

#### DIRECTORS

Richard Atkins Division I

Andrew Watkins Vice President Division 2

Alvin Cortopassi Division 3

Melvin Panizza President Division 4

Paul Sanguinetti Division 5

Loralee McGaughey Division 6

Thomas McGurk Division 7

**STAFF** 

Scot A. Moody General Manager

Cathy Lee Assistant General Manager

LEGAL COUNSEL

Jeanne M. Zolezzi General Counsel

Phone 209-948-0333 Fax 209-948-0423

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6767 East Main Street Stockton, CA 95215

Post Office Box 5157 Stockton, CA 95205

### **MEETING NOTICE**

### The Agriculture Operations Committee Of the Stockton East Water District Board of Directors will meet at <u>12:00 Noon on Wednesday, March 18, 2020</u> At the District Office, 6767 East Main Street, Stockton, CA

Assistance for the Disabled: If you are disabled in any way and need accommodation to participate in the meeting, please contact Kristin Carido, Administrative Services Manager at (209) 948-0333 for assistance so the necessary arrangements can be made.

### <u>AGENDA</u>

- Roll Call Chairperson Cortopassi, Director Atkins, Director Watkins, Director Sanguinetti (alternate)
- 2. Public Comment

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- 3. 2020 Water Rates
- 4. Rate Equalization Calendar Year 2020
  - Adjournment

### **Certification of Posting**

I hereby certify that on March 12, 2020 I posted a copy of the foregoing agenda in the outside display case at the District Office, 6767 East Main Street, Stockton, California, and said time being at least 72 hours in advance of the Agriculture Operations Committee Meeting (Government Code Section 54954.2). Executed at Stockton, California on March 12, 2020.

KIM

Kristin Carido Administrative Services Manager Stockton East Water District

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Any materials related to items on this agenda distributed to the Agriculture Operations Committee of the Stockton East Water District less than 72 hours before the public meeting are available for public inspection at the District's office located at the following address: 6767 East Main Street, Stockton, CA 95215. Upon request, these materials may be available in an alternative format to persons with disabilities.

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Bureau of Labor Statistics

CPI for All Urban Consumers (CPI-U) Original Data Value

Series Id:	CUUR0000SA0			
Not Seasonally Adjust	bei			
Series Title:	All items in U.S. ci	ty average, all ur	rban consumers, not	
Area:	U.S. city average			
Item:	All items			
Base Period:	1982-84=100			
Years:	2010 to 2020			

	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2010		216.687	216.741	217.631	218.009	218.178	217.965	218.011	218.312	218.439	218.711	218.803	219.179	218.056
2011		220.223	221.309	223.467	224.906	225.964	225.722	225.922	226.545	226.889	226.421	226.230	225.672	224.939
2012		226.665	227.663	229.392	230.085	229.815	229.478	229.104	230.379	231.407	231.317	230.221	229.601	229.594
2013		230.280	232.166	232.773	232.531	232.945	233.504	233.596	233.877	234.149	233.546	233.069	233.049	232.957
2014		233.916	234.781	236.293	237.072	237.900	238.343	238.250	237.852	238.031	237.433	236.151	234.812	236.736
2015		233.707	234.722	236.119	236.599	237.805	238.638	238.654	238.316	237.945	237.838	237.336	236.525	237.017
2016		236.916	237.111	238.132	239.261	240.229	241.018	240.628	240.849	241.428	241.729	241.353	241.432	240.007
2017		242.839	243.603	243.801	244.524	244.733	244.955	244.786	245.519	246.819	246.663	246.669	246.524	245.120
2018		247.867	248.991	249.554	250.546	251.588	251.989	252.006	252.146	252.439	252.885	252.038	251.233	251.107
2019		251.712	252.776	254.202	255.548	256.092	256.143	256.571	256.558	256.759	257.346	257.208	256.974	255.657
2020		257.971												
											2019	255.657		
											2018	251.107		
										č	et change	4.551		

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Agenda Item: 3 Date: 03/18/20

1.81%

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Increase

net change

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Source: Bureau of Labor Statistics

