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BOARD OF DIRECTORS MEETING AGENDA

April 8, 2021, SPECIAL Meeting
6:30 p.m.

VIRTUAL MEETING LINK:

<https://sweetwaterspringswaterdistrict.my.webex.com/sweetwaterspringswaterdistrict.my/j.php?MTID=m7925be9c36c72f97076ed040af2d9ff4>

Meeting number: 182 381 1890

Password: J4aZQphqg24

JOIN BY PHONE:

1-415-655-0001

Access Code: 182 381 1890

Password: 54297747

All guests that join the virtual meeting will be muted with the camera/video turned off. Guests will be unmuted and video turned on when they are speaking. Proper decorum, including appearance, is required.

NOTICE TO PERSONS WITH DISABILITIES: It is the policy of the Sweetwater Springs Water District to offer its public programs, services and meetings in a manner that is readily accessible to everyone, including those with disabilities. Upon request made at least 48 hours in advance of the need for assistance, this Agenda will be made available in appropriate alternative formats to persons with disabilities. This notice is in compliance with the Americans with Disabilities Act (28 CFR, 35.102-35.104 ADA Title II).

Any person who has any questions concerning any agenda item may call the General Manager or Assistant Clerk of the Board to make inquiry concerning the nature of the item described on the agenda; copies of staff reports or other written documentation for each item of business are on file in the District Office and available for public inspection. All items listed are for Board discussion and action except for public comment items. In accordance with Section 5020.40 et seq. of the District Policies & Procedures, each speaker should limit their comments on any Agenda item to five (5) minutes or less. A maximum of twenty (20) minutes of public comment is allowed for each subject matter on the Agenda unless the Board President allows additional time.

I. CALL TO ORDER *(Est. time: 2 min.)*

- A. Board members Present
- B. Board members Absent
- C. Others in Attendance

II. PUBLIC COMMENT: The District invites public participation regarding the affairs of the District. This time is made available for members of the public to address the Board regarding matters which are listed on this Special Meeting Agenda. Board members may ask questions of a speaker for purposes of clarification.

III. ADMINISTRATIVE

- A. Discussion/Action re FY 2021-22 Draft Budget *(Est. time 15 min.)*

ADJOURN

SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors

AGENDA NO. III-A

FROM: Ed Fortner, General Manager

Meeting Date: April 8, 2021

SUBJECT: DRAFT FY 2021-2022 BUDGET

RECOMMENDED ACTION: Receive a report on the Draft District FY 2021-2022 Budget, including the District's proposed water rates based on a 5% increase, review of the Draft Budget, and provide direction to staff and the *ad hoc* Budget Committee.

FISCAL IMPACT: Provides financial direction for FY 2021-2022.

DISCUSSION:

The *ad hoc* Budget Committee had two meetings before the April Board meeting to discuss the draft FY 2021-2022 Budget, presented at this meeting (the line-item draft Budget is attached as Exhibit A). Among the issues we discussed (and shared with the Board at the April 1 meeting):

Proposed FY 2021-2022 Water Rates

At the March meeting, the Board gave direction to proceed with a 5% increase for District water rates. As a result of last year's Rate Study, the District reduced four rate tiers to two rate tiers. This annual increase and two-tier structure reflect the five-year plan for 5% yearly rate increases recommended by Bartle and Wells, our rate consultant, to develop sustainable capital funding. The water usage revenue under-collection was a result of the complexity of changing the rate structure from four tiers to two tiers and changed usage due to COVID-19. Table 2 shows the proposed water rates, and Table 3 shows a comparison of water bills with current and proposed rates for typical customers. The District is on schedule to mail out Proposition 218 notices by April 19 to District property owners.

Fiscal Year 2021-2022 Budget

The draft FY 2021-2022 Budget detail is attached as Exhibit A. Figures 1 and 2 show the relative total expenses and revenues projected for the Operating and Capital Budget. The *ad hoc* Budget Subcommittee has discussed the draft Budget. Staff has met several times to develop the appropriate line-item amounts for the Operating section of the Budget.

Assumptions used to develop the Operating section of the Budget include:

- Water Usage, Base Rate, and Capital Debt Reduction Charges are raised 5%.

- Water Usage revenues are based on flat water sales and mid-year water sales projections. Thus, the FY 2021-2022 water usage revenues are estimated to increase by 5% over the amount budgeted in FY 2020-2021.
- Salaries and Retirement have been adjusted at a 3% increase as we go into our second year of the five-year labor agreement. With full-time GM and full-time Account Clerk, promotions to Field Manager and Crew Leader at lower salaries, and increases in other benefits generally, wages increased by \$47,000.
- Staffing changes include a new Account Clerk to fill that vacancy. This addition, step increases for recently promoted positions, and the 3% wage increase agreed to in the new MOU have raised wages.
- Overall, this Budget has higher wages and stable benefits expense due to individual employee coverage choices.
- In the FY 2021-2022 Budget year, the District has a debt reduction of \$266,597. This reduction will help capital funding and may allow lower rate increases in the future. The Capital One refinance from last year will save \$70,000 in this budget year.

Highlights of the Draft FY 2021-2022 Operating Budget include:

- The 5% water rate increase will increase District revenues by approximately \$137,000.
- FY 2021-2022 CIP, Water Main Replacement of ~3,600' on Old River Rd. at \$1,280,000.
- The transfer to the Capital Improvement Reserve Fund (CIRF) is \$430,000.

Uncertainties with the FY21 Budget include:

- Covid-19 Pandemic has created many uncertainties for revenue collection and potential operations staffing shortages. Tax liens will need to occur to collect billed revenue fully.

Capital Project funding: In last year's annual budget discussion, we planned on a significant Capital Project in FY 2020-2021 that includes replacing 5,400 linear feet of aging water main with HDPE main on Old River Road Woodland Drive. The design and planning of this project are near completion. The total cost of the design and planning by Coastland will total \$138,550.00. \$115,920.00 of CDBG funding will significantly offset this expense. We will also incur costs of \$129,222.00 for the Water Main replacement on Main Street in Monte Rio and potentially \$33,000 for our share of the Mt. Jackson FEMA-funded project. In FY 2021-2022, we plan on completing the Old River Rd. portion of the Capital project described above at the cost of \$1,280,000. If grant funding is approved for this project's construction, we could complete the entire scope, including Woodland Drive, in FY 2021-2022.

