

Water Forum Q&A

January 14th, 2017

1. How many new meters were installed and what was the total cost of those meters?

The city installed 720 water meters and 275 new meter boxes. The total cost, including the AMR drive by meter reading device, was \$200,192.12.

2. What locations got the 'ultrasonic' meters (that can measure down to a 'trickle')?

The Octave meters are ultrasonic meters for commercial, industrial, and school applications.

3. What happens to the byproducts of the pellet plant?

The pellet plant byproducts can be sold for agricultural use and concrete batch plant operation.

4. How is the Enterprise Fund designed (salaries, operations, etc.)?

Enterprise funds are used for utilities such as water so that municipalities can measure performance, analyze the impacts of financial decisions, and determine cost of service. As such, cities generally try to achieve a balance between revenues and expenditures. This is why water rates generally rise as costs go up over time. For the 18+ years leading up to 2011, however, water rates in San Juan Bautista were not raised to keep up with rising costs. This resulted in an imbalance, or deficit, in the enterprise fund that was covered by borrowing funds from the general fund. By the time rates were adjusted to cover costs, the accumulated debt of the enterprise fund to the general fund was ~\$1,895,844, which the state auditor recommends the city pay back with interest (to avoid complications with Proposition 218 requirements). The repayment of this debt, which will be done over the next 29 years, is a component of your water service charge.

Please refer to the handout below for the specific revenue and expenditure breakdowns for the two segments of the Enterprise Fund (water and sewer).

Water Cost Graphics

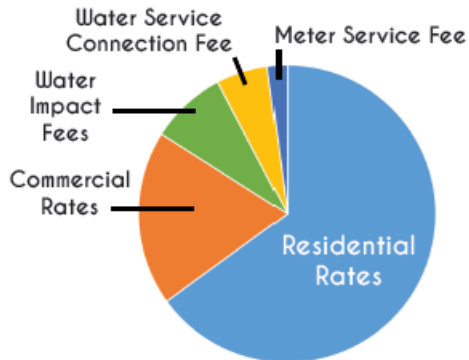
Total Enterprise Revenue*

\$1,647,160

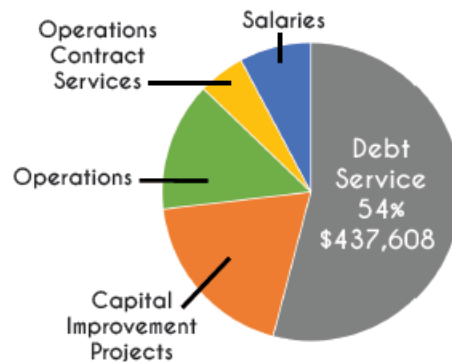
Total Enterprise Expenditures*

\$1,559,860

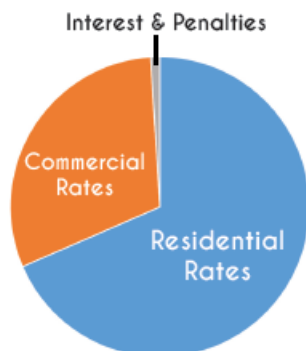
Water Revenue



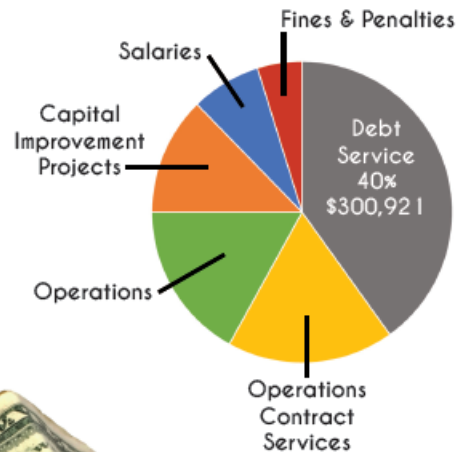
Water Expenditures



Sewer Revenue



Sewer Expenditures



*Revenue and expenditure estimates taken from the 2016/2017 budget

5. Do we have a contractor yet for well drilling?

Not yet. The project will be put out to bid once the well sites are obtained.

6. Do we have a date yet for well drilling?

No. It depends on when the city can obtain the well sites.

7. How does new development contribute funds to water infrastructure?

New development contributes funds to water infrastructure through the payment of impact fees (e.g. - water connection fee, sewer connection fee, and storm drain fee).