SCHEDULE A

					STO	OCKTON EAST	WATER DIS BLE - WATER	rrict Rates				
										MUNICIPAL	OUT-OF-DISTRICT	GW RATE
RATES FOR CALENDAR YR	CPI* INCREASE	MAX % INCREASE	CPI	SURF <sup>A</sup> WATER	(AF)	GROU	JND t (AF)	DOMES	2 10	GROUND WATER (AF)	WATER RATE	EQUALIZATION (AF)
	20%+ each			Maximum Allowable	ACTUAL RATE	Maximum Allowable	ACTUAL RATE	Maximum Allowable	ACTUAL RATE	ACTUAL RATE		ACTUAL RATE
1979				\$7.60	\$7.60	\$1.16	\$1.16	\$10.00	\$10.00	\$3.00		
1980	- 11.30%	31.30%	1979	\$9.98	\$7.60	\$1.52	\$1.16	\$13.13	\$10.00	\$3.00		- - - - -
1981	- 13.50%	13.50%	1980	\$11.32	\$9.12	\$1.73	\$1.39	\$14.90	\$12.00	\$3.60		
1982	- 10.30%	10.30%	1981	\$12.49	\$9.12	\$1.91	\$1.39	\$16.43	\$12.00	\$3.60		
1983	- 6.20%	6.20%	1982	\$13.27	\$9.12	\$2.02	\$1.39	\$17.46	\$12.00	\$3.60		
1984	- 3.20%	3.20%	1983	\$13.69	<b>\$9.12</b>	\$2.09	\$1.39	\$18.02	\$12.00	\$3.60		-
1985	- 4.30%	4.30%	1984	\$14.28	\$9.12	\$2.18	\$1.39	\$18.79	\$12.00	\$3.60		
1986	- 3.60%	3.60%	1985	\$14.79	\$9.12	\$2.26	\$1.39	\$19.47	\$12.00	\$3.60		
1987	- 1.90%	1.90%	1986	\$15.08	<b>\$9.12</b>	\$2.30	\$1.39	\$19.84	\$12.00	\$3.60		-
1988	- 3.60%	3.60%	1987	\$15.62	\$10.12	\$2.38	\$2.39	\$20.55	\$12.00	\$3.60		
1989	- 4.10%	4.10%	1988	\$16.26	\$15.00	\$2.48	\$2.39	\$21.40	\$12.00	\$3.60		
1990	- 4.78%	4.78%	1989	\$17.04	\$15.00	\$2.60	\$2.39	\$22.42	\$12.00	\$3.60		\$37.50
1991	- 5.40%	5.40%	1990	\$17.96	\$15.00	\$2.74	<b>\$2.39</b>	\$23.63	\$12.00	\$3.60		\$75.87
1992	- 4.24%	4.24%	1991	\$18.72	\$15.00	\$2.86	\$2.39	\$24.64	\$12.00	\$3.60		\$76.15
1993	- 3.03%	3.03%	1992	\$19.28	\$15.00	\$3.01	\$2.39	\$25.38	\$12.00	\$3.60		\$54 <b>.</b> 54
1994	- 2.94%	2.94%	1993	\$19.85	\$15.00	\$3.09	\$3.00	\$26.13	\$12.00	\$3.60		\$47.24
1995	- 2.61%	2.61%	1994	\$20.37	\$15.00	\$3.17	\$3.00	\$26.81	\$12.00	\$3.60		\$45.10
1996	- 2.81%	2.81%	1995	\$20.94	\$15.00	\$3.20	\$3.00	\$27.56	\$12.00	\$3.60		\$41.2 <b>2</b>
1997	- 2.93%	2.93%	1996	\$21.56	\$15.00	\$3.29	\$3.00	\$28.37	\$12.00	\$3.60		\$57.98
1998	- 2.33%	2.33%	1997	\$22.06	\$15.00	\$3.37	\$3.37	\$29.03	\$12.00	\$3.60		\$64.54
1999	- 1.67%	1.67%	1998	\$22.43	\$15.00	\$3.48	\$3.48	\$29.51	\$12.00	\$3.60		\$52.80
2000	- 2.21%	2.21%	1999	\$22.93	\$15.00	53.58	\$3.58	\$30.16	\$21.00	\$3.60		\$58.35
2001	- 3.36%	3.36%	2000	523.70	\$15.00	53.67	53.67	531.17	\$21.00	\$3.60		\$74.60
2002	- 2.85%	2.85%	2001	524.38	\$15.00 647.00	53.78	53.78	532.06	\$21.00	\$3.60		25.2\2
2003	- 1.58%	1.58%	7007	524.11	00.215	43.84 62 02	\$3.84	10.255	00.124	00.55		514.42
2004	- 2.22%	2.22%	2002	225.32	05.014	23.92	29.55	52.25	00.054	00.55		12.40¢
5002	%TO.7 -	%TO'7	2005	06.02¢	DC-01¢	24.UZ	24.U2 64.16	07.4CC	527 E0	23.00		0/77776
2000	7020 2	7026 2	2006	\$7772	00 003	07.05	07.04	\$36.46	\$36.00	00.05		\$133.08
2008	- 7.85%	2.85%	2007	\$28.51	\$20.00	\$4.41	\$4.41	\$37.50	\$37.50	\$6.50		\$145.71
2009	3.84%	3.84%	2008	\$29.60	\$20.00	\$4.58	\$4.58	\$38.94	\$37.50	\$3.60		\$141.11
2010	-0.36%	-0.36%	2009	\$29.60	\$20.00	\$4.58	\$4.58	\$38.94	\$37.50	\$3.60		\$160.71
2011	1.64%	1.64%	2010	\$30.09	\$22.00	\$4.66	\$4.66	\$39.58	\$39.50	\$3.60		\$189.09
2012	3.15%	3.15%	2011	\$31.03	\$22.00	\$4.80	<b>\$4.80</b>	\$40.83	\$40.50	\$3.60		\$195.43
2013	2.07%	2.07%	2012	\$31.68	\$23.00	\$4.90	\$4.90	\$41.67	\$41.50	\$3.60	\$34.23 + \$23.00	\$196.43
2014	1.46%	1.46%	2013	\$32.14	\$23.00	\$4.97	\$4.97	\$42.28	\$41.50	\$3.60	\$35.96 + \$23.00	\$207.54
2015	1.62%	1.62%	2014	\$32.66	\$23.00	<i>\$5.05</i>	\$5.05	\$42.97	\$42.50	\$3.60	\$34.98 + \$23.00	\$222.98
2016	0.12%	0.12%	2015	\$32.70	\$23.00	\$5.06	\$5.0 <b>6</b>	\$43.02	\$43.00	\$3.60	\$35.04 + \$23.00	\$329.98
2017	1.26%	1.26%	2016	\$33.11	\$23.00	<i>\$5.12</i>	\$5.12	\$43.56	\$43.50	\$3.60	\$35.34 + \$23.00	³ \$333.83
2018	2.13%	2.13%	2017	\$33.82	\$23.00	<i>\$</i> 5.23	\$5.23	\$44.49	\$44.00	\$3.60	\$100.00	\$322.32
2019	2.44%	2.44%	2018	\$34.65	\$23.00	\$5.36	\$5.36	\$45.58	\$45.50	\$3.60	\$100.00+wheeling	\$331.37
0202	1 1.81%	1 81%	2019	\$35.28		\$5.46		4 \$46.40		\$3.60	cost+wheeling	<sup>4</sup> \$321.49
1	U.S. All Urba	an Consumers	Index.								D	
2	One time 20	)% increase										
m	This was col	mprised of the	Proposed	CSJWCD Wheelin	g Rate plus the	proposed surfac	e water rate.					
4	Proposed Ra	ate (Ag Commi	ttee).									

