



# Sunnyslope County Water District

## BOARD OF DIRECTORS

### SPECIAL MEETING

District Office Board Room/Teleconference



3570 Airline Hwy., Hollister, CA

## NOTICE & AGENDA

**MAY 15, 2024**

Special Meeting of the Board of Directors – 5:15 PM  
**Closed Session to Precede the Regular Session – 4:15 PM**

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

ZOOM MEETING ACCESS LINK

<https://us06web.zoom.us/j/89418428795?pwd=toCYaaDaV2OQDxQ05MThsNPzaAbH9i.1>

Passcode: SSCWD

Or Telephone: Dial + 1 (669) 444-9171 and when prompted enter Meeting ID: 894 1842 8795  
Dial in Passcode: 809350

### HEALTH AND SAFETY GUIDELINES

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

### *Mission Statement:*

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

**ATTENTION: This meeting will commence with a Closed Session of the Board at 4:15pm. Following the closed session, virtual meeting access will commence, which will not be re-opened until after 5:15pm and upon return from Closed Session.**

**A. CALL TO ORDER - ROLL CALL**

President Mauro \_\_\_\_\_, Vice-President Parker \_\_\_\_\_,

Director Brown \_\_\_\_\_, Director Alcorn \_\_\_\_\_, and Director Buzzetta \_\_\_\_\_.

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

**CLOSED SESSION** @ 4:15PM

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

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

**SPECIAL SESSION** @ 5:15PM

**D. PLEDGE OF ALLEGIANCE**

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

1. May 7, 2024, Special Meeting – Employee & Personnel Committee
2. May 15, 2024, Special Meeting – Board of Directors

**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. To make a public comment in person please fill out a “Speaker Card” and return to the

Minutes Clerk prior to speaking. No virtual meeting access will be available prior to 4:00pm. No action may be taken by the Board during the public comment period.

**H. 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. **2024 RATE MODEL PRESENTATION** – Raftelis financial consulting will present the current Water and Wastewater rate recommendations and projections for Board Discussion. This item provides the Board an opportunity to discuss and give direction prior to the public hearing and subsequent motion to distribute 218 notices scheduled for May 28<sup>th</sup>. Presentation provided by Theresa Jurotich, Raftelis Consultant.
2. **WATER QUALITY GOALS DISCUSSION** – Staff will provide background for discussion regarding the Water Supply and Treatment Agreement section 3.5 Water Quality goals and current budget planning for FY24-25.
3. **Consider Approval Of An “Amendment 1” To The Agreement For Water And Sewer Facilities And Service For The Fairview Corners Development To Allow The Developer To Pay All Due Sanitary Sewer Impact And Connection Fees Directly To Sunnyslope Water District Upon Recordation Of The Final Map For The Fairview Corners Subdivision. (Not A Project Under CEQA Per Article 20, Section 15378)**

**I. ADJOURNMENT**

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

**Next Regular Board Meeting** – May 28, 2024 @ 5:15 p.m., District Office

**AGENDA DEADLINE: May 28, 2024 @ 12:00 p.m.**

## Future Scheduled Committee Meetings

Water Resources Association of San Benito County – June 6, 2024 @ 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.

