



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS

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To: Janice McClintock, City Manager
City of San Juan Bautista

From: Doug Dove

Date: May 23, 2007

Re: Summary of the 2007 Water and Wastewater Rate Study

The following memo and appendix information summarize the water and wastewater rate study developed by BWA for San Juan Bautista in the Spring of 2007.

Water Rate increases:

The water rate increases are phased-in over the next three years.

Fiscal Year	Date of Increase	Rate Increase	Typical Monthly Residential Bill*
Current			\$31
2006/07	April 20, 2007	86%	58
2007/08	January 1, 2008	20%	70
2008/09	January 1, 2009	17%	82
* Based on 9.25 units of water per month			

Water Rates:

	Monthly Charge	Tier 1 (0-3,000 gal/mo) Rate per 1000 gallons	Tier 2 (3,001-8,000 gal/mo) Rate per 1,000 gallons	Tier 3 (greater than 8,000 gal/mo) Rate per 1,000 gallons
City residential/commercial				
Current	\$16.00	\$0.00	\$2.00	\$3.00
2006/07	\$30.00	\$1.00	\$3.25	\$4.50
2007/08	\$36.00	\$1.50	\$3.90	\$5.40
2008/09	\$43.20	\$1.80	\$4.50	\$6.00

County residential/commercial				
Current	\$20.00	\$0.00	\$2.00	\$3.00
2006/07	\$37.50	\$1.00	\$3.25	\$4.50
2007/08	\$45.00	\$1.50	\$3.90	\$5.40
2008/09	\$54.00	\$1.80	\$4.50	\$6.00

Residential Wastewater Rates:

The wastewater rates increases would be phased-in over the next four years.

Fiscal Year	Rate Increase	Monthly Residential Bill
Current		\$54
2006/07	7%	58
2007/08	7%	62
2008/09	7%	66
2009/10	7%	71

Commercial Wastewater Rates:

Fiscal Year	Minimum Monthly Charge	Standard Strength \$/1,000gal	Moderate Strength \$/1,000gal	High Strength \$/1,000gal	Septage \$/1,000gal
Current	\$54	\$5.28	\$5.28	\$5.28	\$5.28
2006/07	58	6.27	9.41	12.54	31.35
2007/08	62	6.70	10.05	13.40	33.50
2008/09	66	7.14	10.71	14.28	35.70
2009/10	71	7.68	11.52	15.36	38.40

Water connection fees:

Average Cost Method	
Estimated build-out connections	1,000
Total net water system assets(1)	\$343,147
Estimated cost of new water project	10,180,000
Other future water system projects(2)	<u>3,700,000</u>
Total water facilities	14,223,147
Cost per equivalent residential connection	\$14,223
Current connection fee	\$9500
Source: City of San Juan Bautista	
(1) City Audit June 30, 2005, page 13	
(2) Includes distribution system upgrades, upsizing of pipes, new cutoff valves, second reservoir	

Wastewater connection fees:

Average Cost Method Estimated build-out connections	1,000
Total net sewer system assets(1)	\$1,765,874
Wastewater Capital Improvements	<u>1,500,000</u>
Total wastewater facilities	3,265,874
Cost per equivalent residential connection	\$3,266
Source: City of San Juan Bautista (1) City Audit June 30, 2005, page 13	