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FUND 67 Comparitive Five Year Summary

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12,000 696,800

15,943 744,563 670,968 278,784 13,269

703,237

1,076,013 270,983 13,041

521,345

402,490 309,076

14,237 2,398

13,126 3,363

255,477

262,737 13,285

718,026

742,244

707,534 259,340

13,011

12,136

15,161

14,593

2,059,446

1,719,773

1,328,226

785,448

632,583

625,278

**2020-2021** Budget

**2019-2020** Projected

**2018-2019** Actual

**2017-2018** Actual

FY 2016-2017 Actual

**FY 2015-2016** Actual 506,000 275,275

13,200 11,000

513,831

22,721

17,246

5,426

465,000 **2,495,106** 

475,000

470,570 2,569,183

454,410

426,965 1,909,549

387,476

1,639,327

1,991,770

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Water Costs	<b>OPEB</b> Liability	New Melones Debt Service	Water Supply Cost Allocation
OPEB Liability New Melones Debt Service Water Supply Cost Allocation	New Melones Debt Service Water Supply Cost Allocation	Water Supply Cost Allocation	

st Allocation	enses	Conversion	enses
Admin Co	Other Exp	WINN Act	Total Exp

81,950

2

692,052 46,750

959,382

90,222

2

24,433

2

35,065

2

579,835 23,881

305,592

580,658

258,513

451,949

363,194

364,131

363,316

362,359

268,685 590,463

95,040

280,410

74,396

146,861

398,520 85,541 389,519

127,045

248,274

360,000 **2,495,106** 

1,882,576

2,177,636

1,448,991

1,756,684

1,632,022

339,672

391,547

542,779

152,865

7,304

939,191

356,080 555,385

202,500

130,000 363,825

198,000

Expenses	
(Under)	
s Over	
Revenues	
<b>Fotal</b>	

Note 1: Preliminary numbers based on projection as of 03/04/19

Note 2: Property Insurance, Share of Capitalized Assets, Dry Year Reserve Contributions, Depreciation and Goodwin Dam Self Insurance, UAL Contributions, SGMA Admin Expenses