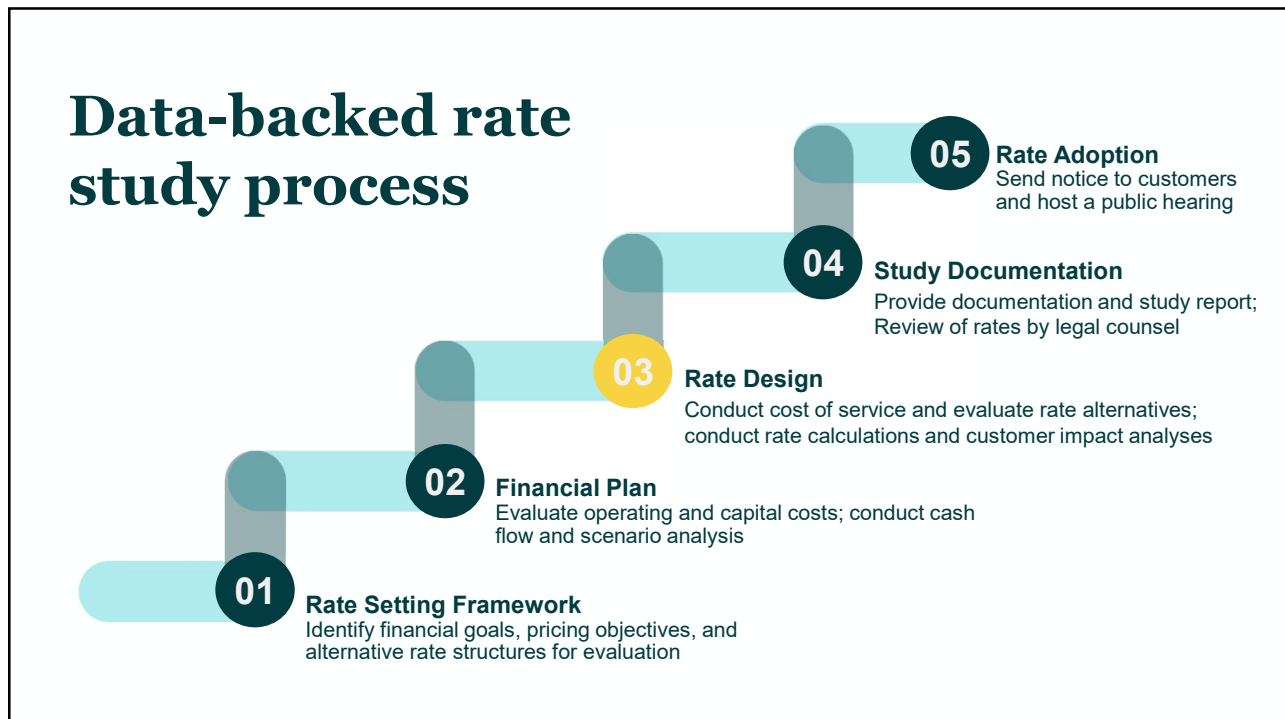


# Water & Wastewater Rate Study

Board Meeting:  
May 15, 2024



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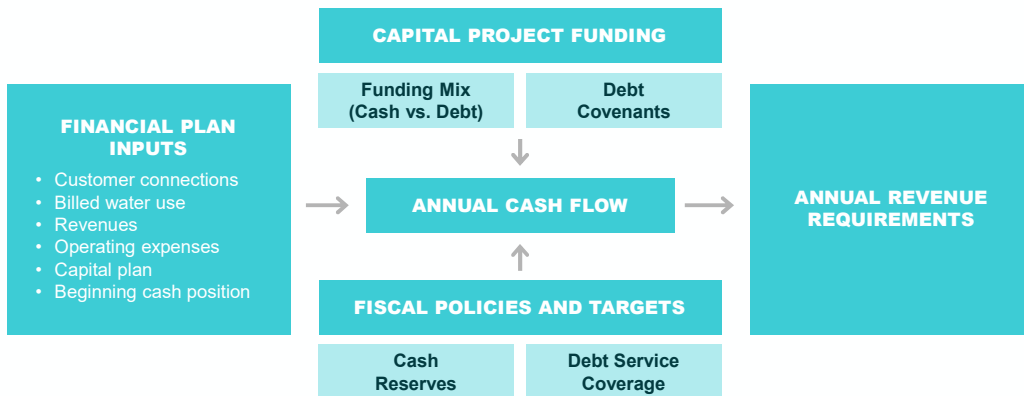
# Financial Plans