Appendix

Table 1 – Water Fund Cash Flow

City of San Juan Bautista Water Fund Cash Flow - 100% Water		Interest Earnings Rate 3%							
	Prior Year Actual	Current Yr Amended Budget	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	Esc.
Rate Increase			86%	20%	17%	0%	0%	0%	
Typical Monthly Residential Water Bill		\$31	\$58	\$70	\$82	\$82	\$82	\$82	
Beginning Fund Balance	\$0	\$72,066	\$332,645	\$495,584	\$678,803	\$655,322	\$2,662,741	\$2,726,060	
Revenues			567,597	675,404	781,785	782,000	782,000	782,000	
Water fees	\$257,226	\$480,000	\$377,000	621,500	728,600	781,900	782,000	782,000	
Interest & penalties	20,149	15,420	15,500	14,900	20,400	19,700	79,900	81,800	
Connection fees	22	18,000	57,000	85,339	85,339	85,339	85,339	85,339	
Water meter maint. Fees	11,816	10,500	12,000	12,000	12,000	12,000	12,000	12,000	
Well lease	0	1,000	6,000	6,000	6,000	6,000	6,000	6,000	
SBCWD Payment	0	0	0	0	0	2,000,000	0	0	
Misc. revenues	0	0	0	0	0	0	0	0	
Total all revenues	289,213	\$524,920	467,500	739,739	852,339	2,904,939	965,239	967,139	
Expenses									
General & Admin									
Salaries & benefits	28,065	27,916	27,916	30,100	32,500	35,100	37,900	40,900	8%
Insurance	7,927	0	0	0	0	0	0	0	5%
Legal	7,687	2,496	2,496	2,600	2,700	2,800	2,900	3,000	5%
Audit	4,973	3,240	3,240	3,400	3,600	3,800	4,000	4,200	5%
Professional services	14,420	45,624	45,624	47,900	50,300	52,800	55,400	58,200	5%
SBCO Water District (well tax)	8,598	20,000	20,000	21,000	22,100	23,200	24,400	25,600	5%
Contingency	0	0	0	0	0	0	0	0	
Misc	8,170	10,900	10,900	11,400	12,000	12,600	13,200	13,900	5%
Subtotal General & Admin Expenses	79,840	110,176	110,176	116,400	123,200	130,300	137,800	145,800	
Public Works									
Salaries & benefits	26,427	21,165	21,165	22,900	24,700	26,700	28,800	31,100	8%
Chemicals & Gasses	6,296	6,000	6,000	6,300	6,600	6,900	7,200	7,600	5%
Operational contracts	32,769	30,000	46,000	48,300	50,700	53,200	55,900	58,700	5%
Other professional services	0	0	0	0	0	0	0	0	5%
Telecom	2,005	2,500	2,500	2,600	2,700	2,800	2,900	3,000	5%
Electricity	32,406	40,000	40,000	42,000	44,100	46,300	48,600	51,000	5%
Chemical testing	3,206	6,000	6,000	6,300	6,600	6,900	7,200	7,600	5%
Parts	6,498	8,000	8,000	8,400	8,800	9,200	9,700	10,200	5%
Maintenance	22,432	33,000	33,000	34,700	36,400	38,200	40,100	42,100	5%
Misc	5,268	7,500	7,500	7,900	8,300	8,700	9,100	9,600	5%
Subtotal Public Works Expenses	137,307	154,165	170,165	179,400	188,900	198,900	209,500	220,900	
New Project O&M Expenses									
Water purchases & pumping (250 AF@\$200/AF)				0	50,000	52,500	55,100	57,900	5%
Treatment electrical/chemicals				0	25,000	26,300	27,600	29,000	5%
Salaries & Benefits				0	10,000	10,800	11,700	12,600	8%
Bracewell Eng Svcs During Const					18,500	18,500	0	0	
Subtotal New Project O&M			0	18,500	103,500	108,100	94,400	99,500	
Total O&M expenses	217,147	264,341	280,341	314,300	415,600	437,300	441,700	466,200	
Net Operating Revenues	72,066	260,579	187,159	425,439	436,739	2,467,639	523,539	500,939	
Capital & Debt Service									
New Water System Debt				218,000	436,000	436,000	436,000	436,000	
General Fund Loan Payback*			20,400	20,400	20,400	20,400	20,400	20,400	
GMAC Note (for well)			3,820	3,820	3,820	3,820	3,820	3,820	
Subtotal Capital & Debt Service			24,220	242,220	460,220	460,220	460,220	460,220	
Net Revenues	72,066	260,579	162,939	183,219	-23,481	2,007,419	63,319	40,719	
Ending Fund Balance	72,066	332,645	495,584	678,803	655,322	2,662,741	2,726,060	2,766,779	
Debt Service Coverage (min 1.15)				1.95	1.00	5.66	1.20	1.15	

Source: City of San Juan Bautista
Recommended Budget printed 8/1/06

* \$211,689 amortized over 15 years at 5%
From City Audit 6/30/2005

Table 2 – Current Water Rates

City of San Juan Bautista Current Water Rates			
Customer Class	Usage (gallons)	Monthly Charge	Consumption Charge (per 1,000 gallons)
City residential/commercial		\$16.00	
Tier 1	up to 3,000		\$0.00
Tier 2	3,001 - 8,000		2.00
Tier 3	above 8,000		3.00
Water meter maintenace charge		1.50	
County residential/commercial		\$20.00	
Tier 1	up to 3,000		\$0.00
Tier 2	3,001 - 7,000		2.00
Tier 3	above 7,000		3.00
Water meter maintenace charge		1.50	

Table 3 – Water Rates Proposed

City of San Juan Bautista Proposed Water Rates				
Fiscal Year	Rate Increase		Typical Monthly Residential Bill (based on 9.25 units of water per month)	
Current			31.25	
2006/07	April 20, 2007	86%	58.28	
2007/08	January 1, 2008	20%	70.15	
2008/09	January 1, 2009	17%	82.13	