COMPARATIVE REVENUE/EXPENSE STATEMENTActualManue <th><b>Stockton East Water District</b></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th>	<b>Stockton East Water District</b>							
National	COMPARATIVE REVENUE/EXPENS	SE STATEMEN						
Image: constraint of the image: constraint of t								
BUDGET         ACTUAI         Budget Over         PUDGET         ACTUAI*         Budget Over         Budget Over <th< th=""><th></th><th></th><th></th><th>VARIANCE</th><th></th><th></th><th>VARIANCE*</th><th></th></th<>				VARIANCE			VARIANCE*	
FY 18-10         FY 18-10         FY 18-10         FY 18-10         FY 19-20         Actual         2020 2021           67 - Agricutural Division Fund               2000 2021           67 - Agricutural Division Fund              2020 2021           Revenue - Fendity Assessments         112,000         14,503         2,503         64,663         66,600           Revenue - Formitwater Assessments         500,000         10,76,013         57,0013         57,001         23,237         65,900         67,908         64,663         66,600           Revenue - Stater Assessments         500,000         10,761         37,001         31,200         23,237         65,000         67,938         66,600           Revenue - Stater Rental Assessments         53,001         13,041         (119)         13,200         13,243         13,260           Revenue - Stater Rental Assessments         13,041         (119)         3,200         2,321         13,260           Revenue - State Rental Assessments         13,240         13,240         13,260         2,272         13,261         13,260           Revenue - State Rental Assessments         1,3731         1,1393 </th <th></th> <th>BUDGET</th> <th>ACTUAL</th> <th>Budget Over</th> <th>BUDGET*</th> <th>ACTUAL*</th> <th>Budget Over</th> <th>BUDGET</th>		BUDGET	ACTUAL	Budget Over	BUDGET*	ACTUAL*	Budget Over	BUDGET
67 - Agricultural Division Fund         67         91         12,000         15,943         3,943         12,000           Revenue - Penily Assessments         12,000         14,593         2,593         12,000         15,943         3,943         66,663           Revenue - Fonily Assessments         56,000         703,237         63,237         679,900         74,563         64,663         666,800           Revenue - Sufface Vister Assessments         550,000         1,076,013         570,013         570,013         250,000         670,968         14,598         556,000           Revenue - Sufface Vister Assessments         25,01         13,741         (119)         13,200         13,284         159,303           Revenue - Ment Rentals Assessments         23,01         3,746         14,746         5,000         13,284         13,200           Revenue - Ment Rentals Assessments         23,01         3,746         14,746         5,000         13,264         13,000           Revenue - SiC         2,501         17,241         11,000         1,000         1,000         1,000           Revenue - SiC         2,501         3,501         455,000         455,000         2,500         2,6500         2,6500         2,6500         2,6500         2,6		FY 18-19	FY 18-19	Actual	FY 19-20	FY 19-20	Actual	2020-2021
Revenues         Revenues         Isolation         Isolation <thisolation< th=""> <thisolation< th=""> <thiso< td=""><td>67 - Agricultural Division Fund</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></thiso<></thisolation<></thisolation<>	67 - Agricultural Division Fund							
Revenue         Iz,000         Iz,500         Iz,500         Iz,500         Iz,903         S,943         S,940         S,943         S,940         S,943         S,940         S,943         S,940         S,943         S,940         S,943         S,940         S,940         S,943         S,940								
Revenue - Penalty Assessments         12,000         14,533         2,5337         67,9300         15,943         3,343         12,000           Revenue - Groundwater Assessments         566,000         170,513         567,200         744,563         566,603           Revenue - Groundwater Assessments         566,000         170,513         557,013         570,013         557,013         557,013         557,013         557,013         557,013         13,200         13,200         13,203         506,000         17,051         11,000           Revenue - Dormestic Water Assessments         2,501         17,246         14,746         5,7001         13,200         13,200         13,203         506,000         17,051         11,000           Revenue - Dormestic Water Assessments         5,701         1,7246         12,7246         12,584         27,527           Revenue - Strone         5,701         1,7246         1,7714         1,000         1,000         2,000           Retorners         5,701         2,501         3,732,1249         25,732         2,435,000         2,435,000         2,435,000         2,435,000         2,435,000         2,435,000         2,435,000         2,435,000         2,435,000         2,435,000         2,435,000         2,435,000         2,43	Revenues							
Revenue - Groundwater Assessments         640,000         703,237         63,530         65,668.00         74,563         66,668.00         74,563         66,668.00         74,563         66,668.00         74,563         66,668.00         74,563         66,668.00         74,563         750,000         74,563         750,000         74,563         750,000         74,563         750,000         74,563         750,000         74,563         750,000         74,563         750,000         73,273         750,000         73,273         750,000         73,733         750,000         73,733         750,000         73,733         750,000         73,000	Revenue - Penalty Assessments	12,000	14,593	2,593	12,000	15,943	3,943	12,000
Revenue - Surface Water Assessments         506,000         1,076,013         57,013         506,000         67,0968         164,968         506,000           Revenue - Domestic Water Assessments         263,175         270,333         7,803         266,200         278,784         12,524         13,200           Revenue - Domestic Water Assessments         263,175         270,933         7,803         266,200         278,784         12,524         13,200           Interest Income - SIC         2,901         3,500         17,240         14,746         5,000         27,671         11,7721         11,000           Interest Income - SIC         2,501         3,500         7,691         3,500         26,500         26,500         26,500           Interst Income - SIC         2,501         14,746         5,000         27,502         2,701         11,000         2,000           Interst Income - SIC         473,590         2,569,136         455,000         455,000         265,600         265,500         265,500         265,500         265,500         265,500         265,500         265,500         265,500         265,500         265,500         265,500         265,500         265,500         275,649         255,565         265,500         265,502         265,50	Revenue - Groundwater Assessments	640,000	703,237	63,237	679,900	744,563	64,663	696,800
Revenue - Domestic Water Assessments         263,175         270,983         7,808         266,200         278,784         12,584         275,275           Revenue - Meter Rentals Assessments         13,200         13,200         13,200         13,269         69         13,300           Interest Income - SIC         0,130         1,3200         1,3200         1,3269         69         13,300           Interest Income - SIC         0,131         3,500         1,2494         25,000         1,010         1,000         1,010	Revenue - Surface Water Assessments	506,000	1,076,013	570,013	506,000	670,968	164,968	506,000