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## Financial Plan Elements

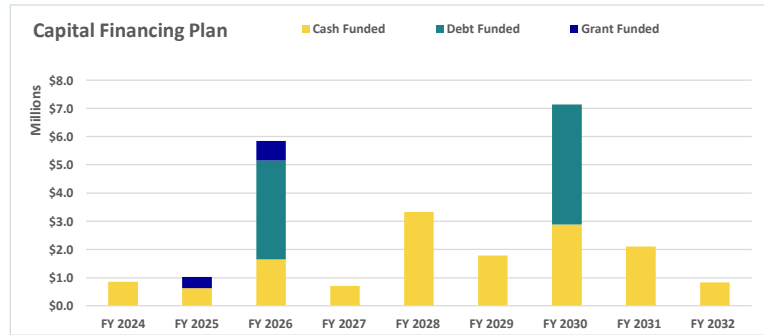


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## CIP Inflated - Water

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

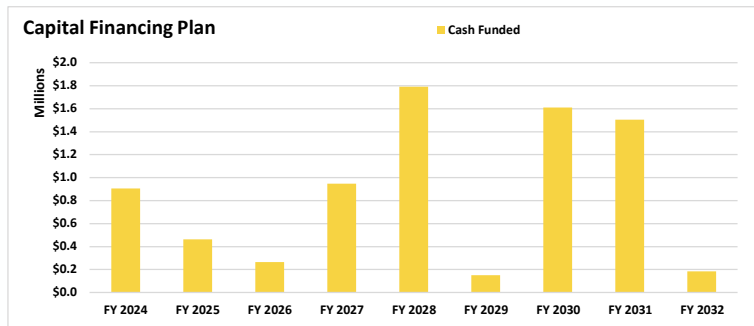


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## CIP Inflated - Wastewater

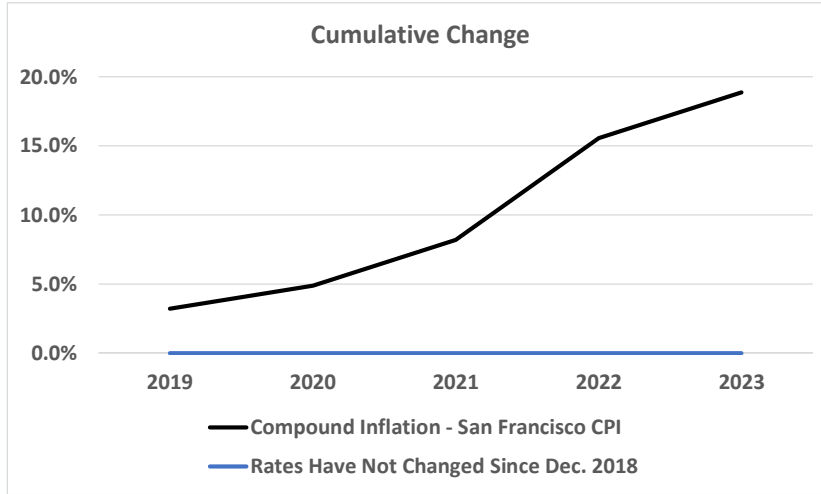
- Total CIP FY2025-FY2029 is \$3.5M
- FY2028 includes Main Lift Pump Station Project
- FY2030 includes Dredge/Sludge Removal Project
- FY2031 includes Upsizing City Sewer Mains



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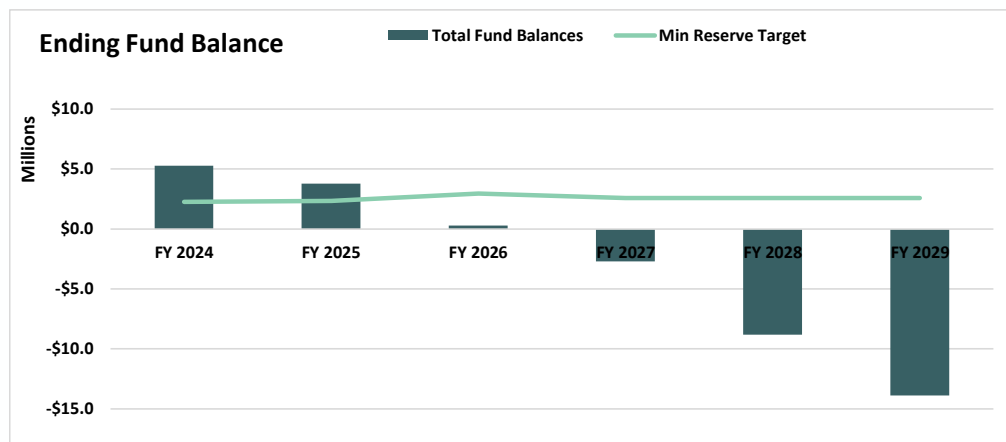
## Cumulative Change in San Francisco CPI



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## Water Scenario 1: Do Nothing



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

Eventually have no reserves left.