8. What was our drought conservation versus the state mandate?

Comparing water demand in 2015 to 2013 (the state mandate was for a 25% reduction), the City of SJB reduced its water use by 23.8%, so we came very close to the target. Comparing water demand in 2016 to 2013, the City of SJB reduced its water use by 20.4%.

9. Was there a date set for coming into compliance with the October 4th, 2016, SWRCB violation letter?

No. There was no compliance date set. According to the timeline and plan of action we have presented to them, however, we have a target date of September 2017 for being in compliance.

10. When will 'purple pipe' water go into use?

As soon as we receive clearance from the SWRCB regarding water testing under the new state recycled water regulations (rather than under our original permit, which called for much more stringent, redundant, and expensive testing), we would like to begin using purple pipe water this spring/summer.

11. What is the current effluent fine total due to the SWRCB?

\$126,000 as of 12/31/16. Portions of that debt can be forgiven, however, when the city implements projects that address the water quality issues causing the violation.

12. Do we have the necessary software to monitor/check for leaks and/or backflow?

Yes. It is part of the software that came with the new Master Meters.

13. Is True Leaf connected to the city water system?

No.

14. Will the pellet plant components that we currently have be able to handle the new/projected demand capacity?

They should, but we won't know until we bring the pellet plant and the new wells online. However, extra components can be added to increase capacity once the plant is up and running.

15. When will residential water softeners be banned?

There is no date for this yet. It will depend on when the pellet plant goes online and how much it reduces the TDS and water hardness. It will also require City Council action (in the form of an ordinance), so there will be ample time for public input and discussion of how the ordinance might be designed once the date gets closer.

16. How does the projected growth factor into water rates?

The current water rates were calculated based on the projected capital improvements and increased revenues from the current and projected customers over the 5 year rate study period.

17. Does public works keep track of the hours they work by project?

The public works department head keeps track of hours worked on individual projects.

18. What is the status of our overall groundwater basin?

According to the 2016 Annual Groundwater Report by Todd Engineers, groundwater levels in the San Juan Bautista Subbasin remain above historic lows, but decreased slightly from last year, leaving the basin at relatively low levels. *"While groundwater level recovery will require increased Central Valley Project (CVP) allocations and perhaps years for full recovery, such low levels are expected with conjunctive use of imported surface water and groundwater resources and can be consistent with long-term sustainability."*

19. How does the reservoir function within the overall water system?

Water from Well #1 and Well #2 is pumped to the City's 1.3 million gallon reservoir before it is fed into the city water system. It also serves as a settling basin for the water and holds several days of water supplies in case of an emergency.

20. Are there opportunities for the city to receive Proposition 1 funding?

Possibly. However, the city has very limited staff time to pursue grant funding opportunities, and the last time the city explored Community Development Block Grant funding (for the pellet plant), it didn't end up qualifying because there were not enough low-moderate income residents.

21. What is the timeline for SWRCB compliance and new development?

The self-imposed deadline for the SWRCB compliance order is September. New development cannot receive building permits (for units/buildings requiring new water hookups) until then.

22. Do impact fees cover the cost of building out infrastructure and future maintenance?

Impact fees cover the cost of building out infrastructure for new development. After that, they become part of the city water system, which is maintained through funding from the water service charge, water rates, and sewer rates from all city water/sewer customers.

23. Was the property owner whose sewer system leak caused the nitrate violation held accountable?

No. The city granted the property owner the encroachment permit to locate the force main within the public right of way. The gradual creep of the fault shifted the ground over a 25 year period and resulted in a break in the pipe.

24. Can there be water rate, sewer rate, and/or water service charge exceptions for part-time residents?

Under state law (Prop 13), one water customer's rates cannot be used to subsidize the rates of another customer (customers can only be charged for their "cost of service"), so part-time residents cannot be charged a different rate. The water service charge reflects the fixed costs of maintaining the system that provides water to a property, whether a customer chooses to use that water or not, and therefore is a required part of every customer's bill. There are programs available from the state to assist low-income residents with their utility bills. Contact the California Public Utilities Commission for more information.

25. Could the City add some sort of local tax to help pay off its debt faster?

Yes. The City could propose an added tax to retire the debt faster. The added tax would require voter approval.

26. Is there a way to do real-time leak detection and notification?

The AMR device allows the water operator to perform a leak detection, but without real-time monitoring every day, it is not currently possible to catch leaks right when they happen and notify you. If you think you may have a leak, please contact the city and we will have someone conduct a leak detection test on your property.