Revnue Metr Rentals Assessments         13,200         13,410         (15)         13,200         10,000         2,000	Revenue - Domestic Water Assessments	263,175	270,983	7,808	266,200	278,784	12,584	275,275
Interest Income - SIC $2,500$ $17,74$ $17,721$ $17,721$ $17,721$ $11,000$ Net Other Transfers/Income $6,911$ $3,500$ $2,000$ $1,000$ $1,000$ $2,000$ Transfer in from Reserves $425,000$ $470,500$ $475,000$ $475,000$ $25,000$ $25,000$ Transfer in from Reserves $1,873,57$ $2,569,183$ $695,416$ $5000$ $27,000$ $27,000$ $27,000$ $27,000$ $27,000$ $205,500$	Revenue - Meter Rentals Assessments	13,200	13,041	(159)	13,200	13,269	69	13,200
Net Other Transfers/Income         6,191         3,500         (2,691)         2,000         1,000         (1,000)         2,000           Transfer Infrom Reserves         5,701         -         (5,701)         -         (1,000)         2,5003           Property Taxes         425,000         470,570         45,570         45,570         255,000         475,000         27,000         26,500           Property Taxes         1,873,716         2,569,183         695,416         1,934,300         2,222,249         287,949         2,495,100           Total Revenues         1,873,716         2,850,183         695,416         1,934,300         2,222,249         287,949         2,495,100           Water Costs         166,500         248,274         (81,714)         225,000         198,000         27,000         26,000           Water Costs         363,194         363,194         217,045         263,825         363,825         26,435,100         26,500         26,000         27,000         27,000         27,000         26,050         26,050         26,050         26,050         26,435,100         26,1049         23,787         26,535         26,435,100         26,435,100         26,435,100         26,436,100         26,436,100         26,435,100	Interest Income - SJC	2,500	17,246	14,746	5,000	22,721	17,721	11,000
Transfer in from Reserves         5,701         -         (5,701)         -         51,331           Property Taxes         425,000         470,570         455,700         25,600         25,000         465,000           Property Taxes         1,873,767         2,569,183         695,416         1,934,300         2,7239         287,949         2,495,106           Total Revenues         1,873,767         2,569,183         695,416         1,934,300         2,7239         287,949         2,495,106           Evenues         166,500         248,274         (81,774)         225,000         139,000         130,000         -         -           Water Costs         166,500         248,274         (81,774)         225,000         139,000         27,000         27,000           Water Costs         166,500         233,194         363,194         363,825         363,825         363,825         363,825         363,825         363,825         365,080           Water Supply Cost Allocation         808,911         959,332         (127,045)         728,476         939,191         367,000         36,424         939,191           Other Expenses         18,750         959,332         (150,471)         728,476         669,205         36,424 <td>Net Other Transfers/Income</td> <td>6,191</td> <td>3,500</td> <td>(2,691)</td> <td>2,000</td> <td>1,000</td> <td>(1,000)</td> <td>2,000</td>	Net Other Transfers/Income	6,191	3,500	(2,691)	2,000	1,000	(1,000)	2,000
Property Taxes $425,000$ $475,000$ $455,000$ $455,000$ $455,000$ $455,000$ $455,000$ $455,000$ $455,000$ $455,000$ $455,000$ $455,000$ $455,000$ $455,000$ $287,949$ $2495,106$ Total Revenues $1,873,757$ $2,569,183$ $695,416$ $1,934,300$ $2,222,249$ $287,949$ $2,495,106$ Expenses $1,873,757$ $166,500$ $248,274$ $(81,774)$ $225,000$ $198,000$ $27,000$ $202,500$ Water Costs $166,500$ $248,274$ $(81,774)$ $225,000$ $198,000$ $27,000$ $27,000$ $27,000$ Water Supply Cost Allocation $56,3104$ $363,194$ $363,194$ $363,129$ $363,825$ $363,825$ $363,825$ $363,825$ $363,825$ Wew Melones Debt Service $363,194$ $363,194$ $363,194$ $363,825$ $363,826$ $363,826$ $363,826$ $363,826$ $363,826$ $363,826$ $363,826$ $363,826$ $363,826$ $363,826$ $363,826$ $363,826$ $363,826$ $363,826$ $3$	Transfer in from Reserves	5,701	-	(5,701)				513,831
Total Revenues         1,873,767         2,569,183         695,416         1,934,300         2,222,249         287,949         2,495,106           Expenses $1,873,767$ $2,569,183$ $695,416$ $1,934,300$ $2,222,249$ $287,949$ $2,495,106$ Expenses $166,500$ $248,274$ $(81,774)$ $225,000$ $130,000$ $27,000$ $27,000$ $27,000$ $202,500$ Water Costs $166,500$ $248,274$ $(81,774)$ $225,000$ $130,000$ $27,000$ $27,000$ $27,000$ $202,500$ Water Supply Cost Allocation $863,914$ $363,194$ $127,045$ $475,736$ $457,949$ $23,787$ $356,080$ Wew Melones Debt Service $363,194$ $365,106$ $126,832$ $363,825$ $366,200$ $366,000$ Wew Melones Debt Service $138,754$ $808,914$ $959,332$ $126,434$ $335,632$ $366,200$ Wew Melones Debt Service $188,774$ $806,900$ $126,734$ $237,874$ $235,632$ $26,202$ $26,202$ $26,202$ $26,204$	Property Taxes	425,000	470,570	45,570	450,000	475,000	25,000	465,000
Expenses         166,500         248,274         (81,774)         225,000         198,000         27,000         202,500           Water Costs         166,500         248,274         (81,774)         225,000         198,000         27,000         27,000           Water Costs         166,500         248,274         (81,774)         225,000         198,000         27,000         202,500           Water Supply Cost Allocation         516,412         383,194         363,194         363,194         363,194         363,194         363,194         363,194         363,194         355,385           New Melones Debt Service         363,194         363,194         363,194         363,194         363,193         756,000         130,000         356,080           Water Supply Cost Allocation         516,412         389,519         126,471         728,476         692,052         36,424         939,191           Admin Cost Allocation         808,911         959,382         (130,471)         728,476         692,052         36,424         939,191           Other Expenses         18,750         91,471         728,476         692,052         36,424         939,191           WINN Act Conversion         -         106,513         106,513         106,5	Total Revenues	1,873,767	2,569,183	695,416	1,934,300	2,222,249	287,949	2,495,106
Expenses         166,500         248,274         (81,774)         225,000         198,000         27,000         202,500           Water Costs         166,500         248,274         (81,774)         225,000         198,000         27,000         202,500           Water Costs         363,194         363,194         363,194         363,194         363,090         363,000         356,080           New Melones Debt Service         363,194         363,194         363,194         363,194         355,385         363,825         363,825         363,825         56,424         939,191           New Melones Debt Service         356,412         389,519         126,893         475,736         451,949         23,787         555,385           Admin Cost Allocation         808,911         959,382         (150,471)         728,476         692,052         36,424         939,191           Other Expenses         18,750         90,222         (71,472)         728,476         692,052         36,424         939,191           Other Expenses         18,750         90,222         (71,472)         728,476         692,052         36,424         939,191           WINN Act Conversion         1         1         728,476         692,052         36,45								