Total District debt is \$9,689,751 as of the end of Fiscal Year 2020-2021:

USDA GO Bonds:	\$2,997,748
State Loans:	\$ 0
Private Placement Loan:	\$1,436,111
Cap One Bond:	\$5,255,892

Operations owed to Policy Reserve for PERS UL Payoff: \$865,000 (not included in the total above)

District Reserves

The FY 2021-2022 Budget lists the District Reserve Policy amounts approved in September 2009:

- Operating Budget Cash Reserve – a reserve based on 15% of the Operating Budget expenses to allow for prompt payment of District bills at the start of a fiscal year.
- Operating Reserve – 25% of the Operating Budget expenses for economic downturn or other economic crisis, and emergencies and disaster-related expenses.
- Debt Repayment Reserve - 25% of the annual debt payments to ensure funding is available to repay existing District debt.
- Capital Reserve – 25% of the nominal Capital Budget of \$1 million for similar capital program issues.

The draft Budget shows FY 2021-2022 District Reserve Policy of \$1,320,089 and \$1,872,734 in Reserves Above Policy at the end of the fiscal year.

Proposition 218 Notice

Proposition 218 requires that a 45-day notice be given to all property owners in the area affected by a proposed rate increase. The notice for proposed water rate increases will need to be mailed to all property owners by April 19, 2021. The notice will increase the Base Rate and Water Usage Charges and Capital Debt Reduction Charge of up to 5% for FY 2021-2022 and include the proposed rate schedules. Bartle and Wells submitted addendums (attached) on the District's Capacity charges and to describe the review of the rates due to under collection. Our Capacity charges are very close to their calculated charges. The Board may consider increasing the 5/8" meter charge and adding it to the Prop 218 Notice.

Table 1. FY 2021-2022 Budget Preparation Schedule	
Reviewed/ Approved Capital Improvement Program	January 2021, February 2021
Budget Committee Meetings	February- March 2021
Draft Budget to Board for Discussion/ Action, Including Direction on Water Rates	March 4, 2021
Prop 218 Notice Mailing for Water Rate Increase, if necessary	April 19, 2021
Draft Budget to Board for Discussion/ Action	May 6, 2021
Approve Budget <ul style="list-style-type: none">• Prop 218 Public Hearing on Rates, if necessary	June 3, 2021

Table 2. Proposed Bimonthly Water Rates							
			Base Rates	CDRC ¹	Base Rate + CDRC	Water Usage Charge (\$/hcf)	
			\$/account	\$/account	\$/account	Tier 1	Tier 2
Single Family Residential						\$1.65	\$3.96
		All Users	\$71.94	\$13.17	\$85.11	(0-8) hcf	9+ hcf
Multi Family (by # Dwelling Units)²							
		2 DU's	\$111.50	\$20.43	\$131.93	(0-12.4)	12.5+
		3 DU's	\$151.07	\$27.66	\$178.73	(0-16.8)	16.9+
		4 DU's	\$190.64	\$34.84	\$225.48	(0-21.2)	21.3+
Commercial (by meter size)							
		5/8"	\$71.94	\$13.17	\$85.11	(0-8)	9+
		1"	\$179.87	\$32.96	\$212.83	(0-20)	21+
		2 1/2"	\$358.59	\$65.87	\$424.46	(0-40)	41+
		2"	\$575.51	\$105.40	\$680.91	(0-64)	65+
hcf = hundred cubic foot, 748 gallons							
1 - Capital Debt Reduction Charge							
2 - Multi Family unit multiplier = 0.55 for every extra unit; no meter multiplier							

Table 3. Proposed 5% Rate Increase Effect on Typical Water Users by Class						
FY 2021-22						
	Single Family Residential		Multi-Family Residential		Commercial	
	Median	High	Median 2 DU's	High 3 DU's	Median 5/8"	High 2"
Water Use (hcf)	10	22	19	32	20	82
Water Bill (Current)	\$101.21	\$146.50	\$170.98	\$255.81	\$138.95	\$817.22
Water Bill (Proposed)	\$106.27	\$153.83	\$179.53	\$268.60	\$145.90	\$858.08
Bimonthly Difference	\$5.06	\$7.33	\$8.55	\$12.79	\$6.95	\$40.86
% Increase	5%	5%	5%	5%	5%	5%