City residential and commercial customers				
	Base rate	Tier 1 (0-3,000 gallons per month) Rate per 1,000 gallons	Tier 2 (3,001-8,000 gallons per month) Rate per 1,000 gallons	Tier 3 (greater than 8,000 gallons per month) Rate per 1,000 gallons
Current	16.00	0.00	2.00	3.00
2006/07	30.00	1.00	3.25	4.50
2007/08	36.00	1.50	3.90	5.40
2008/09	43.20	1.80	4.50	6.00

County residential and commercial customers				
	Base rate	Tier 1 (0-3,000 gallons per month) Rate per 1,000 gallons	Tier 2 (3,001-8,000 gallons per month) Rate per 1,000 gallons	Tier 3 (greater than 8,000 gallons per month) Rate per 1,000 gallons
Current	20.00	0.00		
2006/07	37.50	1.00	3.25	4.50
2007/08	45.00	1.50	3.90	5.40
2008/09	54.00	1.80	4.50	6.00

Table 4 – Water Project Cost Estimate

City of San Juan Bautista
Water Project Cost Estimate

Estimated

Project Cost

Construction Cost:	
Treatment Plant	\$4,000,000
Storage	2,000,000
Pipelines	2,000,000
Construction Engineering	\$740,000
Contingency, Admin & Management	760,000
Add'l Cost Contingency	<u>680,000</u>
Total Project Cost	<u>\$10,180,000</u>

Table 5 – Water Project Financing

Preliminary Water Financing Alts. Comparison		12/27/2006	
<u>San Juan Bautista</u>			
	(Project) Lender Private Placement Loan	(\$1.5M Sewer) Lender Private Placement Loan	
Issue Size	\$5,529,000	\$7,029,000	
Proceeds For Construction	\$5,500,000	\$7,000,000	
Financial Advisor (BWA)	\$13,000	\$13,000	
Bond/Disclosure Counsel (JH)	13,000	13,000	
Printing	0	0	
Escrow Agent (refis only)	0	0	
Trustee (WFB)	0	0	
Computer Analysis	0	0	
Rating	0	0	
Electronic Distribution	0	0	
Misc	3,000	3,000	
Total Costs of Issuance	29,000	29,000	
Underwriter's Discount (%)	0.00%	0.00%	
Underwriter's Discount (\$)	0	0	
Debt Service Reserve Fund	0	0	
Insurance (50bp)	0	0	
Total All Costs	29,000	29,000	
Term of Bonds (Years)	20	20	
Avg Interest Rate	4.80%	4.80%	
Avg Annual Payment	436,169	554,500	
Total of All Payments	8,723,377	11,090,001	
Total Costs as % of Issue	0.5%	0.4%	
Ongoing Annual Costs			

Table 6 – Water Connection Fees

City of San Juan Bautista Water Connection Fee	
Average Cost Method	
Estimated build-out connections	1,000
Total net water system assets ^[1]	\$343,147
Estimated cost of new water project	10,180,000
Other future water system projects ^[2]	3,700,000
Total water facilities	14,223,147
Cost per equivalent residential connection	\$14,223
Current connection fee	\$9,500

Source: City of San Juan Bautista

[1] City Audit June 30, 2005, page 13

[2] Includes distribution system upgrades, upsizing of pipes, new cutoff valves, second reservoir

Table 7 – Water Connection Fee Meter Equivalents

AWWA M1 Manual

Meter Size (in.)	AWWA Meter Ratio	Equivalent Residential Connections	Use	Connection Fee Based on Meter Size
5/8	1.0	1.0		\$14,223
3/4	1.1	1.0		14,223
1	1.4	1.0		14,223
1 1/2	1.8	1.3		18,490
2	2.9	2.1		29,868
3	11.0	7.9		112,362
4	14.0	10.0		142,230

Table 8 – Water Meter Maintenance Charge

City of San Juan Bautista
Water Meter Maintenance Charge

Meter cost - radio read (AMR) per meter	\$200
Current connections	700
Total cost	140,000
Replacement timeframe (yrs)	5
Cost per year	28,000
Cost per meter per month	\$3.33

Table 9 – Water Revenue Detail

City of San Juan Bautista
 Water Revenue Detail - Current Rates

Customer Class	Usage (gallons)	Monthly Charge	Units	Monthly Revenues	Annual Revenues	Avg Monthly Bill
City residential/commercial						
			Meters			
Flat Rate per Month		\$16.00	690	\$11,040	\$132,480	\$16.00
Water meter maintenace charge		1.50	690	<u>1,035</u>	<u>12,420</u>	1.50
				\$12,075	\$144,900	
Consumption Tiers						
		(per 1,000 gallons)	x 1,000 gallons			
Tier 1	up to 3,000	\$0.00	20,890		0	\$0.00
Tier 2	3,001 - 8,000	2.00	41,710		83,420	10
Tier 3	above 8,000	3.00	37,180		100,386	3.75
						\$31.25
County residential/commercial						
Flat Rate per Month		\$20.00	10	\$200	\$2,400	
Water meter maintenace charge		1.50	10	<u>15</u>	<u>180</u>	
				\$215	\$2,580	
Consumption Tiers						
		(per 1,000 gallons)				
Tier 1	up to 3,000	\$0.00				
Tier 2	3,001 - 7,000	2.00				
Tier 3	above 7,000	3.00				
Total Annual Revenues					\$331,286	