Water Costs $166,500$ $248,274$ $(81,774)$ $225,000$ $198,000$ $27,000$ $27,000$ $202,500$ OFB Liability $ 127,045$ $(127,045)$ $ 130,000$ $(130,000)$ $256,080$ New Melones Debt Service $363,194$ $363,194$ $363,194$ $363,825$ $363,825$ $363,825$ $ 356,080$ New Melones Debt Service $363,194$ $363,194$ $363,194$ $363,194$ $363,194$ $356,080$ $-$ Water Supply Cost Allocation $808,911$ $959,382$ $(150,471)$ $728,476$ $692,052$ $36,424$ $939,191$ Admin Cost Allocation $808,911$ $959,382$ $(150,471)$ $728,476$ $692,052$ $36,424$ $939,191$ Admin Cost Allocation $18,750$ $90,222$ $(71,472)$ $34,750$ $46,750$ $(12,000)$ $81,950$ Admin Cost Allocation $1,873,767$ $2,177,636$ $106,513$ $36,000$ $81,950$ $81,950$ WINN Act Conversion $1,873,767$ $2,177,636$ $1,934,300$ $1,06,513$ $1,06,513$ $106,513$ Winn Act Conversion $1,873,763$ $2,177,636$ $1,934,300$ $1,982,576$ $51,724$ $2,495,106$ Not Retained Reserves $1,873,767$ $2,177,636$ $1,934,300$ $1,932,576$ $2,724$ $2,495,106$ Not Retained Reserves $1,873,767$ $2,177,636$ $1,934,300$ $1,932,576$ $2,724$ $2,95,106$ Not Retained Reserves $ 391,547$ $391,547$ $ -$ <td< td=""><td>Expenses</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></td<>	Expenses							
OPEB Liability         -         127,045         (127,045)         -         130,000         (130,000)         -         356,080           New Melones Debt Service         363,194         363,194         363,194         363,825         363,825         363,825         -         356,080           Water Supply Cost Allocation         516,412         389,519         126,893         475,736         451,949         23,787         555,385           Admin Cost Allocation         808,911         959,382         (150,471)         728,476         692,052         36,424         939,191           Other Expenses         18,750         91,7472         34,750         46,750         (12,000)         81,950           WINN Act Conversion         2         959,382         (130,4712)         34,750         46,750         (12,000)         81,950           WINN Act Conversion         2         95,313         36,723         2,495,106         360,000           Retained Reserves         1,873,767         2,17,472         34,750         46,750         (12,000)         81,950           NUNN Act Conversion         2         36,723         303,869         1,96,513         2,495,106           Retained Reserves         1,882,3767         2,177,636	Water Costs	166,500	248,274	(81,774)	225,000	198,000	27,000	202,500
New Melones Debt Service         363,194         363,194         363,194         363,825         53,825         -         356,080           Water Supply Cost Allocation         516,412         389,519         126,893         475,736         451,949         23,787         555,385           Admin Cost Allocation         808,911         959,382         (150,471)         728,476         692,052         36,424         939,191           Other Expenses         18,750         91,272         (71,472)         34,750         46,750         (12,000)         81,950           WINN Act Conversion         808,911         959,382         (71,472)         34,750         46,750         (12,000)         81,950           WINN Act Conversion         808,914         90,222         (71,472)         34,750         46,750         (12,000)         81,950           WINN Act Conversion         80,205         90,224         90,235         46,750         106,513         56,728         56,736           WINN Act Conversion         81,970         81,970         81,950         76,613         36,000         81,950           Retained Reserves         1,873,767         2,177,636         1,934,300         1,934,300         1,06,513         2,495,106 <td< td=""><td>OPEB Liability</td><td></td><td>127,045</td><td>(127,045)</td><td></td><td>130,000</td><td>(130,000)</td><td></td></td<>	OPEB Liability		127,045	(127,045)		130,000	(130,000)	
Water Supply Cost Allocation         516,412         389,519         126,893         475,736         451,949         23,787         555,385           Admin Cost Allocation         808,911         959,382         (150,471)         728,476         692,052         36,424         939,191           Other Expenses         18,750         90,222         (15,471)         728,476         692,052         36,424         939,191           Other Expenses         18,750         90,222         (17,472)         34,750         46,750         (12,000)         81,950           WINN Act Conversion         2         3         2         3         2         3         2         3         2         3         3         3         3         3         3         3         3         3         3         3         3<	New Melones Debt Service	363,194	363,194	-	363,825	363,825	I	356,080
Admin Cost Allocation       808,911       959,382       (150,471)       728,476       692,052       36,424       939,191         Other Expenses       18,750       90,222       (11,472)       34,750       46,750       (12,000)       81,950         Other Expenses       18,750       90,222       (71,472)       34,750       46,750       (12,000)       81,950         WINN Act Conversion       2       2       2       2       2       2       26,000         Retained Reserves       1,873,767       2,177,636       (303,869)       1,934,300       1,882,576       51,724       2,495,106         Vet Revenues over Expenses       1,873,767       2,177,636       391,547       391,547       391,547       2,395,706         Net Revenues over Expenses       1,873,767       2,177,636       391,547       391,547       339,672       339,672       2,495,106	Water Supply Cost Allocation	516,412	389,519	126,893	475,736	451,949	23,787	555,385
Other Expenses         18,750         90,222         (71,472)         34,750         46,750         (12,000)         81,950           WINN Act Conversion         -         -         -         -         -         -         36,000           Retained Reserves         1         1         1         1         1         36,000         360,000           Retained Reserves         1         1         363,763         (303,869)         1,934,300         1,882,576         51,724         2,495,106           Net Revenues over Expenses         -         391,547         391,547         391,547         393,672         339,672         51,724         2,495,106	Admin Cost Allocation	808,911	959,382	(150,471)	728,476	692,052	36,424	939,191
WINN Act Conversion       -       -       -       -       -       -       360,000         Retained Reserves       1,873,767       2,177,636       (303,869)       1,06,513       -       106,513       2,000         Total Expenses       1,873,767       2,177,636       (303,869)       1,934,300       1,882,576       51,724       2,495,106         Net Revenues over Expenses       -       391,547       391,547       391,547       393,672       339,672       339,672	Other Expenses	18,750	90,222	(71,472)	34,750	46,750	(12,000)	81,950
Retained Reserves       1,873,767       2,177,636       106,513       -       106,513       2,495,106         Total Expenses       1,873,767       2,177,636       (303,869)       1,934,300       1,882,576       51,724       2,495,106         Net Revenues over Expenses       -       391,547       391,547       391,547       339,672       339,672       339,672	WINN Act Conversion							360,000
Total Expenses       1,873,767       2,177,636       (303,869)       1,934,300       1,882,576       51,724       2,495,106         Net Revenues over Expenses       391,547       391,547       391,547       339,672       339,672       339,672       -	Retained Reserves				106,513		106,513	
Net Revenues over Expenses       -       391,547       391,547       339,672       339,672	Total Expenses	1,873,767	2,177,636	(303,869)	1,934,300	1,882,576	51,724	2,495,106
Net Revenues over Expenses         -         391,547         391,547         -         339,672         339,672         - <th< th="">         -         <t< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<></th<>								
	Net Revenues over Expenses	•	391,547	391,547	1	339,672	339,672	

