beginning on the first day of the pay period following the date of this signed Amendment u~~Unless and until the General Manager resides within San Benito County, the District shall reimburse him for the use of his personal vehicle to commute to and from the District office from his current residence. Reimbursement shall be a fixed amount to match the General Manager's use of a District vehicle ~~prior to this Amendment~~, calculated at 80 miles/day (not to exceed 400 miles/week) times the IRS-defined transportation rate ~~of 57.5 cents/mile in the amount of two hundred and thirty dollars (\$230) per week.~~ The District shall also provide the General Manager a vehicle exclusively for District use within San Benito County, and for scheduled meetings, training, or conference attendance on behalf of the District without geographical limitation.

2.1.13 Cell Phone. District will provide a cell phone for the General Manager's business use and personal use.

2.2 Amendments to Compensation. All adjustments to General Manager's compensation, including, but not limited to, cost of living adjustments, must be authorized by action of the Board.

2.3 Reimbursement of Payments. If during the pendency of an investigation of the General Manager for abuse of office or position, the General Manager receives paid leave salary, funds for his legal representation or a cash settlement related to his termination, and the General Manager is later convicted of a crime involving abuse of office or position, he shall reimburse the District for any such paid leave salary, defense funds, and cash settlement.

### 3. Performance Reviews.

3.1. The Board will conduct annual performance reviews with the General Manager during the month of November. The Board may at its discretion review confidentially the performance of the General Manager at any other time during the term of this Contract. It shall be the General Manager's duty, as a condition precedent to the Board's obligation to annually review the General Manager's performance under this paragraph, to notify the District's Board in writing not less than thirty (30) nor more than forty-five (45) days in advance of each annual review period of the Board's obligation to conduct the review and the dates between which the review is required under this paragraph. Objective performance standards shall be discussed and set. The Board agrees to review base salary and/or other benefits of the General Manager at the time of this annual review, taking into account factors such as General Manager's performance and available District budget.

3.2. Incentive Pay. An incentive pay pool shall be established at no less than 2% and no greater than 5% equal to the total base salary of General Manager. The incentive pay pool for each year will use the total base salary of the General Manager of the year prior. The incentive is based upon performance in accordance with achievement of Board adopted goals and objectives. Said payment shall be a one-time payment for each contract year and shall not increase the General Manager's base pay.

4. **Term.**

4.1 The General Manager is employed “at will” and shall serve at the pleasure of the Board. This Contract shall become effective on December 9~~30~~, 20~~22~~19, after execution by the General Manager and the District’s Board, for a term of employment beginning December 9~~30~~, 20~~22~~19, and ending at midnight on December 31~~0~~, 20~~27~~2, unless it is terminated earlier as provided in this Contract. Nothing in this Contract shall imply or suggest a guaranteed tenure.

4.2 **Termination due to Disability or Inability to Perform.** This Contract shall terminate immediately upon the General Manager’s loss of mental or physical capacity to perform the duties herein longer than 90 days, as determined by two licensed health care professionals qualified to give opinions on the type of capacity in question. The mental professionals will be selected by the District. In the event of termination under this paragraph 4.2, General Manager or his beneficiaries shall be entitled to six (6) months’ compensation from the date of termination as well as continuation of health care benefits listed in 2.1.3 and 2.1.4 above for the remainder of what would have been the full term of the Contract.

4.3 **Termination for Cause.** Notwithstanding any other provisions herein, the District may terminate this Contract “for cause” upon written Notice to the General Manager, at which point, except as provided in paragraph 4.3, all compensation shall cease. Cause for termination under this paragraph includes commission of a felony or other serious violation of a law, State or Federal regulation, or District rules; misappropriation of District property; gross neglect of duties or gross negligence which substantially impacts the District. The Board’s decision to terminate for cause under this paragraph shall be subject to review under the arbitration provisions in paragraph 12 below.

4.4 **Termination Notice.** Either party may terminate this Contract either with or without cause by providing the other party sixty (60) days’ written notice of the termination. The termination shall be effective on the sixty-first (61<sup>st</sup>) calendar day following the actual delivery of written notice.

4.5 **Severance Compensation.** The District will pay the General Manager six (6) months’ severance pay if the District terminates this Contract ~~six or more months~~ before the end of the Contract term unless the termination is for cause. ~~If there is less than six months remaining of the Contract at the time of termination which is not for cause, the District shall pay the General Manager an amount equal to his monthly salary multiplied by the number of months remaining on the Contract.~~ The General Manager may take his severance pay as a lump sum payment or in monthly payments, at his discretion, and shall be eligible for CalPERS COBRA at his expense. The District will not pay any severance pay to the General Manager if the General Manager terminates the Contract before the end of the Contract term.