Figure 1 Expenses FY 2021-2022
\$4,538,673

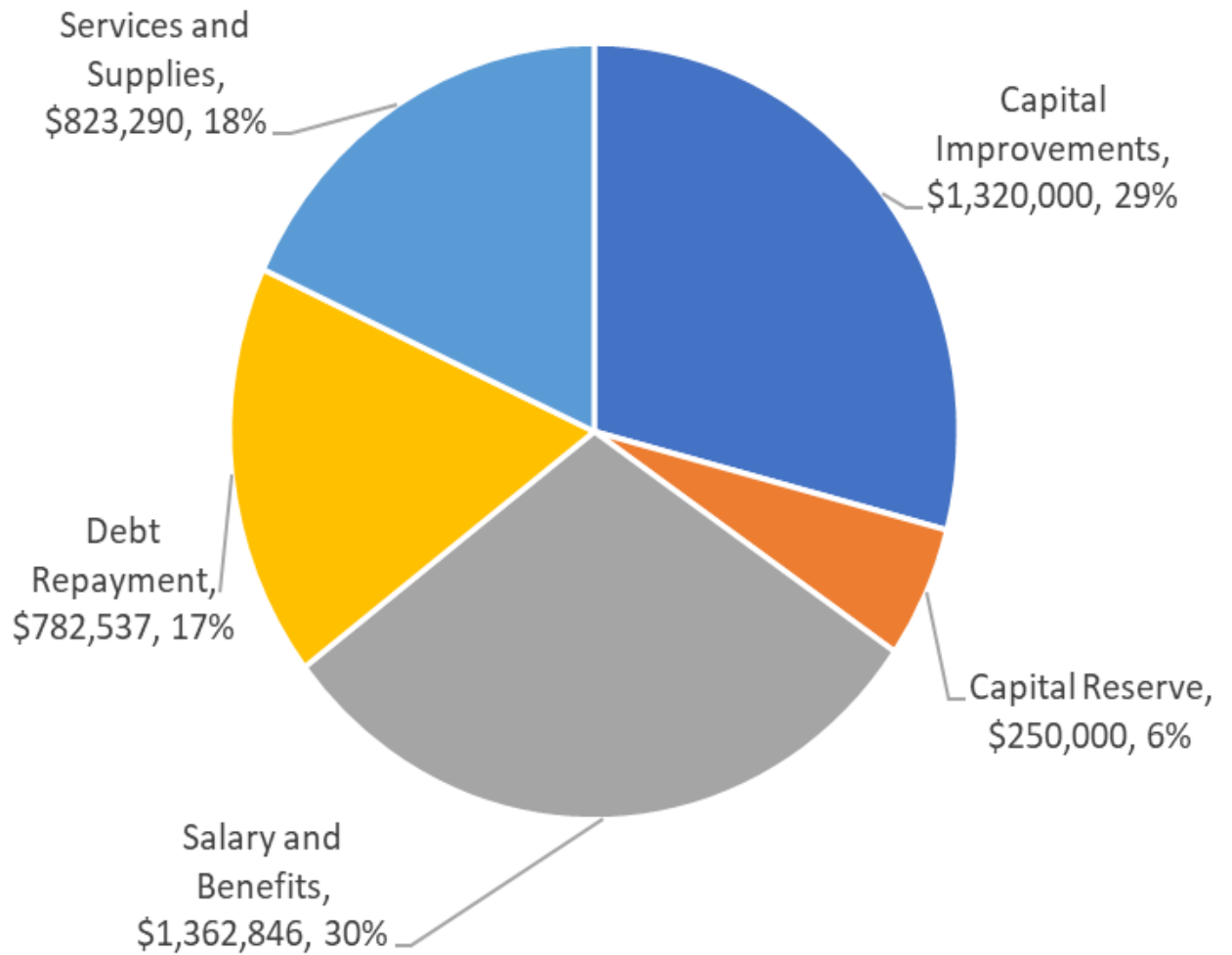
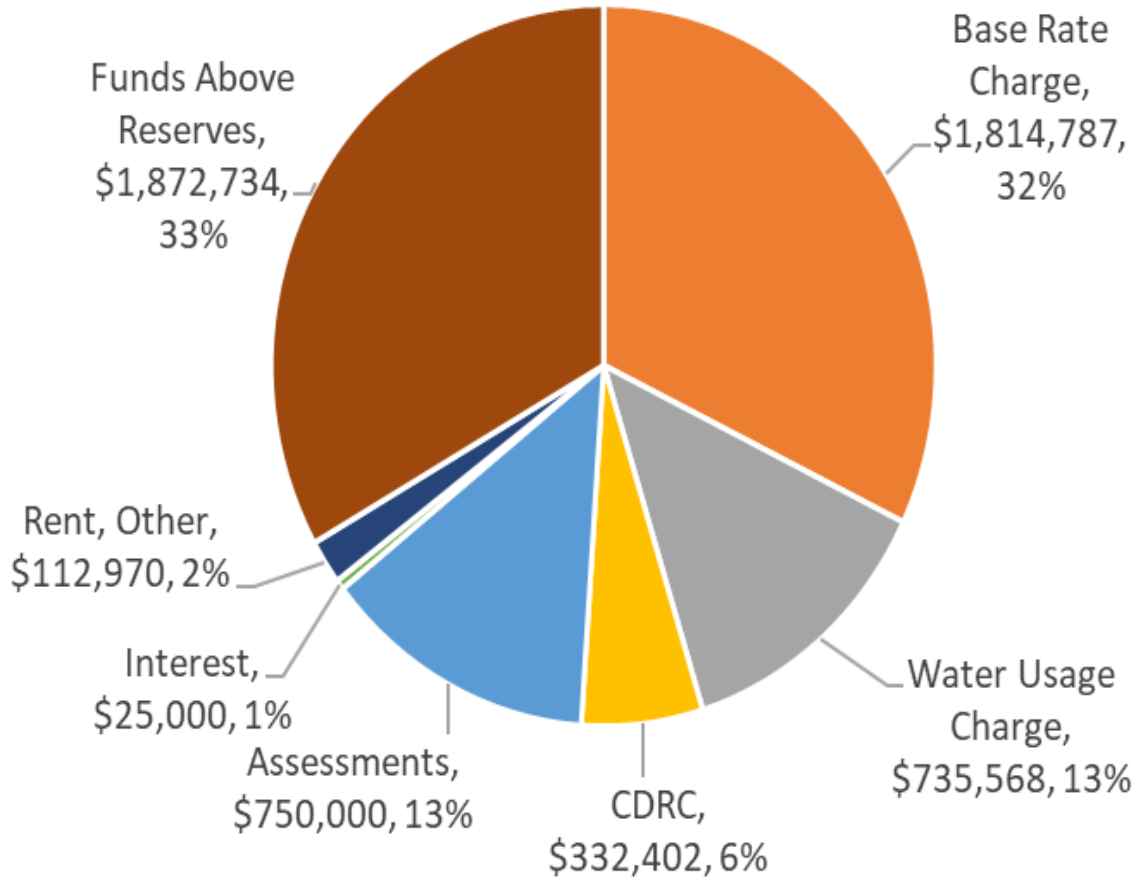


Figure 2 Revenue FY 2021-2022
\$5,643,461



Sweetwater Springs

WATER DISTRICT

2021 Water Rate Study Update

Draft Tables

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Table 7	Bill Impacts
Table 8	Water Rate Survey



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS

Table 1: Current Bimonthly Rates
Sweetwater Springs Water District
Water COS Rate Study 2021