WATER RATE SCENARIOS AGRICULTURAL DIVISION - FISCAL YEAR 2020-2021 Assumptions: Budgeted Water Amounts Assumed

	FY 20: Adopte	20-2021 d Budget	Scer	ario	Scel	ario 2	Scel	ario 3	Scen	ario F
Projected Revenues Assumed	Assumed Rate	Amount \$	Assumed Rate	Amount \$	Assumed Rate	Amount \$	Assumed Rate	Amount \$	Assumed Rate	Amount \$
Penalty Groundwater 130,000 AF Surface Water 130,000 AF Domestic Unit Assessments 6,050 units Meter Rentals Interest Income Other income Property Taxes Transfers in from Reserves Transfers in from Reserves Transfers in from Reserves Transfers in from Reserves Water Costs OPE Water Costs OPE New Melones Debt Service Water Supply Cost Allocation Admin Cost Allocation Admin Cost Allocation	<b>1</b> 1 45.50	12,000 696,800 506,000 275,275 13,200 11,000 2,000 2,000 513,831 2,495,106 2,495,106 356,080 355,385 939,191 81,950 81,950	5.46 23.00 45.50	12,000 506,000 275,275 13,200 11,000 2,000 465,000 513,831 <b>2,508,106</b>	5.46 25.00 45.50	12,000 709,800 550,000 275,275 13,200 11,000 2,52,106 2,552,106	5.46 25.00 46.00	12,000 709,800 550,000 13,200 11,000 2,255,131 2,555,131	5.46 23.00 46.25	12,000 709,800 506,000 279,813 13,200 11,000 2,000 465,000 513,831 <b>2,512,644</b>
Budgeted Expenses for FY 2020-2021		2,495,106		2,495,106		2,495,106		2,495,106		2,495,106
Net Proj. Revenues vs. Budgeted Expenses * Balance in AG Dry Year Reserve Fund is \$200,177 as of Feb	bruary 29, 2020.			13,000		57,000		60,025		17,538