Table 10 – Water Revenue Detail – 1st Increase

City of San Juan Bautista
Water Revenue Detail - 1st Increase

Customer Class	Usage (gallons)	Monthly Charge	Units	Monthly Revenues	Annual Avg Monthly Bill Revenues	
City residential/commercial						
			Meters			
Flat Rate per Month		\$30.00	690	\$20,700	\$248,400	\$30.00
Water meter maintenace charge		3.40	690	<u>2,346</u>	<u>28,152</u>	3.40
				\$23,046	\$276,552	
Consumption Tiers						
		(per 1,000 gallons)	x 1,000 gallons			
Tier 1	up to 3,000	\$1.00	20,890		20,890	\$3.00
Tier 2	3,001 - 8,000	3.25	41,710		135,558	16.25
Tier 3	above 8,000	4.50	37,180		150,579	5.625
					Total Bill	\$58.28
County residential/commercial					% Increase	86%
Flat Rate per Month		\$37.50	10	\$375	\$4,500	
Water meter maintenace charge		3.40	10	<u>34</u>	<u>408</u>	
				\$409	\$4,908	
Consumption Tiers						
		(per 1,000 gallons)				
Tier 1	up to 3,000	\$1.00				
Tier 2	3,001 - 8,000	3.25				
Tier 3	above 8,000	4.50				
Total Annual Revenues					\$567,597	

Table 11 – Water Revenue Detail – 2nd Increase

City of San Juan Bautista
Water Revenue Detail - 2nd Increase

				Rough Increase:	20%	
Customer Class	Usage (gallons)	Monthly Charge	Units	Monthly Revenues	Annual Avg Monthly Bill Revenues	
City residential/commercial						
			Meters			
Flat Rate per Month		\$36.00	690	\$24,840	\$298,080	\$36.00
Water meter maintenace charge		3.40	690	<u>2,346</u>	<u>28,152</u>	3.40
				\$27,186	\$326,232	
Consumption Tiers						
		(per 1,000 gallons)	x 1,000 gallons			
Tier 1	up to 3,000	\$1.50	20,890		31,335	\$4.50
Tier 2	3,001 - 8,000	3.90	41,710		162,669	19.5
Tier 3	above 8,000	5.40	37,180		180,695	6.75
					Total Bill	\$70.15
County residential/commercial					% Increase	124%
Flat Rate per Month		\$45.00	10	\$450	\$5,400	
Water meter maintenace charge		3.40	10	<u>34</u>	<u>408</u>	
				\$484	\$5,808	
Consumption Tiers						
		(per 1,000 gallons)				
Tier 1	up to 3,000	\$1.50				
Tier 2	3,001 - 8,000	3.90				
Tier 3	above 8,000	5.40				
Total Annual Revenues					\$675,404	

Table 12 – Water Revenue Detail – 3rd Increase

City of San Juan Bautista
Water Revenue Detail - 3rd Increase

		Rough Increase:		20%		
Customer Class	Usage (gallons)	Monthly Charge	Units	Monthly Revenues	Annual Avg Monthly Bill Revenues	
City residential/commercial						
			Meters			
Flat Rate per Month		\$43.20	690	\$29,808	\$357,696	
Water meter maintenace charge		3.40	690	<u>2,346</u>	<u>28,152</u>	
				\$32,154	\$385,848	
Consumption Tiers						
		(per 1,000 gallons)	x 1,000 gallons			
Tier 1	up to 3,000	\$1.80	20,890		37,602	
Tier 2	3,001 - 8,000	\$4.53	41,710		188,946	
Tier 3	above 8,000	\$5.98	37,180		200,103	
					Total Bill	
County residential/commercial					% Increase	\$82.13
						163%
Flat Rate per Month		\$54.00	10	\$540	\$6,480	
Water meter maintenace charge		3.40	10	<u>34</u>	<u>408</u>	
				\$574	\$6,888	
Consumption Tiers						
		(per 1,000 gallons)				
Tier 1	up to 3,000	\$1.80				
Tier 2	3,001 - 8,000	4.53				
Tier 3	above 8,000	5.98				
Total Annual Revenues					\$781,785	