Current Bimonthly Rates

	Base Rates \$/account	CDRC ¹ \$/account	Volume Rates (\$/hcf)	
			Tier 1	Tier 2
Single Family Residential			\$1.58	\$3.77
All Users	\$68.51	\$12.55	(0-8)	9+
Multi Family (by # Dwelling Units)²				
2 DU's	\$106.19	\$19.46	(0-12.4)	12.5+
3 DU's	\$143.88	\$26.34	(0-16.8)	16.9+
Water COS Rat	\$181.56	\$33.18	(0-21.2)	21.3+
Commercial (by meter size)				
5/8"	\$68.51	\$12.55	(0-8)	9+
1"	\$171.31	\$31.40	(0-20)	21+
1 1/2"	\$341.51	\$62.74	(0-40)	41+
2"	\$548.10	\$100.38	(0-64)	65+

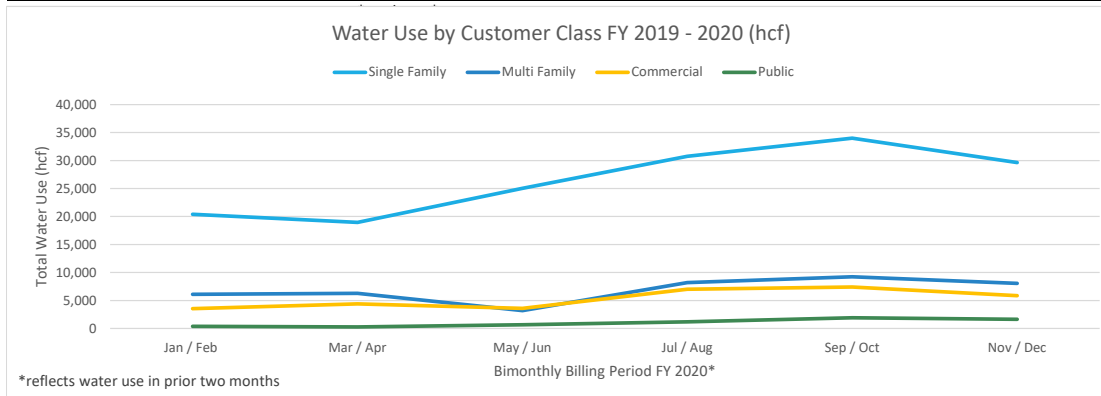
1 - Capital Debt Reduction Charge

2 - Multi Family unit multiplier = 0.55 for every extra unit; no meter multiplier

Table 2: Updated Water Demand Projections
 Sweetwater Springs Water District
 Water COS Rate Study 2021

Customer Information: 2019-20 Water Demand

Total Water Use (hcf)	Bill 1 7/2019 - 8/2019	Bill 2 9/2019 - 10/2019	Bill 3 11/2019 - 12/2019	Bill 4 1/2020 - 2/2020	Bill 5 3/2020 - 4/2020	Bill 6 5/2020 - 6/2020	Total FY 2019/20	Projected* FY 2019/20	Difference	
Single Family	30,762	34,003	29,655	20,384	18,951	25,055	158,810	145,131	13,679	
Multi Family	8,209	9,231	8,042	6,082	6,262	3,188	41,014	44,112	(3,098)	
Commercial	6,998	7,403	5,857	3,537	4,384	3,575	31,754	35,556	(3,802)	
Public	1,179	1,907	1,645	361	268	666	6,026	4,985	1,041	
Total	48,374	53,910	46,374	31,153	30,641	33,329	237,604	229,784	7,820	
Total Single Family	Water COS Rate Study 2021							158,810	145,131	13,679
Total All Others								78,794	84,653	(5,859)



*reflects water use in prior two months

*rate study projection using 2018/19 actual water use, includes 0.5% Growth for FY 2019-20

Table 3: Original 5-Year Cashflow Projection
 Sweetwater Springs Water District
 Water COS Rate Study 2020

5-Year Cash Flow Projection

FY 2020 Water Rate Study

Five-Year Projection Fiscal Year	Current 2019-20	1 2020-21	2 2021-22	3 2022-23	4 2023-24	5 2024-25
Proposed Rate Increase		5.0%	5.0%	5.0%	5.0%	5.0%
Growth		0.5%	0.5%	0.5%	0.5%	0.5%
Projected SF Bimonthly Bill (6 hcf use)	\$86.20	\$90.51	\$95.04	\$99.79	\$104.78	\$110.02
Beginning Fund Balance	\$3,186,493	\$3,592,246	\$2,632,120	\$3,248,312	\$2,609,826	\$3,566,227
<u>REVENUE</u>						
Capital Debt Reduction Charge	\$292,811	\$308,989	\$326,060	\$344,075	\$363,085	\$383,146
Water Sales - Base Rate	\$1,644,824	\$1,735,701	\$1,831,598	\$1,932,794	\$2,039,581	\$2,152,267
Water Sales - Use Charges	\$680,136	\$717,714	\$757,367	\$799,212	\$843,368	\$889,964
Total Rate Revenue	\$2,617,771	\$2,762,403	\$2,915,026	\$3,076,081	\$3,246,034	\$3,425,378
Assessment	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000
Interest ¹	\$31,865	\$35,922	\$26,321	\$32,483	\$26,098	\$35,662
Connection Fees	\$6,978	\$6,978	\$6,978	\$6,978	\$6,978	\$6,978
Service Upgrades	\$10,384	\$10,384	\$10,384	\$10,384	\$10,384	\$10,384
Rent	\$107,382	\$107,382	\$107,382	\$107,382	\$107,382	\$107,382
Miscellaneous Revenue	\$2,745	\$2,745	\$2,745	\$2,745	\$2,745	\$2,745
Total Other Revenue	\$909,354	\$913,411	\$903,810	\$909,972	\$903,587	\$913,151
Total Revenue	\$3,527,125	\$3,675,814	\$3,818,836	\$3,986,053	\$4,149,621	\$4,338,529
<u>EXPENDITURES</u>						
Total O&M	\$2,141,398	\$2,205,640	\$2,271,809	\$2,339,963	\$2,410,162	\$2,482,467
Capital Improvement Plan	\$0	\$1,500,000	\$0	\$1,500,000	\$0	\$1,500,000
Total Debt Service (w/ refi)	\$979,974	\$930,300	\$930,835	\$784,576	\$783,057	\$781,318
Total Expenditures	\$3,121,372	\$4,635,940	\$3,202,644	\$4,624,540	\$3,193,220	\$4,763,786
Net Revenue Before Capital	\$405,753	\$539,875	\$616,192	\$861,513	\$956,402	\$1,074,743
Net Revenue	\$405,753	(\$960,125)	\$616,192	(\$638,487)	\$956,402	(\$425,257)
Ending Fund Balance	\$3,592,246	\$2,632,120	\$3,248,312	\$2,609,826	\$3,566,227	\$3,140,971
<i>Fund Balance Target</i>	<i>\$1,351,553</i>	<i>\$1,364,831</i>	<i>\$1,391,432</i>	<i>\$1,382,129</i>	<i>\$1,409,829</i>	<i>\$1,438,316</i>
Debt Service Coverage	1.4	1.6	1.7	2.1	2.2	2.4