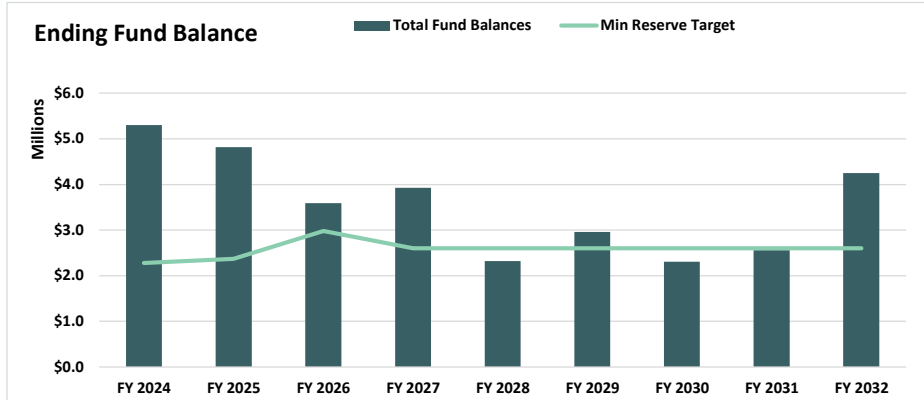
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## Water Scenario 2: Combination of Revenue Adjustments and Loans

Effective Date	Adjustment
Aug. 1, 2024	15%
July 1, 2025	13%
July 1, 2026	11%
July 1, 2027	11%
July 1, 2028	10%



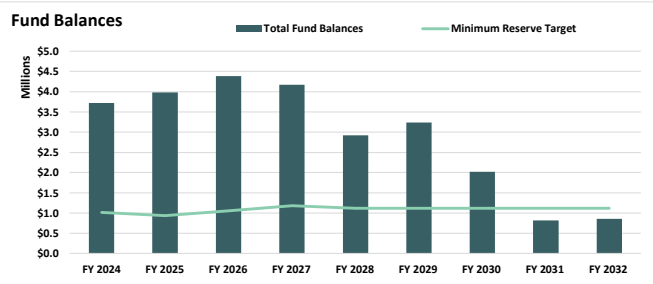
-\$3.5M Bond in FY2026, \$4.25M Bond in FY2030

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

• - May be able to get low interest loans.

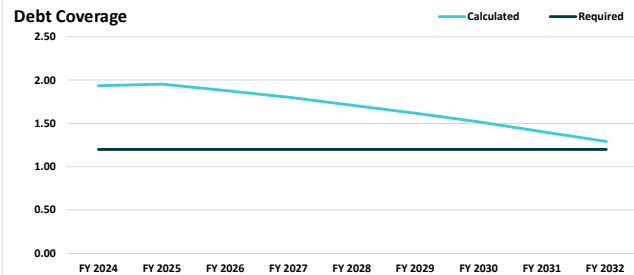
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## Wastewater Scenario 1: No Revenue Adjustment



Although Wastewater enterprise is in good position through FY2029, will start drawing down reserves to below minimum reserve levels.

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

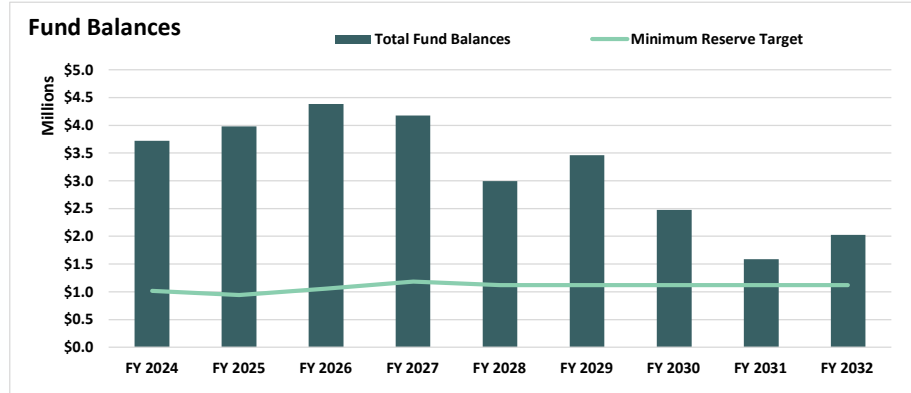


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## Wastewater Scenario 2: Revenue Adjustments

Effective Date	Adjustment
Aug. 1, 2024	0%
July 1, 2025	0%
July 1, 2026	0%
July 1, 2027	3%
July 1, 2028	3%



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

- Debt coverage projected to stay at or above 1.8 (minimum required level is 1.2)