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Agenda Item: 4 Date: 03/18/20

### Memorandum

To: Scot A. Moody, General Manager

From: Juan Vega, Finance Director

Date: February 24, 2020

**Re:** Groundwater Equalization Rate

### **Background:**

Municipal other than the Urban Contractors are subject to two different groundwater charges based on use. The first is a set 3.60 charge for groundwater use which is deposited for use within the Groundwater Production Section District Fund also known as Fund 68. The second charge, the Groundwater Equalization Rate, was established via the 2<sup>nd</sup> Amended contract and reads as follows:

**6D (3)** Stockton East shall annually levy a municipal groundwater assessment, pursuant to its enabling legislation such that the cost of groundwater use is equivalent to the cost of surface water use. That portion of such assessment which is deducted pursuant to paragraph 6D(2) (e) shall be paid to meet costs set forth in paragraph 6D(2) (a) and 6D(2) (b).

Thus, revenues stemming from the Groundwater Equalization Rate are used to offset Base Monthly Payment obligations pertaining to the Urban Contractors.

In 2013 the Equalization Rate was \$196.43 while in 2018 it was \$325.92 which is the equivalent of a 65.92% increase in that time span. Since 2005 the rate has increased by 189%. The rate is calculated by taking the cost of 1 acre-foot of treated water per our yearly budget and subtracting the assumed cost of pumping water. The assumed cost of pumping water has been \$116.00 since the 2007-2008 budget year. In recent years several municipal customers have expressed that the paying such a rate is difficult for business and some customers have fallen behind in their payments.

### Issues to Consider:

A lower assumed groundwater pumping cost has a benefit to M&I customers. The yearly rule (currently 171) for the rate of equalization reads:

Any municipal groundwater user has the right to appeal the amount of this additional \$331.37 per acre-foot rate equalization assessment if it can be demonstrated that actual groundwater production costs are higher than the assumed \$116 per acre-foot. The appeal process will begin with the Administration Committee of the District Board and if necessary can be appealed to the full Board.

Any appeal which is granted shall entitle the appellant to a refund of the amount demonstrated to have been over-collected, less the actual costs to the District of processing the appeal and refund, provided that no overpayment shall be refunded unless the request for appeal has been filed with the Secretary of the District within three years of such overpayment.

Thus, a lower rate allows for a higher likelihood that a customer could appeal the amount of their charge and win such an appeal. It is, however, very rare that a customer appeals a charge in such a manner. It hasn't happened, to my knowledge, in the time from 2013 to present.

Since the rate charged to customers is inversely related to the assumed pumping cost, an increase in the assumed pumping cost is overall advantageous to all M&I customers and may ease concerns that such a high water rate could have a severe adverse effect on local businesses and entities. Formulating an in-depth study of groundwater pumping costs could be difficult and costly and as such a simple cost

of living index adjustment may be the simplest way to update this figure. Analysis of the CPI since 2007 shows an increase of about 27.01% and a possible equivalent increase of the assumed pumping cost of \$31.00 to \$147.00.

### **Recommendation:**

This issue is complex and requires help and advice from legal counsel. The Second Amended Contract is silent with regards to calculating the cost of pumping (equalization rate customers) as compared to the cost of surface water use. When we calculate the "cost of surface water use" we include Debt payments, capital expenditures, salaries and benefits and everything else. Yet when calculating "the cost of pumping" groundwater these costs do not exist. I recommend that we develop our own "cost of pumping" to offset the rising costs of producing surface water.