1 - 1% earnings on beginning fund balance

Table 4A: Updated 5-Year Cash Flow Projection
 Sweetwater Springs Water District
 Water COS Rate Study 2021

Updated 5-Year Cash Flow Projection #1

Includes 2019-20 Proj. Actuals & 2020-21 Budget, 5% annual rate increases

Five-Year Projection Fiscal Year	Proj. Actual 2019-20	Budget (Y1) 2020-21	Proposed Y2 2021-22	Y3 2022-23	Y4 2023-24	Y5 2024-25
Proposed Rate Increase		5.0%	5.0%	5.0%	5.0%	5.0%
Growth			0.5%	0.5%	0.5%	0.5%
Projected SF Bimonthly Bill (6 hcf use)	\$86.20	\$90.51	\$95.04	\$99.79	\$104.78	\$110.02
Beginning Fund Balance	\$3,592,246	\$2,616,368	\$1,753,452	\$2,365,006	\$1,600,138	\$2,453,309
REVENUE						
Capital Debt Reduction Charge	\$301,498	\$316,600	\$334,100	\$352,600	\$372,200	\$392,900
Water Sales - Base Rate	\$1,646,066	\$1,728,400	\$1,823,900	\$1,924,900	\$2,031,500	\$2,144,000
Water Sales - Use Charges	\$667,181	\$700,600	\$739,400	\$780,400	\$823,600	\$869,200
Estimated Loss - Water Use Charges		(\$31,000)	(\$31,000)	(\$31,000)	(\$31,000)	(\$31,000)
Total Rate Revenue	\$2,614,745	\$2,714,600	\$2,866,400	\$3,026,900	\$3,196,300	\$3,406,100
Policy Reserve Loan Proceeds	\$500,000	\$500,000				
Assessment	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000
Interest ¹	\$35,922	\$26,164	\$17,535	\$23,650	\$16,001	\$24,533
Connection Fees	\$6,978	\$6,978	\$6,978	\$6,978	\$6,978	\$6,978
Service Upgrades	\$10,384	\$10,384	\$10,384	\$10,384	\$10,384	\$10,384
Rent	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000
Miscellaneous Revenue	\$2,745	\$2,745	\$2,745	\$2,745	\$2,745	\$2,745
Total Other Revenue	\$1,411,029	\$1,401,271	\$892,642	\$898,757	\$891,108	\$899,640
Total Revenue	\$4,025,774	\$4,115,871	\$3,759,042	\$3,925,657	\$4,087,408	\$4,305,740
EXPENDITURES						
Total O&M	\$2,538,594	\$2,586,952	\$2,227,910	\$2,272,469	\$2,317,918	\$2,364,276
Policy Reserve Loan Payments		\$135,000	\$135,000	\$135,000	\$135,000	\$135,000
Capital Improvement Plan	\$0	\$1,326,000	\$0	\$1,500,000	\$0	\$1,500,000
Total Debt Service	\$930,835	\$930,835	\$784,576	\$783,057	\$781,318	\$781,318
Total Expenditures	\$3,469,429	\$4,978,787	\$3,147,487	\$4,690,526	\$3,234,236	\$4,780,595
Net Revenue Before Capital	\$556,346	\$598,084	\$746,555	\$870,131	\$988,172	\$1,160,145
Net Revenue	\$556,346	(\$862,916)	\$611,555	(\$764,869)	\$853,172	(\$474,855)
Ending Fund Balance	\$4,148,591	\$1,753,452	\$2,365,006	\$1,600,138	\$2,453,309	\$1,978,455
<i>Fund Balance Target</i>	<i>\$1,351,553</i>	<i>\$1,517,490</i>	<i>\$1,337,308</i>	<i>\$1,354,752</i>	<i>\$1,372,497</i>	<i>\$1,391,040</i>
Debt Service Coverage	1.6	1.6	2.0	2.1	2.3	2.5

1 - 1% earnings on beginning fund balance

*Reflects additional projected loss calculated by SSWD Staff (Totaling approx \$32,000)

Table 4B: Updated 5-Year Cash Flow Projection
 Sweetwater Springs Water District
 Water COS Rate Study 2021