Table 13 – Wastewater Projection

City of San Juan Bautista								
Sewer Fund Cash Flow - \$1.5 Million Capital Projects								
							Int Rate:	3%
	Actual 2005/06	06/07 Amended Budget	2006/07	2007/08	2008/09	2009/10	2010/11	Esc.
Rate Increase			7%	7%	7%	7%	0%	
Typical Monthly Residential Sewer Bill		\$54	\$58	\$62	\$66	\$71	\$71	
Beginning Fund Balance	\$0	\$187,039	\$352,578	\$469,671	\$543,066	\$532,261	\$534,457	
Revenues			580,000	620,000	660,000	710,000	710,000	
Sewer fees	\$548,024	\$500,000	\$540,000	600,000	640,000	685,000	710,000	
Connection fees	0	0	2,000	19,595	19,595	19,595	19,595	
Interest Earnings	0	0	10,600	14,100	16,300	16,000	16,000	
Misc. revenue	0	125,000	75,000	37,500	0	0	0	
Misc. water/sewer revenue	2,284	2,500	2,500	2,500	2,500	2,500	2,500	
Total all revenues	550,308	\$627,500	630,100	673,695	678,395	723,095	748,095	
Expenses								
General & Admin								
Salaries & benefits	72,000	65,461	72,007	77,800	84,000	90,700	98,000	8%
Insurance	7,927	9,000	9,000	9,500	10,000	10,500	11,000	5%
Legal	18,862	2,496	2,496	2,600	2,700	2,800	2,900	5%
Audit	11,094	8,370	8,370	8,800	9,200	9,700	10,200	5%
Professional services	11,221	56,867	56,867	59,700	62,700	65,800	69,100	5%
Contingency line	0	0	0	0	0	0	0	5%
Misc	13,193	14,800	14,800	15,500	16,300	17,100	18,000	5%
Subtotal General & Admin Expenses	134,297	156,994	163,540	173,900	184,900	196,600	209,200	
Public Works								
Salaries & benefits	62,701	56,077	56,077	60,600	65,400	70,600	76,200	8%
Chemicals & gasses	1,153	1,250	1,250	1,300	1,400	1,500	1,600	5%
Gasoline & diesel fuel	4,286	3,500	3,500	3,700	3,900	4,100	4,300	5%
Operational contracts	81,631	120,000	138,000	144,900	152,100	159,700	167,700	5%
Other professional services	18	15,940	15,940	16,700	17,500	18,400	19,300	5%
Telecom	4,081	3,750	3,750	3,900	4,100	4,300	4,500	5%
Electricity	41,794	45,000	45,000	47,300	49,700	52,200	54,800	5%
Chemical testing	458	2,000	2,000	2,100	2,200	2,300	2,400	5%
Licenses & permits	2,471	3,000	3,000	3,200	3,400	3,600	3,800	5%
Parts	7,296	9,450	9,450	9,900	10,400	10,900	11,400	5%
Maintenance	3,398	6,750	6,750	7,100	7,500	7,900	8,300	5%
Maintenance - plant	12,779	30,000	30,000	31,500	33,100	34,800	36,500	5%
Maintenance - collection system	6,906	8,000	8,000	8,400	8,800	9,200	9,700	5%
Misc	0	250	250	300	300	300	300	5%
Subtotal Public Works Expenses	228,972	304,967	322,967	340,900	359,800	379,800	400,800	
Total O&M expenses	363,269	461,961	486,507	514,800	544,700	576,400	610,000	
Net Operating Revenues	187,039	165,539	143,593	158,895	133,695	146,695	138,095	
Capital & Debt Service								
New Sewer System Debt				59,000	118,000	118,000	118,000	
General Fund Loan Payback*			26,500	26,500	26,500	26,500	26,500	
Subtotal Capital & Debt Service			26,500	85,500	144,500	144,500	144,500	
Net Revenues	187,039	165,539	117,093	73,395	-10,805	2,195	-6,405	
Ending Fund Balance	187,039	352,578	469,671	543,066	532,261	534,457	528,052	
Debt Service Coverage				2.69	1.13	1.24	1.17	