11

# Cost of Service and Rate Design - Water

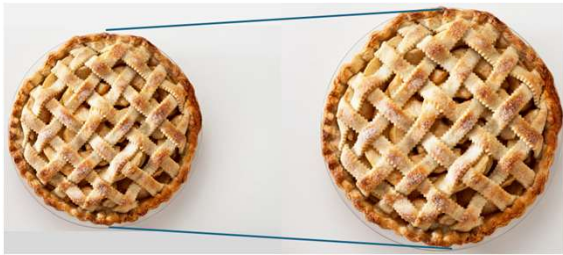


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## Financial Plan vs. Cost of Service

Financial Plan



Cost of Service

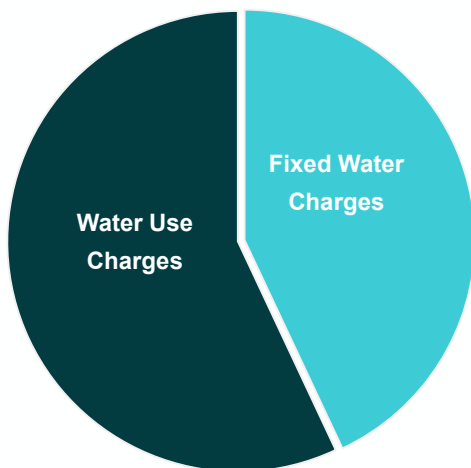


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## Fixed & Variable Revenue Recovery - Water

Current Share of Water Rate Revenues



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

14

14

## Proposed 5-Yr Rate Schedule – Water (Fixed)

	Monthly Service Charge	Current FY 2024	Proposed FY 2025	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029
	Retain the current fixed charge rate structure	5/8"	\$32.54	\$36.21	\$41.65	\$47.07	\$52.25
3/4"		\$32.54	\$36.21	\$41.65	\$47.07	\$52.25	\$58.00
1"		\$32.54	\$36.21	\$41.65	\$47.07	\$52.25	\$58.00
1 1/2"		\$53.22	\$65.91	\$75.80	\$85.66	\$95.09	\$105.55
2"		\$78.02	\$101.55	\$116.79	\$131.98	\$146.50	\$162.62
3"		\$156.60	\$214.43	\$246.60	\$278.66	\$309.32	\$343.35
4"		\$272.39	\$380.77	\$437.89	\$494.82	\$549.26	\$609.68
6"		\$549.45	\$778.80	\$895.62	\$1,012.06	\$1,123.39	\$1,246.97
8"		\$1,004.35	\$1,669.92	\$1,920.41	\$2,170.07	\$2,408.78	\$2,673.75
Private Fireline Charges		Current FY 2024	Proposed FY 2025	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029
1"	\$8.73	\$8.27	\$9.52	\$10.76	\$11.95	\$13.27	
1 1/2"	\$0.00	\$11.62	\$13.37	\$15.11	\$16.78	\$18.63	
2"	\$18.09	\$17.42	\$20.04	\$22.65	\$25.15	\$27.92	
3"	\$0.00	\$38.21	\$43.95	\$49.67	\$55.14	\$61.21	
4"	\$87.33	\$74.07	\$85.19	\$96.27	\$106.86	\$118.62	
6"	\$130.98	\$202.77	\$233.19	\$263.51	\$292.50	\$324.68	
8"	\$180.90	\$424.76	\$488.48	\$551.99	\$612.71	\$680.11	