Updated 5-Year Cash Flow Projection #2

Includes 2019-20 Proj. Actuals & 2020-21 Budget, with FY 2022 Adjustment

Five-Year Projection Fiscal Year	Proj. Actual 2019-20	Budget (Y1) 2020-21	Proposed Y2 2021-22	Y3 2022-23	Y4 2023-24	Y5 2024-25
Proposed Rate Increase (with FY 2022 Adjustment)		5.0%	6.1%	5.0%	5.0%	5.0%
Growth			0.5%	0.5%	0.5%	0.5%
Projected SF Bimonthly Bill (6 hcf use)	\$86.20	\$90.51	\$96.03	\$100.83	\$105.87	\$111.17
Beginning Fund Balance	\$3,592,246	\$2,616,368	\$1,753,452	\$2,395,406	\$1,662,942	\$2,550,642
REVENUE						
Capital Debt Reduction Charge	\$301,498	\$316,600	\$337,600	\$356,300	\$376,100	\$397,000
Water Sales - Base Rate	\$1,646,066	\$1,728,400	\$1,843,100	\$1,945,200	\$2,052,900	\$2,166,600
Water Sales - Use Charges	\$667,181	\$700,600	\$747,100	\$788,500	\$832,200	\$878,300
Estimated Loss - Water Use Charges		(\$31,000)	(\$31,000)	(\$31,000)	(\$31,000)	(\$31,000)
Total Estimated Rate Revenue	\$2,614,745	\$2,714,600	\$2,896,800	\$3,059,000	\$3,230,200	\$3,441,900
Policy Reserve Loan Proceeds	\$500,000	\$500,000				
Assessment	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000
Interest ¹	\$35,922	\$26,164	\$17,535	\$23,954	\$16,629	\$25,506
Connection Fees	\$6,978	\$6,978	\$6,978	\$6,978	\$6,978	\$6,978
Service Upgrades	\$10,384	\$10,384	\$10,384	\$10,384	\$10,384	\$10,384
Rent	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000
Miscellaneous Revenue	\$2,745	\$2,745	\$2,745	\$2,745	\$2,745	\$2,745
Total Other Revenue	\$911,029	\$1,401,271	\$892,642	\$899,061	\$891,736	\$900,613
Total Revenue	\$3,525,774	\$4,115,871	\$3,789,442	\$3,958,061	\$4,121,936	\$4,342,513
EXPENDITURES						
Total O&M	\$2,538,594	\$2,586,952	\$2,227,910	\$2,272,469	\$2,317,918	\$2,364,276
Policy Reserve Loan Payments		\$135,000	\$135,000	\$135,000	\$135,000	\$135,000
Capital Improvement Plan	\$0	\$1,326,000	\$0	\$1,500,000	\$0	\$1,500,000
Total Debt Service	\$930,835	\$930,835	\$784,576	\$783,057	\$781,318	\$781,318
Total Expenditures	\$3,469,429	\$4,978,787	\$3,147,487	\$4,690,526	\$3,234,236	\$4,780,595
Net Revenue Before Capital	\$56,346	\$598,084	\$776,955	\$902,535	\$1,022,700	\$1,196,919
Net Revenue	\$56,346	(\$862,916)	\$641,955	(\$732,465)	\$887,700	(\$438,081)
Ending Fund Balance	\$3,648,591	\$1,753,452	\$2,395,406	\$1,662,942	\$2,550,642	\$2,112,560
<i>Fund Balance Target</i>	<i>\$1,351,553</i>	<i>\$1,517,490</i>	<i>\$1,337,308</i>	<i>\$1,354,752</i>	<i>\$1,372,497</i>	<i>\$1,391,040</i>
Debt Service Coverage	1.1	1.6	2.0	2.2	2.3	2.5

1 - 1% earnings on beginning fund balance

*Reflects additional projected loss calculated by SSWD Staff (Totaling approx \$32,000)

Table 5: Rate Revenue Projections
 Sweetwater Springs Water District
 Water COS Rate Study 2021

Rate Revenue Projections

Five-Year Projection Fiscal Year	Actual 2019-20	Current Y1 2020-21	Y2 2021-22	Y3 2022-23	Y4 2023-24	Y5 2024-25
Water Rate Study Proposed Increases		5.0%	5.0%	5.0%	5.0%	5.0%
<i>Estimated Rate Revenue (Rate Study Projection)</i>	\$2,617,771	\$2,762,403	\$2,915,026	\$3,076,081	\$3,246,034	\$3,425,378
Updated Rate Revenue - Projected from FY 2020 Budget	\$2,614,745	\$2,745,600	\$2,897,400	\$3,057,900	\$3,227,300	\$3,406,100
Estimated Loss - Water Use Charges		(\$31,000)	(\$31,000)	(\$31,000)	(\$31,000)	(\$31,000)
Estimated Rate Revenue (5% Annual Increases)	\$2,614,745	\$2,714,600	\$2,866,400	\$3,026,900	\$3,196,300	\$3,375,100
Proposed Rates with FY 2021-22 Adjustment		5.0%	6.1%	5.0%	5.0%	5.0%
Total Rate Revenue - Projected Based on Budget	\$2,614,745	\$2,745,600	\$2,927,800	\$3,090,000	\$3,261,200	\$3,441,900
Estimated Loss - Water Use Charges		(\$31,000)	(\$31,000)	(\$31,000)	(\$31,000)	(\$31,000)
Estimated Rate Revenue (with FY 2021-22 Adjustment)	\$2,614,745	\$2,714,600	\$2,896,800	\$3,059,000	\$3,230,200	\$3,410,900
Compare to Revenue with 5% Annual Increases		\$0	\$30,400	\$32,100	\$33,900	\$35,800

Table 6: Proposed Rate Comparison FY 2021-22
 Sweetwater Springs Water District
 Water Rate Study Update 2021

Proposed Rate Comparison FY 2021-22

		Base Rates \$/account	CDRC ¹ \$/account	Volume Rates (\$/hcf)	
				Tier 1	Tier 2
Rate Revenue Increase		5.0%	5.0%	5.0%	5.0%
Single Family Residential				\$1.65	\$3.96
	All Users	\$71.94	\$13.17	(0-8)	9+
Multi Family (by # Dwelling Units)²					
	Water COS Rat	\$111.50	\$20.43	(0-12.4)	12.5+
	3 DU's	\$151.07	\$27.66	(0-16.8)	16.9+
	4 DU's	\$190.64	\$34.84	(0-21.2)	21.3+
Commercial (by meter size)					
	5/8"	\$71.94	\$13.17	(0-8)	9+
	1"	\$179.87	\$32.96	(0-20)	21+
	1 1/2"	\$358.59	\$65.87	(0-40)	41+
	2"	\$575.51	\$105.40	(0-64)	65+

		Base Rates \$/account	CDRC ¹ \$/account	Volume Rates (\$/hcf)	
				Tier 1	Tier 2
Rate Revenue Increase		6.1%	6.1%	6.1%	6.1%
Single Family Residential				\$1.67	\$4.00
	All Users	\$72.69	\$13.31	(0-8)	9+
Multi Family (by # Dwelling Units)²					
	2 DU's	\$112.67	\$20.65	(0-12.4)	12.5+
	3 DU's	\$152.65	\$27.95	(0-16.8)	16.9+
	4 DU's	\$192.63	\$35.20	(0-21.2)	21.3+
Commercial (by meter size)					
	5/8"	\$72.69	\$13.31	(0-8)	9+
	1"	\$181.76	\$33.31	(0-20)	21+
	1 1/2"	\$362.34	\$66.56	(0-40)	41+
	2"	\$581.53	\$106.50	(0-64)	65+

