

Responses to Frequently Asked Questions

Public Information Meetings - Proposed Water Rate Increase

Mokelumne Hill Town Hall and San Andreas Town Hall

On May 21 and May 23, the District held two public information meetings regarding its proposed water rates. This document contains additional information from the District responding to questions that arose from members of the public during those meetings.

Approximately 50-60 members of the public attended the two informational meetings. The District and its rate consultant provided a presentation, which summarized the Cost of Service Water Rate Study. Attendees were given the opportunity to visit the rate table for more information about the proposed rate increase and the water information table to view examples of old infrastructure and learn about previous and upcoming capital improvement projects.

Why has the District not pursued grant funding for projects?

The District is currently seeking loan funding from the State Revolving Fund (SRF) administered by the State Water Resources Control Board. Such loans are made at an interest rate that is substantially lower than other loans and financing mechanisms available to the District. The District has received notification of approval for the loan funds.

The District has requested grant funding for the Water Treatment Plant from the State Revolving Fund (SRF) program. In order to qualify for the grant from this program, the District must complete a Median Household Income survey to determine whether the District qualifies as a disadvantaged community (DAC). The District has contracted for the survey to be completed, but not yet received the results of the survey. If the District qualifies as a DAC, it will request to receive grant funds that will be used to fund projects that are planned in the current 5-year Capital Improvement Plan.

In the past several years the District has received approximately \$131,000 in grant funding from other resources to complete upgrades for energy efficiency. The District also completed a Tree Mortality Program to remove dead and dying trees that could adversely affect district infrastructure. This program was funded by California Office of Emergency Services (CalOES) tree mortality program.

State and Federal agencies require continued financial stability of public utilities prior to being considered for grant/loans. Given the current rate structure and budgetary shortfalls, consideration for grants would be limited. The District needs to demonstrate that it is financially stable both currently and for the future.

Please explain the increases in operating expenses since fiscal year 2014/2015.

Several factors are involved with the increase of expenses since 2014/15. It should be noted that the District's budget is not solely based on whether there is growth or no growth in the community.

- Water revenue decreased due to drought and mandatory conservation since 2014/15.

- Operations and maintenance costs increased as a result of continued systems evaluation and follow-up measures, such as repairs or replacement of water lines or equipment, and unforeseen issues to resolve.
- The District added three additional staff, including a Water Systems Superintendent, to manage the increasing workload to properly support, operate and maintain the complex water system.
- The lack of a rate modification, which was needed to support necessary improvements and ongoing capital improvements projects, created an impact.

What determines which Capital Projects are considered?

The District completes an annual review of its 2012 Updated Master Plan to assist with planning capital projects, including long term water treatment improvements and requirements set forth by regulating agencies that require the District to comply with drinking water standards. Construction projects that require more labor and significant time to complete are mostly outsourced. The District staff tracks leak repairs and system issues to evaluate current improvements that may not be reflected in the Master Plan but are needed for ongoing operations and maintenance.

How does the District decide on the Capital Project budget?

The District takes into account the following: priority of health and human services; preservation of current assets; ability to fund projects; impacts on the community; providing adequate services for current and outdated infrastructure; and future potential growth impacts.

What is the major difference in previous rate Proposal?

1. Capital improvement projects to be funded by rate increase decreased by \$270,000.
2. Board of Directors decided to implement the Reserve Policy to fund capital improvement projects.
3. Existing reserves fund 90% of the capital improvements of the 5-year list of projects.