4.6 **Resignation.** Nothing in this Contract shall prevent, limit, or otherwise interfere with the right of the General Manager to resign at any time from his position, subject only to the provisions set forth in Section 4.4, above.

5. **Work Product.** Except as otherwise agreed in writing by the parties, all forms of expression of ideas relating to the General Manager’s performance of this Contract shall be the property of the District. The General Manager shall provide all such work product produced through

the date of termination, whether complete or incomplete, to District, free of any and all claims, liens, and/or encumbrances, to be used by District for any purpose.

6. **Standard of Performance.** The General Manager shall perform the services described in a professional, effective, and efficient ~~first class, workmanlike, and businesslike~~ manner in accordance with standards of quality satisfactory to District's Board of Directors in their sole discretion. Unless specifically excepted herein, the General Manager shall be subject to all codes of conduct and all personnel policies applicable to other District employees.

7. **Bond.** The District may require the General Manager to obtain for the benefit of the District a bond for the faithful performance of General Manager's duties under this Contract as the District's General Manager and Secretary. District shall pay the premium on any such bond.

8. **Paragraph Headings.** The paragraph headings contained herein are for convenience and reference only and are not intended to define or limit the scope of this Contract.

9. **Notice.** Whenever notice to a party is required by this Contract, it shall be deemed given when deposited with proper address and postage in the U.S. Mail or when personally delivered as follows or at such other address or place either party may designate in writing from time to time:

District:	SUNNYSLOPE COUNTY WATER DISTRICT 3570 Airline Highway Hollister, CA 95023-9702
General Manager:	DREW LANDER P.O. Box 223696 Carmel, CA 93922

10. **Duplicate Originals.** This Contract may be executed in one or more duplicate originals bearing the original signature of both parties and when so executed any such duplicate original shall be admissible as proof of the existence and terms of the Contract between the parties.

11. **Attorney's Fees.** In the event either party to this Contract brings a judicial proceeding to enforce or interpret any provision of this Contract, the prevailing party shall be entitled to recover reasonable attorneys' fees and related expenses and costs, including but not limited to court costs, expert witness fees and expenses, and accountant fees and expenses. Recovery of these fees and costs shall be as additional costs awarded to the prevailing party and shall not require initiation of a separate legal proceeding.

12. **Waiver or Modification.** No waiver, alteration, or modification of any of the provisions of this Contract shall be binding unless in writing and signed by a duly authorized representative of both parties to this Contract. Any document which modifies this Contract shall be appended to the original of this Contract. No changes shall be implied. If there is any ambiguity or lack of clarity or uncertainty in or by reason of the language of any amendment, the language of the Contract shall control the interpretation of the Contract and any amendment.

13. **Governing Law.** The Contract shall be governed by the laws of the State of California. Venue in San Benito County.

14. **Previous Agreements Integrated.** Any and all existing understandings and agreements, whether oral or written, or renewals thereof, between the parties hereto, covering the same subject matter, are hereby integrated within and superseded by this Contract, and shall have no further force or effect.

15. This Contract is the product of negotiation and preparation among the parties. Both sides and their counsel have had the opportunity to revise this Contract. The parties waive the provisions of Section 1654 of the Civil Code of California and any other rule of construction to the effect that ambiguities are to be resolved against the drafting party, and the parties warrant and agree that the language of this Contract shall neither be construed against nor in favor of any party.

16. If any provision, or any portion thereof, contained in this Contract is held unconstitutional, invalid or unenforceable, the remainder of this Contract, or portion thereof, shall be deemed severable, shall not be affected and shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Contract, consisting of seven pages in duplicate on November ~~1520~~, ~~2022~~~~2019~~, effective December ~~930~~, ~~2022~~~~19~~.

Dated: \_\_\_\_\_, ~~2019~~~~2022~~ SUNNYSLOPE COUNTY WATER DISTRICT

By \_\_\_\_\_  
~~Mike Aleorn~~~~Jerry Buzzetta~~, President  
Board of Directors

Dated: \_\_\_\_\_, 2022 GENERAL MANAGER

By \_\_\_\_\_  
Drew A. Lander, P.E.