15

## Proposed 5-Yr Rate Schedule – Commodity

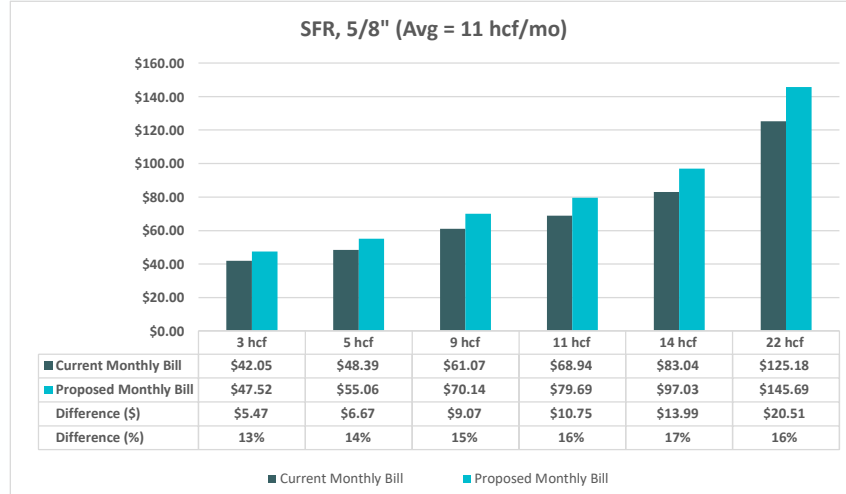
Commodity Charges	Current FY 2024	Proposed FY 2025	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029
<b>SFR</b>						
Tier 1: First 1,000 cu ft	\$3.17	\$3.77	\$4.34	\$4.91	\$5.46	\$6.07
Tier 2: 1,100 - 2,000 cu ft	\$4.70	\$5.78	\$6.65	\$7.52	\$8.35	\$9.27
Tier 3: Over 2,100 cu ft	\$6.97	\$6.99	\$8.04	\$9.09	\$10.09	\$11.20
<b>Non-SFR</b>	\$4.22	\$5.09	\$5.86	\$6.63	\$7.36	\$8.17

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

16

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## Bill Impacts – Single Family, FY2025



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# Cost of Service and Rate Design - Wastewater

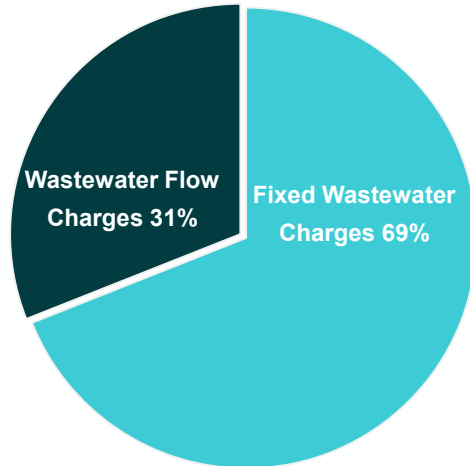


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## Fixed & Variable Revenue Recovery - Wastewater

Current Share of Wastewater Rate Revenues



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

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## Proposed 5-yr Wastewater Rate Schedule

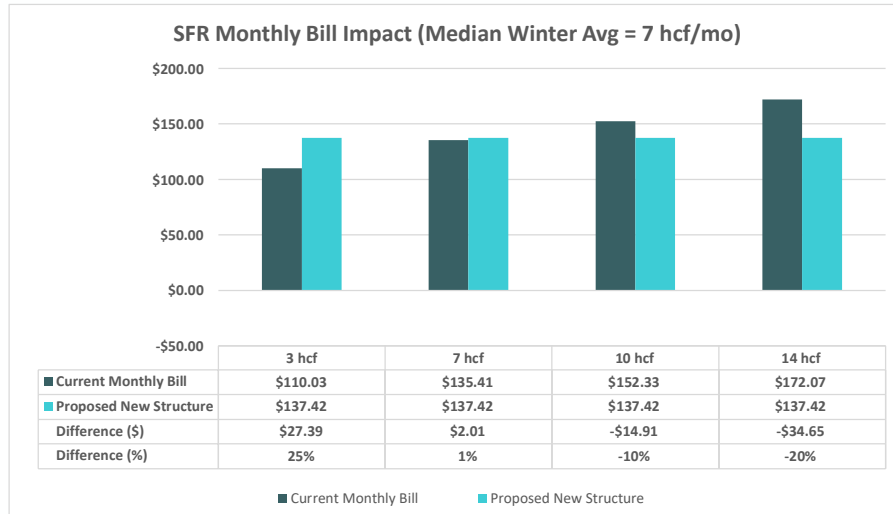
Customer Class	Current	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Effective Date		8/1/2024	7/1/2025	7/1/2026	7/1/2027	7/1/2028
<b>Monthly Fixed, \$/mo/du</b>						
Single Family	\$95.93/mo/du + \$5.64/hcf	\$137.42	\$137.42	\$137.42	\$141.55	\$145.80
Multifamily	\$72.98/mo/du + \$5.64/hcf	\$89.69	\$89.69	\$89.69	\$92.39	\$95.17
<b>Volume Subject to Minimum Charge</b>						
Cottages, Motels, Trailer Parks, Laundries, etc.	\$9.20/hcf	\$18.39 /hcf	\$18.39 /hcf	\$18.39 /hcf	\$18.95 /hcf	\$19.52 /hcf
Commercial and Industrial	\$12.14/hcf	\$23.84 /hcf	\$23.84 /hcf	\$23.84 /hcf	\$24.56 /hcf	\$25.30 /hcf
Minimum Charge		\$89.69	\$89.69	\$89.69	\$92.39	\$95.17