1 - Capital Debt Reduction Charge

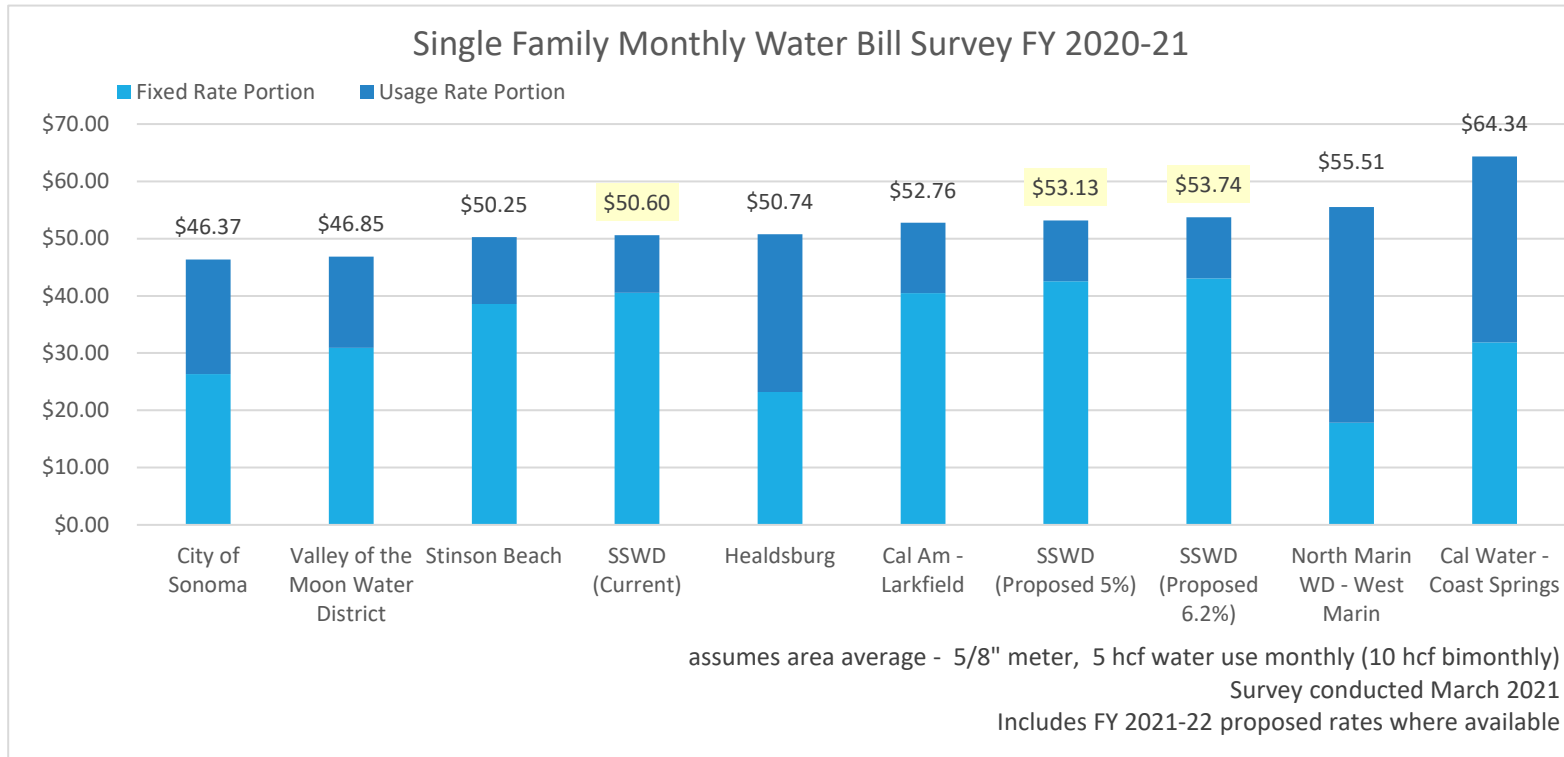
2 - Multi Family unit multiplier = 0.55 for every extra unit; no meter multiplier

Table 7: Bill Impacts
Sweetwater Springs Water District
Water Rate Study Update 2021

Proposed Rate Bill Impacts

<i>Proposed Rates - Bill Impact on Typical Water Users by Customer Class</i>						
<i>FY 2021-22</i>						
	Single Family Residential		Multi Family Residential		Commercial	
	Median	High	Median	High	Median	High
Base Rate Units			2 DU's	3 DU's	5/8"	2"
Water Use (hcf)	10	22	19	32	20	82
Water Bill (Current)	\$101.21	\$146.50	\$170.98	\$255.81	\$138.95	\$817.22
Water Bill (Proposed 5%)	\$106.27	\$153.83	\$179.52	\$268.60	\$145.90	\$858.08
Water Bill (Proposed 6.2%)	\$107.48	\$155.59	\$181.58	\$271.67	\$147.57	\$867.89

Table 8: Updated Water Rate Survey
Sweetwater Springs Water District
Water Rate Study Update 2021





Proposition 218 Notice to Customers and Property Owners of Record: Public Hearing Regarding Proposed Water Rate Increases

Notice is hereby given, pursuant to Article XII(D) of the California Constitution, that Sweetwater Springs Water District is proposing to increase its rates for water service. The Board will conduct a public hearing on this matter, which will be held on:

Date: **June 3, 2021**

Time: 6:30 PM

Place: 17081 Hwy. 116, Ste. B Guerneville, CA 95446

The public hearing will review the proposed water rate increase and other related changes to water fees and charges. More information is provided below.

Water System Overview

Sweetwater Springs Water District operates and maintains a public water enterprise system that supplies safe, potable drinking water to 3,800 customers through two separate water supply and distribution systems. In total, the District operates and maintains five wells, 26 storage tanks, sixteen pressure zones, and two filtration plants. District services include maintenance and repair of the water system up to the water meter, weekly water quality testing, meter reading, small and large-scale capital improvements, and installation of new services.

Why is an increase in rates necessary?

The proposed increases to rates and charges are summarized below and will be used to pay for the increasing need for capital improvements to the water system as well as debt service and operations costs.