Source: City of San Juan Bautista
Recommended Budget printed 8/1/06

* \$275,332 amortized over 15 years at 5%
From City Audit 6/30/2005

Table 14 – Wastewater Rates Proposed

Commercial Minimum Monthly Charge	Strength Factor 1.0 Commercial Standard strength \$/1,000gal	Strength Factor 1.5 Commercial Moderate Strength \$/1,000gal	Strength Factor 2.0 Commercial High Strength \$/1,000gal	Strength Factor 5.0 Septage \$/1,000gal
54	5.28	5.28	5.28	5.28
58	6.27	9.41	12.54	31.35
62	6.70	10.05	13.40	33.50
66	7.14	10.71	14.28	35.70
71	7.68	11.52	15.36	38.40

ex. Restaurant w. grease trap, hotels & motels w. restaurants, supermarkets w. garbage grinders or food preparation, commercial & industrial laundries, mixed use facilities w. standard & high strength, RV parks

ex. Office, retail, general commercial

ex. Restaurant w/o grease trap, wholesale bakeries, mortuaries

ex. Septage haulers, port a-potty waste, septic tank waste

Table 15 – Salt & Chloride Mitigation Program

City of San Juan Bautista
Salt & Chloride Mitigation Program

Water Softener Type	Monthly Charges	
	Residential \$/1,000gal	Commercial \$/1,000gal
Nacl (sodium chloride)	\$1.00	\$1.00
Kcl (potassium chloride)	0.75	0.75
Off-site recharge	0.50	0.50
Connection without softener	0.10	0.10
No connection	0.00	0.00

*Charges based on water consumption

Table 16 – Wastewater Connection Fee

City of San Juan Bautista Wastewater Connection Fee Based on Average Cost Methodology	
Average Cost Method	
Estimated build-out connections	1,000
Total net sewer system assets ^[1]	\$1,765,874
Wastewater Capital Improvements	<u>1,500,000</u>
Total wastewater facilities	3,265,874
Cost per equivalent residential connection	\$3,266

Source: City of San Juan Bautista
[1] City Audit June 30, 2005, page 13

Table 17 – Miscellaneous Fees

City of San Juan Bautista
Miscellaneous Fees

Fee	Current Fee	Proposed Fee	Description
Customer Deposit - Water		\$120	Charged to all new customers, twice the estimated amount of average monthly billing. Refund as credit to account after three years, with no bad credit history.
Customer Deposit - Wastewater	\$100	\$110	
Fire Hydrant Deposit	\$500	\$500	Deposit amount to cover cost of replacement hydrant meter.
Reconnection Fee	\$25	\$35	Charged to customers to re-start service, during normal working hours, after they have been shut-off for non-payment.
Call-out Fee, no notice	N/A	\$35	Charged to customers who call office and request their water be turned off or on at the meter with less than 48 hours notice to City.
Call-out Fee, after hours	N/A	\$75	Charged to customers who call office and request their water be turned off or on after normal working hours.
Collection Charge	1.5%	10% basic penalty, plus 0.5% penalty for non-payment	Charged to customers who have an outstanding past-due balance.
Administrative Collection Fee	\$10	\$20	Assessed to process each shutoff notice and door hanger delivery during collection cycle.
Bad Check Fee (NSF)	\$25	\$25	Charged to customers whose check is returned by the bank as uncollected for any reason.
Property Lien Filing Fees	N/A	\$45	Charged to customers who are past due and own their property.

Table 18 – Miscellaneous Fee Explanation

City of San Juan Bautista
Miscellaneous Fees - Explanation

Fee	
Customer Deposit - Water	A deposit is charged to all new customers. The deposit is refundable after three years with no late payments. Required deposits are twice the amount of estimated billing for the regular billing period for both water and sewer. (Avg water residential bill: \$58x2=\$116, residential sewer bill: \$58x2=\$116, combined deposit \$232)
Customer Deposit - Wastewater	
Fire Hydrant Deposit	Deposit to cover the cost of replacing a fire hydrant water meter if damaged.
Reconnection Fee	Charged to customers when water service has been shut-off due to non-payment. The fully loaded average cost of a full-time employee (including payroll taxes and fringe benefits) is \$31.00 per hour. Starting or stopping service would consume approximately 1/2 hour of time, per customer, at a labor cost of \$31.00/2=\$15.50. When a customer is shut-off for non-payment personnel make one trip to turn the water off and a second trip to turn the water on. \$15.50x2=\$31.00.
Call-out Fee, no notice	Charged to customers who call the office and request water service be turned off or on with less than 48 hours notice during normal working hours. No fee will be charged to customers who give the City 48 hours notice.
Call-out Fee, after hours	Charged to customers who call the office and request water service be turned off or on after normal working hours. Call-out fees are generally charged to customers starting service, re-starting service after they temporarily stopped service to make repairs and the repairs were not completed during normal working hours, or emergency shut-off of customer's water service (not City distribution system failures).
Collection Charge	Charged to all delinquent water, sewer and garbage accounts that remain unpaid on the first day of the next month following a delinquency date.
Administrative Collection Fee	Charged to each delinquent customer for office personnel time and supplies used to process a shut-off notice and the delivery of door hangers during each collection cycle. The fully loaded average cost of a full-time employee (including payroll taxes and fringe benefits) is \$31.00 per hour. Fee should be based on 1/2 hour personnel time, \$31.00/2=15.50.
Bad Check Fee (NSF)	The bank charges \$6.00 for each NSF check. At times the bank will redeposit twice before returning the check, a potential bank fee of \$12.00. Extra office work is needed to reinstate the balance due from the customer.
Property Lien Filing Fees	The San Benito County recorder's office charges \$7 for the first page and \$3 for each additional page, plus \$7 for each notification (each person named on the lien). There is a \$7 charge to file the release of the lien. Paperwork used for both filing the lien and the release of the lien must be notarized. At a minimum, a cost of \$21 would be incurred, plus notary fees of \$10x2, for a total of \$41. Plus the cost of office personnel time to create and file the paperwork with the County recorder's office.