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

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## Bill Impact, FY2024: Alternative Structure



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# Next Steps



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## Rate Study Next Steps

**1**

Request Board  
approve starting  
the Prop 218  
process

*May 28 District  
Board Meeting*

**2**

Notice Postmark  
date by

*June 7*

**3**

45 Day protest  
period

*June 7 through  
July 23*

**4**

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

*July 23 District  
Board Meeting*

**5**

Year One Rate  
Implementation

*August 1, 2024*

23

23

## Board Feedback?

- Financial Plans
- Proposed Rates

24

24



# Staff Report

Agenda Item: H - 3

**DATE:** May 13, 2024 (May 15, 2024 Special Meeting)

**TO:** Board of Directors

**FROM:** General Manager, Drew Lander

**SUBJECT:** Consider Approval Of An “Amendment 1” To The Agreement For Water And Sewer Facilities And Service For The Fairview Corners Development To Allow The Developer To Pay All Due Sanitary Sewer Impact And Connection Fees Directly To Sunnyslope Water District Upon Recordation Of The Final Map For The Fairview Corners Subdivision. (Not A Project Under CEQA Per Article 20, Section 15378)

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## **RECOMMENDATION:**

Approve a motion to allow the General Manager to proceed with Amendment 1 to the Agreement for Water and Sewer Facilities and Service for the Fairview Corners Development.

## **BACKGROUND:**

The Board previously approved the Agreement for Water and Sewer Facilities and Service for the Fairview Corners Project on April 23, 2024. One of the requirements of the Agreement (Covenant 23.h) is that the developer pay all connection and impact fees associated with the connection of the Cielo Vista neighborhood. That sewer connection is currently under construction and will be completed in early June.

Gavilan College requires sewer service to be operational by mid June to ensure that the building construction is completed on time. Due to the timing constraints the subdivision map is being processed by the County of San Benito in June with recordation in July. Upon recording the map the project developer will sell the project to D.R. Horton who will be completing and constructing all the homes. Through the sale of the property the developer is asking for a condition that the map recordation trigger the payment of the impact fees in lieu of payment at date of connection. The developer is requesting Sunnyslope hold a payment lien for these fees until the County completes the map which is estimated to be less than 30 days from sewer completion. This request is only required in the event that the completion of the sewer improvements precedes the map recordation in July and the City of Hollister requires that the sewer impact fees be paid immediately. Due to the political conflicts at times within the City, the County and Sunnyslope are taking measures to ensure a successful completion of the sewer improvements for Gavilan College.

Wording of this agreement is proposed as:

**“By written amendment under Covenant 15 of the AGREEMENT FOR WATER AND SEWER FACILITIES AND SERVICE FOR THE FAIRVIEW CORNERS DEVELOPMENT the District agrees to temporarily pay the fees described in Covenant 23.h, and following district code, the property owner agrees to a judgment lien in the amount extended by the district; provided that, upon the recording of the Final Map for Tract No. 352, entitled “Fairview Corners Phase 1,” the Developer shall reimburse the District for the amount of said fees and expenses in full as required by Covenant 2 of said agreement, and that failure to fully reimburse the District within 15 days of recordation of the final map will trigger Covenant 17 and initiate terms to terminate the agreement. In the event the developer does not cure the pending cause to terminate the developer shall be responsible for all costs, expenses, interest, including attorneys fees incurred by the district in the recovery of previously paid expenses.”**

**FINANCIAL IMPACT:**

This amendment to the agreement is only acted upon in the event that the completion of the sewer improvements precedes the map recordation in July and the City of Hollister requires that the sewer impact fees totaling \$679,521 be credited to the City. The developer will be required to pay all fees at the time of map recordation and transfer of the property. The County of San Benito has agreed that no permit shall be issued until all off-site sewer connection fees have been settled in full. The district will be reimbursed in full for any funds transferred.

**ENVIRONMENTAL IMPACT:**

The proposed action is not a project and is categorically exempt from CEQA by Article 19, Section 15301(b) of the CEQA guidelines.