The current capital improvement program addresses the need to bring District capital facilities to a standard level of adequacy and, once that is done, a sustainable capital improvement program will be needed to keep District facilities at an adequate level. The District faces an average of \$750,000 per year for ongoing capital improvements necessary to maintain and upgrade existing facilities, including mainlines, tanks, and wells.

The proposed water rate increase follows the water rate study performed by Bartle Wells Associates and completed in March 2020, with a recent update to the cost of service and financial projections for FY 2021. The study recommends restructuring water rates and increasing rate revenue annually by up to 5% in order to meet rising operations, debt, and capital improvement expenses. Budgets and spending needs will be analyzed on an annual basis to determine what level of increase, if any, is needed to meet expense requirements. The analysis conducted this year shows an overall 5% rate revenue increase.

More Information Available Prior to the Hearing:

More information on the proposed water rates, including the draft Water Rate Study, is available at the District office at 17081 Highway 116, Suite B, Guerneville, California. This information will also be posted on the District's website, www.sweetwatersprings.com. In addition, District staff can be contacted at (707) 869-4000 to answer any questions you may have regarding the rate increases.

Current Bimonthly Water Rates

	Base Rates \$/account	CDRC ¹ \$/account	Volume Rates (\$/hcf)	
			Tier 1	Tier 2
Single Family Residential			\$1.58	\$3.77
All Users	\$68.51	\$12.55	(0-8) hcf	9+ hcf
Multi Family (by # Dwelling Units)²				
2 DU's	\$106.19	\$19.46	(0-12.4)	12.5+
3 DU's	\$143.88	\$26.34	(0-16.8)	16.9+
4 DU's	\$181.56	\$33.18	(0-21.2)	21.3+
Commercial (by meter size)				
5/8"	\$68.51	\$12.55	(0-8)	9+
1"	\$171.31	\$31.40	(0-20)	21+
1 1/2"	\$341.51	\$62.74	(0-40)	41+
2"	\$548.10	\$100.38	(0-64)	65+

hcf = hundred cubic foot, 748 gallons

1 - Capital Debt Reduction Charge

2 - Multi Family unit multiplier = 0.55 for every extra unit; no meter multiplier

Current bimonthly water rates include a fixed base rate, Capital Debt Reduction charge and volumetric rates based on water use per hundred cubic foot (hcf) unit. One hundred cubic foot (hcf) is equal to 748 gallons. Rates need to be updated to reflect increased costs, capital repair and replacement needs, and the cost of water service to each customer pursuant to Proposition 218.

Proposed Bimonthly Water Rates (5% increase)

	Base Rates \$/account	CDRC ¹ \$/account	Volume Rates (\$/hcf)	
			Tier 1	Tier 2
Single Family Residential			\$1.65	\$3.96
All Users	\$71.94	\$13.17	(0-8) hcf	9+ hcf
Multi Family (by # Dwelling Units)²				
2 DU's	\$111.50	\$20.43	(0-12.4)	12.5+
3 DU's	\$151.07	\$27.66	(0-16.8)	16.9+
4 DU's	\$190.64	\$34.84	(0-21.2)	21.3+
Commercial (by meter size)				
5/8"	\$71.94	\$13.17	(0-8)	9+
1"	\$179.87	\$32.96	(0-20)	21+
1 1/2"	\$358.59	\$65.87	(0-40)	41+
2"	\$575.51	\$105.40	(0-64)	65+

hcf = hundred cubic foot, 748 gallons

1 - Capital Debt Reduction Charge

2 - Multi Family unit multiplier = 0.55 for every extra unit; no meter multiplier

The proposed bimonthly water rates represent an overall 5% rate revenue increase.

How will this impact a typical Single-Family bill?

Sweetwater Springs utility rates are among the lowest in the area and will continue to be low with the proposed rate increases. Currently, a typical single family using 10 units of water bimonthly has a bill of \$101.21. The proposed rates will increase the typical bill by 5%, or \$5.06 bimonthly, for 10 units of water use. Greater water conservation will result in lower water bills.

Rate Increase Approval Process

Sweetwater Springs Water District will hold a public hearing at the Board meeting scheduled **June 3, 2021 at 6:30pm at the District offices, 17081 Hwy. 116 Ste. B Guerneville, CA 95446.**

If you are a property owner or the person responsible for paying for water service, you may protest the proposed rate increases either prior to or during the Public Hearing on **June 3, 2021**. Only one protest per parcel will be counted. The rate increases will take effect unless protests are received from more than 50% of property parcels in the District.

At the Public Hearing, the Board of Directors will consider all written protests that are submitted during the public hearing as well as written protests that have been received. Written protests must indicate the property address and the name of the owner of record of the property and be signed by the person submitting the protest. Written protests may also be delivered to the District office no later than the close of the public hearing, as noticed above, or said protests may be sent by 1st-class mail, postage prepaid, to:

Sweetwater Springs Water District
P.O. Box 48
Guerneville, CA 95446

Mailed protests must be received by the District no later than the date of the public hearing. Any protests received after the close of the public hearing will not be counted.

Protest Ballot

Please provide address information, sign, and return this page below the dotted line if you choose to protest. You may protest on a separate ballot. If so, please include the information and signature requested.

Address: _____

Or APN: _____ (if multiple addresses, please list separately)

If you are a property owner or the person responsible for paying for water service at this address and you object to the proposed change in District water rates, you may sign this form and mail it to:

Sweetwater Springs Water District, P.O. Box 48, Guerneville, CA 95446

or hand deliver it to the District Office at:

17081 Highway 116, Suite B, Guerneville, California

In order for this form to be counted as a valid protest against the proposed rate change, the form must be signed and delivered to the District Office no later than the end of the public hearing to be held on **June 3, 2021**. Only one protest is permitted per parcel.

I protest the proposed rate increase to fund the operation, maintenance, and capital improvement costs relative to providing water service. (Check to indicate your objection to the proposed rate increase.)

I declare that I am either the owner of the above-listed property, the authorized representative of the owner of the above-listed property, or the person responsible for paying for water service at the address shown above.

Please Sign here: _____

Please Print here: _____
(Name of property owner if different than name of the person signing this protest.)