Proposition 218 Notification
NOTICE TO PROPERTY OWNERS OF PUBLIC HEARING ON PROPOSED INCREASE TO
WATER AND SEWER SERVICE CHARGES

Dear Property Owner:

A public hearing will be held on proposed increases to the City of San Juan Bautista water and sewer rates by the San Juan Bautista City Council at its regular meeting that begins at 5:00 P.M. on Tuesday, March 20, 2007. The meeting will be held in the City Council Chambers in San Juan Bautista City Hall, 311 Second Street.

Why a Rate Adjustment is Needed: Meeting the Needs of an Aging System and New Regulatory Requirements

In addition to covering the costs of the water and sewer systems, the City is undergoing a capital improvement project called the Water Infrastructure Improvements Project. The Water Infrastructure Improvements Project is needed in order to comply with the City of San Juan Bautista's Drinking Water permit and Sewer System Discharge permit. If the City does not demonstrate good faith effort to implement the project and improve water quality, the State Regional Water Quality Control Board may impose \$10,000/day fines. The estimated cost of the Water Infrastructure Improvements Project and sewer upgrades is \$11.68 million. The water project includes a new water treatment plant, well, replacement water reservoir, and waterlines; the sewer project includes a new pond liner, UV disinfection system replacement and upgrades, aerator motors, electrical improvements, and main replacements. The City has secured substantial grant funding for the water project with an EDA Grant for \$3.8 million and an \$880,000 grant from the California Department of Transportation. The City must fund \$7 million through debt to complete both the water and sewer projects.

New Rates: Enough for Essential Current Needs

A study by an independent consulting firm concluded that the proposed rates will provide enough funds for the City utilities to recover the cost of operation, maintenance, administration, and essential capital improvements.

If you wish to protest the proposed service increases, the City must receive your written protest at or before the public hearing on March 20, 2007. Mail or deliver written protests to: City Clerk, City of San Juan Bautista, Water and Sewer Rate Increases, 311 Second Street, PO Box 1420, San Juan Bautista, CA 95045. For your protest to be counted, you must indicate the Assessor's Parcel Number(s) of the property(ies) you own that are subject to the proposed rate adjustment and include the signature(s) of the property owner(s). For your convenience, the parcel number is printed on the mailing label of this letter. If written protests against the proposed water and sewer service charges are presented by a majority of the affected property owners, the City Council will not approve the charge.

The City Council will have the first reading of the proposed ordinance on the water and sewer service charges at the Regular Meeting of the City Council on Tuesday, February 20, 2007. A public "town hall" meeting will be held on Saturday, March 10, 2007 in the City Council Chambers in San Juan Bautista City Hall at 10:00 A.M. Adoption of the rates is contingent upon approval of the City Council at the March 20, 2007 public hearing.

Upon approval, the proposed water rate increases would be phased-in over the next three years and the proposed sewer rate increases would be phased-in over the next four years to help minimize the impact on customers. After the proposed rates are phased in, future water and sewer rates may also be adjusted annually based on the change in the Consumer Price Index.

If you need assistance in determining the impact of the proposed rate adjustments, please call San Juan Bautista City Hall (831) 623-4661.

Table 1 SCHEDULE OF PROPOSED WATER RATES

	Monthly Charge	Tier 1	Tier 2	Tier 3
		(0-3,000 gal/mo) Rate per 1,000 gallons	(3,001-8,000 gal/mo) Rate per 1,000 gallons	(greater than 8,000 gal/mo) Rate per 1,000 gallons
City residential/commercial				
Current	\$16.00	\$0.00	\$2.00	\$3.00
4/20/2007	30.00	1.00	3.25	4.50
1/1/2008	36.00	1.50	3.90	5.40
1/1/2009	43.20	1.80	4.50	6.00
County residential/commercial				
Current	\$20.00	\$0.00	\$2.00	\$3.00
4/20/2007	37.50	1.00	3.25	4.50
1/1/2008	45.00	1.50	3.90	5.40
1/1/2009	54.00	1.80	4.50	6.00

Table 2 SCHEDULE OF PROPOSED RESIDENTIAL SEWER RATES

Fiscal Year	Rate Increase	Monthly Residential Bill
Current		\$54
4/20/2007	7%	58
1/1/2008	7%	62
1/1/2009	7%	66
1/1/2010	7%	71

Sample calculations of water and sewer charges are shown in examples in this notice. Service charges shown in the tables represent the maximum increase. If the maximum increase is not needed to cover the costs of the water and sewer enterprises the increase will be less.

Sample Residential Water and Sewer Charge Calculations (with first increase effective 4/20/2007)

- Sample Calculation 1** Single-family residence using 5,000 gallons per month:
- a) Tiered Rates (Table 1) $3 \times 1.00 + 2 \times 3.25 =$ 9.50
 - Monthly Meter Charge (Table 1) 30.00
 - Total Monthly Water Charge \$39.50

 - b) Total Monthly Sewer Charge (Table 2) \$58.00
- Sample Calculation 2** Single-family residence using 10,000 gallons per month:
- a) Tiered Rates (Table 1) $3 \times 1.00 + 5 \times 3.25 + 2 \times 4.50 =$ 28.25
 - Monthly Meter Charge (Table 1) 30.00
 - Total Monthly Water Charge \$58.25

 - b) Total Monthly Sewer Charge (Table 2) \$58.00
- Sample Calculation 3** Single-family residence using 15,000 gallons per month:
- a) Tiered Rates (Table 1) $3 \times 1.00 + 5 \times 3.25 + 7 \times 4.50 =$ 50.75
 - Monthly Meter Charge (Table 1) 30.00
 - Total Monthly Water Charge \$80.75

 - b) Total Monthly Sewer Charge (Table 2) \$58.00

Commercial Customers

Commercial customers will continue to follow the same water rate schedule (Table 1) as residential customers, but would have their own sewer rate schedule (Table 3). Below are the proposed commercial customer classes by strength of discharge:

Waste Strength	Typical Customers
Standard Strength	Office Retail General commercial
Moderate Strength	Restaurant with grease trap Hotels and motels with restaurants Supermarkets with garbage grinders or food preparation Commercial and industrial laundries RV parks Mixed use facilities with standard and high strength
High Strength	Restaurant without grease trap Wholesale bakeries Mortuaries
Septage	Septage haulers Port-a-potty waste Septic tank waste

Table 3 SCHEDULE OF PROPOSED COMMERCIAL SEWER RATES

Fiscal Year	Minimum Monthly Charge	Standard Strength \$/1,000gal	Moderate Strength \$/1,000gal	High Strength \$/1,000gal	Septage \$/1,000gal
Current	\$54	\$5.28	\$5.28	\$5.28	\$5.28
4/20/2007	58	6.27	9.41	12.54	31.35
1/1/2008	62	6.70	10.05	13.40	33.50
1/1/2009	66	7.14	10.71	14.28	35.70
1/1/2010	71	7.68	11.52	15.36	38.40

Sample Commercial Water and Sewer Charge Calculations (with first increase effective 4/20/2007)

Sample Calculation 1 Commercial customer using 10,000 gallons per month:

a) Tiered Rates (Table 1) $3 \times 1.00 + 5 \times 3.25 + 2 \times 4.50 =$	28.25
Monthly Meter Charge (Table 1)	30.00
Total Monthly Water Charge	\$58.25

b) Standard Strength , 10,000 gallons (Table 3) $10 \times 6.27 =$	
Total Monthly Sewer Charge	\$62.70

Sample Calculation 2 Commercial customer using 10,000 gallons per month:

a) Tiered Rates (Table 1) $3 \times 1.00 + 5 \times 3.25 + 2 \times 4.50 =$	28.25
Monthly Meter Charge (Table 1)	30.00
Total Monthly Water Charge	\$58.25

b) Moderate Strength , 10,000 gallons (Table 3) $10 \times 9.41 =$	
Total Monthly Sewer Charge	\$94.10

Sample Calculation 3 Commercial customer using 10,000 gallons per month:

a) Tiered Rates (Table 1) $3 \times 1.00 + 5 \times 3.25 + 2 \times 4.50 =$	28.25
Monthly Meter Charge (Table 1)	30.00
Total Monthly Water Charge	\$58.25

b) High Strength , 10,000 gallons (Table 3) $10 \times 12.54 =$	
Total Monthly Sewer Charge	\$125.40

A public “town hall” meeting will be held 10 days prior to the public hearing on Saturday, March 10, 2007 in the City Council Chambers in San Juan Bautista City Hall, 311 Second Street at 10:00 A.M.